

(FINAL)

RECORDED MAY 28, 1992 BK 350 PG 553 NO 110472 RONALD L. DAILEY, COUNTY CLERK

TAYLOR PLACE RENTAL AGREEMENT

WITH

NEW IMAGE, INC.

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THIS RENTAL AGREEMENT is made this 31 day of Dec., 1991
by and between TAYLOR PLACE, a limited liability Company, herein referred to as "Land-
lord", of Sheridan, Wyoming, and NEW IMAGE, INC., a Wyoming Corporation, herein referred
to as "Tenant", whose principal place of business is Sheridan, Wyoming.

IN CONSIDERATION of the covenants and conditions set forth herein, Landlord and
Tenant agree as follows:

I. DEMISE OF PROPERTY: Landlord hereby rents unto Tenant, and Tenant hereby rents
from Landlord, the space located in Taylor Place at 1030 North Main, Sheridan, Wyoming,
which is known as rooms 109, 109A, 111, 205, 206 and 207 and space for tennis courts,
all of which is more particularly shown on Exhibit B which is attached hereto.

II. DURATION OF RENTAL AGREEMENT: The term of this Rental Agreement shall commence
on July 1, 1992 and shall continue thereafter for a period of ten (10) years. This
shall be referred to herein as the "primary term". If, at the end of the ten year
term, Tenant is not in default in any of the terms of this Rental Agreement, Tenant
shall have the right to renew this lease for an additional term of five (5) years,
subject to the adjustments of rent as set forth below. And if Tenant is not in
default in any of the terms of this Rental Agreement at the end of the first option
period, Tenant shall have the right to renew this lease for a second additional term
of five (5) years, subject to the adjustments of rent referred to below. In order
to exercise its option for either of the 5 year periods, Tenant shall notify Landlord,
in writing, of its decision to exercise such option not less than six (6) months prior
to the commencement of such option period. If Tenant does not notify Landlord prior
to that time, it shall be deemed to not have exercised its election. If Tenant remains
in the space after the termination of this Rental Agreement with the consent of the
Landlord, this agreement shall continue in effect as a tenancy from month to month
which either party may terminate upon giving the other one (1) calendar month's written
notice. But during such holdover tenancy the Landlord may modify the rent by giving
Tenant one (1) month's written notice.

III. RENT: Tenant shall pay Landlord a nonrefundable payment of FIVE THOUSAND DOLLARS (\$5,000.00) upon execution of this Rental Agreement. This payment is for holding the property off of the rental market until the term is to begin. If Tenant is unable to take occupancy of the property by the commencement of the term through no fault of the Landlord, Tenant shall immediately so notify Landlord and this Rental Agreement shall terminate. In such event, Landlord agrees to accept the said nonrefundable payment as damages for failure to pay the agreed rent and shall not seek specific performance of this Rental Agreement or to recover damages for lost rent from Tenant for lost rent from Tenant. If Tenant takes possession of the property by July 1, 1992, Tenants shall pay Landlord rent as follows, in addition to the nonrefundable payment:

- A. For the period from July 1, 1992 through December 31, 1992, Tenants shall pay rent of FIVE HUNDRED DOLLARS (\$500.00) per month.
- B. From January 1, 1993 through June 30, 1994, Tenant shall pay rent of ONE THOUSAND SIX HUNDRED FIFTY DOLLARS (\$1,650.00) per month.
- C. Beginning July 1, 1994 and continuing thereafter until the end of the primary term, the rent shall be increased every two (2) years by ten percent (10%) of the monthly rent for the previous two (2) year period.
- D. If the five (5) year options mentioned in paragraph II above are exercised by the Tenant, then on July 1, 2002, July 1, 2004, July 1, 2006, July 1, 2008, July 1, 2010 and July 1, 2012, the rent shall be increased by the greater of (1) fifteen percent (15%) of the amount such rent was during the previous two (2) year period, or (2) a percentage equal to the increase in the costs incurred by Landlord over the previous two (2) year period for utilities, insurance, taxes, water, sewer and garbage provided to the building.
- E. All such rent shall be paid in advance on or before the first day of each month. Time is of the essence in making such rental payments.

IV. SECURITY DEPOSIT: Tenant shall not be required to pay a security deposit.

V. USE OF PREMISES: The demised premises shall be used by Tenant for the purpose of operating a hair styling salon and a health and fitness club only, and for no

other purposes whatsoever, without first obtaining the written consent of the Landlord. Tenant shall not commit, or suffer to be committed, any waste upon the premises, or any private nuisance, or other act or thing which may disrupt the quiet enjoyment of Landlord's other tenants.

VI. INSURANCE AND RISK OF LOSS: Landlord shall insure the building in which the rented premises are located against loss from fire, wind, hail or other casualty. TENANT SHALL INSURE THE CONTENTS OF ITS SPACE AND SHALL ASSUME ALL RISK OF LOSS FOR SAID CONTENTS. Tenant shall maintain a policy of general liability insurance with limits of not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence or ONE MILLION DOLLARS (\$1,000,000.00) total coverage, and shall name Landlord as an additional insured, provided such liability insurance is reasonably commercially available. In the event that the building is damaged or destroyed during this tenancy, Landlord shall have the exclusive option to either repair the property or terminate this lease without any further liability to Tenant. In the event that Landlord elects to repair the building, Tenant shall not be liable for rent until Tenant's space is restored to a usable condition.

VII. BUILDING SECURITY: Landlord does not guarantee the security of Tenant's space. Tenant may change the locks on the doors to the demised premises but agrees to immediately provide Landlord with a key to new locks.

VIII. MAINTENANCE: Tenant shall keep the demised premises in as good condition as it is at the commencement of this tenancy. Tenant agrees that the condition of the premises at the inception of this tenancy is accurately reflected on the Schedule of Condition which is attached hereto as Exhibit A. Tenant shall at all times maintain the premises in a good and tenantable condition. Tenant shall, during the primary term and all option periods during which it elects to continue this Rental Agreement in effect, remove the snow from the parking lots and from the sidewalks at Taylor Place. Landlord shall keep the common areas and the exterior of the building in good repair.

IX. MODIFICATIONS AND IMPROVEMENTS: Tenant shall not install any improvements or in any way modify the premises without first obtaining Landlord's express written approval. Landlord hereby approves the plans shown on Exhibit "C". Upon termination of this Rental Agreement, Tenant shall leave permanent improvements on the premises, but may remove all other improvements and trade fixtures. Upon reasonable notice, Landlord may enter the rental premises from time to time to inspect the premises and to insure that Tenant is in compliance with this lease.

X. SIGNS: Tenant shall not display any sign without Landlord's express written approval, which shall not be unreasonably withheld. Such approval shall state where such sign is to be located, how it shall be attached, what it shall look like and any conditions associated with the approval. Tenant shall be responsible for any damage resulting from the installation, maintenance or removal of such sign.

XI. UTILITIES: Landlord shall furnish adequate heat, water, garbage and sewer to the demised premises and electricity for normal use. Tenant shall pay for the electricity used by it in the tennis courts, tanning beds, air conditioning in its space and any other appliance which requires new wiring or separate circuits. Tenant shall maintain all telephone and television services in Tenant's own name and shall promptly pay all charges for such utilities. Landlord shall pay for and install a new 220 volt service line at its sole expense to the Tenant's space.

XII. INSPECTION: At all times during the term of this Agreement, Landlord, or its authorized agent, upon reasonable notice, shall have the right to inspect the premises and to make any repairs it deems necessary.

XIII. ASSIGNMENT AND SUBLETTING: Tenant may not assign this Rental Agreement or sublet any portion of the premises without the express written permission of the Landlord, which permission shall not be unreasonably withheld. Landlord hereby consents to a collateral assignment of this lease by Tenant to Tenant's lender.

XIV. LIENS: Tenant shall not allow any mechanic's or builder's liens or liens of any other kind to be filed against the premises and shall promptly pay and satisfy

any such liens which may be filed. Tenant is not authorized to act as agent or on behalf of Landlord in constructing or having constructed any improvements on the premises.

XV. RIGHT TO RENT ADDITIONAL AREAS: If rooms 105 and 106 become vacant, Tenant shall have the right to rent them at a price to be negotiated at the time of the lease. Prior to leasing rooms 105 or 106 to a third party, Landlord shall grant Tenant a right of first refusal at the same rate and terms as proposed by a third party. Said right of refusal must be exercised by Tenant within Ten (10) days of notification of such terms. If not exercised within that period, said right of first refusal shall be lost.

XVI. FIRST RIGHT TO NEGOTIATE FOR PURCHASE OF PROPERTY: In the event that Taylor Place is to be sold, Landlord shall notify Tenant of its intention to sell. Tenant shall have the exclusive right for one week from the delivery of such notice to negotiate for the purchase of the building. If Landlord and Tenant are not able to agree on the terms of sale within a one week period, Landlord may offer the building to sale to any third party. Both parties agree to negotiate in good faith during said one week period. If Tenant indicates during said one week period that it is not interested in purchasing the property, Landlord may immediately offer the property for sale to third parties.

XVII. WARRANTY OF HABITABILITY AND OCCUPANCY: Except as otherwise stated herein, Landlord warrants that the demised premises are habitable, that Tenant may occupy the same for Tenant's stated purpose and that all necessary occupancy permits will be issued by the City of Sheridan for Tenant's occupancy in the demised premises. Notwithstanding the foregoing, the parties acknowledge that they are aware of the presence of asbestos in the demised premises. In the event that any governmental authority prohibits Tenant's use or occupancy of the demised premises on account of asbestos or any other hazardous substance or otherwise requires of the Landlord or the Tenant abatement of the presence of asbestos or other hazardous substances, then both the Landlord and Tenant shall be released from further liability under this

Lease and the parties agree that neither will seek to hold the other responsible for such condition or for damages proximately resulting therefrom, provided, however, that in the event Tenant is unable to appropriately renovate and occupy the demised premises by January 1, 1993, on account of the presence of such asbestos or other hazardous substances, then the sums paid to the Landlord by the Tenant pursuant to Section III, above, shall be promptly refunded by the Landlord to the Tenant. Landlord warrants only that it will only reasonably assist Tenant in obtaining all necessary occupancy permits from the City of Sheridan and covenants that in the event such occupancy permits may not be obtained because of the presence of asbestos or other hazardous substances on or before January 1, 1993, then the rental paid by Tenant to Landlord pursuant to Section III hereof shall be promptly refunded by Landlord to Tenant, but that Landlord shall not otherwise have a liability to Tenant by reason of the non-issuance of any necessary occupancy permit by the City of Sheridan.

XVIII. DEFAULT: Any default by Tenant to perform each and every obligation set forth herein shall constitute a breach. In case of such breach, the Landlord shall have the following remedies as well as all other remedies provided in law or equity:

A. FAILURE TO PAY RENT: In the event that Tenant wrongfully fails to pay the rent as required, Landlord may, at its option, after giving Tenant five (5) days written notice of such default, either terminate this Rental Agreement, re-enter the premises and evict Tenant or evict Tenant and proceed as if Tenant had wrongfully abandoned the premises. Such reentry and eviction may be with or without process of law. In addition, Landlord shall have a lien against all of Tenant's personal property on the demised premises and may enter the rented premises without process of law and take possession of such personal property until Tenant pays all amounts due to Landlord. Tenant hereby waives the statutory exemption rights for personal effects, household furnishings and tools of trade with regard to such personal property. LANDLORD MAY, AT ITS EXCLUSIVE OPTION, AFTER HAVING GIVEN TENANT FIVE (5) DAYS WRITTEN NOTICE OF SUCH DEFAULT, REFRAIN FROM EVICTING TENANT FOR FAILURE TO PAY THE RENT WHEN DUE. IN

SUCH EVENT, IF THE RENT IS NOT PAID WITHIN EIGHT (8) DAYS AFTER TENANT RECEIVES SUCH WRITTEN NOTICE, TENANT SHALL PAY AN ADDITIONAL FIVE PERCENT (5%) OF THE PAST DUE RENT TO PAY THE ADMINISTRATIVE COST INCURRED BY LANDLORD IN CONNECTION WITH SUCH LATE PAYMENTS.

B. WRONGFUL ABANDONMENT: In the event that Tenant shall wrongfully abandon the premises before the expiration of the term, the Landlord may, at its option, relet the same and apply the money derived from such reletting to the rent due or to become due on this Rental Agreement and the Tenant shall remain liable for any deficiencies and agrees to pay the same. In addition, Landlord shall have all other remedies available for nonpayment of rent.

C. ATTORNEY'S FEES: In the event that Landlord must bring an action to foreclose any right, title or interest that Tenant may have in the property or to otherwise enforce this Rental Agreement, then Tenant shall be liable for and shall pay all costs incurred therein, including a reasonable attorney's fee.

D. WAIVER: A waiver of any breach or default hereunder shall not be deemed a waiver of any subsequent breach or default of the same or similar nature. The failure of either party to insist in any one or more instances upon the strict performance of any of the terms or provisions of this Rental Agreement on the part of the other party to be performed shall not be construed as a waiver or a relinquishment for the future of any such term or provision and such term or provision shall continue in full force and effect.

XIX. VACATING: Upon termination of this Rental Agreement, Tenant shall deliver quiet possession of the rented premises to Landlord. Said premises shall be clean and free of all junk and debris. Tenant shall deliver all keys to the premises to the Landlord.

XX. NOTICES: All notices which Landlord is required to give to Tenant may be sent by certified or registered mail, postage prepaid, addressed to Tenant as follows:

NEW IMAGE, INC.
Attention: Mark Aegerter
P.O. Box 7077
Sheridan, WY 82801

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All notice which Tenant is required to give to Landlord may be sent by mail, postage prepaid, addressed to Landlord as follows:

TAYLOR PLACE, A LIMITED LIABILITY COMPANY
P.O. Box 665
Sheridan, Wyoming 82801

XXI. BINDING EFFECT: This Rental Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their personal representatives, successors and assigns.

DATED this 31 day of December, 1991.

LANDLORD
Taylor Place, A Limited Liability Company

TENANT
New Image, Inc.

BY: [Signature]
William W. Rawlings, Manager

BY: [Signature]
Mark A. Aegerter, President

[Signature]
Janet R. Aegerter, Secretary

STATE OF WYOMING)
County of Sheridan)

The above and foregoing Rental Agreement was subscribed, sworn to and acknowledged before me this 31st day of December, 1991, by William W. Rawlings as the manager for Taylor Place, Landlord.



Witness my hand and official seal.

[Signature]
Notary Public

My Commission expires: June 25, 1995