

SENIOR SECURED CREDIT FACILITY AGREEMENT

IN THE MAXIMUM AMOUNT OF US\$5,000,000

BY AND AMONG

**SACK LUNCH PRODUCTIONS, INC.,
as Borrower,**

**GREEN ENDEAVORS, INC., LANDIS SALONS, INC., LANDIS SALONS II, INC.,
DIVERSIFIED MANAGEMENT SERVICES, INC., WASATCH CAPITAL
CORPORATION, DOWNTOWN DEVELOPMENT CORPORATION, WG
PRODUCTIONS COMPANY, LANDIS EXPERIENCE CENTER, LLC, SLIDE THE
CITY, LLC, SLIDE THE CITY FRANCHISING, LLC, LANTERN FEST, LLC,
REDLINE ENTERTAINMENT, INC., SLIDE THE CITY CANADA, LLC, SPRINGBOK
HOLDINGS, LLC, COLOR ME RAD, LLC, THE DIRTY DASH, LLC, SPRINGBOK
SLIDE THE CITY, LLC, SPRINGBOK FRANCHISING, LLC, AND SPRINGBOK
MANAGEMENT, LLC,
as Joint and Several Guarantors,**

AND

**TCA GLOBAL CREDIT MASTER FUND, LP,
as Lender**

Dated as of June 30, 2015

Effective as of October 13, 2015

SENIOR SECURED CREDIT FACILITY AGREEMENT

This SENIOR SECURED CREDIT FACILITY AGREEMENT (as amended, restated, modified or supplemented from time to time, this "**Agreement**"), dated as of June 30, 2015 and made effective as of October 13, 2015 (the "**Effective Date**"), is executed by and among: (i) **SACK LUNCH PRODUCTIONS, INC.**, a corporation incorporated under the laws of the State of Utah (the "**Borrower**"); (ii) **GREEN ENDEAVORS, INC.**, a corporation incorporated under the laws of the State of Utah, **LANDIS SALONS, INC.**, a corporation incorporated under the laws of the State of Utah, **LANDIS SALONS II, INC.**, a corporation incorporated under the laws of the State of Utah, **DIVERSIFIED MANAGEMENT SERVICES, INC.**, a corporation incorporated under the laws of the State of Utah, **WASATCH CAPITAL CORPORATION**, a corporation incorporated under the laws of the State of Utah, **DOWNTOWN DEVELOPMENT CORPORATION**, a corporation incorporated under the laws of the State of Utah, **WG PRODUCTIONS COMPANY**, a corporation incorporated under the laws of the State of Utah, **LANDIS EXPERIENCE CENTER, LLC**, a limited liability company organized under the laws of the State of Utah, **SLIDE THE CITY, LLC**, a limited liability company organized under the laws of the State of Utah, **SLIDE THE CITY FRANCHISING, LLC**, a limited liability company organized under the laws of the State of Utah, **LANTERN FEST, LLC**, a limited liability company organized under the laws of the State of Utah, **REDLINE ENTERTAINMENT, INC.**, a corporation incorporated under the laws of the State of Utah, **SLIDE THE CITY CANADA, LLC**, a limited liability company organized under the laws of the State of Utah, **SPRINGBOK HOLDINGS, LLC**, a limited liability company organized under the laws of the State of Utah, **COLOR ME RAD, LLC**, a limited liability company organized under the laws of the State of Utah, **THE DIRTY DASH, LLC**, a limited liability company organized under the laws of the State of Utah, **SPRINGBOK SLIDE THE CITY, LLC**, a limited liability company organized under the laws of the State of Utah, **SPRINGBOK FRANCHISING, LLC**, a limited liability company organized under the laws of the State of Utah, and **SPRINGBOK MANAGEMENT, LLC**, a limited liability company organized under the laws of the State of Utah (each individually, a "**Corporate Guarantor**" and collectively, the "**Corporate Guarantors**"); (iii) any Person to hereafter become a Subsidiary of the Borrower pursuant to Section 3.19 hereof, and any Person that from time to time may hereafter become liable for the Obligations, or any part thereof (the "**Additional Guarantors**") (the Corporate Guarantors and the Additional Guarantors, together, jointly and severally, the "**Guarantors**," and together with the Borrower, the "**Credit Parties**"); and (iv) **TCA GLOBAL CREDIT MASTER FUND, LP**, a limited partnership organized and existing under the laws of the Cayman Islands, as lender (the "**Lender**").

WHEREAS, Borrower has requested that Lender extend a senior secured credit facility to Borrower of up to Five Million and No/100 United States Dollars (US\$5,000,000.00) for working capital financing for Borrower and its Subsidiary, and for any other purposes permitted hereunder; and for these purposes, Lender is willing to make certain loans and extensions of credit available to Borrower of up to such amount and upon the terms and conditions set forth herein; and

WHEREAS, as a material inducement for Lender to make loans and extensions of credit to Borrower pursuant to the terms and conditions set forth herein: (i) the Corporate Guarantors have, inter alia, agreed to execute Guaranty Agreements in favor of Lender, whereby Corporate Guarantors shall jointly and severally guarantee any and all of the Borrower's Obligations owed

under this Agreement and under any other Loan Documents; (ii) the Credit Parties have, inter alia, agreed to execute Security Agreements in favor of Lender, whereby each Credit Party shall grant to the Lender a first priority security interest in and Lien upon all of its existing and after-acquired tangible and intangible assets, as security for the payment and performance of any and all Obligations owed under this Agreement and under any other Loan Document; and (iii) the Borrower and certain Corporate Guarantors have agreed to execute Pledge Agreements in favor of Lender, whereby the Borrower and the Corporate Guarantors, as applicable, shall pledge to the Lender all of their right, title and interest in and to, and provide a first priority Lien and security interest on, all of its issued and outstanding shares and/or membership interests of the Corporate Guarantors, as applicable, as security for the payment and performance of any and all Obligations owed under this Agreement and under any other Loan Documents;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Defined Terms. For the purposes of this Agreement, the following capitalized words and phrases shall have the meanings set forth below.

(a) “**Additional Closings**” means any closings hereunder after the First Closing, pursuant to which Lender makes Additional Loans to Borrower under the terms of this Agreement.

(b) “**Additional Loans**” means each advance, and the aggregate of all such advances, made by Lender to Borrower under and pursuant to this Agreement or any other Loan Documents after the Initial Loan.

(c) “**Account**” shall mean, individually, and “**Accounts**” shall mean, collectively, any and all accounts (as such term is defined in the UCC) of any Credit Party.

(d) “**ACH**” shall have the meaning given to it in Section 2.4(c) hereof.

(e) “**Advisory Fee**” shall have the meaning given to it in Section 2.5(f) hereof.

(f) “**Advisory Fee Shares**” shall have the meaning given to it in Section 2.5(f) hereof.

(g) “**Affiliate**” (a) of Lender shall mean: (i) any entity which, directly or indirectly, Controls or is Controlled By or is under common Control with Lender; and (ii) any entity administered or managed by Lender, or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans; and (b) of any Credit Party shall mean any entity which, directly or indirectly, Controls or is Controlled By or is under common Control with any Credit Party.

- (h) **"Agreement"** shall mean this Senior Secured Credit Facility Agreement by and among the Credit Parties and the Lender.
- (i) **"Asset Monitoring Fee"** shall have the meaning given to it in Section 2.5(a) hereof.
- (j) **"Borrower"** shall have the meaning given to such term in the preamble hereof.
- (k) **"Business Day"** shall mean any day other than a Saturday, Sunday or a legal holiday on which banks are authorized or required to be closed for the conduct of commercial banking business in the State of Nevada.
- (l) **"BSA"** shall have the meaning given to it in Section 14.22 hereof.
- (m) **"Capital Expenditures"** shall mean expenditures (including Capital Lease obligations which should be capitalized under GAAP) for the acquisition of fixed assets which are required to be capitalized under GAAP.
- (n) **"Capital Lease"** shall mean, as to any Person, a lease of any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, by such Person as lessee that is, or should be, in accordance with Financial Accounting Standards Board Statement No. 13, as amended from time to time, or, if such Statement is not then in effect, such statement of GAAP as may be applicable, recorded as a "capital lease" on the balance sheets of any Credit Party prepared in accordance with GAAP.
- (o) **"Change in Control"** shall mean any sale, conveyance, assignment or other transfer, directly or indirectly, of any ownership interest of any Credit Party, which results in any change in the identity of the individuals or entities in Control of such Credit Party as of the Effective Date or the grant of a security interest in any ownership interest of any Person, directly or indirectly Controlling the Credit Parties, which could result in a change in the identity of the individuals or entities in Control of such Credit Party as of the Effective Date.
- (p) **"Closings"** means, collectively, the First Closing, and any Additional Closings, if any, under this Agreement.
- (q) **"Collateral"** shall mean "Collateral" as defined in the Security Agreements, and if there is more than one Security Agreement, it shall mean, as the context so requires, the "Collateral" for each individual Credit Party, as such term is defined in the Security Agreement for such applicable Credit Party, and all of the "Collateral," in the aggregate, for all Credit Parties, collectively, under each of the Security Agreements.
- (r) **"Common Stock"** shall mean the common stock of the Borrower, par value \$0.0001 per share.
- (s) **"Compliance Certificate"** shall mean the covenant compliance certificate, the form of which is attached hereto as **Exhibit "A"**.

(t) **“Contingent Liability”** and **“Contingent Liabilities”** shall mean, respectively, each obligation and liability of the Credit Parties and all such obligations and liabilities of the Credit Parties incurred pursuant to any agreement, undertaking or arrangement by which any Credit Party either: (i) guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, dividend, obligation or other liability of any other Person in any manner (other than by endorsement of instruments in the course of collection), including without limitation, any indebtedness, dividend or other obligation which may be issued or incurred at some future time; (ii) guarantees the payment of dividends or other distributions upon the shares or ownership interest of any other Person; (iii) undertakes or agrees (whether contingently or otherwise): (A) to purchase, repurchase, or otherwise acquire any indebtedness, obligation or liability of any other Person or any property or assets constituting security therefor; (B) to advance or provide funds for the payment or discharge of any indebtedness, obligation or liability of any other Person (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, working capital or other financial condition of any other Person; or (C) to make payment to any other Person other than for value received; (iv) agrees to lease property or to purchase securities, property or services from such other Person with the purpose or intent of assuring the owner of such indebtedness or obligation of the ability of such other Person to make payment of the indebtedness or obligation; (v) to induce the issuance of, or in connection with the issuance of, any letter of credit for the benefit of such other Person; or (vi) undertakes or agrees otherwise to assure or insure a creditor against loss. The amount of any Contingent Liability shall (subject to any limitation set forth herein) be deemed to be the outstanding principal amount (or maximum permitted principal amount, if larger) of the indebtedness, obligation or other liability guaranteed or supported thereby.

(u) **“Control,” “Controlling,” “Controlled By,”** or words of similar import shall mean the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a Person by contract, voting of securities, or otherwise.

(v) **“Conversion Shares”** shall have the meaning given to it in Section 2.5(g) hereof.

(w) **“Corporate Guarantors”** shall have the meaning given to such term in the preamble hereof.

(x) **“Credit Party(ies)”** shall have the meaning given to such term in the preamble hereof.

(y) **“Credit Party Leases”** shall have the meaning given to it in Section 7.18 hereof.

(z) **“Default Rate”** shall mean a per annum rate of interest equal to the highest non-usurious rate permitted by applicable law, and if there is no such rate under applicable law, then twenty-two percent (22%) per annum.

(aa) **"Dollars"** or **"\$"** means lawful currency of the United States of America.

(bb) **"Effective Date"** shall have the meaning given to it in the preamble hereof.

(cc) **"Eligible Accounts"** means, as applicable for each Credit Party:

(A) all sales of the Credit Parties arising from Point-of-Sale Transactions which meet each of the criteria set forth below (any sale that fails to meet the criteria below can still be deemed an Eligible Account, in Lender's sole discretion):

(i) are genuine in all respects and have arisen in the Credit Parties' Ordinary Course of Business from the sale of goods or performance of services by Credit Parties, which delivery of goods has occurred or performance of services have been fully performed;

(ii) payment for the sale has been made in full at the time of the sale, and such sale is not subject to any chargeback, credit, setoff, allowance, adjustment, repurchase or return agreement or obligation of any kind;

(iii) the Person obligated on the sale is not a Subsidiary or a director, officer, employee, agent, parent or Affiliate of any Credit Party; and

(iv) the proceeds from the sale are subject to a perfected, first priority Lien in favor of Lender and not subject to any Lien whatsoever, other than the Lien of Lender and except for Permitted Liens.

(B) all Accounts of the Credit Parties which meet each of the criteria set forth below (an Account that fails to meet the criteria below can still be deemed an Eligible Account, in Lender's sole discretion):

(i) are genuine in all respects and have arisen in the Credit Parties' Ordinary Course of Business from the sale of goods or performance of services by Credit Parties, which delivery of goods has occurred or performance of services have been fully performed;

(ii) are evidenced by an invoice delivered to the Person obligated under such Account, are due and payable within thirty (30) days after the date of the invoice, and are not more than ninety (90) days outstanding past the invoice date;

(iii) do not arise from a "sale on approval", "sale or return", "consignment", "guaranteed sale" or "bill and hold", or are subject to any other repurchase or return agreement;

(iv) have not arisen in connection with a sale to a Person obligated under such Account who is not a resident or citizen of, or an entity organized in, and is principally located within, the United States of America;

(v) are not due from a Person obligated under such Account which is a Subsidiary or a director, officer, employee, agent, parent or Affiliate of any Credit Party;

(vi) do not arise out of contracts with the United States or any Governmental Authority thereof, unless the a Credit Party has assigned its right to payment of such Account to Lender pursuant to the Federal Assignment of Claims Act of 1940 (or analogous statute), and evidence (satisfactory to Lender) of such assignment has been delivered to Lender;

(vii) do not arise in connection with a sale to a Person obligated under such Account who is located within a state or jurisdiction which requires any Credit Party, as a precondition to commencing or maintaining an action in the courts of that state or jurisdiction, either to: (A) receive a certificate of authority to do business and be in good standing in such state or jurisdiction; or (B) file a notice of business activities or similar report with such state's or jurisdiction's taxing authority, unless: (I) the applicable Credit Party has taken one of the actions described in clauses (A) or (B); (II) the failure to take one of the actions described in either clause (A) or (B) may be cured retroactively by the applicable Credit Party at its election; or (III) the applicable Credit Party has proven to the satisfaction of Lender that it is exempt from any such requirements under such state's or jurisdiction's laws;

(viii) do not arise out of a contract or order which, by its terms, forbids or makes void or unenforceable the assignment to Lender of the Account arising with respect thereto and are not assignable to Lender for any other reason;

(ix) are the valid, legally enforceable and unconditional obligation of the Person obligated under such Account, are not the subject of any setoff, counterclaim, credit, allowance or adjustment by the Person obligated under such Account, or of any claim by the Person obligated under such Account denying liability thereunder in whole or in part, and the Person obligated under such Account has not refused to accept and/or has not returned or offered to return any of the goods or services which are the subject of such Account;

(x) are subject to a perfected, first priority Lien in favor of Lender and not subject to any Lien whatsoever, other than the Lien of Lender and except for Permitted Liens;

(xi) no Proceedings are pending or threatened against the Person obligated under such Account which might result in any material adverse change in its financial condition or in its ability to pay any Account in full;

(xii) if the Account is evidenced by chattel paper or an instrument, the originals of such chattel paper or instrument shall have been endorsed and/or assigned and delivered to Lender or, in the case of electronic chattel paper, shall be in the control of Lender, in each case in a manner satisfactory to Lender; and

(xiii) there is no bankruptcy, insolvency or liquidation Proceeding pending by or against the Person obligated under such Account, nor has the Person obligated under such Account gone out of or suspended business, made a general assignment for the benefit of creditors or failed to pay its debts generally as they come due, and/or no condition or event has

occurred having a Material Adverse Effect on the Person obligated under such Account which would require the Accounts of such Person to be deemed uncollectible in accordance with GAAP.

A sale or Account which is an Eligible Account shall cease to be an Eligible Account whenever it ceases to meet any one of the foregoing requirements. In addition, any sale or Account that otherwise meets each of the criteria above for an Eligible Account, may nonetheless be deemed not to be an Eligible Account, or may be deemed as an Eligible Account for a discounted value, all in Lender's sole but reasonably exercised discretion.

If Accounts representing Fifty Percent (50%) or more of the unpaid net amount of all Accounts from any one Person fail to qualify as Eligible Accounts, including because such Accounts are unpaid more than ninety (90) days after the due date of such Accounts, then all Accounts relating to such Person shall cease to be Eligible Accounts. If Accounts owed by a single Person exceed Fifty Percent (50%) of all Eligible Accounts, then all Accounts relating to such Person in excess of such amount shall cease to be Eligible Accounts.

(dd) "**Employee Plan**" includes any pension, stock bonus, employee stock ownership plan, retirement, disability, medical, dental or other health plan, life insurance or other death benefit plan, profit sharing, deferred compensation, stock option, bonus or other incentive plan, vacation benefit plan, severance plan or other employee benefit plan or arrangement, including, without limitation, those pension, profit-sharing and retirement plans of the Credit Parties described from time to time in the consolidated financial statements of the Credit Parties and any pension plan, welfare plan, Defined Benefit Pension Plans (as defined in ERISA) or any multi-employer plan, maintained or administered by the Credit Parties or to which is the Credit Parties are a party or may have any liability or by which the Credit Parties are bound.

(ee) "**Environmental Laws**" shall mean all federal, state, district, local and foreign laws, rules, regulations, ordinances, and consent decrees relating to health, safety, hazardous substances, pollution and environmental matters, as now or at any time hereafter in effect, applicable to the Credit Parties' business or facilities owned or operated by the Credit Parties, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contamination, chemicals, or hazardous, toxic or dangerous substances, materials or wastes in the environment (including ambient air, surface water, land surface or subsurface strata) or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

(ff) "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

(gg) "**Event of Default**" shall mean any of the events or conditions set forth in Section 12 hereof.

(hh) "**Financial Statements**" shall have the meaning given to it in Section 7.10 hereof.

(ii) "**First Closing**" means the closing of the Initial Loan hereunder, which shall take place on the Effective Date.

(jj) **"Funded Indebtedness"** shall mean, as to any Person, without duplication: (i) all indebtedness for borrowed money of such Person (including principal, interest and, if not paid when due, fees and charges), whether or not evidenced by bonds, debentures, notes or similar instruments; (ii) all obligations to pay the deferred purchase price of property or services; (iii) all obligations, contingent or otherwise, with respect to the maximum face amount of all letters of credit (whether or not drawn), bankers' acceptances and similar obligations issued for the account of such Person (including the Letters of Credit), and all unpaid drawings in respect of such letters of credit, bankers' acceptances and similar obligations; and (iv) all indebtedness secured by any Lien on any property owned by such Person, whether or not such indebtedness has been assumed by such Person (provided, however, if such Person has not assumed or otherwise become liable in respect of such indebtedness, such indebtedness shall be deemed to be in an amount equal to the fair market value of the property subject to such Lien at the time of determination). Notwithstanding the foregoing, Funded Indebtedness shall not include trade payables and accrued expenses incurred by such Person in accordance with customary practices and in the Ordinary Course of Business of such Person.

(kk) **"GAAP"** shall mean United States generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination; provided, however, that interim financial statements or reports shall be deemed in compliance with GAAP despite the absence of footnotes and fiscal year-end adjustments as required by GAAP.

(ll) **"Governmental Authority"** means any foreign, federal, state or local government, or any political subdivision thereof, or any court, agency or other body, organization, group, stock market or exchange exercising any executive, legislative, judicial, quasi-judicial, regulatory or administrative function of government.

(mm) **"Guarantors"** shall have the meaning given to it in the preamble hereof. If any Guarantor is an individual, then the term **"Guarantors"** shall also include such individual's spouse, if any.

(nn) **"Guarantee Agreement(s)"** shall mean the guaranty agreements executed by the Corporate Guarantors in favor of the Lender, pursuant to which the Corporate Guarantors shall each guarantee all of the Obligations of the Borrower, the form of which is attached hereto as **Exhibit "B"**.

(oo) **"Hazardous Materials"** shall mean any hazardous, toxic or dangerous substance, materials and wastes, including hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including, without limitation, materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials or wastes that are or become regulated

under any Environmental Law (including any that are or become classified as hazardous or toxic under any Environmental Law).

(pp) **"Income Projections"** shall have the meaning given to it in Section 10.8 hereof.

(qq) **"Initial Loan"** means the initial loan contemplated to be made by Lender to the Borrower at the First Closing in the amount of One Million Eight Hundred Thousand Dollars (\$1,800,000).

(rr) **"Insurance Policies"** shall have the meaning given to it in Section 7.23 hereof.

(ss) **"Interest Rate"** shall mean a fixed rate of interest equal to twelve percent (12.0%) per annum, calculated on the actual number of days elapsed over a 360-day year.

(tt) **"IP Rights"** shall have the meaning given to it in Section 7.21 hereof.

(uu) **"Irrevocable Transfer Agent Instructions"** shall mean the Irrevocable Transfer Agent Instructions to be entered into by and among the Lender, the Borrower and the Borrower's Transfer Agent, the form of which is attached hereto as **Exhibit "C"**.

(vv) **"Lender"** shall have the meaning given to it in the preamble hereof.

(ww) **"Lender Indemnitee(s)"** shall have the meaning given to it in Section 14.19 hereof.

(xx) **"License Agreements"** shall have the meaning given to it in Section 7.21 hereof.

(yy) **"Lien"** shall mean, with respect to any Person, any mortgage, pledge, hypothecation, judgment lien or similar legal process, title retention lien, or other lien, security interest or encumbrance of any nature or kind granted by such Person or arising by judicial process or otherwise, including the interest of a vendor under any conditional sale or other title retention agreement and the interest of a lessor under a lease of any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, by such Person as lessee that is, or should be, a Capital Lease on the balance sheet of such Person prepared in accordance with GAAP.

(zz) **"Loan"** or **"Loans"** means, collectively, the Initial Loan, and all Additional Loans, if any, made by Lender to Borrower from time to time hereunder.

(aaa) **"Loan Documents"** shall mean those documents listed in Sections 3.1, 3.2 and 3.3 hereof, and any other documents or instruments executed in connection with this Agreement or the Loans contemplated hereby, and all renewals, extensions, future advances, modifications, substitutions, or replacements thereof.

(bbb) **"Material Adverse Effect"** shall mean: (i) a material adverse change in, or a material adverse effect upon, the assets, business, prospects, properties, financial condition

or results of operations of any Credit Party; (ii) a material impairment of the ability of any Credit Party to perform any of its Obligations under any of the Loan Documents; or (iii) a material adverse effect on: (A) any material portion of the Collateral; (B) the legality, validity, binding effect or enforceability against any Credit Party of any of the Loan Documents; (C) the perfection or priority (subject to Permitted Liens) of any Lien granted to Lender under any Loan Document; (D) the rights or remedies of Lender under any Loan Document; or (E) the Lender's ability to sell, without limitation or restriction, if applicable, any Advisory Fee Shares hereunder or any shares issued to the Lender upon a conversion pursuant to the Promissory Note. For purposes of determining whether any of the foregoing changes, effects, impairments, or other events have occurred, such determination shall be made by Lender, in its sole and absolute discretion.

(ccc) "**Material Contract**" shall mean any contract or agreement to which any Credit Party is a party or by which any Credit Party or any of its assets are bound and which: (i) must be disclosed to the SEC, the Principal Trading Market, or any other Governmental Authority pursuant to the Securities Act, the Exchange Act, the rules and regulations of the SEC, or any other laws, rules or regulations of any Governmental Authority or the Principal Trading Market; (ii) involves aggregate payments of One Hundred Thousand and No/100 United States Dollars (US\$100,000.00) or more to or from any Credit Party; (iii) involves delivery, purchase, licensing or provision, by or to any Credit Party, of any goods, services, assets or other items having a value (or potential value) over the term of such contract or agreement of One Hundred Thousand and No/100 United States Dollars (US\$100,000.00) or more or is otherwise material to the conduct of the Credit Party's business as now conducted and as contemplated to be conducted in the future; (iv) involves a Credit Party Lease; (v) imposes any guaranty, surety or indemnification obligations on any Credit Party; or (vi) prohibits any Credit Party from engaging in any business or competing anywhere in the world.

(ddd) "**Material Shareholder**" shall have the meaning given to it in Section 7.31 hereof.

(eee) "**Maturity Date**" shall mean the earlier of: (i) fifteen (15) months from the Effective Date; (ii) upon prepayment of the Promissory Note by Borrower (subject to Section 2.4(b)); or (iii) the occurrence of an Event of Default and acceleration of the Promissory Note pursuant to this Agreement, unless the date in clause (i) shall be extended by Lender pursuant to any modification, extension or renewal note executed by Borrower and accepted by Lender in its sole and absolute discretion in substitution for the Promissory Note.

(fff) "**Obligations**" shall mean, whether now existing or hereafter arising, created or incurred: (i) all Loans, advances (whether of principal or otherwise) and other financial accommodations (whether primary, contingent or otherwise) made by Lender to Borrower under any Loan Documents; (ii) all interest accrued thereon (including interest which would be payable as post-petition in connection with any bankruptcy or similar Proceeding, whether or not permitted as a claim thereunder); (iii) any and all fees, charges or other amounts due to Lender under this Agreement or the other Loan Documents; (iv) any and all expenses incurred by Lender under, or in connection with, this Agreement or the other Loan Documents; (v) any and all other liabilities and obligations of any of the Credit Parties to Lender under this Agreement and any other Loan Documents; and (vi) the performance by the Credit Parties of all covenants, agreements and

obligations of every nature and kind on the part of any of the Credit Parties to be performed under this Agreement and any other Loan Documents.

(ggg) “**OFAC**” shall have the meaning given to it in Section 14.22 hereof.

(hhh) “**Ordinary Course of Business**” means the Ordinary Course of Business of the Person in question consistent with past custom and practice (including with respect to quantity, quality and frequency).

(iii) “**Payment Account**” shall have the meaning given to it in Section 2.4(c) hereof.

(jjj) “**Permitted Liens**” shall mean: (i) Liens for Taxes, assessments or other governmental charges not at the time delinquent or thereafter payable without penalty or being contested in good faith by appropriate proceedings and, in each case, for which adequate reserves are maintained in accordance with GAAP and in respect of which no Lien has been filed; (ii) Liens of carriers, warehousemen, mechanics and materialmen arising in the Ordinary Course of Business; (iii) Liens in the form of deposits or pledges incurred in connection with worker’s compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA or in connection with surety bonds, bids, performance bonds and similar obligations) for sums not overdue or being contested in good faith by appropriate Proceedings and not involving any advances or borrowed money or the deferred purchase price of property or services, which do not in the aggregate materially detract from the value of the property or assets of the Credit Parties taken as a whole or materially impair the use thereof in the operation of the Credit Parties’ business and, in each case, for which adequate reserves are maintained in accordance with GAAP and in respect of which no Lien has been filed; (iv) Liens described in the Financial Statements and acceptable to Lender in its sole and absolute discretion, and the replacement, extension or renewal of any such Lien upon or in the same property subject thereto arising out of the extension, renewal or replacement of the indebtedness secured thereby (without increase in the amount thereof and without expansion of such Liens upon any other property); (v) attachments, appeal bonds, judgments and other similar Liens, for sums not exceeding Fifty Thousand and No/100 United States Dollars (US\$50,000.00) arising in connection with court Proceedings, provided the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate Proceedings, and only to the extent such judgments or awards do not otherwise constitute an Event of Default; (vi) zoning and similar restrictions on the use of property and easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens not interfering in any material respect with the ordinary conduct of the business of the Credit Parties; (vii) Liens arising in connection with Capital Leases (and attaching only to the property being leased); (viii) Liens that constitute purchase money security interests on any property securing indebtedness incurred for the purpose of financing all or any part of the cost of acquiring such property, provided that any such Lien attaches to such property within sixty (60) days of the acquisition thereof and attaches solely to the property so acquired; (ix) Liens granted to Lender hereunder and under the Loan Documents; (x) any interest or title of a lessor, sublessor, licensor or sublicensor under any lease or non-exclusive license permitted by this Agreement; (xi) Liens arising from precautionary uniform commercial code financing statements filed under any lease permitted by this Agreement; (xii) banker’s Liens and rights of set-off of financial institutions arising in connection with items

deposited in accounts maintained at such financial institutions and subsequently unpaid and unpaid fees and expenses that are charged to the Credit Parties by such financial institutions in the Ordinary Course of Business of the maintenance and operation of such accounts; (xiii) Liens evidenced by the following UCC Financing Statements filed with the Utah Department of Commerce, Division of Corporations: (A) UCC-1 filed against Landis Salons, Inc. on May 23, 2012 in favor of Pawnee Leasing Corporation under File No. 413104201228; (B) UCC-1 filed against Landis Salons II, Inc. on October 15, 2012 in favor of Timepayment Corporation under File No. 420142201229; and (C) UCC-1 filed against Landis Salons, Inc. on March 11, 2014 in favor of Alliance Laundry Systems, LLC under File No. 446296201442 (collectively, the "**Equipment Liens**"); provided, however, the Equipment Liens shall only be Permitted Liens to the extent same do not affect any other Collateral other than the specific equipment that is listed on such Equipment Liens as of the Effective Date hereof.

(kkk) "**Permit**" means any license, permit, approval, waiver, order, authorization, right or privilege of any nature whatsoever, granted, issued, approved or allowed by any Governmental Authority.

(lll) "**Person**" shall mean any individual, partnership, limited liability company, limited liability partnership, corporation, trust, joint venture, joint stock company, association, unincorporated organization, government or agency or political subdivision thereof, or other entity.

(mmm) "**Pledge Agreement(s)**" shall mean the pledge agreements executed by the Borrower in favor of the Lender, pursuant to which the Borrower grants a first priority lien and security interest in and to all of the shares or membership interest (as applicable) owned by the Borrower in each of the Corporate Guarantor, and any other Subsidiaries, to the Lender, the forms of which are attached hereto as **Exhibit "D"**.

(nnn) "**Point-of-Sale Transactions**" means any sale transactions by any Credit Parties whereby the purchase price for the sale transaction is paid in full by the Person undertaking such sale transaction, at the time of the sale transaction.

(ooo) "**Preferred Stock**" shall have the meaning given to it in Section 7.4 hereof.

(ppp) "**Premium**" shall mean a payment premium due on the amount of the Obligations in accordance with the Promissory Note.

(qqq) "**Prepayment Penalty**" shall have the meaning given to it in Section 2.4(b) hereof.

(rrr) "**Principal Trading Market**" shall mean the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market, the OTCQX, the OTCQB, the OTC Pink, the NYSE Euronext or the New York Stock Exchange, whichever is at the time the principal trading exchange or market for the Common Stock.

(sss) “**Proceeding**” means any demand, claim, suit, action, litigation, investigation, audit, study, arbitration, administrative hearing, or any other proceeding of any nature whatsoever.

(ttt) “**Promissory Note(s)**” means any promissory notes issued by the Borrower to Lender from time to time under this Agreement which evidence the Initial Loan or any Additional Loans, which promissory notes shall be substantially in the form and substance attached hereto as **Exhibit “E”**.

(uuu) “**Public Documents**” shall have the meaning given to it in Section 7.11 hereof.

(vvv) “**Real Property**” means any real estate, land, building, structure, improvement, fixture or other real property of any nature whatsoever, including, but not limited to, fee and leasehold interests, and specifically including the real property listed on **Schedule 7.18(a)**.

(www) “**Rule 144**” shall mean Rule 144 or Rule 144A promulgated under the Securities Act (or a successor rule thereto).

(xxx) “**Rule 144 Certificate**” shall have the meaning given to it in Section 10.20 hereof.

(yyy) “**Rule 144 Opinion**” shall have the meaning given to it in Section 10.20 hereof.

(zzz) “**Sale Reconciliation**” shall have the meaning given to it in Section 2.5(f)(i) hereof.

(aaaa) “**SEC**” shall mean the United States Securities and Exchange Commission.

(bbbb) “**Securities Act**” shall mean the Securities Act of 1933, as amended.

(cccc) “**Securities Being Sold**” shall have the meaning given to it in Section 10.20 hereof.

(dddd) “**Security Agreement(s)**” shall mean the security agreements executed by the Credit Parties in favor of Lender, pursuant to which each of the Credit Parties grant a first priority lien and security interest in and to all of their respective Collateral as security for the Obligations, the forms of which are attached hereto as **Exhibit “F-1”** and **Exhibit “F-2”**.

(eeee) “**Series C Preferred Stock**” shall mean the Borrower’s Series C, non-voting, convertible preferred stock, \$0.001 par value per share.

(ffff) “**Share Reserve**” shall have the meaning given to it in Section 10.21 hereof.

hereof. (gggg) **"Shell Company"** shall have the meaning given to it in Section 10.20

(hhhh) **"Subsidiary"** and **"Subsidiaries"** shall mean, respectively, each and all such corporations, partnerships, limited partnerships, limited liability companies, limited liability partnerships or other entities of which or in which a Person owns, directly or indirectly, fifty percent (50%) or more of: (i) the combined voting power of all classes of stock having general voting power under ordinary circumstances to elect a majority of the board of directors of such entity if a corporation; (ii) the management authority and capital interest or profits interest of such entity, if a partnership, limited partnership, limited liability company, limited liability partnership, joint venture or similar entity; or (iii) the beneficial interest of such entity, if a trust, association or other unincorporated organization.

(iiii) **"Transfer Agent"** shall have the meaning given to it in Section 2.5(g) hereof.

(jjjj) **"UCC"** shall mean the Uniform Commercial Code in effect in Nevada from time to time.

(kkkk) **"Use of Proceeds Confirmation"** shall have the meaning given to it in Section 9.8 hereof.

(llll) **"Validity Certificates"** shall mean the Validity Certificates executed by certain officers and directors of the Borrower, the form of which is attached hereto as **Exhibit "G"**.

(mmmm) **"Valuation Date"** shall have the meaning given to it in Section 2.5(g) hereof.

(nnnn) **"VWAP"** shall have the meaning given to it in Section 2.5(g) hereof.

1.2 **Accounting Terms.** Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with GAAP. Calculations and determinations of financial and accounting terms used and not otherwise specifically defined hereunder and the preparation of financial statements to be furnished to Lender pursuant hereto shall be made and prepared, both as to classification of items and as to amount, in accordance with GAAP as used in the preparation of the financial statements of Borrower on the date of this Agreement. If any changes in accounting principles or practices from those used in the preparation of the financial statements are hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or any successor thereto or agencies with similar functions), which results in a material change in the method of accounting in the financial statements required to be furnished to Lender hereunder or in the calculation of financial covenants, standards or terms contained in this Agreement, the parties hereto agree to enter into good faith negotiations to amend such provisions so as equitably to reflect such changes to the end that the criteria for evaluating the financial condition and performance of Borrower will be the same after such changes as they were before such changes; and if the parties fail to agree on the amendment of such provisions, Borrower will furnish financial statements in accordance

with such changes but shall provide calculations for all financial covenants, perform all financial covenants and otherwise observe all financial standards and terms in accordance with applicable accounting principles and practices in effect immediately prior to such changes. Calculations with respect to financial covenants required to be stated in accordance with applicable accounting principles and practices in effect immediately prior to such changes shall be reviewed and certified by Borrower's accountants.

1.3 Other Terms Defined in UCC. All other words and phrases used herein and not otherwise specifically defined shall have the respective meanings assigned to such terms in the UCC, as amended from time to time, to the extent the same are used or defined therein.

1.4 Other Definitional Provisions; Construction. Whenever the context so requires, the neuter gender includes the masculine and feminine, the single number includes the plural, and vice versa. In addition: (i) the words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and references to Article, Section, Subsection, Annex, Schedule, Exhibit and like references are references to this Agreement unless otherwise specified; (ii) wherever the word "include," "includes" or "including" is used in this Agreement, it will be deemed to be followed by the words "without limitation;" (iii) an Event of Default shall "continue" or be "continuing" until such Event of Default has been cured in Lender's sole and absolute discretion, or waived by Lender in accordance with Section 14.3 hereof; (iv) any reference to the Credit Parties shall mean and refer to all the Credit Parties, collectively, and to each Credit Party, individually, and accordingly, each representation, warranty, covenant, obligation or other agreement, term or provision in this Agreement or any other Loan Documents, to the extent applicable to the Credit Parties, shall be deemed to be applicable and effective as to all Credit Parties, collectively, and to each Credit Party, individually, as the context may so require, regardless of the gender, singular, plural, or other tense used in the applicable provision; (v) references in this Agreement to any party shall include such party's successors and permitted assigns; and (vi) references to any "Section" shall be a reference to such Section of this Agreement unless otherwise stated. To the extent any of the provisions of the other Loan Documents are inconsistent with the terms of this Agreement, the provisions of this Agreement shall govern.

2. LOANS.

2.1 Initial Loan. Subject to the satisfaction (or waiver) of the terms and conditions of this Agreement, the Lender shall make the Initial Loan to Borrower at the First Closing.

2.2 Additional Loans.

(a) At any time after the First Closing, but prior to the Maturity Date or earlier termination of this Agreement, the Borrower may request that Lender make Additional Loans hereunder at Additional Closings by written notice to Lender. Any such Additional Loans shall be subject to Lender's prior written approval, and Lender shall have the absolute right to withhold, deny or condition approval of any such requests for any such Additional Loans in Lender's sole and absolute discretion, however, at a minimum, the following conditions must be satisfied, in Lender's sole and absolute discretion: (i) no Event of Default shall have occurred or be continuing; (ii) Borrower shall have executed and delivered a new or revised Promissory Note;

(iii) after giving effect to such increase, the amount of the aggregate outstanding principal balance of all Loans shall not be in excess of the maximum amount of credit available under this Agreement; (iv) Lender shall have reviewed and accepted, in its sole and absolute discretion, the revenues, income, Collateral, and other financial or other underwriting criteria required for the increase; and (v) Lender shall have received any and all documents or agreements as it shall require in its sole and absolute discretion. If Lender approves any request for such Additional Loans, then subject to the satisfaction (or waiver) of the terms and conditions of this Agreement, Lender shall make such Additional Loans to Borrower in such amounts and at such Additional Closings as Lender and the Borrower may mutually agree. Borrower may only request Additional Loans if, in Lender's sole and absolute discretion, no default or "Event of Default" (as such term is defined in any of the Loan Documents) shall have occurred or be continuing under this Agreement or any other Loan Documents, and no event shall have occurred that, with the passage of time, the giving of notice, or both, would constitute a default or an Event of Default hereunder or thereunder.

(b) It is expressly agreed and acknowledged by each of the Credit Parties that, notwithstanding that this Agreement provides for the opportunity for Additional Loans as hereby provided: (i) Lender has no obligation of any nature or kind whatsoever to make any such Additional Loans to the Credit Parties; (ii) the Credit Parties did not enter into this Agreement based on any promise, express or implied, by Lender or any of its agents or representatives, or based on any expectation by any of the Credit Parties, that Additional Loans beyond the Initial Loan would be made or provided after the Effective Date; and (iii) each of the Credit Parties hereby fully and unconditionally waives any and all claims, counterclaims, and defenses any of them may have based on any argument that Lender had any obligation or otherwise promised to fund or make Additional Loans beyond the Initial Loan, or any argument or implied covenant of fair dealing and good faith that may in any way imply an obligation upon Lender to make such Additional Loans.

2.3 Form of Payment; Documents Delivered. Each Closing shall be undertaken between the Credit Parties and Lender through the use of overnight mails and subject to escrow instructions from Lender and its counsel. Any violation or breach of any such escrow instructions, whether by any Credit Parties or counsel for any Credit Parties, shall constitute an Event of Default hereunder. Subject to such escrow instructions and the satisfaction (or waiver) of the terms and conditions of this Agreement, at each Closing: (i) the Lender shall deliver to the Borrower, to a Borrower account designated by the Borrower, the aggregate proceeds of the applicable Loan being funded at such Closing, minus the fees to be paid directly from the proceeds of such Closing as set forth in this Agreement, in the form of wire transfers of immediately available Dollars; and (ii) the Credit Parties shall deliver to Lender the Promissory Note evidencing the Loan made at such Closing (or a consolidated Promissory Note for all Loans, in Lender's discretion), as well as all other documents required to be delivered pursuant to this Agreement or otherwise required by Lender and its counsel, duly executed on behalf of the Credit Parties, as applicable.

2.4 Payment of Loans.

(a) Loan Interest and Payments. Except as otherwise provided in this Section, the outstanding principal balance of the Loans and all other Obligations shall be repaid on or before the Maturity Date. The principal amount of the Loans outstanding from time to time shall bear interest at the Interest Rate, and be subject to payment of the Premium in accordance

with the Promissory Note. All Obligations shall be paid in accordance with the payment terms set forth in this Agreement and the Promissory Note. Any amount of principal, interest, or Premium on the Obligations which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall at Lender's option bear interest payable on demand at the Default Rate.

(b) Optional Prepayments. Borrower may from time to time prepay the Loans, in whole or in part, provided, however, that if the Borrower prepays the Obligations in full within ninety (90) days following the Effective Date, Borrower shall pay to Lender as liquidated damages and compensation for the costs of being prepared to make funds available hereunder an amount equal to two and a half percent (2.5%) of the Initial Loan (the "Prepayment Penalty").

(c) ACH Payment. The Credit Parties agree that all payments due and owing under this Agreement or any other Loan Documents shall be made by wire transfer to an account designated by Lender to Borrower from time to time, or at Lender's election, shall be made through automated clearing house ("ACH") transfers from the Borrower's designated operating account (the "Payment Account") directly to Lender. In this regard, if the Lender elects to receive payments through ACH, the Borrower hereby agrees to execute and deliver to Lender an authorization agreement for direct payments whereby, among other things, Lender shall be irrevocably authorized to initiate ACH transfers from the Payment Account to Lender in the amounts required or permitted under this Agreement and all other Loan Documents, including for scheduled payments of principal, interest and Premium due under the Promissory Note, and payment of all other fees or charges due under this Agreement or any other Loan Documents. Lender's authorization for direct ACH transfers as hereby provided shall be irrevocable and such ACH transfers shall continue until all Obligations are paid in full. For so long as any Obligations remain outstanding, Borrower shall: (i) not revoke Lender's authority to initiate ACH transfers as hereby contemplated; (ii) not change, modify, close or otherwise affect the Payment Account; (iii) deposit all revenues of any nature or kind whatsoever relating to Borrower or its business only into the Payment Account; and (iv) be responsible for all costs, expenses or other fees and charges incurred by Lender as a result of any failed or returned ACH transfers, whether resulting from insufficient sums being available in the Payment Account, or otherwise. The Credit Parties hereby agree to undertake any and all required actions, execute any required documents, instruments or agreements, or to otherwise do any other thing required or requested by Lender in order to effectuate the requirements of this Section 2.4(c).

(d) Power of Attorney. It is intended that all revenues of any nature or kind whatsoever relating to Borrower or its business, and all other checks, drafts, instruments and other items of payment or proceeds of Collateral at any time received, due or owing to the Credit Parties from any Person, or otherwise, shall be deposited directly into the Payment Account, and if not deposited directly into the Payment Account, shall be immediately remitted or endorsed by the Credit Parties into the Payment Account, and, if that remittance or endorsement of any such item shall not be immediately made for any reason, Lender is hereby irrevocably authorized to remit or endorse the same on Credit Parties' behalf. For purpose of this Section, the Credit Parties irrevocably hereby make, constitute and appoint Lender (and all Persons designated by Lender for that purpose) as the Credit Parties' true and lawful attorney and agent-in-fact: (A) to endorse the Credit Parties' name upon items of payment and/or proceeds of Collateral and upon any chattel paper, document, instrument, invoice or similar document or agreement relating to any revenues of the Credit Parties; (B) to take control in any manner of any item of payment or proceeds thereof;

(C) to have access to the Credit Parties' operating accounts, through the Credit Parties' online banking system, or otherwise, to make remittances of any revenues deposited therein into the Payment Account as required hereby; (D) to have access to any lock box or postal box into which any of the Credit Parties' mail is deposited, and open and process all mail addressed to the Credit Parties and deposited therein; and (E) direct and otherwise deal with all Persons, to insure that all revenues are remitted to the Payment Account as hereby contemplated.

(e) Rights Upon Default. Lender may, at any time and from time to time after the occurrence and during the continuance of an Event of Default, whether before or after the maturity of any of the Obligations: (A) enforce collection of any Accounts or other amounts owed to the Credit Parties by suit or otherwise; (B) exercise all of the rights and remedies of the Credit Parties with respect to Proceedings brought to collect any Accounts or other amounts owed to the Credit Parties; (C) surrender, release or exchange all or any part of any Accounts or other amounts owed to the Credit Parties, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder; (D) sell or assign any Account of the Credit Parties, or other amount owed to the Credit Parties, upon such terms, for such amount and at such time or times as Lender deems advisable; (E) prepare, file and sign any Credit Parties' name on any proof of claim in bankruptcy or other similar document against any Person obligated to the Credit Parties; and (F) do all other acts and things which are necessary, in Lender's sole discretion, to fulfill the Credit Parties' obligations under this Agreement and the other Loan Documents and to allow Lender to collect the Accounts, or other amounts owed to the Credit Parties. In addition to any other provision hereof, Lender may at any time after the occurrence and during the continuance of an Event of Default, at the Credit Parties' expense, notify any parties obligated on any of the Accounts to make payment directly to Lender of any amounts due or to become due thereunder.

(f) Statement. From time to time, Lender may deliver to Borrower an invoice and or an account statement showing all Loans, charges and payments, which shall be deemed final, binding and conclusive upon Borrower, unless Borrower notifies Lender in writing, specifying any error therein, within thirty (30) days of the date such account statement is sent to Borrower and any such notice shall only constitute an objection to the items specifically identified.

(g) View Access To Accounts. On the Effective Date, the Credit Parties shall undertake all required actions, including providing Lender with proper sign-in or log-in credentials, user names, passwords, and other required information, to provide Lender with, and to allow Lender to have, view-only access, through the Credit Parties' online banking system or otherwise, to any and all of the Credit Parties' bank accounts listed on Schedule 7.28, and any additional bank accounts of the Credit Parties as may exist from time to time. Credit Parties shall not undertake any action that prevents or impairs Lender's ability to have view-only access of all of the bank accounts of the Credit Parties as contemplated by this Section.

2.5 Fees.

(a) Intentionally Left Blank.

(b) Transaction Advisory Fee. In addition to the Advisory Fee contained in Section 2.5(f) herein, the Borrower agrees to pay to Lender a transaction advisory fee equal to

two percent (2.0%) of the amount of the Initial Loan, and one percent (1.0%) on the amount of any Additional Loan, which shall be due and payable on the First Closing and at each Additional Closing.

(c) Due Diligence Fees. Borrower agrees to pay a due diligence fee equal to Six Thousand Five Hundred and No/100 United States Dollars (US\$6,500.00), which shall be due and payable in full on the First Closing, or any remaining portion thereof shall be due and payable on the First Closing if a portion of such fee was paid upon the execution of any term sheet related to this Agreement.

(d) Document Review and Legal Fees. Borrower agrees to pay a document review and legal fee equal to Eighteen Thousand and No/100 United States Dollars (US\$18,000.00) which shall be due and payable in full on the First Closing, or any remaining portion thereof shall be due and payable on the First Closing if a portion of such fee was paid upon the execution of any term sheet related to this Agreement.

(e) Other Fees. Borrower also agrees to pay to the Lender (or any designee of the Lender), upon demand, or to otherwise be responsible for the payment of, any and all other costs, fees and expenses, including the reasonable fees, costs, expenses and disbursements of counsel for the Lender and of any experts and agents, which the Lender may incur or which may otherwise be due and payable in connection with: (i) the preparation, negotiation, execution, delivery, recordation, administration, amendment, waiver, subordination, or other modification or termination of this Agreement or any other Loan Documents (provided that there shall be no fees for the preparation and negotiation of this Agreement other than as specifically set forth in the closing or settlement statement executed by Borrowers and Lender on the First Closing); (ii) any documentary stamp taxes, intangibles taxes, recording fees, filing fees, or other similar taxes, fees or charges imposed by or due to any Governmental Authority in connection with this Agreement or any other Loan Documents; (iii) the exercise or enforcement of any of the rights of the Lender under this Agreement or the Loan Documents; or (iv) the failure by the Credit Parties to perform or observe any of the provisions of this Agreement or any of the Loan Documents. Included in the foregoing shall be the amount of all expenses paid or incurred by Lender in consulting with counsel concerning any of its rights under this Agreement or any other Loan Document or under applicable law. All such costs and expenses, if not so immediately paid when due or upon demand thereof, shall bear interest from the date of outlay until paid, at the Default Rate. All of such costs and expenses shall be additional Obligations of the Credit Parties to Lender secured under the Loan Documents. The provisions of this Subsection shall survive the termination of this Agreement.

(f) Advisory Fees. The Borrower shall pay to Lender a fee for advisory services provided by the Lender to the Borrower prior to the Effective Date in the amount of Four Hundred Twenty-Five Thousand and No/100 United States Dollars (US\$425,000.00) (the "Advisory Fee") by issuing to Lender under this Section 85,000 shares of the Borrower's Series C Preferred Stock (the "Advisory Fee Shares"). The Borrower shall instruct its transfer agent (the "Transfer Agent") to issue certificates representing the Advisory Fee Shares issuable to the Lender immediately upon the Borrower's execution of this Agreement, and shall cause its Transfer Agent to deliver such certificates to Lender within seven (7) Business Days from the Effective Date. In the event such certificates representing the Advisory Fee Shares issuable hereunder shall not be delivered to the Lender within said seven (7) Business Day period, same shall be an

immediate default under this Agreement and the other Loan Documents. The Advisory Fee Shares, when issued, shall be deemed to be validly issued, fully paid, and non-assessable shares of the Borrower's Series C Preferred Stock. The Advisory Fee Shares shall be deemed fully earned as of the Effective Date, regardless of the amount or number of Loans made hereunder.

(i) Adjustments. It is the intention of the Borrower and Lender that the Lender shall be able to convert (if Lender so elects, in Lender's sole and absolute discretion) the Advisory Fee Shares into shares of Common Stock (the "Series C Conversion Shares") in accordance with the rights and preferences of the Series C Preferred Stock, and to thereafter sell (if Lender so elects, in Lender's sole and absolute discretion) the Series C Conversion Shares, and generate net proceeds (net of all brokerage commissions and other fees or charges payable by Lender in connection with the sale thereof) from such sale equal to the Advisory Fee. The Lender shall have the right (but not an obligation) to convert the Advisory Fee Shares, and to thereafter sell the Series C Conversion Shares in the Principal Trading Market or otherwise, at any time in accordance with applicable securities laws. At any time the Lender may elect, the Lender may deliver to the Borrower a reconciliation statement showing the net proceeds actually received by the Lender from the sale of the Series C Conversion Shares (the "Sale Reconciliation"). If, as of the date of the delivery by Lender of the Sale Reconciliation, the Lender has not realized net proceeds from the sale of such Series C Conversion Shares equal to at least the Advisory Fee, as shown on the Sale Reconciliation, then the Borrower shall immediately take all required action necessary or required in order to cause the issuance of additional shares of Common Stock to the Lender in an amount sufficient such that, when sold and the net proceeds thereof are added to the net proceeds from the sale of any of the previously issued and sold Series C Conversion Shares, the Lender shall have received total net funds equal to the Advisory Fee. If additional shares of Common Stock are issued pursuant to the immediately preceding sentence, and after the sale of such additional issued shares of Common Stock, the Lender still has not received net proceeds equal to at least the Advisory Fee, then the Borrower shall again be required to immediately take all required action necessary or required in order to cause the issuance of additional shares of Common Stock to the Lender as contemplated above, and such additional issuances shall continue until the Lender has received net proceeds from the sale of such Common Stock equal to the Advisory Fee. In the event the Lender receives net proceeds from the sale of Series C Conversion Shares or Common Stock equal to the Advisory Fee, and the Lender still has Advisory Fee Shares, Series C Conversion Shares, or other Common Stock issued under this Section 2.5(f) (the "Advisory Common Stock") remaining to be sold, the Lender shall return all such remaining shares to the Borrower. In the event additional Common Stock is required to be issued as outlined above, the Borrower shall instruct its Transfer Agent to issue certificates representing such additional shares of Common Stock to the Lender immediately subsequent to the Lender's notification to the Borrower that additional shares of Common Stock are issuable hereunder, and the Borrower shall in any event cause its Transfer Agent to deliver such certificates to Lender within seven (7) Business Days following the date Lender notifies the Borrower that additional shares of Common Stock are to be issued hereunder. In the event such certificates representing such additional shares of Common Stock issuable hereunder shall not be delivered to the Lender within said seven (7) Business Day period, same shall be an immediate default under this Agreement and the Loan Documents. Notwithstanding anything contained in this Section to the contrary, the Borrower shall have the right to redeem any Advisory Fee Shares, Series C Conversion Shares, or Advisory Common Stock then in the Lender's possession for an amount payable by the Borrower to Lender in cash equal to the Advisory Fee, less any net cash proceeds

received by the Lender from any previous sales of Series C Conversion Shares, or Advisory Common Stock. Upon Lender's receipt of such cash payment in accordance with the immediately preceding sentence, the Lender shall return any then remaining Advisory Fee Shares, Series C Conversion Shares, or Advisory Common Stock in its possession back to the Borrower. The Borrower's obligation to pay the Advisory Fee contemplated by this Section 2.5(f), whether in cash or thru the sale of Series C Conversion Shares, or Advisory Common Stock, shall be an Obligation hereunder, secured by all Loan Documents, and failure by the Borrower to pay such Advisory Fee in full as required by this Section 2.5(f) shall be an immediate Event of Default hereunder and under the other Loan Documents. In the event the Lender elects to make Additional Loans as permitted by this Agreement, the Borrower agrees to pay additional advisory fees to Lender either in cash or in a similar manner as set forth in this Section 2.5(f) through the issuance of additional Advisory Fee Shares, at Lender's sole discretion, in an amount to be mutually agreed upon between Lender and Borrower.

(ii) Mandatory Redemption. Notwithstanding anything contained in this Agreement to the contrary, in the event the Lender has not realized net proceeds from the sale of Series C Conversion Shares, or Advisory Common Stock equal to at least the Advisory Fee by the earlier to occur of: (A) the fifteen (15) month anniversary of the Effective Date; (B) the occurrence of an Event of Default; or (C) the Maturity Date, then at any time thereafter, the Lender shall have the right, upon written notice to the Borrower, to require that the Borrower redeem all Advisory Fee Shares, Series C Conversion Shares, or Advisory Common Stock then in Lender's possession for cash equal to the Advisory Fee, less any cash proceeds received by the Lender from any previous sales of Series C Conversion Shares, or Advisory Common Stock, if any. In the event such redemption notice is given by the Lender, the Borrower shall redeem the then remaining Advisory Fee Shares, Series C Conversion Shares, and Advisory Common Stock then in Lender's possession for an amount of Dollars equal to the Advisory Fee, less any cash proceeds received by the Lender from any previous sales of Series C Conversion Shares, and Advisory Common Stock, if any, payable by wire transfer to an account designated by Lender within five (5) Business Days from the date the Lender delivers such redemption notice to the Borrower.

(iii) Piggyback Registration Rights. In the event that the Borrower files a registration statement with respect to its Common Stock with the SEC (other than a registration statement on Form S-4 or S-8 or any successor form thereto) after the Effective Date but before the Lender converts the Advisory Fee Shares or sells the Series C Conversion Shares or any Advisory Common Stock, the Advisory Fee Shares, Series C Conversion shares and Advisory Common Stock, as applicable, shall be registered pursuant to such registration statement.

(g) Matters with Respect to Common Stock.

(i) Issuance of Conversion Shares. The parties hereto acknowledge that pursuant to the terms of the Promissory Note, Lender has the right, after the occurrence of an Event of Default, to convert amounts due under the Promissory Note into Common Stock in accordance with the terms of the Promissory Notes. In the event, for any reason, the Borrower fails to issue, or cause the Transfer Agent to issue, any portion of the Common Stock issuable upon conversion of the Promissory Note (the "Conversion Shares") to Lender in connection with the exercise by Lender of any of its conversion rights under the Promissory Note, then the parties hereto acknowledge that Lender shall irrevocably be entitled to deliver to the Transfer Agent, on behalf

of itself and the Borrower, a "Conversion Notice" (as defined in the Promissory Note) requesting the issuance of the Conversion Shares then issuable in accordance with the terms of the Promissory Note, and the Transfer Agent, provided they are the acting transfer agent for the Borrower at the time, shall, and the Borrower hereby irrevocably authorizes and directs the Transfer Agent to, without any further confirmation or instructions from the Borrower, issue the Conversion Shares applicable to the Conversion Notice then being exercised, and surrender to a nationally recognized overnight courier for delivery to Lender at the address specified in the Conversion Notice, a certificate of the Common Stock of the Borrower, registered in the name of Lender or its designee, for the number of Conversion Shares to which Lender shall be then entitled under the Promissory Note, as set forth in the Conversion Notice.

(ii) Issuance of Series C Conversion Shares and Advisory Common Stock. The parties hereto acknowledge that the Borrower has agreed to issue, upon conversion of the Advisory Fee Shares, and in the future in accordance with Section 2.5(f) above, the Series C Conversion Shares and Advisory Common Stock in accordance with Section 2.5(f) above. In the event, for any reason, the Borrower fails to issue, or cause its Transfer Agent to issue, any portion of the Series C Conversion Shares or Advisory Common Stock issuable to Lender hereunder, either now or in the future, then the parties hereto acknowledge that Lender shall irrevocably be entitled to deliver to the Transfer Agent, on behalf of itself and the Borrower, a written instruction requesting the issuance of the Series C Conversion Shares or Advisory Common Stock then issuable, and the Transfer Agent, provided they are the acting transfer agent for the Borrower at the time, shall, and the Borrower hereby irrevocably authorizes and directs the Transfer Agent to, without any further confirmation or instructions from the Borrower, issue such shares of Series C Conversion Shares and/or Advisory Common Stock as directed by Lender, and surrender to a nationally recognized overnight courier for delivery to Lender at the address specified in the Lender's notice, a certificate of the Common Stock of the Borrower representing such Series C Conversion Shares and/or Advisory Common Stock, registered in the name of Lender, for the number of shares of Common Stock issuable to Lender in accordance herewith.

(iii) Removal of Restrictive Legends. In the event that Lender has any shares of the Borrower's Common Stock bearing any restrictive legends, and Lender, through its counsel or other representatives, submits to the Transfer Agent any such shares for the removal of the restrictive legends thereon, whether in connection with a sale of such shares pursuant to any exemption to the registration requirements under the Securities Act, or otherwise, and the Borrower and or its counsel refuses or fails for any reason to render an opinion of counsel or any other documents, certificates or instructions required for the removal of the restrictive legends, then: (A) to the extent such legends could be lawfully removed under applicable laws, Borrower's failure to provide the required opinion of counsel or any other documents, certificates or instructions required for the removal of the restrictive legends shall be an immediate Event of Default under this Agreement and all other Loan Documents; and (B) the Borrower hereby agrees and acknowledges that Lender is hereby irrevocably and expressly authorized to have counsel to Lender render any and all opinions and other certificates or instruments which may be required for purposes of removing such restrictive legends, and the Borrower hereby irrevocably authorizes and directs the Transfer Agent to, without any further confirmation or instructions from the Borrower, issue any such shares without restrictive legends as instructed by Lender, and surrender to a common carrier for overnight delivery to the address as specified by Lender, certificates, registered in the name of Lender or its designees, representing the shares of Common Stock to

which Lender is entitled, without any restrictive legends and otherwise freely transferable on the books and records of the Borrower.

(iv) Authorized Agent of the Borrower. The Borrower hereby irrevocably appoints the Lender and its counsel and its representatives, each as the Borrower's duly authorized agent and attorney-in-fact for the Borrower for the purposes of authorizing and instructing the Transfer Agent to process issuances, transfers and legend removals upon instructions from Lender, or any counsel or representatives of Lender, as specifically contemplated herein. The authorization and power of attorney granted hereby is coupled with an interest and is irrevocable so long as any Obligations of the Borrower under this Agreement or any other Loan Documents remain outstanding, and so long as the Lender owns or has the right to receive, any shares of the Borrower's Common Stock hereunder or under the Promissory Notes. In this regard, the Borrower hereby confirms to the Transfer Agent and the Lender that it can NOT and will NOT give instructions, including stop orders or otherwise, inconsistent with the terms of this Agreement with regard to the matters contemplated herein, and that the Lender shall have the absolute right to provide a copy of this Agreement to the Transfer Agent as evidence of the Borrower's irrevocable authority for Lender and Transfer Agent to process issuances, transfers and legend removals upon instructions from Lender, or any counsel or representatives of Lender, as specifically contemplated herein, without any further instructions, orders or confirmations from the Borrower.

(v) Injunction and Specific Performance. The Borrower specifically acknowledges and agrees that in the event of a breach or threatened breach by the Borrower of any provision of this Section, the Lender will be irreparably damaged and that damages at law would be an inadequate remedy if this Agreement were not specifically enforced. Therefore, in the event of a breach or threatened breach of any provision of this Section by the Borrower, the Lender shall be entitled to obtain, in addition to all other rights or remedies Lender may have, at law or in equity, an injunction restraining such breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for specific performance of the provisions of this Section.

(h) Surviving Obligations. The Credit Parties agree and acknowledge that notwithstanding the termination of this Agreement, or the payment in full of all of the Loans or other obligations hereunder or under any other Loan Documents, the Credit Parties' obligations and liability under this Agreement and the other Loan Documents, and the Lender's Lien and security interest on all Collateral, shall survive, shall remain valid and effective and shall not be released or terminated, until the Lender receives the full amount of the Advisory Fee in cash, either through the conversion of Advisory Fee Shares and subsequent sale of Series C Conversion Shares, or through cash payments from Borrower as contemplated by Section 2.5(f). All of the Credit Parties' obligations under Section 2.5(f) and 2.5(g) shall survive termination of this Agreement.

(i) Right to Approve Transfer Agent. The Borrower hereby represents and warrants that the Borrower's current Transfer Agent is Standard Registrar & Transfer Company, Inc., whose contact information is as follows: 12528 South 1840 East, Draper, UT 84020. The Borrower hereby agrees that it shall not change the Transfer Agent, unless the Lender first approves the proposed new Transfer Agent, such approval to be in Lender's sole and absolute discretion.

(j) Interest and Fee Computation; Collection of Funds. Interest and Premium accrued hereunder shall be payable as set forth in this Agreement and the Promissory Note. Except as otherwise set forth herein, all interest, Premium, and fees shall be calculated on the basis of a year consisting of 360 days and shall be paid for the actual number of days elapsed. Principal payments submitted in funds not immediately available shall continue to bear interest and Premium until collected. If any payment to be made by Borrower hereunder or under the Promissory Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment. Any Obligations which are not paid when due (subject to applicable grace periods) shall bear interest at the Default Rate.

2.6 Automatic Debit. In order to effectuate the timely payment of any of the Obligations when due, Borrower hereby authorizes and directs Lender, at Lender's option, to: (i) debit, or cause or instruct the debit of, the amount of the Obligations to any ordinary deposit account of Borrower; or (ii) make an Additional Loan hereunder to pay the amount of the Obligations.

2.7 Discretionary Disbursements. Lender, in its sole and absolute discretion, may immediately upon notice to Borrower, disburse any or all proceeds of the Loans made or available to Borrower pursuant to this Agreement to pay any fees, costs, expenses or other amounts required to be paid by Borrower hereunder and not so paid. All monies so disbursed shall be a part of the Obligations, payable by Borrower on demand from Lender.

2.8 US Dollars; Currency Risk. All revenues collected by any Credit Parties and deposited into the Payment Account or any other accounts of any Credit Parties will be in Dollars. In the event any such revenues are not in Dollars, Borrower shall bear the risk of Lender's currency losses, and if Lender suffers a currency loss and the result is to increase the cost to Lender or to reduce the amount of any sum received or receivable by Lender under this Agreement or under the Promissory Note with respect thereto, then after demand by Lender (which demand shall be accompanied by a certificate setting forth reasonably detailed calculations of the basis of such demand), Borrower shall pay to Lender such additional amount or amounts as will compensate Lender for such increased cost or such reduction.

3. CONDITIONS OF BORROWING.

Notwithstanding any other provision of this Agreement, the obligation of Lender to disburse or make all or any portion of any Loans is subject to satisfaction of all of the following conditions precedent (unless a condition is waived in writing by Lender) contained in this Article 3.

3.1 Loan Documents to be Executed by Credit Parties. As a condition precedent to Lender's disbursement or making of the Loans pursuant to this Agreement, Credit Parties shall have executed or cause to be executed and delivered to Lender all of the following documents, each of which must be satisfactory to Lender and Lender's counsel in form, substance and execution:

(a) Credit Agreement. An original of this Agreement, duly executed by Borrower and consented and agreed to by the Guarantors;

- (b) Promissory Note. An original Promissory Note, duly executed by Borrower and consented and agreed to by the Guarantors;
- (c) Security Agreement. An original of the Security Agreements, duly executed by the Credit Parties;
- (d) Guaranty Agreement. An original of the Guaranty Agreement, duly executed by the Corporate Guarantor;
- (e) Validity Certificates. An original of each Validity Certificate, duly executed by such officers and directors of Borrower as Lender shall require;
- (f) ACH Agreement. An original of the ACH authorization agreement, duly executed by Borrower;
- (g) Pledge Agreements. An original of the Pledge Agreements, duly executed by the Borrower and applicable Corporate Guarantors;
- (h) Irrevocable Transfer Agent Instructions. An original of the Irrevocable Transfer Agent Instructions, duly executed by the Borrower and the Borrower's Transfer Agent;
- (i) Closing Statement. An original of a closing or settlement statement, duly executed by the Borrower; and
- (j) Additional Documents. Such other agreements, documents, instruments, certificates, financial statements, schedules, resolutions, opinions of counsel, notes and other items which Lender shall require in connection with this Agreement.

3.2 Organizational and Authorization Documents. A certificate of the corporate secretary, manager, members or other officer, partner, manager or equivalent authorized Person of each Credit Party certifying and attaching: (i) copies of each Credit Parties' respective articles of incorporation (including any certificates of designation, is applicable), bylaws, operating agreement, partnership agreement, certificate of organization or other applicable formation or governing documents; (ii) resolutions of the board of directors, managers, members, general partners or other Persons with proper authority to manage the affairs of, and otherwise bind, each Credit Party, approving and authorizing the execution, delivery and performance of the Loan Documents to which it is party and the transactions contemplated thereby; (iii) resolution of the Guarantors' shareholders (if applicable), approving and authorizing the execution, delivery and performance of the Loan Documents to which it is party and the transactions contemplated thereby; and (iv) the signatures and incumbency of the officers, managers, members, partners or other authorized Persons of each Credit Party executing any of the Loan Documents, each of which Borrower hereby certifies to be true and complete, and in full force and effect without modification, it being understood that Lender may conclusively rely on each such document and certificate until formally advised by Borrower of any changes therein.

3.3 Certificates of Good Standing. Copies of certificates of good standing with respect to each Credit Party, issued by the Secretary of State of the state of incorporation of each

Credit Party, dated such a date as is reasonably acceptable to Lender, evidencing the good standing thereof.

3.4 Search Results. Copies of UCC search reports dated such a date as is reasonably acceptable to Lender, listing all effective financing statements which name each Credit Party, under its present name and any previous names, as debtors, together with copies of such financing statements.

3.5 Insurance. Within thirty (30) days of the Effective Date, evidence satisfactory to Lender of the existence of insurance required to be maintained pursuant to this Agreement and the Security Agreement, together with evidence that Lender has been named as additional insured and lender's loss payee, as applicable, on all related insurance policies.

3.6 Use of Proceeds. A detailed summary of the Borrower's use of the proceeds being funded hereunder.

3.7 Certificates. Originals of certificates evidencing the shares and/or membership interests, as applicable, to be pledged in connection with the Pledge Agreement.

3.8 Income Statement / Profit and Loss Statement. An income statement or a profit and loss statement showing the consolidated revenues, expenses, profits and losses of the Credit Parties for the twelve (12) month period ending June 30, 2015, as well as a reasonable projection of the consolidated revenues, expenses, profits and losses of the Credit Parties for the twelve (12) month period immediately following the Effective Date.

3.9 Opinion of Counsel. A customary opinion of Borrower's counsel, in form satisfactory to Lender.

3.10 Perfection of Lien on Collateral. The Credit Parties shall have duly authorized, executed and delivered any other related documentation necessary or advisable to perfect the Lien on the Collateral in the jurisdiction of incorporation of the Credit Parties, including such UCC-1 Financing Statements and any and all documents necessary to complete any filings which Lender shall require in connection with this Agreement.

3.11 Payment of Fees. Borrower shall have paid to Lender all fees, costs and expenses, including due diligence expenses, attorney's fees, search fees, title fees, documentation and filing fees (including documentary stamps and taxes payable on the face amount of the Promissory Note).

3.12 Press Release Authorization. Evidence satisfactory to the Lender that the Borrower has authorized the Lender to publish such press releases with respect to this Agreement and the instant transaction, including a copy of an e-mail delivered to Marketwire.com by the Borrower whereby the Borrower authorizes the Lender to use its name and, if applicable, stock symbol, in connection with current or future press releases.

3.13 Event of Default. No Event of Default, or event which, with notice or lapse of time, or both, would constitute an Event of Default, shall have occurred and be continuing.

3.14 Adverse Changes. There shall not have occurred any Material Adverse Effect.

3.15 Litigation. No pending claim, investigation, litigation or other Proceeding shall have been instituted against any Credit Party or any of their respective officers, shareholders, members, managers, partners, or other principals of any Credit Party.

3.16 Representations and Warranties. No representation or warranty of any of the Credit Parties contained herein or in any Loan Documents shall be untrue or incorrect in any material respect as of the date of any Loans as though made on such date, except to the extent such representation or warranty expressly relates to an earlier date.

3.17 Due Diligence. The business, legal and collateral due diligence review performed by Lender, including a review of the Credit Parties' historical performance and financial information, must be acceptable to Lender in its sole discretion. Lender reserves the right to increase any and all aspects of its due diligence in Lender's sole discretion.

3.18 Key Personnel Investigations. Lender shall be satisfied, in its sole discretion, with results from background investigations conducted on key members of Borrower's principals and management teams.

3.19 Repayment of Outstanding Indebtedness. The Credit Parties shall have repaid in full all outstanding indebtedness secured by Collateral, other than indebtedness giving rise to Permitted Liens.

3.20 Loan Documents to be Executed by any Subsidiary following the Effective Date. Within ten (10) days of any entity becoming a Subsidiary of any Credit Party, the following documents shall have executed or cause to be executed and delivered to Lender, each of which must be satisfactory to Lender and Lender's counsel in form, substance and execution:

(a) Consent and Agreement. An original of a Consent and Agreement duly executed by such Subsidiary, pursuant to which such Subsidiary consents and agrees to become a "Credit Party" hereunder and to be bound by the terms and conditions of this Agreement and all other Loan Documents;

(b) Security Agreement. An original of a Security Agreement, duly executed by such Subsidiary;

(c) Guaranty Agreement. An original of a Guaranty Agreement, duly executed by such Subsidiary;

(d) Pledge Agreement. An original of a Pledge Agreement, duly executed by the parent of the Subsidiary;

(e) Organizational and Authorization Documents. A certificate of the corporate secretary, manager, members or other officer, partner, manager or equivalent authorized Person of such Subsidiary certifying and attaching: (i) copies of such Subsidiary's articles of incorporation (including any certificates of designation, is applicable), bylaws, operating agreement, partnership agreement, certificate of organization or other applicable formation or governing documents; (ii) resolutions of the board of directors, managers, members, general partners or other Persons with proper authority to manage the affairs of, and authorizing the

execution, delivery and performance of the Loan Documents to which it is party and the transactions contemplated thereby; (iii) resolution of the Subsidiary's shareholders (if applicable), approving and authorizing the execution, delivery and performance of the Loan Documents to which it is or will become a party and the transactions contemplated thereby; and (iv) the signatures and incumbency of the officers, managers, members, partners or other authorized Persons of such Subsidiary executing any of the Loan Documents, each of which Borrower hereby certifies to be true and complete, and in full force and effect without modification, it being understood that Lender may conclusively rely on each such document and certificate until formally advised by Borrower of any changes therein.

(f) Additional Documents. Such other agreements, documents, instruments, certificates, financial statements, schedules, resolutions, opinions of counsel, notes and other items which Lender shall require in connection with this Agreement and the other Loan Documents.

3.21 Loan Documents to be Executed by each Credit Party Upon Each Subsequent Advance. As a condition precedent to Lender's disbursal or making of additional advances of principal pursuant to this Agreement following the Effective Date, the Credit Parties shall have executed or caused to be executed and delivered to Lender all of the documents in this Section 3 applicable thereto, and such documents shall remain in full force and effect as of the date of the subsequent principal advance.

4. NOTES EVIDENCING LOANS.

4.1 Promissory Note. The Loans shall be evidenced by the Promissory Note (together with any and all renewal, extension, modification or replacement notes executed by Borrower and delivered to Lender and given in substitution therefor) duly executed by Borrower, and consented and agreed to by the Guarantors, and payable to the order of Lender. At the time of the disbursement of the Initial Loan and at each time an Additional Loan shall be requested hereunder or a repayment made in whole or in part thereon, an appropriate notation thereof shall be made on the books and records of Lender. All amounts recorded shall be, absent demonstrable error, conclusive and binding evidence of: (i) the principal amount of the Loans advanced hereunder; (ii) any unpaid interest owing on the Loans; and (iii) all amounts repaid on the Loans. The failure to record any such amount or any error in recording such amounts shall not, however, limit or otherwise adversely affect the obligations of Borrower under the Promissory Note to repay the principal amount of the Loans, together with all other Obligations.

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6. SECURITY FOR THE OBLIGATIONS.

6.1 Security Agreement. To secure the payment and performance by Borrower of the Obligations hereunder, each of the Credit Parties grants, under and pursuant to the Security Agreement executed by the Credit Parties dated as of the Effective Date, to Lender, its successors and assigns, an unconditional, continuing, first-priority, perfected Lien and security interest in, and does hereby assign, transfer, mortgage, convey, pledge, hypothecate and set over to Lender, its successors and assigns, all of the right, title and interest of the Credit Parties in and to the Collateral, whether now owned or hereafter acquired, and all proceeds (including all insurance

proceeds) and products of any of the Collateral. At any time upon Lender's request, the Credit Parties shall execute and deliver to Lender any other documents, instruments or certificates requested by Lender for the purpose of properly documenting and perfecting the security interests of Lender in and to the Collateral granted hereunder, including any additional security agreements, mortgages, control agreements, and financing statements. The Security Agreements executed by the Credit Parties shall terminate following the full payment and performance of all of the Obligations hereunder and under any Loan Document and upon Lender's express written acknowledgement of such full payment and performance being received by the Borrower.

6.2 Pledge Agreement. To secure the payment and performance by Borrower of the Obligations hereunder, the Borrower and certain Corporate Guarantors shall grant, under and pursuant to the Pledge Agreements executed by the Borrower and Corporate Guarantors, as applicable, dated as of the Effective Date, to Lender, its successors and assigns, a continuing, first-priority security interest in, and assignment, transference, mortgage, conveyance, pledge, hypothecation and set over to Lender, its successors and assigns, all of the Borrower and Corporate Guarantors' right, title and interest in and to all of the shares and/or membership interests, as applicable, of each Corporate Guarantor. At any time upon Lender's request, the Borrower and the Corporate Guarantors, as applicable, shall execute and deliver to Lender any other documents, instruments or certificates requested by Lender for the purpose of properly documenting and perfecting the security interests of Lender in and to the shares of common stock and/or membership interest, as applicable, of the Corporate Guarantors granted hereunder, including any additional pledge agreements and financing statements. The Pledge Agreements executed by the Borrower and the Corporate Guarantors, as applicable, shall terminate following the full payment and performance of all of the Obligations hereunder and under any Loan Document and upon Lender's express written acknowledgement of such full payment and performance being received by the Borrower.

7. REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES.

To induce Lender to make the Loans, the Credit Parties make the following representations and warranties to Lender, each of which shall be true and correct in all material respects as of the date of the execution and delivery of this Agreement and as of the date of each Loan made hereunder, except to the extent such representation expressly relates to an earlier date, and which shall survive the execution and delivery of this Agreement:

7.1 Subsidiaries. A list of all of the Borrower's Subsidiaries and each Subsidiary of each Corporate Guarantor, are listed on **Schedule 7.1** hereto. All of such Subsidiaries are wholly-owned Subsidiaries of the Borrower or a Corporate Guarantor, as applicable, except for Green Endeavors, Inc., Slide the City, LLC, Slide the City Franchising, LLC, Slide the City Canada, LLC, and Lantern Fest, LLC which Subsidiaries are not wholly-owned and the percentage of ownership for such non-wholly-owned Subsidiaries is listed on **Schedule 7.1**. Except for the Subsidiaries as listed on **Schedule 7.1**, no Borrower or Corporate Guarantor has any Control over any other Person. The Credit Parties represent and warrant that Landis Salons III, Inc., one of the subsidiaries of the Borrower, or one of the subsidiaries of a Corporate Guarantor, has no assets or operations and shall have no assets or operations throughout the term of the Initial Loan or any Additional Loans thereafter.

7.2 Borrower Organization and Name. Each Credit Party is a corporation, limited liability company, or other form of legally recognized entity, as applicable, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and has the full power and authority and all necessary Permits to: (i) enter into and execute this Agreement and the Loan Documents and to perform all of its obligations hereunder and thereunder; and (ii) own and operate its assets and properties and to conduct and carry on its business as and to the extent now conducted. Each Credit Party is duly qualified to transact business and is in good standing as a foreign corporation, company or other entity in each jurisdiction where the character of its business or the ownership or use and operation of its assets or properties requires such qualification. The exact legal names of each of the Credit Parties is as set forth in the first paragraph of this Agreement, and the Credit Parties do not currently conduct, nor have the Credit Parties conducted, during the last five (5) years, business under any other name or trade name.

7.3 Authorization; Validity. Each Credit Party has full right, power and authority to enter into this Agreement, to make the borrowings and execute and deliver the Loan Documents as provided herein and to perform all of its duties and obligations under this Agreement and the Loan Documents and no other action or consent on the part of the Credit Parties, its board of directors, stockholders, members, managers, partners, or any other Person is necessary or required by the Credit Parties to execute this Agreement and the Loan Documents, consummate the transactions contemplated herein and therein, and perform all of its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Loan Documents will not, nor will the observance or performance of any of the matters and things herein or therein set forth, violate or contravene any provision of law or of the Credit Parties' articles of incorporation, bylaws, operating agreement, partnership agreement, or other governing documents. All necessary and appropriate action has been taken on the part of the Credit Parties to authorize the execution and delivery of this Agreement and the Loan Documents and the issuance of the Promissory Note. This Agreement and the Loan Documents are valid and binding agreements and contracts of the Credit Parties, enforceable against the Credit Parties in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws enacted for the relief of debtors generally and other similar laws affecting the enforcement of creditors' rights generally or by equitable principles which may affect the availability of specific performance and other equitable remedies. The Credit Parties do not know of any reason why the Credit Parties cannot perform any of its obligations under this Agreement, the Loan Documents or any related agreements.

7.4 Capitalization. The authorized capital stock or other capitalization of each Credit Party, as applicable, is as set forth in Schedule 7.4(a) attached hereto. Schedule 7.4(a) shall specify, for each Credit Party, the total number of authorized shares of capital stock or other securities (or functional equivalents thereof in the applicable jurisdiction), and of such authorized shares or securities, the number which are designated as Common Stock, the number designated as preferred stock (the "**Preferred Stock**"), or any other applicable designations. Schedule 7.4(a) shall also specify, for each Credit Party, as applicable, as of the date hereof, the number of shares of Common Stock issued and outstanding and the number of shares of Preferred Stock issued and outstanding, or, if applicable, the number and classes of other securities issued and outstanding, and the names and amounts of such stock other securities owned by each Person who is a stockholder or owner of other securities in any Credit Party. All of the outstanding shares of capital stock or other securities of each Credit Party are validly issued, fully paid and non-assessable, have