

## FRANCHISE DISCLOSURE DOCUMENT



### Membership Hotel Organization LLC

New Jersey limited liability company

187 Route 130

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MHO businesses are hotels that appeal to leisure and business travelers and compete in the economy, mid-scale, or full-service markets (“MHO Business(es)”).

The total investment necessary to begin operation of an MHO franchised business is between \$71,595 and \$1,244,695. This includes between \$13,390 and \$19,790 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mahendra Patel at 187 Route 130, Bordentown, New Jersey 08505, (609)756-9300 or info@mhohotels.com.

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

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

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

**Issuance Date: April 4, 2025**



## How to Use This Franchise Disclosure Document

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

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



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

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

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

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

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

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

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

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

### Some States Require Registration

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

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



## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New Jersey. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New Jersey than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.



**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.



(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**



**TABLE OF CONTENTS**

<b><u>Item</u></b>	<b><u>Page</u></b>
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES .....	1
ITEM 2 BUSINESS EXPERIENCE.....	2
ITEM 3 LITIGATION.....	3
ITEM 4 BANKRUPTCY.....	3
ITEM 5 INITIAL FEES.....	3
ITEM 6 OTHER FEES .....	4
ITEM 7 ESTIMATED INITIAL INVESTMENT .....	11
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	14
ITEM 9 FRANCHISEE’S OBLIGATIONS.....	16
ITEM 10 FINANCING.....	17
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	17
ITEM 12 TERRITORY .....	24
ITEM 13 TRADEMARKS .....	25
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	27
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	28
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	28
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	29
ITEM 18 PUBLIC FIGURES.....	32
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	32
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	32
ITEM 21 FINANCIAL STATEMENTS .....	35
ITEM 22 CONTRACTS .....	35
ITEM 23 RECEIPTS .....	35

**EXHIBITS:**

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	List of Current and Former Franchisees
Exhibit E	Standards Manual Table of Contents
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the MHO Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Effective Dates
Exhibit J	Receipt



**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document, “MHOF,” “we,” “us” and “our” means Membership Hotel Organization LLC, the franchisor. “You,” “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from MHOF.

The Franchisor

MHOF is New Jersey limited liability company formed on March 17, 2020. We do business under our corporate name and the names MHO Hotel, MHO Hotels, MHO Suites, MHO Inn, MHO Inn & Suites, and Powered by MHO. We do not do business under any other names. Our principal business address is 187 Route 130, Bordentown, New Jersey 08505. We offer franchises (“MHO Franchise(s)” or “Franchise(s)”) for MHO Businesses and have done so since February 2021. We do not conduct business under any other name or in any other line of business and we do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document. We do not have a parent or a predecessor. We have one affiliate that has operated a hotel in New Jersey since 2020 similar to the business offered under this Franchise Disclosure Document. We do not have any affiliates that provide products or services to our franchisees. We have four affiliates that operate hotels under brands competitive with MHO Businesses.

Our agent for service of process in New Jersey is Mr. Mahendra Patel, 187 Route 130, Bordentown, New Jersey 08505. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

MHO franchisees operate businesses that provide hotels that appeal to leisure and business travelers and compete in the economy, mid-scale, or full-service markets. Our operating system includes recognizable design, décor and color scheme; uniform standards, specifications, rules and procedures of operation; techniques; philosophies; quality and uniformity of products and services offered; and procedures (“System”). We grant franchises to convert existing hotels to, and to operate MHO Businesses using the System and our trade names, trademarks, service marks, emblems, logos, slogans and copyrights (“Marks”) as authorized by us from an approved location. This may include hotels that utilize the name “Powered by MHO” in conjunction with its former independent hotel name.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). You may operate one MHO Business for each Franchise Agreement you sign.

Market and Competition

The primary market for the products and services offered by MHO Businesses is the general public. The products and services offered by MHO Businesses are not seasonal. The market for lodging services is well developed and highly competitive. You will compete with other hotel and resort properties, ranging from national and international hotel brands to independent, local, and regional hotel operators, as well as alternative lodging companies that rent residential inventory in a manner consistent with hotels.



## Industry-Specific Laws

Your franchised hotel will be subject to significant federal, state and local laws and regulations applicable to businesses generally and those specific to the hotel industry, including regulations regarding zoning and building, occupational health and safety, health and sanitation, innkeepers' laws, fire safety, hotel room occupancy, telephone charges, labor, licensing and bonding, food menu and labeling, insurance, advertising, liquor licenses, sales, income and other taxes, the Americans with Disabilities Act, privacy and data collection, and posting of hotel room rates and registration and identification of guests. There may be other laws and regulations applicable to the hotel industry or businesses generally, with which you must comply. You should consult with your attorney concerning these laws and regulations.

You are responsible for investigating, understanding and complying with all applicable laws, rules, regulations, ordinances and requirements applicable to you and your MHO Business. You should consult with a legal advisor about whether these and/or other requirements apply to your MHO Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

## **ITEM 2 BUSINESS EXPERIENCE**

### President and Chief Executive Officer (CEO): Priya Patel

Ms. Priya Patel served as our Senior Vice President and CFO since our formation in March 2020 until January 1, 2023. Since May 2016, she has worked as the Operations Officer for Welcome Hospitality Management Company in Princeton, New Jersey, and she continues to work in that position.

### Founder: Mahendra Patel

Mr. Mahendra Patel has served as our President and CEO since our formation in March 2020. He has also owned and operated the following other motels: La Mirage Motor Inn in South Brunswick, New Jersey since March 1990, Comfort Suites in Wilmington, North Carolina since June 1989, Comfort Inn in Bordentown, New Jersey since November 2000, Wingate by Wyndham in Southport, North Carolina from April 2008 to January 2020, Skybridge Inn & Suites in Bordentown, New Jersey since October 1983, Best Western Princeton in Princeton, New Jersey since November 1988 and Howard Johnson in Wilmington, North Carolina from December 1990 to December 2017.

### Senior Vice President and Chief Operating Officer (COO): Keshin Patel

Mr. Keshin Patel has served as our Senior Vice President and COO since our formation in March 2020. In February 2017, he became the owner and President of Traversal Visa LLC, located in Phoenix, Arizona, and continues to work in that position.

### Chief Financial Officer (CFO): Panna Patel

Mrs. Panna Patel served as our Senior Vice President of Human Resources and Administration since March 2020 and took the role of CFO in January 2023. Mrs. Patel has been an accounting administrator of Ella Corp., in Princeton, New Jersey since September 1990, which owns and operates Best Western, Princeton Inn and Suites, and remains in that position.



Senior Vice President of Marketing: Hirna Patel

Ms. Hirna Patel has served as our Senior Vice President of Marketing since our formation in March 2020. She served as a data manager for Maricopa County, Arizona from August 2016 until March 2020 when she transitioned roles to an environmental health specialist for Maricopa County and continues to work in that position.

Chairman: Chandu Patel

Mr. Chandu Patel has served as our Chairman since our formation in March 2020. He has been the operator and an owner of Ella Corp., located in Princeton, New Jersey, since November 1980 and continues in that role. He is also an owner of the following motels: La Mirage Motor Inn in South Brunswick, New Jersey since March 1990, Comfort Suites in Wilmington, North Carolina since June 1989, and Comfort Inn in Bordentown, New Jersey since November 2000.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

*Franchise Application Fee*

You will pay us a franchise application fee of \$500 upon applying for a Franchise, but in no event earlier than fourteen calendar days after you execute the Receipt Page on Exhibit J. The franchise application fee is uniform, fully earned by us once paid and is non-refundable under any circumstances.

*Initial Franchise Fee*

The “Initial Franchise Fee” for a single MHO Business is \$9,995. The Initial Franchise Fee is payment for the pre-opening assistance that we provide to you to allow you to open your MHO Business and also offsets some of our franchise recruitment expenses. The Initial Franchise Fee is uniform, fully earned by us once paid and is non-refundable under any circumstances. The Initial Franchise Fee is payable when you sign your Franchise Agreement. During our last fiscal year ended December 31, 2024, we did not collect any Initial Franchise Fees.

*Inspection Expense*

Prior to approving you as a franchisee, we may inspect your property and will charge you for our travel, meals, and lodging expenses related to such inspection. We estimate this to be between \$200 and \$1,500. These amounts are non-refundable and payable upon receipt of invoice.



### *PMS Software Setup and Equipment Fees*

You will pay us a one-time setup fee of \$495 for setting up the property management system (“PMS”). The setup fee is uniform, paid upon installation, fully earned once paid and is non-refundable.

If you choose to sign up for the optional service Advanced OTA Interface, you will pay us our designated vendor’s then-current connectivity fee, which we will remit to the designated supplier. As of the Issuance Date, we anticipate the fee to be approximately \$100, but the rate is set by the supplier. The connectivity fee is paid at the time of connection and non-refundable unless otherwise arranged with the supplier.

You will also purchase equipment for the front desk service stations at your property from us, which we estimate to be approximately \$2,200. This also includes a scanner, signature pad, and a Europay Mastercard and Visa (“EMV”) terminal. The equipment fee is payable when you order the equipment and are non-refundable.

### *Training*

We provide a virtual initial training program. However, we may decide in our sole discretion that you need additional training in certain aspects of the business, in which case we may require you to pay us a fee to train you or your key personnel, or we may provide training at your MHO Business and require reimbursement for costs incurred by our representative(s). We estimate this will be from \$0 (assuming no in-person training is needed) to \$5,000 (assuming one day of training at \$500 per person for three people and up to \$3,500 for one of our representatives to travel to your MHO Business). The fee for additional training is uniform and our travel expenses will vary depending on the location of your MHO Business. These additional training fees are non-refundable once paid.

## **ITEM 6 OTHER FEES**

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty <sup>(2)</sup>	One of the following 2 options: (i) \$26.95 per room at the Hotel; or (ii) \$2.00 per occupied room per night at the Hotel during the month.  \$	If you elect to pay the Royalty on a “per room” basis, the Royalty Fee is due on 1st day of the month of each month. If you elect to pay the Royalty on a “per occupied room” basis, the Royalty is due on the last day of the month.	The Franchisee must elect which of the 2 Royalty Options when the Franchise Agreement is signed. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Technology and Support Fee	The then-current fee (currently \$26.95 per room (“Unit”) per month)	Due on the 1 <sup>st</sup> day of the month.	This fee covers certain technologies and support used in the operation of your MHO Business, such as access to our preferred property management system, booking



Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
			<p>engine, software, website hosting, online platform and phone interfacing, and other services, such as approved branding designs, reputation management and revenue management (referred to as the “<u>Standard Services</u>” in the Franchise Agreement). This fee may include fees paid to third-party vendors and it may be adjusted to reflect their price increases. You will also be responsible for any increase in fees that result from any third-party vendor price increases upgrades, modifications or additional software. We do not require a minimum number of Units, but recommend a minimum of 20 Units.</p>
Brand Fund Contribution <sup>(3)</sup>	If implemented, up to 5% of Gross Sales	Due on the 1 <sup>st</sup> day of the month	<p>This “<u>Brand Fund Contribution</u>” is used for a system-wide “<u>Brand Fund</u>” for our use in promoting and building the MHO brand. We reserve the right to increase the Brand Fund Contribution to up to 5% upon 30 days’ written notice to you. See Item 11 for more information. We do not currently have a Brand Fund established.</p>
Local and Regional Advertising Cooperatives <sup>(4)</sup>	Established by cooperative members, up to 5% of Gross Sales	Established by cooperative members	<p>We currently do not have a cooperative but reserve the right to require one to be established in the future. We anticipate that each MHO franchise and each MHO Business that we own will have one vote for each MHO franchise operated in the designated market. Each MHO Business we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. We anticipate that each MHO franchisee and each MHO Business that we own will have one vote for each MHO operated in the designated market. Item 11 contains more information about advertising cooperatives.</p>
Connectivity Fee for Advanced OTA Interface	Varies based on your agreement with our designated supplier (estimated to be approximately \$100 as of the Issuance Date)	On demand	<p>We may collect this connectivity fee should you choose to sign up for the optional service Advanced OTA Interface. The cost of this service will be set by our designated supplier, and we will collect this fee on behalf of the designated supplier.</p>



Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to us or, if established, the Brand Fund, if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.
Additional Training or Assistance Fees	The then-current fee; (\$500 per attendee per day for additional training (which we may increase to \$1,500); and between \$100 and \$150 per day for regional training). If we travel to your MHO Business, you must reimburse our training representatives' expenses.	Within ten days after invoicing	We provide initial training at no charge for up to three people. We may charge you for training additional persons, newly-hired personnel, refresher training courses, remedial training, advanced training courses, and additional or special assistance or training you need or request. You are responsible for any expenses incurred by you or your employees in connection with attending training, including any transportation, lodging, meals, wages, and other incidentals. If the training program is conducted at the premises of your MHO Business, then you must reimburse us for the expenses we or our representatives incur in providing the training.
Convention Fee	The then-current fee (currently estimated to be \$500 per person for annual conventions and \$100 for regional meetings)	Upon receipt of written notice that such convention is being held	Your " <u>Responsible Owner</u> " or " <u>General Manager</u> ,"(both defined in Item 15) if any, must attend any national or regional conferences we hold. This fee defrays the cost of your attendance. It is due regardless of whether or not you attend. We may increase the fee to up to \$1,000 for annual conventions and up to \$500 for regional meetings, upon 30 days' written notice.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be up to \$2,000)	Within ten days after invoicing	Payable if we inspect a new product, service or proposed supplier nominated by you.
Customer Complaint Fee	\$25 per complaint	Within 5 days of receipt of invoice	Payable if there is a customer complaint about your MHO Business.
Payment Service Fee	Up to 4% of total charge	As incurred	We may charge this fee if you make a payment to us or our affiliate by credit card.



Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliate is not made by the due date. Interest accrues from the original due date until payment is received in full.
Dishonored Fee Payment	The lesser of \$50 or the maximum amount permitted by law, plus any amount past due with the highest rate of interest allowed by law in your state	As Incurred	Payable if any attempt by us to withdraw funds is dishonored for any reason.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report or financial statement when due	Payable if you fail to submit any required report or financial statement when due. You will continue to incur this fee until you submit the required report.
Inspection Fee	The then-current fee, which is currently \$500 per day, plus expenses	As incurred	You will pay this fee if we conduct an in-person inspection of your MHO Business. We may increase this fee up to \$1,500 per day upon 30 days' notice. You will also pay all costs and expenses we incur for food, travel, and lodging.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting, legal and travel expenses	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Sales by more than 2% or you fail to submit required reports.
Management Fee	\$500 per day, plus costs and expenses	As incurred	Payable if we manage your MHO Business after: (1) you cease to perform your responsibilities (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Responsible Owner (defined in Item 15) within 30 days; (2) you are in material breach of this Franchise Agreement; or (3) upon a crisis management event.



Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal, accounting, or other professional fees (“Professional Fees”) that we incur as a result of any breach or termination of your Franchise Agreement or as a result of your indemnity obligations. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses, including Professional Fees, that we or our representatives incur related in any way to your MHO Business or Franchise.
Renewal Fee	50% of the then-current Initial Franchise Fee	At the time you sign the successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. If we are not offering Franchises at the time of your renewal, the renewal fee will be 50% of the initial franchise fee listed in the most recent Franchise Disclosure Document.
Relocation Fee	Our costs (including attorney fees)	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your MHO Business.
De-Identification	All amounts incurred by us related to de-identification	As incurred	Payable if we must de-identify your MHO Franchise upon its termination, relocation or expiration.
Transfer Fee	Our then-current application fee and then-current Initial Franchise Fee	\$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your MHO Business, a transfer of ownership of your legal entity, or the Franchise Agreement (this does not apply to the transfer of an entity you control—see below). If we are not offering Franchises at the time of your transfer, the transfer fee will be the initial franchise fee plus the application fee listed in the most recent Franchise Disclosure Document.



Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Exempt Transfer Fee	We may charge you a fee (although we currently do not impose an exempt transfer fee) and for any expenses (including, without limitation, attorneys' fees and costs) we incur in reviewing the Exempt Transfer	Upon demand	The following Transfers are exempt from transfer limitations if the transferee, within 30 days following the effective date of the change in equitable or lessee interest, completes and signs all forms then required by us, and pays to us all unpaid dues, fees, assessments, and charges owed to us by the transferor which are not then paid by the transferor, and within such 30 days, or under such more liberal schedules as we may determine, brings the Property to a condition which meets all of our Standards, policies and requirements which would have been applicable to the transferor: (a) bona fide financing transactions not involving changes in actual control, such as mortgages, pledges and sale and leasebacks; (b) changes in the legal form of ownership, without an actual change in control, such as a transfer from individual owners to a corporation where the sole owners of the stock of the corporation are the former individual owners; (c) a transfer of equitable ownership or lessee interest (including interests transferred in trust) to a parent, spouse, brother, sister, child, stepchild or grandchild of the Transferor, provided that within one (1) year after the transfer, such family member(s) meet all of our then-current requirements for an approved transferee; (d) on the death of Franchisee or an equity owner who is a natural person, this Agreement or the equity interest of the deceased equity owner may Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that in either case: (i) the transfer on death is to an immediate family member or to a legal entity formed by such family member(s); and (ii) within one (1) year after the death, such family member(s) or entity meet all of our then-current requirements for an approved transferee; or (e) A Transfer to a bona fide lender secured by the Property occasioned by a bona fide default, such as a mortgage foreclosure, trustee's sale, transfer in lieu of foreclosure or termination of the lease under a sale and leaseback.



Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Liquidated Damages	\$200 for each unit on the Property	Within 15 days after termination of the Franchise Agreement	Due if the Franchise Agreement terminates within eighteen (18) months for any reason.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your MHO Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees, and similar charges.

Notes:

1. Fees. All fees paid to us, or our affiliates, are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the ACH authorization (in the form attached to this Franchise Disclosure Document in Exhibit G. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. All fees expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index (“CPI”) in the United States. We may periodically review and increase these fees based on changes to the CPI, but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year.
2. “Gross Sales” means the total of all revenues, income, and consideration from the sale of all MHO merchandise, products and services to your customers whether or not sold or performed at or from the physical location of the MHO Business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales includes all proceeds from any business interruption insurance. If you offer any services, all receipts from these services are included in Gross Sales. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish products or services in exchange for products or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the products or services so provided to you.
3. Local and Regional Advertising Cooperatives. If a local or regional advertising cooperative is established, cooperative members will establish contribution amounts, subject to our approval. We anticipate that each MHO franchisee and each MHO Franchise that we own will have one vote for



each MHO Franchise operated in the designated market. Each MHO Franchise we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Franchise Application Fee <sup>(1)</sup>	\$500	\$500	Lump Sum	Upon application but no earlier than fourteen calendar days after you execute the Receipt attached as <u>Exhibit J</u>	Us
Initial Franchise Fee <sup>(2)</sup>	\$9,995	\$9,995	Lump Sum	When You Sign the Franchise Agreement	Us
Equipment, Computer System, Fixtures, Other Fixed Assets, Construction, Remodeling, Leasehold Improvements and Decorating Costs <sup>(3)</sup>	\$2,800	\$500,000	As Incurred	As Incurred	Us and Third Parties
Real Estate <sup>(4)</sup>	Variable	Variable	As Incurred	As Incurred	Third Parties
Inspection Expense <sup>(5)</sup>	\$200	\$1,500	Lump Sum	Upon Invoice	Us
Marketing <sup>(6)</sup>	\$500	\$25,000	As Incurred	Before Opening	Third Parties
Signage <sup>(7)</sup>	\$5,000	\$80,000	As Incurred	As Incurred	Third Parties
Insurance <sup>(8)</sup>	\$2,000	\$300,000	As Incurred	As Incurred	Insurance Company
Architecture Fees, Permits and Licenses	\$0	\$7,500	As Incurred	As Incurred	Architect, Government Agencies
Professional Fees <sup>(9)</sup>	\$500	\$10,000	As Incurred	As Incurred	Third Parties
Inventory <sup>(10)</sup>	\$100	\$5,000	As Incurred	As Incurred	Third Parties



Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Training <sup>(11)</sup>	\$0	\$5,200	As Incurred	As Incurred	Us, Providers of Certification Programs, Travel, Lodging, and Food Services
Additional Funds - 3 months <sup>(12)</sup>	\$50,000	\$300,000	As Incurred	As Incurred	Us and Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT <sup>(13)</sup>	\$71,595	\$1,244,695			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your MHO Business. We grant franchises to convert existing hotels to, and to operate MHO Businesses using the System and our Marks. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for MHO Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your MHO Business may be greater or less than the estimates given, depending upon the location of your MHO Business and current relevant market conditions. All expenditures paid to us, or our affiliates, are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Franchise Application Fee. See Item 5 for more information about your Franchise Application Fee.
2. Initial Franchise Fee. See Item 5 for more information about your Initial Franchise Fee.
3. Equipment, Computer System, Fixtures, Other Fixed Assets, Construction, Remodeling, Leasehold Improvements and Decorating Costs. This estimate involves the furniture, fixtures, and equipment you will need to open an MHO Business. These expenses will depend on your MHO Business size, shipping distances, supplier chosen and your credit history. Many hotels may already meet our standards of quality when it comes to furniture, fixtures, and equipment. Other hotels may have to purchase new furniture to comply with our standards, and others may have to install working sinks, new toilets, and/or purchase new linens. Because the amount you need to purchase will depend on the furniture, fixtures, and equipment in your hotel currently, the cost of furniture, fixtures, and equipment will vary substantially from franchisee to franchisee. We may, in our sole discretion, offer you additional time to get into compliance but we do not have to provide additional time uniformly to franchisees. Because the System is designed for use by persons who have existing hotel properties and who have substantial experience in the lodging and hospitality industry, we expect that most, if not all, new franchisees will have a computer that meets our standards, but a franchisee whose computer does not meet our standards may have to invest in a computer system or multiple computer systems. You will have to pay us a PMS setup fee of \$495 and purchase equipment in the



amount of approximately \$2,200 for each front desk station at your property. If you choose to sign up for the optional service Advanced OTA Interface, you will pay us our designated supplier's connectivity fee (approximately \$100 as of the Issuance Date), which is included in the high estimate. Since properties vary so dramatically, it is difficult for us to estimate the amount required to improve the property to comply with our standards and specifications. We have included a broad range of required investment categories to improve the property to meet our standards and specifications but depending on the size and other aspects of your property, the amount may exceed our estimates. We estimate the cost of purchasing the Computer System will be between \$2,695 (if you already have an adequate system and only need the PMS software, front desk service stations, a scanner, signature pad, and a EMV terminal that you will purchase from us) to \$3,695.

4. Real Estate Costs. This table does not include the cost of purchasing or leasing real estate. Real estate costs vary widely by reason of location, type of market, size of parcel, competitive market conditions and type of interest acquired, as well as the market conditions as the time an existing lease was entered into. Additional costs incidental to real estate may include legal fees and title recording expenses, all of which vary by location and are not included in this estimate.
5. Inspection Expense. Prior to approving you as a franchisee, we may inspect your property and will charge you for our travel, meals, and lodging expenses related to such inspection.
6. Marketing. We do not require a certain amount be spent on marketing and leave that decision up to individual franchisees, but we recommend that you invest in marketing during the opening months of your property as System Hotel.
7. Signage. This estimate is for a single exterior sign. These estimates assume you purchase your exterior signage. The type and size of the signage you install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where certain signage is not permitted because of zoning or use restrictions. Signage costs can vary dramatically, depending on factors, such as the number of signs, the size of signs, the placement of signs, sign heights, local labor expenses, shipping costs, local ordinances, etc. We do not have a list of approved sign suppliers but do require that we approve your chosen sign supplier, and we have minimum standards that with which your signage must comply.
8. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of an MHO Business, your rates may be significantly higher than those estimated above. The price for insurance will vary dramatically depending on your location, size, and chosen provider.
9. Professional Fees. We strongly recommend that you hire a lawyer, accountant or other professional to advise you on this Franchise offering and to assist you in setting up your MHO Business. Rates for professionals can vary significantly based on area and experience.
10. Inventory. We consider "Inventory" in this context to be notepads, pens, and similar items with MHO's name on them, as well as other paper products, cleaning supplies, tools, business cards, name badges, key cards, and other miscellaneous items. While we may provide you with recommended vendors and while we reserve the right to require you to use specific



approved vendors, currently, you may choose your own vendors, so long as the inventory and supplies meet our standards, as we set forth from time to time.

11. Training. Because the System is designed for use by persons who have existing hotel properties and who have substantial experience in the lodging and hospitality industry, our training program is virtual and self-directed and we do not generally provide in-person training. We may, however, decide in our sole discretion that you need training in certain aspects of the business, in which case we may require you to pay us a fee to train you or your key personnel and require travel to attend such training or we may provide training at your MHO Business. We may also require you to become a Certified Hotel Owner from the Asian American Hotel Owners Association (“AAHOA”) or to become a Certified Hotel Administrator from the American Hotel and Lodging Educational Institute (“AHLEI”) or to obtain certification through HM Bookstore, a hospitality management training company, in which case AAHOA, AHLEI, or HM Bookstore may charge their own fees for which you bear sole responsibility. We estimate the fees for these certifications will total approximately \$25 per month. The low estimate assumes you do not need additional training or certifications, and the high end assumes \$1,500 for one day of additional training for three people and \$3,500 for the cost for one of our representatives to travel to your MHO Business, and that you need to obtain AAHOA, AHLEI and HM Bookstore certifications.
12. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your MHO Business. They include payroll, administrative, maintenance, utilities, rent, software license fees, working capital and other items. These figures do not include standard pre-opening expenses, Royalties, or advertising fees payable under the Franchise Agreement or debt service and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your MHO Business opens for business. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for MHO Franchises. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your MHO Business.
13. This is an estimate of your initial start-up expenses for one MHO Business, except that it does not include any real estate costs.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate your MHO Business according to our System and specifications. This includes purchasing or leasing all products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the MHO Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not deviate from these methods, standards, and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

Our confidential operations manual (“Standards Manual”) states our standards, specifications and guidelines for all products and services we require you to obtain in establishing and operating your MHO Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications and guidelines through periodic amendments or supplements to the Standards



Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply, and only use fixtures, furnishings, equipment, signs, supplies, marketing materials, reservation service, rate and room inventory management, and other systems that conform to the standards and specifications described in the Standards Manual or otherwise in writing. You may not make any material changes to your MHO Business' construction, including any changes to any structural or life safety equipment or systems, the number and/or type of guest rooms or common areas, or any architectural features, without our prior written consent and complying with our conditions and procedures.

You are required to sublicense the PMS from us. The required PMS software is currently provided by Stayflexi, Inc. You must also use online reputation management services from Travel Reputation Services, LLC dba My Hotel Reputation (“MHR”). The fee for these services is included in the monthly Technology and Support Fee, which you will pay to us, and we in turn will pay MHR (or our then-current hotel reputation management provider) the amounts required to provide the reputation services on your behalf. You will obtain revenue management services from a recommended vendor(s), which may include us. The fees for these services are also included in the Technology and Support Fee. You must purchase your front desk service stations, a scanner, signature pad, and a EMV terminal from us and we are the sole providers of these items. We are not currently an approved supplier of any other products or services provided to franchisees. We and our affiliates reserve the right to become approved suppliers in the future. Some of our officers own an interest in us. None of our officers own an interest in any other supplier.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your MHO Business. You must obtain the computer hardware, software licenses, maintenance and support services and other related services that meet our specifications from the suppliers we specify. You may be required to use approved suppliers for certain technology business solutions at your expense that will support your business efficiencies, which may include phone systems, security systems, scheduling software, employee shift/task management software, inventory solutions and any other solutions we may require from time to time in the Standards Manual.

You must obtain the insurance coverage required under the Franchise Agreement, as follows: commercial general liability insurance, automobile liability insurance (for owned, not-owned, and hired automobiles), cyber security insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Hotel and its contents), casualty insurance, business interruption insurance, liquor liability insurance (where applicable), and statutory workers' compensation and occupational disease insurance. The Standards Manual provides the minimum coverage amounts that we currently require each MHO Business to maintain.

The insurance company must be authorized to do business in the state where your MHO Business is located and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. Your policy must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice.

We will provide you with a list of our designated and approved suppliers in our Standards Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications



and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed product, service or supplier. We apply the following general criteria in approving a proposed supplier: (1) quality of services; (2) production and delivery capability; (3) proximity to MHO Franchises to ensure timely deliveries of the products or services; (4) the dependability of the supplier; and (5) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product, or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

We estimate that approximately 30% of purchases required to open your MHO Business and 20% of purchases required to operate your MHO Business will be from us or from other approved suppliers or under our specifications. We and our affiliates may receive rebates from some suppliers based on your purchase of products and services and we have no obligation to pass them on to our franchisees or use them in any particular manner. During our last fiscal year ended December 31, 2024, we derived no revenue from providing the required standard services to franchisees through the Technology and Support Fee.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees, and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We currently do not have any purchasing or distribution cooperatives.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement ("FA")	Disclosure Document Item
a. Site selection and acquisition/lease	Section 1	Items 7 and 11
b. Pre-opening purchases/leases	Sections 2	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 6 and 7	Items 7 and 11
d. Initial and ongoing training	Section 6	Items 6, 7 and 11
e. Opening	Section 6 and Information Addendum	Items 6, 7, 9 and 11
f. Fees	Sections 1, 2, 3, 4 and 5	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 1, 3 and 7	Items 8, 11, 12, 14 and Exhibit G
h. Trademarks and proprietary information	Sections 1 and 8	Items 13 and 14
i. Restrictions on products/services offered	Section 3 and 7	Items 8 and 16
j. Warranty and customer service requirements	Section 2 and 7	Items 1 and 11
k. Territorial development and sales quotas	Section 1	Items 1, 11 and 12
l. Ongoing product/service purchases	Section 3 and 7	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Section 7	Items 7, 8 and 11



Obligation	Section in Franchise Agreement (“FA”)	Disclosure Document Item
n. Insurance	Section 7	Items 6, 7 and 8
o. Advertising	Section 4	Items 11, 13 and 14
p. Indemnification	Section 14	Not Applicable
q. Owner’s participation/management and staffing	Section 7	Items 11, 15 and 17
r. Records and reports	Section 7	Item 11
s. Inspections and audits	Section 6	Items 6 and 11
t. Transfer	Sections 11	Item 17
u. Renewal	Section 5	Item 17
v. Post-termination obligations	Sections 13	Item 17
w. Non-competition covenants	Section 7.4	Item 17 and Exhibit G
x. Dispute resolution	Section 14	Item 17

**ITEM 10  
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

**ITEM 11  
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, MHOF is not obligated to provide you with any assistance.**

Pre-opening Obligations

Before you open your MHO Business, we (or our designee) will provide the following assistance and services to you:

1. Provide a virtual, self-directed initial training program online (See Franchise Agreement - Section 6.1). We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the System and brand standards to your key employees. You will be responsible for hiring, training, directing, scheduling and supervising your employees and independent contractors in the day-to-day operations of the MHO Business. We will also provide additional training if we decide you need it prior to beginning operations, in our sole discretion.

2. Loan you one copy of the Standards Manual. The Standards Manual contains approximately 42 pages. The table of contents for the Standards Manual is attached to this Franchise Disclosure Document as Exhibit E (See Franchise Agreement - Section 7.2).

3. Inspect your property prior to approving you as a franchisee and/or before you begin operating as an MHO Business to ensure compliance with our standards and specifications. (Franchise Agreement - Section 6.2). You will pay our expenses incurred in conducting such inspections.

4. We will provide a copy of our basic specifications for the design and layout for the premises of the MHO Business. You are responsible for the costs of preparing any necessary architectural, engineering and construction drawings and site plans, which you must submit to us for our review and approval before you begin construction. You are responsible for the costs of any construction and remodeling. We do not assist you in remodeling or decorating your MHO Business. We do not deliver or



assist with the installation of any fixtures, furnishings, equipment, signs or other supplies. We do not deliver or assist you in conforming the premises to local ordinances and building codes nor do we assist you in obtaining any required permits. You will be responsible for completing these services to our satisfaction and ensuring that they comply with our system standards. (Franchise Agreement - Section 2.1.2.).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing MHO Businesses.

### Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and beginning operations of your MHO Business is approximately 60 days. Some factors which may affect this timing are your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; your ability to obtain any necessary permits and certifications; the timing of the delivery of any equipment and inventory; and the time to convert, renovate or build out the premises for your MHO Business. You must begin operating your MHO Business to the public within 90 days of signing the Franchise Agreement unless otherwise agreed by us in Section 9.1 of “Information Addendum” attached to the Franchise Agreement. The Information Addendum will detail terms specific to your MHO Business location.

### Continuing Obligations

During the operation of your MHO Business, we (or our designee) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications and procedures for the operation of your MHO Business (See Franchise Agreement - Section 1.3).

2. Upon reasonable request, provide advice regarding your MHO Business’s operation based on reports or inspections. Advice will be given during our regular business hours and through written materials, electronic media, telephone or other methods in our discretion (See Franchise Agreement - Section 6.2).

3. Provide additional training to you for newly-hired personnel on the MHO brand and System guidelines, refresher training courses and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement - Section 6.1).

4. Allow you to continue to use confidential materials, including the Standards Manual and the Marks (See Franchise Agreement - Sections 9).

5. Provide you with a list of our designated and approved suppliers in our Standards Manual. You must purchase at your own cost, install, maintain in sufficient supply, and use fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Standards Manual or otherwise in writing (See Franchise Agreement – Section 7.1.7).

6. Provide you with marketing and advertising materials, including approved branding design templates for signage, billboards, brand collateral, and list your MHO Business on our website (Franchise Agreement - Section 2.1).



7. Furnish you access to our preferred property management system, booking engine, software, website hosting, online platform and phone interfacing, and other services, such as approved branding designs, reputation management and revenue management (referred to as the “Standard Services” in the Franchise Agreement) (Franchise Agreement - Section 2.3).

### Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new menu items, new equipment or new techniques.

2. Make periodic visits to the MHO Business for the purpose of assisting in all aspects of the operation and management of the MHO Business, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the MHO Business, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.

3. Maintain and administer a Brand Fund. We may dissolve the Brand Fund upon written notice (See Franchise Agreement - Section 4.1).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting MHO franchisees.

5. Provide interfacing between your MHO Business and its PMS and other parties, such as credit card vendors, property management booking sites and online travel agency platforms (See Franchise Agreement – Section 2).

6. Reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law.

7. Pay you a referral fee up to \$1,000 if you refer to us a candidate who was not a MHO System franchisee prior to your referral and with whom we had had no contact prior to your referral, and who, within 6 months of your referral, purchases a Franchise from us. We may apply this as a credit to any amounts you owe to us under the Franchise Agreement (Franchise Agreement, Section 2.12).

### Advertising

#### *Brand Fund*

We reserve the right to establish a Brand Fund upon 30 days’ written notice. The Brand Fund is for marketing, developing, and promoting the System, the Marks and MHO Franchises. If we establish a Brand Fund, you will make a Brand Fund Contribution of up to 5% of Gross Sales. Your Brand Fund Contribution will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. MHO Businesses owned by us will contribute to the Brand Fund on the same basis as franchisees.



The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional or national marketing, or any expenditure that we, in our sole discretion, deem necessary or appropriate to promote or improve the System or the MHO brand. For example, we may use the Brand Fund for: (i) developing, maintaining, administering, directing, preparing or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development (including social media) and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for Brand Fund Contributions; (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) conducting quality assurance programs and other reputation management functions; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities. We may use national and/or regional advertising agencies as the source for our advertising materials, or we may prepare them in-house.

We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request, we will make available an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. We did not collect or spend any Brand Fund Contributions during our last fiscal year, ended on December 31, 2024.

#### *Local Advertising*

We do not require you to conduct any local advertising for your MHO Business. If you wish to advertise online, you must follow our online policy which is contained in our Standards Manual. Our online policy may change as technology and the Internet changes. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

We may require you to order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior



written approval. If you desire to use your own advertising materials, including your own website, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must follow our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Fund.

You agree, at your sole cost and expense, to issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways and other promotions issued by other MHO franchisees under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards or certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all MHO Businesses, and you will not issue coupons or discounts of any type except as approved by us. You will be required to participate in any loyalty programs that we establish.

You may be required to participate in any local or regional advertising cooperatives for MHO Franchises that are established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each MHO Business that the franchisee owns that exists within the cooperative's area. Each MHO Business we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Standards Manual, which we may periodically modify at our discretion.

We do not currently have any advertising cooperatives. However, we reserve the right to create local or regional advertising cooperatives in the future. If established, you shall be required to participate in such advertising cooperative that we may require for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We have the right to form, change, dissolve or merge any advertising cooperative. Your participation in any cooperative must be in compliance with the provisions of the Brand Standards Manual, which we may periodically modify at our discretion. We have the right to determine the composition of all geographic territories and market areas for each advertising cooperative. Franchisees in each cooperative will contribute an amount to the cooperative for each Franchised Business that the franchisee owns that exists within any cooperative's geographic area. Each MHO business we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees.



### *System Website*

We have established a website for MHO Businesses (“System Website”). We intend that any franchisee website will be accessed only through our System Website. We will provide, through a third party, online and social media marketing and search engine optimization for our website and our website will link to your local website (but we will not provide search engine optimization or online and social media marketing for your local website). We have the right to use the Brand Fund’s assets to develop, maintain and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may modify, update or add to the System Website at any time.

We are only required to reference your MHO Business on the System Website while you are in full compliance with your Franchise Agreement and all System standards.

### *Advisory Council*

We currently do not have, but may form, an advisory council (“Council”) to advise us on advertising policies. The Council would be governed by bylaws. Members of the Council would consist of both franchisees and corporate representatives. Members of the Council would be selected by way of a voting method specified in the Council’s bylaws. The Council would serve in an advisory capacity only. We will have the power to form, change or dissolve the Council, in our sole discretion.

### Computer System

We expect that most new franchisees will have a computer system that meets our standards, but a franchisee whose computer does not meet our standards may have to invest in a computer system. You are required to have a computer system (“Computer System”) that consists of the following hardware and software: (a) a computer that operates Windows 7 or higher or Mac OS X Yosemite (10.10) and a printer; and (b) our designated PMS software. We estimate the cost of purchasing the Computer System will be between \$2,695 (if you already have an adequate system and only need the PMS software, front desk service stations, a scanner, signature pad, and a EMV terminal that you will purchase from us) to \$3,695. You will sublicense the PMS software from us, which we have licensed from Stayflexi, Inc., and sign our Software End User License Agreement, the current form of which is found in Exhibit G to this Franchise Disclosure Document. You will pay a PMS set up fee of \$495 upon installation.

The Computer System will manage the daily workflow of the MHO Business, coordinate the customer ordering experience, check-in and check-out processes, track inventory, labor and other information. You must record all Gross Sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Sales of your MHO Business. You must also maintain a high-speed Internet connection at the premises of the MHO Business. In addition to offering and accepting MHO gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine. Credit card information will be encrypted and stored by a PCI compliant third-party.

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System (Franchise Agreement - Section 12.6). You must arrange for installation, maintenance and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs or upgrades relating to the Computer System.



The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, the costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will be approximately \$500 to \$5,000, but this could vary (as discussed above). We may revise our specifications for the Computer System periodically.

You must pay the then-current technology business solutions fees to approved suppliers for certain business solutions that will support your business efficiencies, which may include phone systems, security systems, scheduling software, employee shift/task management software, music subscription, inventory solutions and any other solutions we may require from time to time in the Standards Manual for your MHO Business. We reserve the right to upgrade, modify and add new systems and software, which may result in additional initial and ongoing expenses that you will be responsible for. You will be responsible for any increase in fees that result from any upgrades, modifications or additional systems or software and for any increase in fees from third-party providers.

We (or our designee) have the right to independently access the electronic information and data relating to your MHO Business and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your MHO Business or from other locations.

Training

*Initial Training*

You or your Responsible Owner and any General Manager (defined in Item 15) or representative that we require must complete the virtual initial training to our reasonable satisfaction, as determined by the us and through assessment of the material, within 90 days from signing the Franchise Agreement. You may not open unless you complete this initial training program to our satisfaction. We provide this virtual initial training at no cost to you, and there is no limitation on the number of people who can attend. Virtual initial training classes are available whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to participate in any training program, including lodging, transportation, food and similar expenses. We plan to provide the training listed in the table below.

**TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
General manager training, operations, guest service, culture, marketing	20 to 40 hours	0 hours	Virtual, or a location we may designate
Housekeeping, inspections, laundry	3 to 6 hours	0 hours	Virtual, or a location we may designate
Front office, guest service, reservations, night auditor, bell person attendant	3 to 6 hours	0 hours	Virtual, or a location we may designate
Maintenance	3 to 6 hours	0 hours	Virtual, or a location we may designate
<b>TOTAL</b>	<b>29 to 58 hours</b>	<b>0 hours</b>	



Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program.
2. Hospitality Management Bookstore currently oversees our training program, which is completely virtual at this time. We reserve the right to appoint and substitute other parties to assist in providing training, but all of our training personnel will have at least one year of experience in the subject matters that they teach.

We may decide in our sole discretion that you need additional training in certain aspects of the business to operate your MHO Business, in which case we may require you to attend additional training at our headquarters or a location we designate, or we may provide training at your MHO Business and require reimbursement for costs incurred by our representative(s). You will be responsible for any travel-related costs incurred. You will pay us a training fee of \$500 per trainee per day. If we require you to attend an additional training, it must be completed before you open your MHO Business.

#### *Ongoing Training*

From time to time, we may require that you or your Responsible Owner, General Manager and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new Responsible Owner or transfer ownership, or if you hire a new General Manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your MHO Business. You may also request that we provide additional training (either at corporate headquarters or at your MHO Business). If we determine that you are not operating your MHO Business in compliance with the Franchise Agreement or the Standards Manual, we may require that your Responsible Owner, General Manager and other employees attend remedial training. You must pay us our then-current fee (currently \$500 per day, which we may increase up to \$1,500) for additional training, and you must pay for any airfare, meals, transportation costs, lodging and incidental expenses that may be incurred for all of your training program attendees. If the training program is conducted at your MHO Business, you must reimburse us for the expenses we or our representatives incur in providing the training.

In addition to participating in ongoing training, you will be required to attend any national or regional meeting or conference of franchisees. You are responsible for any conference fee and all travel and expenses for your attendees.

## **ITEM 12 TERRITORY**

You may operate your MHO Business only at the approved location. You will not receive a protected territory. The approved location for your MHO Business will be listed in the Franchise Agreement. You are not guaranteed any specific approved location, and you may not be able to obtain your top choice as your approved location. You may not conduct your MHO Business from any other location.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We retain all territory rights (for ourselves and our affiliates) not expressly granted to you. We may use the Marks or the System to sell any products or services similar to those which you will sell through



any alternate channels of distribution or non-traditional locations anywhere. We and our affiliates have the right to operate, and to license others to operate, MHO Businesses at any location even if doing so will or might affect your operation of your MHO Business. You are not granted any rights to use the Internet as a channel of distribution and may not independently market on the Internet or conduct e-commerce unless we have expressly allowed you to do so under our online policy in the Standards Manual.

We may use trademarks other than the Marks to sell any products or services anywhere that are similar to those which you will sell. We may purchase, be purchased by, merge or otherwise acquire competitive businesses anywhere. We may implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere, and we have the right to issue mandatory policies to coordinate such multi-area marketing programs. Although we reserve the rights described, neither we nor any affiliate, operates, franchises or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by you or our other Franchises. We are not required to pay you if we exercise any of our rights listed above.

You may not relocate your MHO Business without our prior written approval. We may approve a request to relocate your MHO Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of your MHO Business, and our then-current site selection policies and procedures.

If you wish to purchase an additional MHO Franchise, you must apply to us, and we may, at our discretion, offer an additional MHO Franchise to you. We consider a variety of factors when determining whether to grant additional MHO Franchises. Among the factors we consider, in addition to the then-current requirements for new MHO franchisees, are whether or not you are in compliance with the requirements under your current Franchise Agreement(s).

### **ITEM 13 TRADEMARKS**

The Marks and the System are owned by us. No agreement significantly limits our right to use or license the Marks in any manner material to the in any manner material to the MHO Franchise. You may also use other future trademarks, service marks, and logos we approve to identify your MHO Franchise. We have registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Trademark	Registration Number	Registration Date	Register
MHO HOTELS	90272046	July 13, 2021	Principal
MHO HOTEL	6279060	February 23, 2021	Principal
MHO SUITES	6531611	October 19, 2021	Principal
MHO INN	7087335	June 20, 2023	Principal
MHO INN & SUITES	6531610	October 19, 2021	Principal



Trademark	Registration Number	Registration Date	Register
	6365631	May 25, 2021	Principal
	6279063	February 23, 2021	Principal

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in the premises of your MHO Business that you are an independently owned and operated licensed franchisee of MHO. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the MHO Franchise, or any interest in the MHO Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party’s intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the appropriate action, but we are not required to take any action if we do not feel it is warranted. You must notify us within three business days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within 30 days after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.



**ITEM 14**  
**PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

The information in the Standards Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the ingredients and formula of our products and recipes, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Standards Manual, our advertising materials, the content and format of our products or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your MHO Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Standards Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of MHO Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of MHO Franchises and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement and the Standards Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your MHO Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other MHO Franchises during the term of the Franchise Agreement.

You must notify us within three business days after you learn about another’s use of language, a visual image or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will take action



as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. No patents or patents pending are material to us at this time.

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

You must appoint an individual who will be principally responsible for communicating with us about the MHO Business (“Responsible Owner”). The Responsible Owner must have the authority and responsibility for the day-to-day operations of your MHO Business. If you are an individual, you are the Responsible Owner. If you are a legal entity, you must appoint an individual that has at least a 25% equity interest in the legal entity to be the Responsible Owner. We require that you either directly operate your MHO Business or designate (i) a full-time, dedicated, on-premises manager or (ii) a qualified and experienced third-party management company, approved by us (“General Manager”). Your Responsible Owner and your General Manager, if any, must successfully complete our training program (See Item 11). We do not require that the General Manager have an ownership interest in the legal entity of the Franchise owner. If you replace your Responsible Owner or General Manager, the new Responsible Owner or General Manager must satisfactorily complete our training program at your own expense.

If you are a legal entity, each direct or indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign a Franchise Owner Agreement, which is attached to the Franchise Agreement as Attachment D. We also require that the spouses of the Franchise owners sign the Franchise Owner Agreement. Any General Manager and officer of your legal entity must sign the “System Protection Agreement,” the form of which is attached to this Franchise Disclosure Document in Exhibit G (unless they already signed a Franchise Owner Agreement). All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G.

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

You must sell or offer for sale only those products and services authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees, and may vary depending on the operating season and geographic location of your MHO Business or other factors. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services, at our discretion, with prior notice to you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. There are no limitations on our rights to make changes to the required products and services offered by you. You must discontinue selling and offering for sale any products and services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.



You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the MHO Franchise, us or any of our affiliates without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers, provided you do so from the location of your MHO Business in accordance with our policies.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1 and Addendum	To be determined by you and us in Information Addendum.
b. Renewal or extension	Section 5.2	The Franchise Agreement provides you with an option to renew if certain conditions are met, such as you not being in default, you having paid all amounts due and owing, etc.



Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 5.3	You have the right to renew if you meet certain conditions, including, without limitation: (a) you have given us notice of your intent to renew no later than six months' from the end of the term and no earlier than twelve months' from the end of the term; (b) you are not in default of any provision of the Franchise Agreement, any amendment of the Franchise Agreement, or any other agreement between us or you and our affiliates, and have substantially complied with all the terms and conditions of such agreements; (c) you have not received three (3) or more written notices from us of a material breach of the Franchise Agreement, whether the breaches were corrected within the prescribed cure period after receipt of written notice of the breach; (d) all monetary obligations then due and owing by you to us or our affiliates have been satisfied prior to renewal; (e) you execute our then-current Franchise Agreement which shall supersede the Franchise Agreement (a "Renewal Franchise Agreement"), and which may contain terms and conditions that materially differ from those set forth in the Franchise Agreement; and (f) you, if we require, attend additional training, at your sole expense, to bring your skill up to out then current standards for operating a MHO Business.
d. Termination by franchisee	Section 12.1	You have the right to terminate the Franchise Agreement on six months' prior written notice; provided, however, that if terminated within the first 18 months from execution of the Franchise Agreement, you will be required to pay us liquidated damages.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Sections 10.1, 10.2, 12.2 and 12.3	We can terminate upon certain violations of the Franchise Agreement by you.
g. "Cause" defined - curable defaults	Section 12.2	You have 30 days to cure defaults listed in Section 12.2.
h. "Cause" defined - non-curable defaults	Section 12.3	Non-curable defaults: the defaults listed in Section 12.3 of the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	Sections 13	Obligations include complete de-identification, payment of amounts due and return of confidential Standards Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 11.1	No restriction on our right to assign.



Provision	Section in Franchise Agreement	Summary
k. "Transfer" by franchisee – defined	Section 11.2	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in the Franchise Agreement, the Franchise or interest in the Franchise.
l. Franchisor approval of transfer by franchisee	Section 11.2	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 11.2	If you are in good standing and meet other requirements listed in Section 11.2, we may approve your transfer to a new owner.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11	We have 30 days to match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 11	We may, but are not required to, purchase your Franchise, inventory or equipment at fair market value if your Franchise is terminated for any reason.
p. Death or disability of franchisee	Section 11.2.1	The franchise agreement must be transferred or assigned to a qualified party within 180 days of death or disability, or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the franchise	Section 7.4	You may not participate in a diverting business, have owning interest of more than 5%, inducing any customer to transfer their business to you or perform services for a competitive business anywhere. You may not interfere with our or our other franchisees' MHO Franchises.
r. Non-competition covenants after the franchise is terminated or expires	None	N/A
s. Modification of agreement	Section 16.6	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Standards Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 16.5	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 16.3	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Bordentown, New Jersey).



Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Section 16.3	All disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Bordentown, New Jersey), subject to applicable state law.
w. Choice of law	Section 16.2.1	New Jersey law applies, subject to applicable state law.

**ITEM 18  
PUBLIC FIGURES**

We do not use any public figure to promote our Franchise.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Mahendra Patel 187 Route 130, Bordentown, New Jersey 08505, the Federal Trade Commission and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

All year-end numbers appearing in the tables below are as of December 31 of each year.

Table No. 1  
Systemwide Outlet Summary  
For Years 2022 - 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022	3	3	0
	2023	3	3	0
	2024	3	3	0



Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned*	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	4	4	0
	2023	4	4	0
	2024	4	4	0

\*Owned and operated by our affiliate.

Table No. 2  
Transfers of Outlets from Franchisees to New Owners (Other Than the Franchisor)  
For Years 2022 - 2024

State	Year	Number of Transfers
Totals	2022	0
	2023	0
	2024	0

Table No. 3  
Status of Franchise Outlets  
For Years 2022 - 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New Jersey	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Pennsylvania	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3



Table No. 4  
Status of Company-Owned Outlets  
For Years 2022 - 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
New Jersey*	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total Outlets	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

\*Owned and operated by our affiliate.

Table No. 5  
Projected Openings as of  
December 31, 2024

State	Franchise Agreements Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Arizona	0	1	0
Arkansas	0	1	0
New Jersey	0	1	0
Maine	0	1	0
Michigan	0	1	0
Total	0	7	0

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had an MHO Franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the MHO System. During the last three years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the MHO Franchise System. You may wish to speak with current and former franchisees but know that not all such franchisees can communicate with you. If you buy an MHO Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.



As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

**ITEM 21  
FINANCIAL STATEMENTS**

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, 2024, December 31, 2023 and December 31, 2022. Our fiscal year end is December 31.

**ITEM 22  
CONTRACTS**

Exhibit C	Franchise Agreement
Exhibit E	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the MHO Franchise
Exhibit H	Franchise Disclosure Questionnaire

**ITEM 23  
RECEIPTS**

The last pages of this Franchise Disclosure Document, Exhibit J are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.



**EXHIBIT A**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**



**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

<p><b><u>CALIFORNIA</u></b> State Administrator and Agent for Service of Process:</p> <p>Commissioner Department of Financial Protection and Innovation 320 W. 4<sup>th</sup> Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677</p> <p><b><u>HAWAII</u></b> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>Agent for Service of Process:</u></p> <p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><b><u>ILLINOIS</u></b> Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p> <p><b><u>INDIANA</u></b> Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p> <p><b><u>MARYLAND</u></b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p>	<p><b><u>MARYLAND CONTINUED</u></b> <u>Agent for Service of Process:</u></p> <p>Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020</p> <p><b><u>MICHIGAN</u></b> Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117</p> <p><b><u>MINNESOTA</u></b> Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><b><u>NEW YORK</u></b> <u>Administrator:</u></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 (212) 416-8222</p> <p><u>Agent for Service of Process:</u></p> <p>Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b> <u>Administrator:</u></p> <p>North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712</p> <p><u>Agent for Service of Process:</u></p> <p>Securities Commissioner 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510</p>	<p><b><u>RHODE ISLAND</u></b> Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527</p> <p><b><u>SOUTH DAKOTA</u></b> Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p> <p><b><u>VIRGINIA</u></b> State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9<sup>th</sup> Floor Richmond, VA 23219</p> <p><u>Agent for Service of Process:</u></p> <p>Clerk of the State Corporation Commission 1300 E. Main Street, 1<sup>st</sup> Floor Richmond, VA 23219</p> <p><b><u>WASHINGTON</u></b> <u>State Administrator:</u></p> <p>Washington Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760</p> <p><u>Agent for Service for Process:</u></p> <p>Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501</p> <p><b><u>WISCONSIN</u></b> Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364</p>
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Rev. 090723



**EXHIBIT B**  
**FINANCIAL STATEMENTS**





*Sai CPA Services*

5 Villa Farms Circle, Monroe Twp

New Jersey – 08831

email: [contactus@saicpaservices.com](mailto:contactus@saicpaservices.com)

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## MEMBERSHIP HOTEL ORGANIZATION LLC

FINANCIAL STATEMENT FOR THE PERIOD ENDED  
DECEMBER 31, 2024

WITH INDEPENDENT ACCOUNTANT'S AUDIT REPORT

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## TABLE OF CONTENTS

Independent Accountant’s Audit Report .....	2
Profit & Loss .....	4
Balance sheet .....	5
Cash Flow Statement .....	6
Notes to the Financial Statement .....	7



*Sai CPA Services*

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New Jersey – 08831

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### **Independent Accountant's Audit Report**

To The Partners  
Membership Hotel Organization LLC  
Bordentown, NJ

Report on the Audit of Financial Statements

#### **Opinion**

We have audited the financial statements of Membership Hotel Organization LLC, which comprise the Balance Sheet, Statements of Income, Cashflow Statement as of December 31, 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly the assets, liabilities, and partner's capital of Membership Hotel Organization LLC as of December 31, 2024, and its revenue & expenses for the year that ended in accordance with the basis of accounting Membership Hotel Organization LLC uses for income tax purposes, as described in Basis of Accounting.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Membership Hotel Organization LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting Membership Hotel Organization LLC uses for income tax purposes and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

2

**Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

In performing the audit, we exercise professional judgment and maintain professional skepticism throughout the audit, identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We conclude whether, in our judgment, there are any conditions or events, considered in the aggregate, that raise substantial doubt about Membership Hotel Organization LLC's ability to continue as a going concern for a reasonable period of time.

  
Ajay Kumar, CPA  
Sai CPA Services  
Date: 03/27/2025



**Membership Hotel Organization LLC**  
**Statement of Income**  
**For the year ended December 31, 2024**

	<u>December 31,2024</u>	<u>December 31,2023</u>
<b><u>Income</u></b>		
Franchise Fee	31,404	24,735
Other Income	-	711
<b>Total Income</b>	<b>\$31,404</b>	<b>\$25,446</b>
<b><u>Expenses</u></b>		
Advertising and Promotion	-	5,000
Amortization Expenses	4,682	4,682
Bank Service Charge	20	-
Depreciation Expense	2,081	2,483
Insurance Expense	5,609	5,569
IT	4,200	500
Marketing Fee	-	800
Professional Fee	9,600	-
PMS Fee	-	100
Rent (office)	5,755	7,050
State Tax	675	-
Telephone Expense	3,792	2,952
<b>Total Expenses</b>	<b>\$36,414</b>	<b>\$29,136</b>
<b>Net Income</b>	<b>(\$5,010)</b>	<b>(\$3,690)</b>

**Membership Hotel Organization LLC**  
**Balance Sheet**  
**As of December 31, 2024**

<b>ASSETS</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<u>Current Assets</u>		
Cash & Cash Equivalents	26,730	21,692
Accounts Receivable (A/R)	-	3,285
Total Current Assets	<u>\$26,730</u>	<u>\$24,977</u>
<u>Fixed Assets</u>		
Furniture & Equipment	18,734	18,734
Accumulated Depreciation	(14,979)	(12,898)
Total Fixed Assets	<u>\$3,755</u>	<u>\$5,836</u>
<u>Other Assets</u>		
Franchise Development fee	70,226	70,226
Accumulated Amortization	(19,761)	(15,243)
Total Franchise Development fee	<u>\$50,465</u>	<u>\$54,983</u>
Security Deposit	650	650
<b>TOTAL ASSETS</b>	<b><u>\$81,600</u></b>	<b><u>\$86,446</u></b>
 <b>LIABILITIES AND PARTNER'S CAPITAL</b>		
Liabilities:		
<u>Current Liabilities</u>		
Unsecured Loan from third Party	75,000	75,000
Loans	-	13,897
Rent Payable	500	-
Account Payable	4,802	220
Accrued Expenses		500
	<u>80,302</u>	<u>89,617</u>
<u>Partner's Capital</u>		
Partner's Capital	1,298	(3,171)
Total Partner's Capital	<u>1,298</u>	<u>(3,171)</u>
<b>TOTAL LIABILITIES AND PARTNERS CAPITAL</b>	<b><u>\$81,600</u></b>	<b><u>\$86,446</u></b>

**Membership Hotel Organization LLC**  
**Cash Flow Statement**  
**As of December 31, 2024**

	<b>Jan-Dec 24</b>	<b>Jan-Dec 23</b>
<b>OPERATING ACTIVITIES</b>		
Net Income	(5,010)	(3,690)
<b>Adjustments to reconcile Net Income to net cash provided by operating activities:</b>		
Accounts Receivable (A/R)	3,285	(3,285)
Accounts Payable	-	(1,055)
Mahendra Patel- Loan	-	13,896
New Jersey Division of Taxation Payable	-	-
<b>Total Adjustments to reconcile Net Income to Net Cash provided by operations:</b>	<b>3,285</b>	<b>9,556</b>
<b>Net cash provided by Operating Activities</b>	<b>(1,725)</b>	<b>5,866</b>
<b>INVESTING ACTIVITIES</b>		
Equipment:Accum Depreciation-Equipment	1,377	1,779
Furniture and Fixture:Accum Depreciation-Furniture	704	704
Franchisee Development Fee:Accumulated Amort-Franchisee D	4,682	4,682
<b>Net cash provided by Investing Activities</b>	<b>6,763</b>	<b>7,165</b>
<b>FINANCING ACTIVITIES</b>		
Member 1 Equity- Mahendra	-	1,055
<b>Net cash provided by Financing Activities</b>	<b>-</b>	<b>1,055</b>
<b>Net cash increase (decrease) for period</b>	<b>5,038</b>	<b>14,086</b>
Cash at beginning of period	21,692	7,606
<b>Cash at end of period</b>	<b>26,730</b>	<b>21,692</b>

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies

#### ***The Company***

Membership Hotel Organization LLC (the "Company") is incorporated on March 17, 2020 under the laws of the State of New Jersey as Limited Liability Company. Membership a membership hospitality management and owner services organization created by an experienced team of hotel owners and management experts for the benefit of other property and franchise owners. The company is branding as "MHO Hotels". The services include guidance & consultation on hotel management, revenue management, hotel reputation, Internal Quality Assistance audit, leasing, renovation, buy or sell of properties, turn-key development, risk management and software guidance.

#### ***Calendar Year***

The Membership Hotel Organization LLC operates on a calendar year.

#### ***Basis of Accounting***

The accompanying financial statements of Membership Hotel Organization LLC have been prepared in accordance with accounting principles generally accepted in the United States. Membership Hotel Organization LLC's taxes are prepared on cash basis for filing the corporate tax returns.

#### ***Use of Estimates***

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at calendar year-end. Actual results could differ from those estimates.

#### ***Risks and Uncertainties***

The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations.

#### ***Cash and Cash Equivalents***

The Company had a cash balance of around \$26,730 as of December 31, 2024. The Company held no cash equivalent securities as of December 31, 2024.

**Inventory**

The company does not have Inventory.

**Intangible Assets**

The company Intangible assets of \$50,465 for the year ended on December 31, 2024.

**Property and Equipment**

The Company has \$3,755 Carrying value of Furniture and Equipment at the end of the fiscal year.

**Income Taxes**

The Company is has elected under the Internal Revenue Code to be treated as a partnership. In lieu of corporate income taxes, the partners of the LLC are taxed on their proportionate share of the partnership's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

**Fair Value of Financial Instruments**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of Inception. Fair values were assumed to approximate carrying values because of their short-term nature or they are payable on demand.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash accounts and money placements in financial institutions, which are within the Federal depository insurance coverage limit and the Securities investor protection coverage limit, respectively. Membership Hotel Organization LLC maintains its cash balances and money placements at financial institutions in New Jersey. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Management believes that the financial institution is financially sound, and the risk of loss is low.

**Revenue Recognition**

The Company recognizes revenue when: (1) persuasive evidence exists of an arrangement with the customer reflecting the terms and conditions under which products or services will be provided; (2) delivery has occurred, or services have been provided; (3) the fee is fixed or determinable; and (4) collection is reasonably assured. The Company recognizes revenue under U.S operations.

**Research and Development Expenses**

Research and development costs are Nil for the year ending December 31, 2023.

**Foreign Currency**

The financial statements are presented in United States Dollars, ("USD"), which is the reporting currency and the functional currency of the US Company. Foreign denominated monetary assets and liabilities are translated to their USD equivalents using foreign exchange rates which prevailed at the balance sheet date. Nonmonetary assets and liabilities are translated at exchange rate prevailing at the transaction date. Revenue and expenses were translated at the prevailing rate of exchange at the date of the transaction.

**Commitments and Contingencies**

Our understanding from the management is that the Company is not currently involved with and does not know of any pending or threatening litigation against the Company or its members.

**Investments & Acquisition Opportunities:**

Membership Hotel Organization LLC is constantly searching for interesting new entities that can strengthen existing operations in business areas. These acquisitions, domestic and cross border investments provide a presence in potential new markets, complement product and services offerings, and are expected to achieve future growth which is an important component of Membership Hotel Organization LLC business model.

**Related Parties Transactions**

As of December 2024, there are no loan payments due to the Company. The Company borrowed a loan from Anand Systems Inc. c/o individual Family Friend which is interest free and repayable on demand and Balance as on 31<sup>st</sup> December 2024 is \$75000.

**Partner's Capital**

In 2024, the company underwent a capital transition, adding Mahendra Patel as a 10% owner. The company now has two partners: Mr. Mahendra Patel, holding a 10% interest, and Ms. Priya Patel, holding a 90% interest. Both partners share profits and losses in proportion to their ownership percentages.

**Subsequent Events**

The Company has evaluated subsequent events after December 2024, from the date which the financial statement available to be issued. The Company has determined there are no subsequent events or transactions occurred during that period which requires recognition or disclosure in these financial statements.

**Impact of Change in Political Scenarios:**

The company's management has evaluated the potential effects of changes in political control on its business operations. Shifts in political scenarios can significantly impact the regulatory landscape, tax policies, and overall economic conditions. Changes in government policies, trade regulations, or tax laws may influence the company's operations, financial performance, and compliance obligations. Additionally, potential labor shortages could lead to increased costs, further affecting business.





*Sai CPA Services*

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New Jersey – 08831

email: [contactus@saicpaservices.com](mailto:contactus@saicpaservices.com)

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## MEMBERSHIP HOTEL ORGANIZATION LLC

FINANCIAL STATEMENT FOR THE PERIOD ENDED  
DECEMBER 31, 2023

WITH INDEPENDENT ACCOUNTANT'S AUDIT REPORT

0



# TABLE OF CONTENTS

Independent Accountant’s Audit Report .....2  
Profit & Loss .....4  
Balance sheet .....5  
Cash Flow Statement .....6  
Notes to the Financial Statement .....7





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5 Villa Farms Circle, Monroe Twp

New Jersey – 08831

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### **Independent Accountant's Audit Report**

To The Partners  
Membership Hotel Organization LLC  
Bordentown, NJ

Report on the Audit of Financial Statements

#### **Opinion**

We have audited the financial statements of Membership Hotel Organization LLC, which comprise the Balance Sheet, Statements of Income, Cashflow Statement as of December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, the assets, liabilities, and partner's capital of Membership Hotel Organization LLC as of December 31, 2023, and its revenue & expenses for the year that ended in accordance with the basis of accounting Membership Hotel Organization LLC uses for income tax purposes, as described in Basis of Accounting.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Membership Hotel Organization LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting Membership Hotel Organization LLC uses for income tax purposes and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

2

**Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

In performing the audit, we exercise professional judgment and maintain professional skepticism throughout the audit, identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We conclude whether, in our judgment, there are any conditions or events, considered in the aggregate, that raise substantial doubt about Membership Hotel Organization LLC's ability to continue as a going concern for a reasonable period of time.

Ajay Kumar, CPA

Sai CPA Services

Date: 02/28/2024

*AJK*  
*2/28/24*



**SAICPA Services**  
5 Villa Farms Cir.  
Monroe Twp, NJ 08831  
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Ph: 908-358-8991 Fax: 908-358-8999  
akumar@saicpaservices.com

**Membership Hotel Organization LLC  
Statement of Income  
For the year ended December 31, 2023**

	<b>Total</b>
<b>Income</b>	
Franchise Fee	24,735
Other Income	\$711
<b>Total Income</b>	<b>\$25,446</b>
 <b>Expenses</b>	
Advertising and Promotion	5,000
Amortization Expenses	4,682
Depreciation Expense	2,483
Insurance Expense	5,569
IT	500
Marketing Fee	800
PMS Fee	100
Rent (office)	7,050
Telephone Expense	2,952
<b>Total Expenses</b>	<b>\$ 30,230</b>
<b>Net Income</b>	<b>\$ (3,690)</b>

**Membership Hotel Organization LLC  
Balance Sheet  
As of December 31, 2023**

<b>ASSETS</b>	<b>31st December 2023</b>
<u>Current Assets</u>	
Cash & Cash Equivalents	21,692
Accounts Receivable (A/R)	3,285
Total Current Assets	\$24,977
<u>Fixed Assets</u>	
Furniture & Equipment	18,734
Accumulated Depreciation	(12,898)
Total Fixed Assets	\$5,836
<u>Other Assets</u>	
Franchise Development fee	70,226
Accumulated Amortization	(15,243)
Total Franchise Development fee	\$54,983
Security Deposit	650
<b>TOTAL ASSETS</b>	<b>\$86,446</b>
 <b>LIABILITIES AND PARTNER'S CAPITAL</b>	
Liabilities:	
<u>Current Liabilities</u>	
Unsecured Loan from third Party	75,000
Loans	13,897
Account Payable	220
Accrued Expenses	500
	89,617
<u>Partner's Capital</u>	
Partner's Capital	(3171)
Total Partner's Capital	(3171)
<b>TOTAL LIABILITIES AND PARTNERS CAPITAL</b>	<b>\$86,446</b>

**Membership Hotel Organization LLC  
Cash Flow Statement  
As of December 31, 2023**

	<b>Jan - Dec 23</b>
<b>Cash at beginning of period</b>	7,606
<b>Net Income</b>	(3,690)
<b>Adjustments to reconcile Net Income to net cash provided by operating activities:</b>	
Depreciation on Fixed Assets	2,483
Amortization of intangible Assets	4,682
<b>Changes in Operating Assets and liabilities</b>	
Increase in Accounts Receivable	(3,285)
Increase (Decrease) in operating liabilities	
Increase in Other Payables	13,896
<b>Net cash provided by Operating Activities</b>	<b>14,086</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	-
Proceeds from sale of fixed assets	-
<b>Net cash provided by Investing Activities</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Capital Contribution	-
Capital Expenditure	-
<b>Net cash provided by Financing Activities</b>	-
<b>Net cash increase (decrease) for period</b>	14,086
<b>Cash at end of period</b>	<b>21,692</b>

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies

#### ***The Company***

Membership Hotel Organization LLC (the "Company") is incorporated on March 17, 2020 under the laws of the State of New Jersey as Limited Liability Company. Membership a membership hospitality management and owner services organization created by an experienced team of hotel owners and management experts for the benefit of other property and franchise owners. The company is branding as "MHO Hotels". The services include guidance & consultation on hotel management, revenue management, hotel reputation, Internal Quality Assistance audit, leasing, renovation, buy or sell of properties, turn-key development, risk management and software guidance.

#### ***Calendar Year***

The Membership Hotel Organization LLC operates on a calendar year.

#### ***Basis of Accounting***

The accompanying financial statements of Membership Hotel Organization LLC have been prepared in accordance with accounting principles generally accepted in the United States. Membership Hotel Organization LLC's taxes are prepared on cash basis for filing the corporate tax returns.

#### ***Use of Estimates***

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at calendar year-end. Actual results could differ from those estimates.

#### ***Risks and Uncertainties***

The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations.

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#### ***Cash and Cash Equivalents***

The Company had a cash balance of around \$21,692 as of December 31, 2023. The Company held no cash equivalent securities as of December 31, 2023.

**Other Receivable**

The company has receivables of \$3,285 for the year ending on December 31, 2023.

**Inventory**

The company does not have Inventory.

**Intangible Assets**

The company Intangible assets of \$54,983 for the year ended on December 31, 2023.

**Property and Equipment**

The Company has \$5,836 Carrying value of Furniture and Equipment at the end of the fiscal year.

**Income Taxes**

The Company is has elected under the Internal Revenue Code to be treated as a partnership. In lieu of corporate income taxes, the partners of the LLC are taxed on their proportionate share of the partnership's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

**Fair Value of Financial Instruments**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of Inception. Fair values were assumed to approximate carrying values because of their short-term nature or they are payable on demand.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash accounts and money placements in financial institutions, which are within the Federal depository insurance coverage limit and the Securities investor protection coverage limit, respectively. Membership Hotel Organization LLC maintains its cash balances and money placements at financial institutions in New Jersey. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 in 2021 for cash balances.

**Revenue Recognition**

The Company recognizes revenue when: (1) persuasive evidence exists of an arrangement with the customer reflecting the terms and conditions under which products or services will be provided; (2) delivery has occurred, or services have been provided; (3) the fee is fixed or determinable; and (4) collection is reasonably assured. The Company recognizes revenue under U.S operations.

**Advertising and promotion Expenses**

The Company expenses advertising costs as they are incurred. The company incurred \$5K in 2023.

**Research and Development Expenses**

Research and development costs are Nil for the year ending December 31, 2023.

**Foreign Currency**

The financial statements are presented in United States Dollars, ("USD"), which is the reporting currency and the functional currency of the US Company. Foreign denominated monetary assets and liabilities are translated to their USD equivalents using foreign exchange rates which prevailed at the balance sheet date. Nonmonetary assets and liabilities are translated at exchange rate prevailing at the transaction date. Revenue and expenses were translated at the prevailing rate of exchange at the date of the transaction.

**Commitments and Contingencies**

Our understanding from the management is that the Company is not currently involved with and does not know of any pending or threatening litigation against the Company or its members.

**Investments & Acquisition Opportunities:**

Membership Hotel Organization LLC is constantly searching for interesting new entities that can strengthen existing operations in business areas. These acquisitions, domestic and cross border investments provide a presence in potential new markets, complement product and services offerings, and are expected to achieve future growth which is an important component of Membership Hotel Organization LLC business model.

**Related Parties Transactions**

During the fiscal year, The Company obtained a loan from Mahendra Patel to finance its operations. As of December 31, 2023, the loan had an outstanding balance of \$13,897. Mr. Mahendra Patel ceased to be the partner of the business on 07/10/2023. As of December 2023, there are no loan payments due to the Company. The Company borrowed a loan from Anand Systems Inc. c/o individual Family Friend which is interest free and repayable on demand and Balance as on 31<sup>st</sup> December 2023 is \$75000.

**Partner's Capital**

In 2023, the company underwent a major transition as Priya Patel acquired full ownership of the business. The effective date of this acquisition was 07/10/2023, and since then, Priya Patel has been the sole beneficiary of the company's profits and losses. Mahendra Patel and Mr. Kishin Patel ceased to be the partners of the business.

**Subsequent Events**

The Company has evaluated subsequent events after December 2023, from the date which the financial statement available to be issued. The management is considering granting Mr. Mahendra Patel 10% ownership of the business. Priya Patel's share of ownership will thus be reduced to 90% in 2024. The management believes that this decision will benefit the company and all its stakeholders.

**Impact of COVID 19 Pandemic**

The Company's management has considered the possible effects that may result from the Covid-19 pandemic on the business in U.S. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information to assess the expected future performance of the Company. The Management confirms that they have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.



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## MEMBERSHIP HOTEL ORGANIZATION LLC

FINANCIAL STATEMENT FOR THE PERIOD ENDED  
DECEMBER 31, 2022

WITH INDEPENDENT ACCOUNTANT'S AUDIT REPORT

## TABLE OF CONTENTS

Independent Accountant's Audit Report .....	2
Profit & Loss .....	4
Balance sheet .....	5
Cash Flow Statement .....	6
Statement of changes in Partner Capital .....	7
Notes to the Financial Statement .....	8



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### **Independent Accountant's Audit Report**

To The Partners  
Membership Hotel Organization LLC  
Bordentown, NJ

Report on the Audit of Financial Statements

#### **Opinion**

We have audited the financial statements of Membership Hotel Organization LLC, which comprise the Balance Sheet, Statements of income, Cashflow Statement and changes in partner's capital as of December 31, 2022 , and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, the assets, liabilities, and partner's capital of Membership Hotel Organization LLC as of December 31, 2022 and its revenue & expenses and changes in Capital for the year that ended in accordance with the basis of accounting Membership Hotel Organization LLC uses for income tax purposes, as described in Basis of Accounting.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Membership Hotel Organization LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting Membership Hotel Organization LLC uses for income tax purposes and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

In performing the audit, we exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We conclude, in our judgment, there are no conditions or events, considered in the aggregate, that raise substantial doubt about Membership Hotel Organization LLC's ability to continue as a going concern for a reasonable period of time.

Ajay Kumar, CPA

Sai CPA Services

Date:

*Ajay Kumar*  
4/13/23



**Membership Hotel Organization LLC  
Profit & Loss account  
For the year ended December 31, 2022**

	<b>Total</b>
<b>Income</b>	
Sponsorship	26,261
<b>Total Income</b>	<b>\$26,261</b>
 <b>Expenses</b>	
Advertising and Promotion	12,000
Amortization Expenses	4,682
Bank Service Charges	20
Business Licenses and Permits	261
Depreciation Expense	3,576
Insurance Expense	1,023
Legal Fee	13,947
Rent ( office )	6,055
Telephone Expense	3,104
<b>Total Expenses</b>	<b>\$ 44,668</b>
<b>Net Income</b>	<b>\$ (18,407)</b>



**Membership Hotel Organization LLC  
Balance Sheet  
As of December 31, 2022**

<b>ASSETS</b>	<b>31st December 2022</b>
<u>Current Assets</u>	
Cash & cash equivalents	7,606
Total Current Assets	\$7,606
<u>Fixed Assets</u>	
Furniture & Equipment	18,734
Accumulated Depreciation	-7,929
Total Fixed Assets	10,805
<u>Other Assets</u>	
Franchise Development fee	70,226
Accumulated Amortization	-10,397
Total Franchise Development fee	59,829
Security Deposit	650
<b>TOTAL ASSETS</b>	<b>\$78,890</b>
 <b>LIABILITIES AND PARTNER'S CAPITAL</b>	
Liabilities:	
<u>Current Liabilities</u>	
Unsecured Loan from third Party	75,000
Account Payable	1,275
Expenses Payable	500
	76,775
<u>Partner's Capital</u>	
Partner's Capital- Mahendra Patel	3,185
Partner's Capital- Keshin Patel	-1070
Total Partner's Capital	2,115
<b>TOTAL LIABILITIES AND PARTNERS CAPITAL</b>	<b>\$78,890</b>

**Membership Hotel Organization LLC  
Cash Flow Statement  
As of December 31, 2022**

	<b>Jan - Dec 22</b>
<b>Cash at beginning of period</b>	7963
<b>Net Income</b>	(18407)
<b>Adjustments to reconcile Net Income to net cash provided by operating activities:</b>	
Depreciation on Fixed Assets	3576
Amortization of intangible Assets	4682
<b>Changes in Operating Assets and liabilities</b>	
Increase in Deposits	
Increase (Decrease) in operating liabilities	
Increase in Other Payables	1775
<b>Net cash provided by Operating Activities</b>	<b>(8374)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	-
Proceeds from sale of fixed assets	-
<b>Net cash provided by Investing Activities</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Capital Contribution	8017
Capital Expenditure	-
<b>Net cash provided by Financing Activities</b>	8017
<b>Net cash increase (decrease) for period</b>	(357)
<b>Cash at end of period</b>	7606

**Membership Hotel Organization LLC  
Statement of changes in Partner's Capital account  
For the year ended December 31, 2022**

	<u>M a h e n d r a P a t e l</u>	<u>Keshin Patel</u>	<u>Total</u>
Opening Balance as of January 1, 2022	\$13,391	(\$886)	\$12,505
Capital Contribution	\$8,017	\$ -	\$8,017
Add/(Less): Profit/(Loss) for the period	(\$18,223)	(\$184)	(\$18,407)
<b>Total Capital as of December 31, 2022</b>	<b>\$3,185</b>	<b>(\$1,070)</b>	<b>\$2,115</b>

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies:

#### ***The Company***

Membership Hotel Organization LLC (the "Company") is incorporated on March 17, 2020 under the laws of the State of New Jersey as Limited Liability Company. Membership Hotel Organization LLC is a membership hospitality management and owner services organization created by an experienced team of hotel owners and management experts for the benefit of other property and franchise owners. The company is branding as "MHO Hotels".

The services include guidance & consultation on hotel management, revenue management, hotel reputation, Internal Quality Assistance audit, leasing, renovation, buy or sell of properties, turn-key development, risk management and software guidance.

#### ***Calendar Year***

The Membership Hotel Organization LLC operates on a calendar year.

#### ***Basis of Accounting***

The accompanying financial statements of Membership Hotel Organization LLC have been prepared in accordance with accounting principles generally accepted in the United States. Membership Hotel Organization LLC's taxes are prepared on accrual basis for filing the Partnership tax returns. The company has not realized revenues from its planned principal business purpose and is considered to be in its development state.

#### ***Use of Estimates***

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at calendar year-end. Actual results could differ from those estimates.

#### ***Risks and Uncertainties***

The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations.

#### ***Cash and Cash Equivalents***

The Company had a cash balance of around \$7,304 as of December 31, 2022. The Company held no cash equivalent securities as of December 31, 2022.

**Inventory**

The company does not have Inventory.

**Intangible Assets**

The company has Intangible assets value of \$59529 for the year ended on December 31, 2022.

**Property and Equipment**

The Company has \$10805 value of Furniture and Equipment at the end of the fiscal year.

**Income Taxes**

The Company has elected under the Internal Revenue Code to be treated as a partnership. In lieu of corporate income taxes, the partners of the LLC are taxed on their proportionate share of the partnership's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

**Fair Value of Financial Instruments**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability.

The Company's financial instruments consist of cash and cash equivalent. The recorded values of cash and cash equivalent approximate their fair values based on their short term nature.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash accounts and money placements in financial institutions, which are within the Federal depository insurance coverage limit and the Securities investor protection coverage limit, respectively. Membership Hotel Organization LLC maintains its cash balances and money placements at financial institutions in New Jersey. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 in 2022 for cash balances.

**Revenue Recognition**

Revenue is recognized when services have been performed and are billable. Sponsorship revenues are recorded during audit period ended December 31, 2022.

**Advertising and promotion Expenses**

The Company expenses advertising costs as they are incurred. The company incurred \$12K in 2022.

**Leases**

The Company currently maintains an office at Pennsylvania location as operating lease. During the period, Company has paid \$6055 as office rent.

**Depreciation**

Furniture and equipment are recorded at cost. Equipment and Furniture is depreciated over its estimated useful life as per straight -line method as follows.

Equipment	5 Years
Furniture	7 Years
Franchise Development Fee	15 Years

**2. Commitments and Contingencies:**

Our understanding from the management is that the Company is not currently involved with and does not know of any pending or threatening litigation against the Company or its members.

**3. Investments & Acquisition Opportunities:**

Membership Hotel Organization LLC is constantly searching for interesting new entities that can strengthen existing operations in business areas. These acquisitions, domestic and cross border investments provide a presence in potential new markets, complement product and services offerings, and are expected to achieve future growth which is an important component of Membership Hotel Organization LLC business model.

**4. Related Parties Transactions:**

The related parties are the affiliated companies which include  
Airbridge Hotels LLC  
DPRJ Hospitality LLC (DBA – Skybridge Inn & Suites)  
Raj Hospitality Inc. (DBA- Comfort Suites)  
Ella Corp. (DBA- Best Western Princeton)  
Brunswick Hospitality LLC  
Brunswick Hospitality Properties L.P. (DBA- La Mirage Motor Inn)  
Hotel USA LLC

There are no material transactions with these companies during an audit period which require either recognition or disclosure in the financial statements.

The Company borrowed a loan from Anand Systems Inc. c/o individual Family Friend which is interest free and repayable on demand and Balance as on 31<sup>st</sup> December,2022 is \$75000.

**5. Partner's Capital:**

The Company has two Partners. Mr. Mahendra Patel, who has a 99% interest and, Mr. Keshin Patel, who has a 1% interest. Both share profit & loss in the same ratios. The capital contribution during the year by Mr. Mahendra Patel is \$8017.

**6. Subsequent Events:**

The Company has evaluated subsequent events till December 2022, from the date which the financial statement available to be issued. Our understanding from the management is that no events require additional disclosure.

**7. Impact of COVID 19 Pandemic:**

The Company's management has considered the possible effects that may result from the Covid-19 pandemic on the business. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information to assess the expected future performance of the Company. The Management confirms that they have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

**EXHIBIT C**  
**FRANCHISE AGREEMENT**





**MEMBERSHIP HOTEL ORGANIZATION LLC**

**FRANCHISE AGREEMENT**



**TABLE OF CONTENTS**

**1. MARKS AND SYSTEM LICENSE..... 1**

**1.1. License Grant..... 1**

**1.2. Reserved Rights ..... 1**

**1.3. License Restrictions ..... 2**

**1.4. Standards Compliance..... 2**

**1.5. Initial Franchise Fee ..... 2**

**1.6. Royalty ..... 2**

**1.7. Gross Sales ..... 2**

**1.8. Other Fees..... 3**

**2. OUR SERVICES..... 3**

**2.1. Global Branding Services ..... 3**

**2.2. Global Marketing Services ..... 3**

**2.3. Global Distribution and Reservation Services ..... 4**

**2.4. Property Management System ..... 4**

**2.5. Credit Card Processing Interface..... 4**

**2.6. Commission-Free Booking Engine with Brand Website..... 4**

**2.7. Facebook, TripAdvisor and Social Media Integration..... 4**

**2.8. Phone Interface..... 4**

**2.9. OTA Interface..... 4**

**2.10. Vendor Management ..... 5**

**2.11. Third-Party CRS Interface..... 5**

**2.12. Referral Fee ..... 5**

**3. OPTIONAL SERVICES FROM RECOMMENDED THIRD PARTY VENDORS ..... 5**

**3.1. Digital Marketing ..... 5**



<b><u>3.2.</u></b>	<b><u>GDS Interface</u></b> .....	<b>5</b>
<b><u>3.3.</u></b>	<b><u>Advanced OTA Interface</u></b> .....	<b>5</b>
<b><u>3.4.</u></b>	<b><u>Revenue Management</u></b> .....	<b>5</b>
<b><u>4.</u></b>	<b><u>BRAND FUND AND CO-OP PROGRAM</u></b> .....	<b>5</b>
<b><u>4.1.</u></b>	<b><u>Brand Fund</u></b> .....	<b>5</b>
<b><u>4.2.</u></b>	<b><u>Co-op Program</u></b> .....	<b>6</b>
<b><u>5.</u></b>	<b><u>TERM AND RENEWAL</u></b> .....	<b>6</b>
<b><u>5.1.</u></b>	<b><u>Length</u></b> .....	<b>7</b>
<b><u>5.2.</u></b>	<b><u>Renewal</u></b> .....	<b>7</b>
<b><u>6.</u></b>	<b><u>TRAINING AND INSPECTIONS</u></b> .....	<b>7</b>
<b><u>6.1.</u></b>	<b><u>Training</u></b> .....	<b>7</b>
<b><u>6.2.</u></b>	<b><u>Inspections</u></b> .....	<b>8</b>
<b><u>6.3.</u></b>	<b><u>Required Certification</u></b> .....	<b>8</b>
<b><u>7.</u></b>	<b><u>YOUR RESPONSIBILITIES</u></b> .....	<b>8</b>
<b><u>7.1</u></b>	<b><u>Operational Requirements</u></b> .....	<b>8</b>
<b><u>7.2</u></b>	<b><u>Standards Manual</u></b> .....	<b>13</b>
<b><u>7.3</u></b>	<b><u>Your Representations</u></b> .....	<b>13</b>
<b><u>7.4</u></b>	<b><u>Your Covenants</u></b> .....	<b>13</b>
<b><u>8.</u></b>	<b><u>PROPRIETARY RIGHTS AND MARKS</u></b> .....	<b>13</b>
<b><u>8.1</u></b>	<b><u>Our Proprietary Rights</u></b> .....	<b>13</b>
<b><u>8.2.</u></b>	<b><u>Our Marks</u></b> .....	<b>14</b>
<b><u>9.</u></b>	<b><u>OWNERSHIP OF INFORMATION AND PRIVACY AND DATA PROTECTION; CONFIDENTIALITY</u></b> .....	<b>14</b>
<b><u>9.1</u></b>	<b><u>Ownership of Information</u></b> .....	<b>14</b>
<b><u>9.2</u></b>	<b><u>Use of Information</u></b> .....	<b>15</b>
<b><u>9.3</u></b>	<b><u>Privacy and Data Protection</u></b> .....	<b>15</b>



<u>9.4</u>	<u>Confidentiality</u> .....	15
<u>10.</u>	<u>CONDEMNATION AND CASUALTY</u> .....	16
<u>10.1.</u>	<u>Condemnation</u> .....	16
<u>10.2.</u>	<u>Casualty</u> .....	16
<u>11.</u>	<u>TRANSFERS</u> .....	16
<u>11.1</u>	<u>Our Transfer</u> .....	16
<u>11.2</u>	<u>Your Transfer</u> .....	16
<u>12.</u>	<u>DEFAULT AND TERMINATION</u> .....	19
<u>12.1</u>	<u>Your Termination</u> .....	19
<u>12.2</u>	<u>Termination by Us with Opportunity to Cure</u> .....	19
<u>12.3</u>	<u>Immediate Termination by Us</u> .....	20
<u>12.4</u>	<u>Suspension of Services and Interim Remedies</u> .....	21
<u>13.</u>	<u>OBLIGATIONS UPON TERMINATION OR EXPIRATION</u> .....	21
<u>13.1</u>	<u>Your Obligations on Termination or Expiration</u> .....	21
<u>13.2</u>	<u>Liquidated Damages</u> .....	22
<u>14.</u>	<u>INDEMNITY</u> .....	22
<u>14.1</u>	<u>Your Indemnification Obligation</u> .....	22
<u>14.2</u>	<u>“Claims” Defined</u> .....	23
<u>14.3</u>	<u>Recovery Rights of Indemnified Parties</u> .....	23
<u>14.4</u>	<u>Obligations</u> .....	23
<u>15.</u>	<u>RELATIONSHIP OF THE PARTIES</u> .....	23
<u>15.1</u>	<u>No Agency or Joint Employer Relationship</u> .....	23
<u>15.2</u>	<u>Notices to Public Concerning Your Independent Status</u> .....	24
<u>16.</u>	<u>MISCELLANEOUS</u> .....	24
<u>16.1.</u>	<u>Severability and Interpretation</u> .....	24
<u>16.2.</u>	<u>Governing Law</u> .....	24



<a href="#"><u>16.3.</u></a>	<a href="#"><u>Dispute Resolution</u></a> .....	25
<a href="#"><u>16.4</u></a>	<a href="#"><u>Limitation on Liability</u></a> .....	25
<a href="#"><u>16.5</u></a>	<a href="#"><u>Entire Agreement</u></a> .....	26
<a href="#"><u>16.6</u></a>	<a href="#"><u>Amendment and Waiver</u></a> .....	26
<a href="#"><u>16.7</u></a>	<a href="#"><u>Notices</u></a> .....	26
<a href="#"><u>16.8</u></a>	<a href="#"><u>Representations and Warranties</u></a> .....	26
<a href="#"><u>16.9</u></a>	<a href="#"><u>Counterparts</u></a> .....	27
<a href="#"><u>16.10</u></a>	<a href="#"><u>Sanctioned Persons, Anti-Bribery, and Anti-Terrorism Representations and Warranties</u></a> .....	27
<a href="#"><u>16.11</u></a>	<a href="#"><u>Attorneys’ Fees and Costs</u></a> .....	28
<a href="#"><u>16.12</u></a>	<a href="#"><u>Interest</u></a> .....	28
<a href="#"><u>16.13</u></a>	<a href="#"><u>Successors and Assigns</u></a> .....	29

Attachments:

- A. Member Information Addendum
- B. Personal Guarantee of MHO Franchise Agreement
- C. Software License end User Agreement



## MHO FRANCHISE AGREEMENT

This Franchise Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_ (“Agreement”) between Membership Hotel Organization LLC (“we,” “us” or “our”) as franchisor, and \_\_\_\_\_ (“you,” or “yours”) as franchisee. The annexed Member Information Addendum (“Information Addendum”) contains specific identifying and other information concerning us and you and the property that is the subject of this Agreement (the “Property” or “Hotel”). The Information Addendum is incorporated into and made a part of this Agreement.

### INTRODUCTION

We license and provide various services for hotel owners under the “MHO” name and Marks and grant licenses for selected, independently owned or leased hotel properties, to operate under our MHO name and Marks, and to use the know-how, methods, standards, specifications, systems and information we have developed (the “System”) as provided for in this Agreement.

You recognize that the MHO System is designed for use by persons who have existing hotel properties and who have substantial experience in the lodging and hospitality industry. Accordingly, you recognize that we do not provide a formal in-person training program, but we may, in our sole discretion, require you or your employees to attend training if we, in our sole discretion, decide that your hotel does not meet certain of our standards and specifications. You have expressed a desire to become a member of the System and to enter into this Agreement with us to obtain a license to use the Marks and System in the operation of the Property.

#### 1. MARKS AND SYSTEM LICENSE.

**1.1. License Grant.** We hereby grant to you, and you accept a limited, non-exclusive license to use the Marks and the System during the Term at, and in connection with, the operation of the Hotel at the Property location (“Premises”) in accordance with the terms of this Agreement. “Marks” means the name “MHO” and its cognates and derivative names, including the name of your hotel “by MHO,” “MHO Hotel,” “MHO Hotels,” “MHO Inn,” “MHO Suites,” “Powered by MHO,” and “MHO Inn and Suites,” and all other service marks, trademarks, trade dress, logos, insignia, emblems, symbols and designs (whether registered or unregistered), slogans, distinguishing characteristics, and trade names used in the System, or that we utilize in the future. We do not grant you any territorial protection whatsoever.

**1.2. Reserved Rights.** Except for the limited license granted to you hereunder, we may use or license the Marks and the System in or to any other business, whether in the hospitality industry or otherwise. You agree that you do not have rights in the Marks or System except as expressly provided in Section 1.1 above and agree that you will make no claims against us for our use of the Marks or System consistent with the rights we reserve herein. We retain all rights not otherwise granted to you in this Agreement, including, without limitation, the following:

1.2.1. Except as expressly provided for herein, this Agreement does not limit our right, or the right of our Affiliates, to engage in any other business of any nature, whether in the lodging or hospitality industry or not, and whether under our Marks, a Competing brand, or otherwise, even next door to your Hotel and even if they compete with the Hotel or the System, and whether we or our Affiliates start those businesses, or purchase, merge with, acquire, are acquired by, come under common ownership with, or associate with or franchise or license,



such other businesses.

1.2.2. We may also (i) use or license to others all or part of the System; (ii) use the facilities, programs, services and/or personnel used in connection with the System in other businesses; (iii) use the System and the Marks in other businesses; and, (iv) add, alter, delete or otherwise modify elements of the System.

1.2.3. You acknowledge and agree that you have no rights to, and will not make any claims or demands for, damages or other relief arising from or related to any of the foregoing activities, and you acknowledge and agree that such activities will not give rise to any liability on our part, including liability for claims for unfair competition, breach of contract, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty.

1.3. **License Restrictions.** You agree to abide by the standards, specifications, policies, and criteria established by us that govern each aspect of the System, including, without limitation, the display and use of the Marks, printing and usage standards, display standards, and standards relating to the quality level of products and services, cleanliness, design, operation, appearance, furnishing, fixtures, and nature of the hotel services provided in connection with the use of the Marks (the “Standards”). We may change the Standards in our sole discretion at any time upon 14 days’ written notice to you unless we specify a shorter period of time in which to implement such change or modification.

1.4. **Standards Compliance.** You agree to cooperate with us to facilitate our quality control of the Marks and to ensure you comply with all our Standards. At our request, you will permit us to inspect the Hotel at any time. You shall supply us with such reasonable evidence of your compliance with the Standards as we may request from time-to-time.

1.5. **Initial Franchise Fee.** You agree to pay us the “Initial Franchise Fee” of \$9,995 in one lump sum when you sign this Agreement. The Initial Franchise Fee is fully earned by us and is non-refundable once this Agreement has been signed.

1.6. **Royalty.** You agree to pay us during the Term an ongoing a royalty fee (“Royalty”) as set forth in Attachment A.

1.7. **Gross Sales.** For purposes of this Agreement, “Gross Sales” means the total of all revenue, income and consideration from the sale of all Hotel merchandise, products and services to your customers, whether or not sold or performed at or from the Hotel, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish products or services in exchange for goods or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods or services so provided to you. Gross Sales will also include any insurance proceeds due to business interruption as a result of your Premises being closed as a result of a casualty event or any other reason.



**1.8. Other Fees.** You agree to pay all other fees, expense reimbursements, and all other amounts specified in this Agreement and the Standards Manual in a timely manner. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon products or services you sell or based upon products or services we furnish to you (other than income taxes we pay based on amounts).

**1.9. CPI Adjustments to Fixed Fees.** All fees expressed as a fixed dollar amount in this Agreement are subject to adjustment based on changes to the Consumer Price Index in the United States (“CPI”). We may periodically review and increase these fees based on changes to the CPI, but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Agreement (for the initial CPI fee adjustments); or (b) the date we implemented the last CPI fee adjustment (for subsequent CPI fee adjustments). We will notify you of any CPI fee adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI fee adjustment during any calendar year. Notwithstanding the foregoing, the CPI fee adjustments in this Section shall not impact fees which we reserve the right to increase in higher amounts or adjust more frequently.

**2. OUR SERVICES.** The following services will be provided to you at no cost beyond your “Standard Membership Dues,” which include the monthly Technology and Support Fee \$26.95 per room per month for use of our required property management system. You must use all of these services, all of which we will collectively refer to herein as “Standard Services.” If you are in breach of any provision of this Agreement we may suspend any or all of the Standard Services unless and until you cure such default. The Standard Services are as follows:

**2.1. Global Branding Services.**

2.1.1. We will provide you with “Approved Branding Designs” for branding the Property with the Marks, including design templates for signage, billboards, brand collateral, and your website. You must use Approved Branding Designs for signage, billboards, brand collateral, and your website.

2.1.2. To facilitate Our provision of these Approved Branding Designs, you will provide us with dimensions of all signage, billboards, and any other structures that display the Marks or will display the Marks. Upon our request, you agree to provide us with professional-quality photographs of the Property, and you hereby grant us a license to use such photographs for advertising, promotion, public relations and online distribution. You hereby assign to us all rights, title, and interest in and to such photographs.

**2.2. Global Marketing Services.** We may provide such national consumer marketing, global tradeshow representation, social media marketing, and global press releases for the Property as we, in our sole discretion, deem appropriate, consistent with the marketing provided to System properties generally. We make no representation or warranty that we will market your Property in any particular manner or at all, nor do we represent that such marketing will increase your business.



### **2.3. Global Distribution and Reservation Services.**

- 2.3.1. We will provide: (i) a booking engine that will attach to the Property's website and (ii) access to our central reservation system ("CRS") and its global distribution systems ("GDS") and online travel agency ("OTA") Internet reservation system, which includes priority booking through select channels.
- 2.3.2. To facilitate our provision of reservation services, you agree to (i) provide room rates and inventory at your Property to the applicable online sales channels; and (ii) allocate a minimum of ten percent (10%) of the Property's total rooms for online distribution.
- 2.3.3. **DISCLAIMER:** If you reduce inventory for the Property, it may take up to 48 hours before changes reach all sales channels. You are solely responsible for any and all changes to the Property's rates and inventory allotment and we will not issue credits due to your provision of incorrect rates and inventory for the Property. If you wish that the Property inventory reach Expedia, Booking.com or any other external booking site, additional terms and conditions may apply, which will be provided to you at your request. You agree to be responsible for any commissions or other payments charged by online travel agents or booking sites and shall make such payments directly to those third parties.
- 2.4. **Property Management System.** We will provide you with access to our required online property management system ("PMS") pursuant to a separate software license agreement that you must sign contemporaneously with this Agreement, and a copy of which is attached to this Agreement. The required PMS unites front desk, reservation system and brand into a mobile and Internet dashboard showing rooms sold, occupancy, source of booking, and average daily room rate. Our required PMS provider currently offers 24/7 support and connects directly to the CRS. You agree that we will not be liable for problems arising from the PMS or for the PMS provider's failure to provide support. We also may require you to change PMS vendors and you must comply with such changes at your sole cost and expense.
- 2.5. **Credit Card Processing Interface.** We will provide you with an interface between the PMS and any of our approved credit card processing vendors.
- 2.6. **Commission-Free Booking Engine with Brand Website.** We will list your Property on our website, and reservations made on our website will be commission-free.
- 2.7. **Facebook, TripAdvisor and Social Media Integration.** We will provide interfaces between the PMS and social media and booking sites such as Facebook, TripAdvisor, and other sites that we choose in our sole discretion.
- 2.8. **Phone Interface.** We will provide an interface between the PMS and the Property's phone system that will allow for telephone usage and posting of telephone usage charges to the room folio.
- 2.9. **OTA Interface.** We will provide an interface between the PMS and online travel agency ("OTA") platforms such as Booking.com and Expedia, which will allow for posting of room inventory and rates on OTA sites, and transmission of reservations from OTAs to the PMS.

- 2.10. Vendor Management.** We may provide a list of preferred vendors, based upon the quality of their service and products. We may also provide a list of required or approved vendors, as we deem advisable in our sole discretion.
- 2.11. Third-Party CRS Interface.** We will provide a two-way interface between the PMS and the CRS that will allow for room inventory and posting of rates on the CRS and transmission of reservations from the CRS to the PMS.
- 2.12. Referral Fee.** We will pay you a referral fee up to \$1,000 if you refer to us a candidate who was not a franchisee in our System prior to your referral and with whom we had had no contact prior to your referral and who, within 6 months of your referral, purchases a franchise from us. (Franchise Agreement, Section VIII.F).
- 3. OPTIONAL SERVICES FROM RECOMMENDED THIRD PARTY VENDORS.** We will allow you to use recommended vendors to provide certain services at your election (“Optional Services”). You may elect to receive these services upon 30-days’ written notice to us, in which case you and we shall coordinate with the third-party provider to initiate services. The fees for Optional Services are set forth in the Information Addendum attached hereto, but such fees may be amended by the third-party vendors from time-to-time and all fees for Optional Services will be paid directly to the third-party vendor. We may add additional Optional Services in our sole discretion that we or a recommended or required third-party vendor offer but for which we or a third-party vendor may charge a fee and we may remove any of the Optional Services in our sole discretion. You may obtain the services set forth in this Section 3 from a supplier of your choice, so long as the services provided meet the quality standards set forth in the Standards Manual and unless we establish required vendors (of which we may name only one, and which may be us). If you choose to obtain these types of services from other vendors, you must obtain our prior written approval and notify us of the name of such vendors, and if their services meet our quality standards set forth from time to time, we will approve such vendors. Currently, we have recommended vendors for the following Optional Services, which you may elect to use in the Information Addendum:
- 3.1. Digital Marketing.** A third party will provide online and social media marketing and search engine optimization for our website and we may provide a link on our website to your local website.
- 3.2. GDS Interface.** A third party will provide a global distribution system interface.
- 3.3. Advanced OTA Interface.** A third party will provide optional Advanced OTA Interface which will permit you to advertise on Expedia or other third-party websites, but we may charge a connectivity fee in an amount not to exceed \$300 (and which is currently \$100) related to your use of the Advanced OTA Interface.
- 3.4. Revenue Management.** We and/or a third-party vendor will provide monthly review and consultation with respect to your rates and revenue management.
- 4. BRAND FUND AND CO-OP PROGRAM.**
- 4.1. Brand Fund.** If implemented, you must pay a “Brand Fund Contribution” in the amount we specify in our Standards Manual, of up to 5% of Gross Sales during the previous month. The Brand Fund Contribution will be used for our “Brand Fund” to promote awareness of our brand and to improve our System. We reserve the right to implement or increase the Brand Fund

Contribution upon written 30 days' written notice to you. You will pay your Brand Fund Contribution at the same time as your Royalty. The Brand Fund may be administered by us or our affiliate or designees, at our discretion. We may use the Brand Fund for any expenditure that we, in our sole discretion, deem necessary or appropriate to promote or improve the System or the MHO brand.

To illustrate, these may include, but are not limited to, the following: (i) developing, maintaining, administering, directing, preparing or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development (including social media) and search engine optimization; (vii) development and implementation of quality control programs and other reputation management functions; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) the proportionate salary share of our employees that devote time and provide services for advertising, promotion, collection, accounting or administration of the Brand Fund; (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) training tools; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location, and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the Brand Fund may be invested. Any unused funds collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. The Brand Fund is not a trust, and we have no fiduciary obligations to you regarding our administration of the Brand Fund. An unaudited financial accounting of the operations of the Brand Fund, including deposits into and disbursements from the Brand Fund, will be prepared annually and provided to you upon written request.

We do not ensure that our expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to the Brand Fund Contribution by our franchisees operating in that geographic area or that any of our franchisees benefit directly or in proportion to their Brand Fund Contribution. We reserve the right to change, merge, re-form or dissolve the Brand Fund in our discretion. We will not use the Brand Fund for advertising principally for the solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating "franchises available" or similar phrasing. We may, upon 30 days' prior written notice to you, reduce or suspend Brand Fund Contribution and operations for one or more periods of any length and terminate and/or reinstate the Brand Fund. We will spend all amounts before any termination of the Brand Fund.

- 4.2. Co-op Program.** We reserve the right to implement a co-operative marketing program, pursuant to which a number of MHO franchised properties in a specific geographic area will share the costs of advertising and promotion, pursuant to guidelines that we will provide. You agree to join any marketing co-operative upon such reasonable terms applicable to all MHO franchised properties in that co-operative and to pay any fee associated therewith; provided, however, that such co-op marketing cost shall not exceed 5% of Gross Sales.

## 5. TERM AND RENEWAL



**5.1 Length.** The term of this Agreement shall begin on the Effective Date set forth on the Information Addendum and shall continue for the period set forth under “Term” on the Information Addendum until midnight of the last day of the term length set forth therein, unless terminated earlier in accordance with this Agreement (the “Term”).

**5.2 Renewal.** You have the option to renew the license to operate the Hotel, upon your payment of the then-current renewal fee, for one additional term of five years, but your ability to renew or extend is subject to the following conditions:

- 5.2.1 you have given us notice of your intent to renew no later than six months from the end of the Term and no earlier than twelve months from the end of the Term;
- 5.2.2 you are not in default of any provision of this Agreement, any amendment of this Agreement, or any other agreement between you and us or our affiliates, and have substantially complied with all the terms and conditions of such agreements;
- 5.2.3 you have not received three (3) or more written notices from us of a material breach of this Agreement, whether or not the breaches were corrected within the prescribed cure period after receipt of written notice of the breach;
- 5.2.4 all monetary obligations then due and owing by you to us or our affiliates have been satisfied prior to renewal;
- 5.2.5 you execute our then-current franchise agreement which shall supersede this Agreement (a "Renewal Franchise Agreement"), and which may contain terms and conditions that materially differ from those set forth in this Agreement; and
- 5.2.6 you, if we require, attend additional training, at your sole expense, to bring your skill up to our then-current standards for operating a System Hotel. You will pay our then-current training fee and reimburse us for our travel-related expenses.

## 6. TRAINING AND INSPECTIONS

**6.1 Training.** You or your Responsible Owner and any General Manager or representative that we require must complete the virtual initial training to our reasonable satisfaction, as determined by the us and through assessment of the material, within 90 days from signing the Franchise Agreement. You may not open unless you complete this initial training program to our satisfaction. We provide this virtual initial training at no cost to you, and there is no limitation on the number of people who can attend. Because the System is designed for franchisees with existing properties who have experience in the hospitality industry, we do not have any formal in-person training programs at this time except for the virtual training we provide and any additional training we require. If we, in our sole discretion, determine at any time that you need training on various aspects of hotel management, we or a third party provider that we designate will provide such training either at your Property or our principal place of business, as we decide in our sole discretion. You agree that if we determine that you require training that you or your applicable staff will attend such training and you agree to pay our per-diem training fees and all expenses incurred in connection with such training, including, without limitation, travel, food, and lodging expenses. Our current per-diem fee for training is \$500 per day and per person being trained; in addition, you are responsible for your and/or our travel, meals, and lodging expenses associated with such training. You may also elect to have further training, which we may provide upon your request subject to our availability and as we deem advisable in our sole discretion, in which case



the same per-diem fees and expenses will be charged to you.

**6.2 Inspections.** We may conduct an inspection of your Property prior to approving you to become a franchisee and we will not charge a fee for such inspection, but will require you to pay for our expenses in conducting such inspection, including travel, lodging, and meals. During the term of this Agreement, we may determine, in our sole discretion, that it may be necessary or advisable for us to re-inspect your Property in order to ensure compliance with our Standards. In that event, you agree to reimburse us for the reasonable costs of travel, lodging, and meals incurred in connection with re-inspecting your Property and pay us the then-current per-diem inspection fee, which is currently \$500 per day, but which may increase upon 30 days' written notice in our sole discretion, but which shall not exceed \$1,500 (not including expenses).

**6.3 Required Certification.** If you have not obtained a Certificate of Hotel Ownership (“CHO”) from the Asian American Hotel Owners Association (“AAHOA”) or if you are not a Certified Hotel Administrator (“CHA”) as provided for by the American Hotel and Lodging Educational Institute (“AHLEI”), then we may require you, your Responsible Owner or your General Manager to attend General Manager Professional Development Training or Leadership Training with AAHOA or AHLA so that you can obtain CHO or CHA status, or HM Bookstore, a hospitality management training company. If we require you to obtain training through HM Bookstore, you must score at least a 70% on each quiz provided to you by HM Bookstore, and you must complete such training and pass such tests within 90 days from execution of the franchise agreement unless otherwise agreed to. We are not involved in drafting or grading of quizzes. In our sole discretion, we may require you to obtain training or certification from other third parties.

## 7. YOUR RESPONSIBILITIES

**7.1 Operational Requirements.** You must:

- 7.1.1 Operate the Hotel twenty-four (24) hours a day seven (7) days per week;
- 7.1.2 operate the Hotel using the System, in compliance with the System, this Agreement, and the Standards, and in such a manner to provide efficient, courteous, respectable and high-quality lodging and other services and conveniences to the public. You acknowledge that although we provide Standards, you have exclusive day-to-day control of the business and operation of the Hotel, and you acknowledge that our standards may change from time to time in our sole discretion;
- 7.1.3 execute such documents as we may require for us to draw fees and charges from an account of your designation via electronic funds transfer. Should any attempt to draw such funds be dishonored for any reason, you agree to pay a fee of the lesser of \$50 or the maximum amount permitted by law, plus any amount past due with interest. All fees payable to us hereunder are non-refundable and non-cancelable;
- 7.1.4 pay us all amounts owed pursuant to this Agreement and the Information Addendum when due, including, without limitation, any complaint-related fee of \$25 to be charged if there is a customer complaint about the Property;
- 7.1.5 successfully complete any quality assurance assessments as we may require from time to time;



- 7.1.6 at any time, permit us to inspect the Hotel and cooperate with any inspection of the Hotel and all associated facilities to determine if the Hotel is in compliance with our Standards. There is no limit to how often we may inspect your Property;
- 7.1.7 comply with our Standards, including specifications for all amenities, supplies, products, and services, as may be applicable. We may require you to purchase a particular brand of product or service to maintain the common identity and reputation of the System, and you will comply with such requirements. Unless we specify otherwise, you may purchase products from any source of distribution that provides goods or services that meet our Standards; however, we reserve the right to enter into exclusive purchasing arrangements for particular products and services and to require that you purchase products or services from only approved suppliers, and you acknowledge that we may, in our sole discretion, name only one approved supplier for certain goods and services (which may be us);
- 7.1.8 permit us to contribute \$0.25 per room of your monthly Standard Membership Dues to a charity or cause that you designate from a list of approved charities that we will provide. You agree that any tax benefits for such contributions shall accrue to us;
- 7.1.9 maintain the Property, including all common areas, meeting rooms, sleeping rooms, restaurants, lounges, public areas, parking lots and walkways in clean, safe and orderly condition;
- 7.1.10 communicate with us only through your designated contact person identified in the Information Addendum (“Responsible Owner”) and you represent and agree that such person has and shall have at least a 25% equity interest in your legal entity, and full authority to receive communications from us and to make decisions and take actions with respect to the Property. All notices from us to you shall be deemed given at the time of transmission if directed to the Responsible Owner at the email address set forth on the Information Addendum, and we may rely upon any communication from the Responsible Owner as binding upon you;
- 7.1.11 either directly operate your Hotel or designate (i) a full-time, dedicated, on-premises manager or (ii) a qualified and experienced third-party management company, approved by us (“General Manager”). Your General Manager, if any, must successfully complete our training program.
- 7.1.12 use our designated property management system and no other property management system. You agree to provide us with access to any and all information contained therein at all times and agree that we may use it in any manner we desire. You agree to provide us access to any and all information otherwise stored on your computer system, as we may request from time to time;
- 7.1.13 comply with any design requirements as detailed in our Standards;

- 7.1.14 install, display, and maintain signage meeting our Standards, and display other promotional or informational materials containing the Marks as we may designate or require from time to time;
- 7.1.15 display in the reception area, on receipts, and on business cards in a manner visible for guests to see, a notice stating “This Property is independently owned and operated by [INSERT YOUR NAME HERE]. It is licensed to use the MHO name and marks by Membership Hotel Organization LLC, which is not otherwise affiliated with this Property” or as otherwise set forth in the Standards Manual;
- 7.1.16 participate in and pay all charges in connection with any required loyalty or frequency programs as we may require in our sole discretion. You will honor the terms of any such program that we offer to the public and provide lodging to guests redeeming loyalty points in accordance with the terms of such program;
- 7.1.17 promptly and courteously respond to all customer complaints in a dignified manner, and use best efforts to assure the guest’s satisfaction;
- 7.1.18 comply with our Standards and submit any proposed advertising that we have not provided or previously approved for our approval; if we do not disapprove such advertising within 30 days of submission, you may consider it approved, but we may withdraw approval at any time in our sole discretion;
- 7.1.19 pay all fees, commissions and charges associated with travel agent commission programs and third-party reservation and distribution services;
- 7.1.20 authorize us to withdraw from your designated account the amount of any fees and expenses you owe to us;
- 7.1.21 comply with and be in compliance with all applicable laws, regulations and statutes, including those pertaining to persons with disabilities, and you will obtain and have effective all licenses required for operation of the Property. You agree further to provide us with copies of any notices, claims or lawsuits affecting or related to the Property or your operation of the Property, as soon as reasonably practicable but in no event later than five (5) days after your receipt of the same;
- 7.1.22 not engage in any promotion or marketing at the Property or any other business without our prior written consent. You agree to refer guests and customers, wherever reasonably possible, only to System Hotels, where “System Hotel” means any hotel operating under the System using our Marks;
- 7.1.23 maintain legal possession and control of the Property for the Term and promptly deliver to us a copy of any notice of default you receive from any mortgagee, trustee under any deed of trust, or lessor for the Hotel, and promptly provide any additional information we may request related to such notice of default;



- 7.1.24 be financially responsible for the cost of alternative accommodation at a comparable hotel and to arrange and pay for transportation to the alternative accommodation if you are unable to provide a guest with lodging due to overbooking or other circumstances;
- 7.1.25 maintain in force commercial general liability insurance, automobile liability insurance (for owned, not-owned, and hired automobiles), cyber security insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Hotel and its contents), casualty insurance, business interruption insurance, liquor liability insurance (where applicable), and statutory workers' compensation and occupational disease insurance. All insurance policies must: (1) be issued by a carrier that has an "A-" rating or better, as rated by A.M. Best Company, Inc.; (2) contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe periodically; (3) name us and our Affiliates as additional insureds; (4) provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; and (5) include such other provisions as we may require periodically. The language that you must use in naming us and Our Affiliates as additional insureds is as follows: "Membership Hotel Organization LLC, its subsidiaries and its affiliates and their respective employees, agents, officers, and directors are named as additional insureds."

Identified in the Standards Manual are the types and minimum coverage amounts that we currently require each System Hotel to maintain. This may not be sufficient coverage for the Property, but it is only the minimum amount of coverage we require. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain coverage as required by your state. We reserve the right to change the minimum coverage amounts from time-to-time and you will have fourteen (14) days to increase coverage amounts upon receipt of written notice from us of a change to the minimum coverage amounts.

**GENERAL LIABILITY:**

Five or less stories:Each Occurrence\$5,000,000

Six or more stories:Each Occurrence\$10,000,000

**All limits on a per location basis**

**AUTOMOBILE LIABILITY:**

Five or less stories:Combined Single Limit \$5,000,000

Six or more stories:Combined Single Limit\$10,000,000

**LIQUOR LIABILITY**

Occurrence basis:Each Occurrence\$5,000,000



EMPLOYERS LIABILITY Minimum Limits \$100,000

WORKERS COMPENSATION

Statutory limit: Disease Each Employee \$100,000

Each Accident \$100,000

Disease Policy Limit \$500,000

CYBER SECURITY

Legal, Forensic, and Public Relations/Crisis Management \$1,000,000

Aggregate Limit of Liability (not including above) \$1,000,000

ADDITIONAL REQUIREMENTS

- Waiver of subrogation in favor of the above-referenced additional insureds for all liability policies.
- Policies must be written on a per location basis. Multiple hotel properties can be on one policy, but the policy must be endorsed on a “per location” basis and the policy must be written to ensure each hotel meets the minimum insurance requirements.
- All individuals, entities, successors, and assigns (as appropriate), who are named in this Agreement, must be listed as a named insured.
- You shall provide us with certificates and any other documents that we request evidencing that you have obtained insurance policies that comply with our then-current insurance requirements set forth in the Standards.
- If you fail to obtain any of the coverages above, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.

7.1.26 promptly provide to us all information we reasonably request about you or any of your affiliates, the Property, and any other property used by you;

7.1.27 provide us with any daily, weekly, monthly, quarterly, and annual, books, financial statements, records, and reports we request from time to time;

7.1.28 comply with our Standards, which we may add to, amend, or change from time to time in our sole discretion;

7.1.29 comply with any loyalty program that we, in our sole discretion, implement. We reserve the right to impose charges and fees for the cost of this program and if we implement such a program, you will be required to comply with and participate in it pursuant to our standards and specifications; and



- 7.1.30 retain and exercise direct management control over the Hotel's business. If you enter into a management agreement or other similar arrangement for the operation of the Hotel or any part thereof (including, without limitation, retail or food and/or beverage services) with any natural person or entity, you must provide prior written notice to us. Any such management agreement or similar arrangement for operation of the Hotel or any part thereof shall not relieve, reduce, mitigate, or waive any of your responsibilities under this Agreement, it being understood that all such responsibilities and obligations shall remain yours at all times. You must provide us with all information we request from time to time regarding ownership, control, and management of the Hotel.
- 7.2 **Standards Manual.** We will provide you with our manual which contains our Standards for all aspects of the Hotel ("Standards Manual"). You agree to abide by all aspects of the Standards Manual at all times. Violation of the Standards Manual may result in a notice of default and termination of this Agreement. We may change the Standards at any time, in our sole discretion, for the benefit of the System, and you agree to comply with any such changes upon fourteen (14) days' written notice unless we specify a shorter time period. Changes to our Standards may be provided outside of the Standards Manual in the form of additional documents, emails, lists, etc.
- 7.3 **Your Representations.** You represent to us that you own, or have the right to possession by lease or otherwise, the Property for the full Term of this Agreement; that there are no pending actions or proceedings of any kind that could result in you losing the right to possession or to operate the Property.
- 7.4 **Your Covenants.** You acknowledge that the System is distinctive and has been developed by us and/or our affiliates at great effort, time and expense, and that our intellectual property and the training and assistance we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, your owners, or persons associated with you or your owners (including family members) could jeopardize the entire System because you and your owners have received an advantage through knowledge of our day-to-day operations and confidential information related to the System. Accordingly, you and your owners agree to comply with the covenants described in this Section to protect our intellectual property and our System. For purposes of this Agreement, "Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by the Hotel; or (ii) provides or offers to provide services the same as or similar to the type of services sold by you, but excludes a Hotel operating under a franchise agreement with us. A Competitive Business shall not include ownership of up to five percent (5%) of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any business that otherwise would meet the definition of a Competitive Business. You agree not to compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in any Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing any customer of ours (or of one of our affiliates' or franchisees') to transfer their business to you or to any other person that is not then a franchisee of ours.

## 8. PROPRIETARY RIGHTS AND MARKS

- 8.1 **Our Proprietary Rights.** You agree that we are the exclusive owner of the all information or



materials concerning the methods, techniques, plans, specifications, procedures, data, systems and knowledge of and experience in the development, operation, marketing and licensing of the System, including the Standards and the Standards Manual, whether developed by us, you, or a third party, as well as any of their elements or components (collectively, “Proprietary Information”), and you agree not to contest, directly or indirectly, during or after the Term our ownership of, rights to and interest in the Proprietary Information or their elements and components, including any aspects of them that we may implement or use in the future. You will not use the Proprietary Information for any purpose other than to comply with this Agreement and you shall not use the Proprietary Information in any way inconsistent with this Agreement, nor shall you use the Proprietary Information for operation of any hotel, motel, or other lodging that is not a System Hotel.

## **8.2 Our Marks**

- 8.2.1 The Property shall be known by the name set forth on the Information Addendum. You will not change the name without our prior written consent. You will not, without our prior written consent, use any of the Marks in your corporate, business or trade name, in any Internet-related name (including without limitation, any social media account or email address), or in any business operated by you other than the Property.
- 8.2.2 You acknowledge and agree that you are not acquiring any ownership rights in the Marks or other identifying words or symbols, and that your rights to use the Marks and Proprietary Information are limited to the license granted by this Agreement.
- 8.2.3 We retain the right to discontinue the use of any Mark, to substitute a new Mark for any existing Mark, or to otherwise alter or amend the Marks. If we change, discontinue or substitute a Mark, you agree to conform to the use of such change promptly at your sole cost and expense, which may include the cost of new signage, notification of websites and Internet listings of the change, and replacement of promotional materials or advertising at the Property.
- 8.2.4 You may not challenge or contest our ownership interest and rights in or to the Marks. You must notify us immediately of any infringing use of the Marks.

## **9. OWNERSHIP OF INFORMATION AND PRIVACY AND DATA PROTECTION; CONFIDENTIALITY**

- 9.1 Ownership of Information.** All Information we obtain from you and all revenues we derive from such Information will be our property that we may use for any reason, including making a financial performance representation in our franchise disclosure documents. “Information” means all information we obtain from you about the Property or its guests or prospective guests under this Agreement or under any agreement related to this Agreement, including agreements relating to the computerized reservation, revenue management, property management, and other systems that you use, that we provide or require, or that are otherwise related to the Property. Information includes, but is not limited to, financial and operational information, Proprietary Information, and Personal Information, where “Personal Information” means any information that: (i) can be used (alone or when used in combination with other information within your control) to identify, locate or contact an individual; or (ii) pertains in any way to an identified or identifiable individual. We may keep Personal Information in any media or format, including computerized or electronic records as well as paper-based files.



**9.2 Use of Information.** At your sole risk and responsibility, you may use Personal Information to the extent that your use thereof is permitted by law.

**9.3 Privacy and Data Protection.** You will: (i) comply with all applicable Privacy Laws; (ii) comply with all Standards that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause us to breach any Privacy Laws; (iv) take any reasonable action we deem necessary in our business judgment; (v) ensure that your customer data collection practices, and the use and marketing of such data, and measures adopted for the privacy and security thereof are consistent with any Privacy Laws and privacy policy Standards we may adopt; (vi) immediately report to us the theft or loss of Personal Information (other than the Personal Information of your own officers, directors, shareholders, employees or service providers); (vii) be solely responsible for backing up any data or information; and (viii) be solely responsible for the consequences of any data breach or hack. You hereby expressly acknowledge that the protection of data is entirely your responsibility and while we may provide guidance or advice, you are ultimately responsible for protecting the data from any data breach or hack. “Privacy Laws” means any international, national, federal, provincial, state, or local law, code, rule or regulation that regulates the processing or storing of Personal Information or related information in any way, including data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations, and security breach notification rules.

**9.4 Confidentiality.** We possess (and will continue to develop and acquire) certain confidential information (the “Confidential Information”) relating to the development and operation of MHO properties, which includes, without limitation: (1) methods, systems, specifications, standards, procedures, manuals, and marketing techniques; (2) marketing programs for System Hotels; (3) knowledge of the operating results and financial performance of System Hotels; and (4) customer lists, leads, prospects, Personal Information, and referral sources. You acknowledge and agree that you will not acquire any interest in the Confidential Information, other than the right to utilize the Confidential Information in developing and operating your MHO Hotel during the term of this Agreement, and that the use or duplication or transfer to third parties of any Confidential Information would constitute an unfair method of competition. You and your owners further acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you and your owners:

9.4.1 will not use the Confidential Information in any other business or capacity;

9.4.2 will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

9.4.3 will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium or in written or other tangible form; and

9.4.4 will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to your personnel and others and we may require you establish certain procedures to protect the Confidential Information in our sole discretion.

All ideas, concepts, techniques, names or materials relating to the MHO System, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be



promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made-for-hire for us. You and your owners must sign whatever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in these ideas, concepts, techniques, names or materials. We may disclose the ideas, concepts, techniques, names or materials to other franchisees, affiliates, or others, as we, in our sole discretion, determine to be appropriate.

## 10. CONDEMNATION AND CASUALTY

**10.1 Condemnation.** You must immediately inform us of any proposed taking of any portion of the Property by eminent domain. If, in our business judgment, the taking is significant enough to render the continued operation of the Property in accordance with the Standards and guest expectations impractical, then we may terminate this Agreement immediately on written notice to you, without liability. If such taking, in our business judgment, does not require the termination of this Agreement, then you will make all necessary modifications to make the Property conform to the condition, character and appearance it was in immediately before such taking, and to conform to our Standards. You will take all measures to ensure that the resumption of normal operations at the Property is not unreasonably delayed.

### 10.2 Casualty.

10.2.2 You must immediately inform us if the Property is damaged by fire or other casualty. If the damage or repair requires closing the Property, you may choose to repair or rebuild the Property in accordance with the Standards, provided you begin reconstruction within six (6) months after closing and reopen the Property for continuous business operations as soon as practicable (but in any event no later than eighteen (18) months after the closing of the Property) and give us at least thirty (30) days' notice of the projected date of reopening. Once the Property is closed, you will not promote the Property as a System Hotel or otherwise identify the Property using any of the Marks without our prior written consent. We may, in our sole discretion, prohibit you from using the Marks during the period in which your Property is not operational and in conformance with our Standards.

10.2.3 You and we each have the right to terminate this Agreement if you elect not to repair or rebuild the Property as set forth above in Subsection 10.2.1.

10.2.4 Nothing in this Section 10 will extend the Term.

## 11. TRANSFERS

**11.1 Our Transfer.** We may transfer all of our assets, change our ownership or form, and/or assign this Agreement or any interest therein and any other agreement between you and us, to a third party without restriction or notice to you. After our assignment of this Agreement to a third party, we will no longer have any performance or other obligations under this Agreement.

**11.2 Your Transfer.** You understand and acknowledge that the rights and duties in this Agreement are personal to you and that we are entering into this Agreement in reliance on the business skill, financial capacity, and personal character of you, your officers, directors, partners, members, shareholders or trustees. A Transfer by you of any interest in you or this Agreement, or any of your rights or obligations under this Agreement, or a Transfer by an equity owner of any interest in you or this Agreement, or any of your rights or obligations under this Agreement is prohibited other than as expressly permitted herein. "Transfer" shall mean a transfer in any form,



including, without limitation, any sale, lease, assignment, spin-off, transfer, or other conveyance of a direct or indirect legal or beneficial interest.

11.2.1 Transfers that Are Exempt from Transfer Limitations. The following Transfers are exempt from transfer limitations if the transferee, within 30 days following the effective date of the change in equitable or lessee interest, completes and signs all forms then required by us, and pays to us all unpaid dues, fees, assessments, and charges owed to us by the transferor which are not then paid by the transferor, and within such 30 days, or under such more liberal schedules as we may determine, brings the Property to a condition which meets all of our Standards, policies and requirements which would have been applicable to the transferor: (a) bona fide financing transactions not involving changes in actual control, such as mortgages, pledges and sale and leasebacks; (b) changes in the legal form of ownership, without an actual change in control, such as a transfer from individual owners to a corporation where the sole owners of the stock of the corporation are the former individual owners; (c) a transfer of equitable ownership or lessee interest (including interests transferred in trust) to a parent, spouse, brother, sister, child, stepchild or grandchild of the Transferor, provided that within one (1) year after the transfer, such family member(s) meet all of our then-current requirements for an approved transferee; (d) on the death of Franchisee or an equity owner who is a natural person, this Agreement or the equity interest of the deceased equity owner may Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that in either case: (i) the transfer on death is to an immediate family member or to a legal entity formed by such family member(s); and (ii) within one (1) year after the death, such family member(s) or entity meet all of our then-current requirements for an approved transferee; or (e) A Transfer to a bona fide lender secured by the Property occasioned by a bona fide default, such as a mortgage foreclosure, trustee's sale, transfer in lieu of foreclosure or termination of the lease under a sale and leaseback. We may charge you a fee (although we currently do not impose a transfer fee) and for any expenses (including, without limitation, attorneys' fees and costs) we incur in reviewing the Transfer, as well as any expenses we incur in enforcing the requirements set forth in this provision.

11.2.2 Permitted Transfers of a Partial Interest that Require Notice. If you transfer less than 50 percent of all equity interests in the Property in any transaction or series of related transactions, and there is no change in your operational control, you may do so, provided that you give us 60 days' prior written notice of such transfer, describing the Transfer in detail and providing such other information as we reasonably request. We may charge you for any expenses we incur in reviewing such proposed Transfer, including, without limitation, attorneys' fees and costs.

11.2.3 Change of Ownership Transfer. Any proposed Transfer that is not described in Subsection 11.2.1 or 11.2.2 shall be deemed a "Change of Ownership Transfer." You are required to provide at least sixty (60) days' prior written notice of any proposed Change of Ownership Transfer. During such period, which we may extend in our sole discretion, between our receipt of notice and closing on the Change of Ownership Transfer, you consent to (i) our communication with any third party about the Property in order for us to evaluate the proposed Change of Ownership Transfer, and (ii) if we so desire, our providing documents regarding the historical performance and condition of the Property to the proposed transferee. The Change of Ownership Transfer is subject to our approval, which, without limitation, will be based on the following conditions, all of which must be satisfied at or



before the date of closing the Change of Ownership Transfer (“Closing”):

- 11.2.3.1 the proposed transferee submits our then-current application for proposed transferees;
- 11.2.3.2 the proposed transferee pays our then-current application fee and initial franchise fee;
- 11.2.3.3 you as transferor are not in default of the Agreement or any other agreements with us or our Affiliates;
- 11.2.3.4 you or the transferee pay all amounts due to us through the date of the Closing;
- 11.2.3.5 you execute our then-current form of voluntary termination agreement, which may include a general release and the continuing application of certain provisions herein, including, without limitation, your obligation to indemnify us;
- 11.2.3.6 you conclude to our satisfaction, or provide adequate security for, any suit, action, or proceeding pending or threatened against you or us with respect to the Property, which may result in liability on the part of us;
- 11.2.3.7 you, the transferee and/or transferee equity owners submit to us all information related to the transfer that we request, including applications, and the provision of tax returns and financial statements of the transferor, the transferee, and their owners;
- 11.2.3.8 the transferee executes our then-current franchise agreement, and you expressly acknowledge that the then-current franchise agreement is not required to have the same terms and conditions as the transferor’s franchise agreement, and it may materially differ from this Agreement;
- 11.2.3.9 the transferee agrees to make any improvements to the Property as we may require;
- 11.2.3.10 we approve the transferee and its owners pursuant to our then-current qualification requirements and deem the transferee and its owners to be of good character and capable of successfully operating the Property, as we determine in our reasonable discretion;
- 11.2.3.11 the transferee is not a Sanctioned Person, where “Sanctioned Person” means any person or entity (including financial institutions): (a) who is, or is owned or controlled by, or acting on behalf of the Government of any country subject to comprehensive U.S. sanctions in force and which currently include the Government of Cuba, Iran, North Korea, Sudan, and Syria (“Sanctioned Countries”); (b) located in, organized under the laws of or ordinarily resides in Sanctioned Countries; (c) identified by any government or legal authority under applicable Trade Restrictions as a person with whom dealings and transactions by Franchisee and/or its

Affiliates are prohibited or restricted, including but not limited to persons designated under United Nations Security Council Resolutions, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") List of Specially Designated Nationals and Other Blocked Persons; the U.S. Department of State's lists of persons subject to non-proliferation sanctions; the European Union Financial Sanctions List; persons and entities subject to Special Measures regulations under Section 311 of the USA PATRIOT Act and the Bank Secrecy Act;

11.2.3.12 we deem, in our sole discretion, the transferee to have sufficient financial resources to successfully operate the Property;

11.2.3.13 you and your owners must sign then-current form of general release; and

11.2.3.14 you and the transferee obtain the approval of any mortgagee or lessor, as well as any other third party, necessary to complete the transaction.

11.2.4 Mortgages and Pledges to Lending Institutions. Neither this Agreement, any other agreement between you and us, nor any ownership interest – direct or indirect – in you may be pledged as collateral.

11.2.5 Commercial Leases. You may lease or sublease commercial space in the Property, or enter into concession arrangements for operations in connection with the Property, in the ordinary course of business, subject to our right to review and approve, in our sole discretion, the nature of the proposed business and the proposed brand and concept, all of which must be in keeping with our Standards. You shall provide us with at least sixty (60) days' prior written notice before leasing or subleasing any commercial space in the Property and provide us with any information related thereto that we reasonably request.

## 12. DEFAULT AND TERMINATION

**12.1 Your Termination.** Except as set forth in this Agreement, you may terminate this Agreement at any time during the Term by providing us with six months' prior written notice. Your termination will not relieve you of any obligations incurred prior to the effective date of termination, including, without limitation, any applicable obligations set forth in Section 13.2 of this Agreement.

**12.2 Termination by Us with Opportunity to Cure.** We may terminate this Agreement at any time before its expiration for one or more of the following reasons by providing written notice of default to you at least 30 days prior to the termination date, and you fail to cure, or initiate reasonable efforts to cure (and continuously attempt to cure), the noticed default, within such 30 day period:

12.2.1 Failure to pay any amounts due or owing to us at the time required under this Agreement.

12.2.2 A failure to comply with our Standards or to perform or comply with any term of this Agreement (except as noted otherwise in Section 12.3).



**12.3 Immediate Termination by Us.** We may terminate this Agreement immediately (or at the earliest time permitted by applicable law) if:

12.3.1 the Property is sold, leased or subleased by you without our approval;

12.3.2 you voluntarily or involuntarily lose possession or the right to possession of all or a significant part of the Property;

12.3.3 you violate any of the transfer provisions of this Agreement;

12.3.4 you fail to maintain and provide proof of insurance coverage as required by our Standards;

12.3.5 you contest in any court or proceeding our ownership of the Marks or System or any component or part thereof, or the validity of any of the Marks;

12.3.6 you or any owner are or have been convicted of a felony or any other offense or conduct, if we determine in our sole discretion that it is likely to adversely reflect on or affect the Property, the System, any System Hotel, or us;

12.3.7 you make or have made false statements to us, conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise attempt to defraud us;

12.3.8 you, any of your owners, affiliates, or guarantors become a Sanctioned Person or are owned or controlled by a Sanctioned Person or fail to comply with the provisions of Section 16;

12.3.9 your guarantor breaches its guaranty to us;

12.3.10 a threat or danger to public health, welfare or safety results from the construction, maintenance, or operation of the Property, as we determine in our sole discretion;

12.3.11 you use the Marks or our name in any way not expressly licensed under this Agreement;

12.3.12 you or any of your guarantors are unable to pay debts as they become due or admit to an inability to pay debts, or make a general assignment of creditors;

12.3.13 you or any of your guarantors commence any case, proceeding, or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of it or its debts under any law related to bankruptcy, insolvency, reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property;

12.3.14 any case, proceeding, or other action against you or any of your guarantors is commenced seeking to have an order for relief entered against it as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official



for it or for all or any substantial part of its property, and such case, proceeding, or other action: (a) results in entry of any order for relief against it which is not fully stayed within seven business days after the entry thereof; or (b) remains undismissed for a period of 45 days;

12.3.15 an attachment remains on all or a substantial part of the Hotel or you or any of your guarantors' assets for thirty (30) days;

12.3.16 you or any of your guarantors fail, within sixty (60) days of entry of a final judgment or tax lien against you or any of your guarantors in any amount exceeding \$50,000, to discharge, vacate, or reverse the judgment or tax lien or to stay execution of it, or if appealed, to discharge the judgment within thirty (30) days after a final decision is rendered in the appeal; and

12.3.17 you commit three or more breaches of this Agreement within any twelve-month period, whether or not you have cured those breaches.

**12.4 Suspension of Services and Interim Remedies.** If you are in default of any provision of this Agreement, including, without limitation, if you fail to pay any amount owed when due, we may elect to impose an interim remedy (even during a cure period), including but not limited to the suspension of our obligations under this Agreement, including, without limitation, suspension of any or all of the services described in Section 2, and/or suspension of access to any software.

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

**13.1 Your Obligations on Termination or Expiration.** On termination or expiration of this Agreement, you will:

13.1.1 immediately upon demand, pay all amounts owed to us which then are unpaid;

13.1.2 immediately cease operating the Hotel as a System Hotel and immediately cease using the Marks or any confusingly similar names, marks, trade dress, insignia, symbols, or any of our System, Proprietary Information, procedures, and methods; deliver all goods and materials containing the Marks to us and we will have the sole and exclusive use of any items containing the Marks; immediately make any specified changes to the location as we may reasonably require for this purpose, which will include removal of the signs, custom decorations, and promotional materials. You agree, at your expense, to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Marks;

13.1.3 immediately cease representing yourself as a System Hotel or a former System Hotel and immediately cease representing that your Hotel and you are affiliated with us, including, without limitation, removing any listings connecting you with us or the System;

13.1.4 immediately return all copies of the Standards Manual and any other Proprietary Information to us;

13.1.5 immediately cancel all assumed name or equivalent registrations relating to your use of the Marks;



13.1.6 immediately notify the telephone company and all listing agencies and directory publishers including, without limitation, Internet domain name granting authorities, domain name registrars, Internet service providers, global distribution systems, and web search engines of the termination or expiration of your right to use the Marks;

13.1.7 immediately cancel (or upon our request, assign and transfer to us) any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated with the Property or the Marks;

13.1.8 irrevocably cancel (or upon our request, assign and transfer to us or to our designee) all of your right, title and interest in any social media accounts that contain or have contained any reference to our Marks or System; and authorize and instruct the cancellation of the domain name or social media account, or transfer of the domain name or social media account to us (or our designee), as we specify. You will also delete all references to our Marks or System from any websites you own, maintain, control, or operate beyond the expiration or termination of this Agreement; and

13.1.9 You agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactorily certifying to us your compliance with these obligations.

13.1.10 If this Agreement terminates within eighteen (18) months for any reason, you will pay Liquidated Damages to us as follows: \$200 for each unit on the Property. Payment of Liquidated Damages is due on the date of the termination of this Agreement.

**13.2 Liquidated Damages.** You acknowledge and agree that the termination of this Agreement within eighteen (18) months from the date of execution hereof will cause substantial damage to us. You agree that liquidated damages (“Liquidated Damages”) are not a penalty, but represent a reasonable estimate of the minimum just and fair compensation for the damages we will suffer as the result of your failure to operate the Hotel for the Term.

## 14. INDEMNITY

**14.1 Your Indemnification Obligation.** Beginning on the Effective Date, you agree to indemnify, defend, and hold harmless us and our shareholders, members, directors, officers, employees, agents, successors, assignees and insurers (the “MHO Indemnified Parties”) against, and to reimburse any one or more of the MHO Indemnified Parties for, all Claims, obligations, expenses, and damages directly or indirectly arising out of or related to: (i) any breach by you (including any of your employees, agents, officers, owners, directors, contractors or any other person acting on your behalf) of this Agreement, laws, the Standards Manual, or our Standards, (ii) the Hotel’s operation, employment matters and the business you conduct under this Agreement (including, without limitation, any claimed occurrence at the Hotel including personal injury, death or property damage), or (iii) any of your acts or omissions. You agree to give us and the MHO Indemnified Parties written notice of any action, suit, proceeding, Claim, demand, inquiry or investigation that could be the basis for a Claim for indemnification by any of the MHO Indemnified Parties within three (3) days of your actual or constructive knowledge of it. The MHO Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their own choosing to represent them with respect to any Claim; and (b)



control the response thereto and the defense thereof, including the right to enter into settlements or take any other remedial, corrective, or other actions. You agree to give your full cooperation to the MHO Indemnified Parties in assisting the MHO Indemnified Parties with the defense of any such Claim, and to reimburse the MHO Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees and any payments for settlement or judgment, within ten (10) days of the date of each invoice delivered by the MHO Indemnified Parties to you enumerating such costs, expenses and attorneys' fees.

**14.2 “Claims” Defined.** For purposes of this indemnification, “Claims” include all causes of action, legal proceedings, obligations, damages (actual, consequential, or otherwise), and costs that any MHO Indemnified Party reasonably incurs in defending any claim or threat of claim against it, including, without limitation, reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

**14.3 Recovery Rights of Indemnified Parties.** This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. An MHO Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its or their losses and expenses, in order to recover from you under this Section 14. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an MHO Indemnified Party may recover from you under this Section 14. Your or any of the MHO Indemnified Parties' undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other MHO Indemnified Parties and to hold us and any of the other MHO Indemnified Parties harmless.

**14.4 Obligations.** Your obligations under this Section 14 will survive expiration or termination of this Agreement. We will indemnify, defend, and hold you harmless against, and reimburse you for, all claims, obligations, expenses, and damages directly or indirectly arising out of or related to your alleged breach of a third party’s trademark rights, so long as you are not in default of this Agreement or any other agreement with us and so long as you are using the Marks only as expressly authorized in this Agreement.

## 15. RELATIONSHIP OF THE PARTIES

**15.1 No Agency or Joint Employer Relationship.** You are an independent contractor and this Agreement does not create a fiduciary, agency, partnership, joint venture, joint employer, employment or similar relationship. Neither party is the legal representative nor agent of, or has the power to obligate (or has the right to direct or supervise the daily affairs of) the other for any purpose whatsoever. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of the Hotel and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in the Standards Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of you or the Hotel, which you alone control, but only constitute standards that you must adhere to when you are exercising control of the day-to-

day operations of the Hotel.

You acknowledge and agree that we have no control (direct or indirect) over, or responsibility for, any decision related to or affecting the employment or supervision of any person employed at or providing services in connection with the Hotel, including but not limited to recruitment, hiring, termination, discipline, supervision, performance evaluation, payroll, setting of wages, schedules, workflow, qualifications, or productivity; the maintenance of personnel records; the provision of employment benefits; employee-related taxes; or the assignment of responsibilities.

**15.2 Notices to Public Concerning Your Independent Status.** All contracts for the Hotel's operations and services at the Hotel will be in your name or in the name of your management company. You will not enter into or sign any contracts in our name or any entity's name containing the Marks or any acronyms or variations of the Marks. You will disclose in all dealings with the public, suppliers and third parties that you are an independent entity and that we have no liability for your debts or obligations. Your stationery, invoices, receipts, and signage shall conspicuously indicate that you are an independent business.

## **16. MISCELLANEOUS**

### **16.1 Severability and Interpretation.**

16.1.1 Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

16.1.2 If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may, in our sole discretion, modify the invalid or unenforceable provision or Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

16.1.3 This Agreement will be interpreted without interpreting any provision in favor of or against either Party by reason of the drafting of the provision, or either of our positions relative to the other.

16.1.4 Any covenant, term or provision of this Agreement that provides for continuing obligations after the expiration or termination of this Agreement will survive any expiration or termination.

### **16.2 Governing Law.**

16.2 The Parties agree that, except to the extent governed by the United States Trademark Act of



1946 (Lanham Act; 15 U.S.C. 11 1050 et seq.), as amended, this Agreement will be governed by the laws of the State of New Jersey without regard to conflicts of law principles. Nothing in this Section is intended to invoke the application of any franchise, business opportunity, antitrust, “implied covenant,” unfair competition, fiduciary or any other doctrine of law of the State of New Jersey or any other state that would not otherwise apply absent this Subsection 16.2.1.

### **16.3 Dispute Resolution**

If either you or we have any dispute with the other, the party contending there is a dispute shall notify the other in writing, providing the details of the dispute and the basis therefore. The parties will thereafter attempt to negotiate a resolution to the dispute for a period of 30 days from the date of notification.

If the dispute is not resolved within such 30-day period, the party contending there is a dispute shall notify the American Arbitration Association (“AAA”) of the dispute and request mediation within 45 days of the initial notification of the dispute. Failure to request mediation within such time shall constitute a waiver of all rights to bring the dispute and shall act as a release of the other party from any claims relating to the dispute. If timely demand for mediation is made, the mediation must be concluded within 60 days from the request. The mediation shall take place in the city in which our principal office is located at the time of the mediation.

If such mediation does not result in resolution of the dispute, either party may seek arbitration before a single arbitrator of the AAA, provided that any demand for arbitration filed by you is made within 135 days of the initial notification of the dispute. If you fail to make such demand within the 135-day period, then such failure shall constitute a waiver of all rights you have or may have to bring such dispute and shall act as a release of us from any claims relating to the dispute. We may file an arbitration demand within the time permitted by any applicable statute of limitations. The rules of the AAA shall apply to any such arbitration and the arbitrator shall have all lawful powers to determine the dispute, including questions of arbitrability. The arbitration shall take place in the city where we have our principal office at the time it is brought. The parties shall share the costs of the mediator and arbitrator equally. The arbitrator shall have the power to award attorneys’ fees, arbitration fees and costs, in his or her discretion, to the prevailing party. The parties agree to keep the arbitration and any facts and issues related thereto confidential, except to the extent we must reasonably disclose such information in our franchise disclosure document.

Notwithstanding anything to the contrary in this Agreement, we may, in our discretion, seek injunctive relief in the federal or state courts located in (or if none, nearest to) Bordentown, NJ. Unless waived by us, the courts in Bordentown, NJ shall have exclusive jurisdiction to hear and determine all claims we have for injunctive relief, and each party hereto expressly consents and submits to the jurisdiction of said courts and to venue being in Bordentown, NJ for claims in which we seek injunctive relief. We may also seek to bring an action for injunctive relief in state or federal courts in the state in which your System Hotel operates.

**16.4 Limitation on Liability.** OUR LIABILITY TO YOU, WHETHER FOR BREACH OF CONTRACT OR IN TORT, WILL NOT EXCEED THE AMOUNT YOU HAVE PAID TO US FOR INITIAL FRANCHISE FEES. YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY



PUNITIVE OR EXEMPLARY DAMAGES AGAINST US AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, YOU WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES YOU SUSTAIN. YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY. WE AND YOU FURTHER AGREE THAT ANY LEGAL ACTION OF ANY KIND BY A PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR A DEFAULT OF THIS AGREEMENT MUST BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO ANY SUCH CLAIM OR ACTION OR SUCH CLAIM OR ACTION WILL BE BARRED PROVIDED, HOWEVER, THAT THE FORGOING LIMITATION SHALL NOT APPLY WHERE REQUIRED BY APPLICABLE LAW, TO THE PARTIES INDEMNIFICATION OBLIGATIONS UNDER THIS AGREEMENT.

**16.5 Entire Agreement.** This Agreement, the Information Addendum, and any other agreements specifically incorporated into this Agreement by reference will be construed together as the entire agreement between you and us with respect to the Property and any other aspect of our relationship and will supersede and cancel any prior and/or contemporaneous discussions, representations, agreements, or writings between you and us. However, nothing herein is intended to disclaim any representations made in our franchise disclosure document.

**16.6 Amendment and Waiver.**

16.6.1 No change, termination, or attempted waiver or cancellation of any provision of this Agreement will bind us unless it is in writing, specifically designated as an amendment or waiver, and signed by one of our officers. We may condition our agreement to any amendment or waiver on receiving from you, in a form satisfactory to us, an estoppel and general release of claims that you may have against us and related parties.

16.6.2 Any waiver by us of a breach of any provision of this Agreement, or of any breach of any Standards, other requirement or policy of ours, shall not operate or be construed as a waiver of any subsequent breach thereof. Any delay by us of enforcement of obligations shall not be deemed to be a waiver of our rights to enforce the obligation.

**16.7 Notices.** All notices, reports, and payments permitted or required to be delivered by the provisions of this Agreement or the Standards Manual will be deemed so delivered: (1) at the time delivered by hand; (2) one business day after transmission by email and after placed in the hands of a commercial courier service for next business day delivery; or (3) three business days after placement in the U.S. mail by registered or certified mail, return receipt requested, postage prepaid. Such notice must be addressed to the party to be notified at its business address. Any required payment or report that we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days prior thereto) will be deemed delinquent.

**16.8 Representations and Warranties.** You warrant, represent and agree that all statements in your franchise application in anticipation of the execution of this Agreement, and all other documents and information submitted to us by you or on your behalf are true, correct and complete as of the date of this Agreement. You further represent and warrant to us that:



- 16.8.1 you have the full legal power authority and legal right to enter into this Agreement;
- 16.8.2 this Agreement constitutes a legal, valid and binding obligation and your entry into, performance and observation of this Agreement will not constitute a breach or default of any agreement to which you are a party or of any law, rule, or regulation that may apply;
- 16.8.3 if you are a corporation, limited liability company, or other entity, you are, and throughout the Term will be, duly formed and validly existing, in good standing in the state in which you are organized, and are and will be authorized to do business in the state in which the Hotel is located; and

You hereby indemnify and hold us harmless from any breach of these representations and warranties. These warranties and representations will survive the termination of this Agreement.

**16.9 Counterparts.** This Agreement may be signed in counterparts, each of which will be considered an original.

**16.10 Sanctioned Persons, Anti-Bribery, and Anti-Terrorism Representations and Warranties.** You represent, warrant and covenant to us and our Affiliates, on a continuing basis, that:

- 16.10.1 you (including your directors and officers, senior management and owners (or other persons)), and any of your affiliates are not, and are not owned or controlled by, or acting on behalf of, a Sanctioned Person or, to your actual knowledge, otherwise the target of Trade Restrictions, where “Trade Restrictions” mean trade, economic or investment sanctions, export controls, anti- terrorism, non-proliferation, anti-money laundering and similar restrictions in force pursuant to laws, rules and regulations imposed under laws to which the Parties are subject;
- 16.10.2 you have not and will not obtain, receive, transfer or provide any funds, property, debt, equity, or other financing related to this Agreement and the Property to/from a person that qualifies as a Sanctioned Person or, to your actual or constructive knowledge, is otherwise the target of any applicable Trade Restrictions;
- 16.10.3 you are familiar with the provisions of applicable Anti-Corruption Laws and shall comply with applicable Anti-Corruption Laws in performance of your respective obligations under or in connection with this Agreement, where “Anti-Corruption Laws” mean all applicable anti-corruption, anti-bribery, anti-money laundering, books and records, and internal controls laws of the United States, including the United States Foreign Corrupt Practices Act;
- 16.10.4 any funds received or paid in connection with entry into or performance of this Agreement have not been and will not be derived from or commingled with the proceeds of any activities that are proscribed and punishable under the criminal laws of the United States, and that you are not engaging in this transaction in furtherance of a criminal act, including acts in violation of applicable Anti-Corruption Laws;
- 16.10.5 in preparation for and in entering into this Agreement, you have not made any

improper payments or engaged in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws, and, in connection with this Agreement or the performance of your obligations under this Agreement, you will not directly or indirectly make, offer to make, or authorize any improper payment or engage in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws;

16.10.6 except as otherwise disclosed in writing to us, neither you, nor any of your direct or indirect owners (including legal or beneficial owners), officers, directors, employees, agents or other persons designated by you to act on your behalf or receive any benefit under this Agreement, is a government employee. Furthermore, no government employee has or will have any existing or inchoate legal or beneficial interest in this Agreement or any payments to be made under this Agreement. You will notify us immediately in writing in the event of a change in the governmental employment status of any such persons;

16.10.7 any statements, oral, written, electronic or otherwise, that you submit to us or to any third party in connection with your representations, warranties, and covenants are truthful and accurate and do not contain any materially false or inaccurate statements;

16.10.8 you will make reasonable efforts to assure that your respective appointed agents in relation to this Agreement comply in all material respects with the representations, warranties, and covenants described in this subsection;

16.10.9 you will notify us in writing immediately on the occurrence of any event which would render the foregoing representations and warranties of this Section 16 incorrect; and

16.10.10 you will comply, and will assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you certify, represent and warrant that none of your property or interests is subject to being blocked under, and that you and the owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, rules, regulations, policies, lists and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or the Owners, or any blocking of your or the Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

**16.11. Attorneys' Fees and Costs.** If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees.

**16.12. Interest.** Any sum owed to us or our Affiliates by you will bear interest from the date due until paid by you at the rate of eighteen percent (18%) per annum or, if lower, the maximum

lawful rate.

**16.13 Successors and Assigns.** The terms and provisions of this Agreement will inure to the benefit of and be binding on the permitted successors and assigns of the Parties.

**Member:**

\_\_\_\_\_

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

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**Membership Hotel Organization, LLC:**

\_\_\_\_\_

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

Its: \_\_\_\_\_

Dated: \_\_\_\_\_





Bank: Bank Formation documents, Bank Management,  
and Structure documents

**Responsible Owner for Member.** *Note: All communications to the Responsible Owner will be effective to contact and give notice to the Member.*

Name of Responsible Owner for Member: \_\_\_\_\_

Telephone Number of Responsible Owner: \_\_\_\_\_

Email Address of Responsible Owner: \_\_\_\_\_

**Proposed Name of Property:**

\_\_\_\_\_ [Your hotel name] \_\_\_\_\_ powered by MHO

\_\_\_\_\_ MHO Hotel

\_\_\_\_\_ MHO Hotels

\_\_\_\_\_ MHO Inn

\_\_\_\_\_ MHO Suites

\_\_\_\_\_ MHO Inn & Suites

Other \_\_\_\_\_

**Membership Hotel Organization, LLC Contact Information:**

Membership Hotel Organization, LLC

187 Route 130

Bordentown, NJ 08505

Telephone Number: (609) 756-9300

Email: info@mhohotels.com

**Standard Services Included with Monthly Technology and Support Fee of \$26.95 per room (Technology and Support Fee).** Global marketing services; global distribution and reservation services; property management services; credit card processing interface; commission-free booking engine with brand website; Facebook, TripAdvisor; commission-free booking engine with brand website; phone



interface with PMS System; Popular OTA Interface; Vendor Management; basic reputation management.

**Optional Services:** Member elects to purchase the following Optional Services from our recommended third party vendors at the time of entering into this Agreement. Member may discontinue or add any Optional Service upon 30 days' written notice to MHO.

**Optional Services Fee Payable Directly to Third Party Provider**

Digital Marketing \_\_\_\_\_

GDS Interface \_\_\_\_\_

Advanced OTA Interface\* \_\_\_\_\_

Revenue Management \_\_\_\_\_

Total for Optional Services \$ \_\_\_\_\_

\*We may collect this fee on behalf of the third party provider.

**Member Dues (not including Optional Services):**

**Standard Membership Dues:**

Application Fee: \$500.00

Initial Franchise Fee: \$9,995.00

**Royalty Fee:** Franchisee elects to pay the monthly Royalty as follows:

**Initial:** \_\_\_\_\_: a monthly Royalty Fee of \$26.95 per room in the Hotel due on the first (1<sup>st</sup>) day of each month; or

**Initial:** \_\_\_\_\_: a monthly Royalty Fee of \$2.00 per occupied room in the Hotel due on the last day of each month.

Technology and Support Fee: \$26.95 per room per month.

**Effective Date:**

The Effective Date of the Franchise Agreement and this Addendum shall be this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**Term:** 10 Years

**Member:** Membership Hotel Organization LLC



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

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

Its: \_\_\_\_\_ Its: CEO



## ATTACHMENT B

### PERSONAL GUARANTY OF MHO FRANCHISE AGREEMENT

In consideration of the execution by Membership Hotel Organization LLC of the Franchise Agreement (the "Franchise Agreement") dated the \_\_ day of \_\_\_\_\_, 20\_\_ between Membership Hotel Organization LLC ("Franchisor" or "MHO") and \_\_\_\_\_ ("Franchisee"), and for other good and valuable consideration, I ("Guarantor") enter into this guaranty ("Guaranty") individually and on behalf of my heirs, successors, and assigns, and do hereby absolutely and unconditionally guaranty the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

I agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guaranty shall be construed as though I executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

I hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee in writing, and the undersigned do guaranty and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guaranty or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against me without first proceeding against Franchisee and without proceeding against or naming in such suit Franchisee or other signatory to the Franchise Agreement or other guarantor. I agree to bear any and all Franchisor's costs of enforcing this Guaranty or in enforcing any term under the Franchise Agreement or any other agreement between Franchisor and Franchisee, including all court costs and expenses, attorneys' fees, costs of or resulting from delays, travel, food, lodging and other living expenses necessitated by the need or desire to appear before courts or tribunals (including arbitration tribunals), and all other costs of enforcement.

Notice to or demand upon Franchisee will be deemed notice to or demand upon both Franchisee and me. The cessation of or release from liability of Franchisee or other guarantor shall not relieve me, as Guarantor, from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that a breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, or with respect to this Guaranty (or any other guaranty), will in no way modify or amend



this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

I understand and agree that the provisions, covenants and conditions of this Guaranty inure to the benefit of the Franchisor, its successors and assigns. The Franchisor may assign this Guaranty voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

This Guaranty is to be exclusively construed in accordance with and/or governed by the laws of the State of New Jersey without recourse to New Jersey (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guaranty would not be enforceable under the laws of New Jersey, and if the business franchised under the Franchise Agreement is located outside of New Jersey, and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New Jersey or any other state, which would not otherwise apply.

Any dispute arising out of or related to this Guaranty will be subject to the same dispute resolution provisions set forth in the Franchise Agreement, and I expressly agree to be bound by those provisions.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

*(Signature page follows)*



IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty effective as of the date of the Franchise Agreement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Address

**NOTARY:**

**STATE OF \_\_\_\_\_ )**

**COUNTY OF \_\_\_\_\_ )**

I, \_\_\_\_\_, a Notary Public, do hereby certify that on this \_\_ day of \_\_\_\_\_, 20\_\_, personally appeared before me \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and swore and acknowledged to me that he or she executed the same for the purpose and in the capacity therein expressed, and that the statements contained therein are true and correct.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

Name, Typed or Printed: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_



## ATTACHMENT C

### SOFTWARE LICENSE END USER LICENSE AGREEMENT

This Use and License Agreement (“Agreement” or “End User License Agreement”), dated \_\_\_\_\_, 20\_\_, (the “Effective Date”) is made by and between Membership Hotel Organization LLC (“Licensor”), and \_\_\_\_\_ (“Licensee”).

#### RECITALS

WHEREAS, Licensor is the franchisor of Membership Hotel Organization (“MHO”) hotel franchises and has purchased a “Subscription” for the use of StayFlexi, Inc.’s (“SF”) online software platform for the use in the operation of MHO franchises, including any updates and revisions (the “Software”);

WHEREAS, Licensor has authority to enter into this Agreement with Licensee;

WHEREAS, Licensee has entered into a franchise agreement to operate an MHO franchise (the “Franchise Agreement”);

WHEREAS, the Software is required for the operation of an MHO franchise except in limited circumstances;

WHEREAS, pursuant to the Franchise Agreement, Licensee is required to execute this Agreement and obtain a license to use the Software; and

WHEREAS, Licensor wishes to grant certain rights and licenses to Licensee with respect to the Software, and Licensee wishes to obtain such rights and licenses with respect to the Software, on the terms and conditions set forth herein.

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

1. **LICENSE**. Licensor hereby grants a worldwide, non-exclusive, non-transferable, revocable, non-sublicensable license to Licensee to use the Software exclusively for the internal operations of an MHO franchise and for no other purpose unless Licensee has received prior written consent from Licensor for such purpose. Licensor shall provide all documentation necessary for the operation of the Software.

2. **TERM**. Unless sooner terminated, the term of this Agreement and of the license granted herein will begin on the Effective Date and continue until the expiration or termination of the Franchise Agreement (“Term”). If Licensee renews its license to operate an MHO franchise under a successor franchise agreement for the operation of an MHO hotel, Licensee must execute the then-current form of End User License Agreement and pay all fees and comply with all terms and conditions set forth in the then-current form of End User License Agreement. The Licensee acknowledges that the terms and conditions of the then-current form of End User License Agreement may be substantially different from the terms and conditions of this Agreement, including, without limitation, additional and/or increased fees.



3. **TECHNICAL REQUIREMENTS.** Licensee agrees to comply with the applicable hardware, software and other technical and pre-setup requirements for Licensee's use of the Software as the Licensor and/or SF may establish from time to time during the Term.

4. **SOFTWARE SUPPORT**

(a) To the extent it deems advisable, SF shall provide reasonable support for the Software twenty-four hours a day, seven days a week, three hundred and sixty-five days a year to Licensee, pursuant to SF's license agreement with Licensor. Licensor is not responsible for any failures on the part of SF to provide support and all support services shall be provided at the sole obligation of SF, as set forth in the Master License, but nothing herein is intended to make Licensee a third-party beneficiary of the Master License.

(b) Certain locations may be susceptible to power outages and/or fluctuations that can cause a computer to crash or shut down. Licensee is responsible for the installation and maintenance of battery backups systems and data backup. Neither Licensor nor SF is responsible for any related losses of data, nor do they assume responsibility or liability for any losses or damages arising, directly, or indirectly, from Licensee's improper use or maintenance of the Software or hardware.

(c) Licensee is responsible for installing and maintaining updated anti-virus software at all times on any hardware that runs the Software. Licensor is not responsible for any virus, malware, or harmful code related to, or that harms or damages, the Software or information contained therein.

(d) Licensee must designate an account contact that is authorized to communication regarding technical support or other issues with SF.

5. **PAYMENT.**

(a) It is agreed that Licensee's fee for use of the Software is incorporated into the monthly Technology and Support Fee, as defined in the Franchise Agreement. Licensee shall not be obligated to pay to Licensor or SF any additional amount, except that Licensee must pay a one-time setup fee and purchase equipment in the amounts of \$495 and \$2,185, respectively, for front desk service station(s). Such fees shall pay for setup, scanner, signature pad, and Europay Mastercard and Visa ("EMV") terminal.

(b) The Licensee will not, on grounds of the alleged nonperformance by Licensor of any of its obligations or for any other reason, withhold payment of any fees or payments due to Licensor pursuant to this Agreement or pursuant to any other contract, agreement or obligation between Licensor and Licensee. The Licensee will not have the right to "offset" any amounts, damages or other sums allegedly due to the Licensee by Licensor against any payments due to Licensor under this or any other agreement between Licensor and Licensee.

(c) If Licensor authorizes a sale of Licensee's MHO franchise to a third party ("Transferee"), Licensee must notify the Transferee that it will be obligated to enter into the then-current End User License Agreement with Licensor.

(d) The Licensee further acknowledges that any upgrade to the Software may necessitate upgrades in the Licensee's hardware and third-party software required to operate the Software, which may result in additional costs or fees payable by the Licensee to third-party vendors.



6. **ACCESS TO SOFTWARE AND INFORMATION.** The parties acknowledge that Licensee will be entering and storing data (“Licensee Data”) in the Software regarding Licensee’s MHO franchise. Licensee hereby grants Licensor a non-exclusive, nontransferable, license to access, use, and reproduce such Licensee Data. In addition, Licensee agrees that Licensor may use the Licensee Data to create or have created derivative works in the form of Aggregated Data. “Aggregated Data” means Licensee Data that has been accumulated, consolidated, and otherwise processed, analyzed, and combined with data of other MHO franchisees. Licensee further acknowledges that Licensor has the right to gather and use other data regarding the usage of the Software and related support (“Usage Data”). All such Aggregated Data and Usage Data shall be the proprietary information of, and owned by, Licensor. Licensee shall have no right, title, or interest in or to such data. There is no limitation on Licensor’s right to access and use Licensee Data, which may include, without limitation, financial information, rate information, customer information, and vacancy rates.

7. **OWNERSHIP.** Licensee acknowledges that it has no ownership right in the Software or in any data or information generated by the Software, including customer lists, customer data and other sales information. Licensee further acknowledges that this Agreement does not provide any additional right, title or interest in the Software except as set forth herein. Upon termination or expiration of this Agreement, Licensee shall have no right to utilize the Software or any data generated by or stored within the Software, and Licensor shall be the sole owner of all such data and information.

8. **RESTRICTIONS ON USE**

(a) Licensee may not decompile, reverse compile, reverse engineer, reverse assemble or otherwise derive a source code equivalent for the Software. In addition, Licensee may not copy the Software without the Licensor’s written consent. Licensee may not download any portion of the Software except as the Licensor may expressly permit or instruct. Licensee may not permit any third party to access the Software, and may use the Software only on computers that Licensee controls and only for the purpose of complying with the Franchise Agreement and this Agreement. Licensee may not assign, transfer, sell, rent, license, sublicense, or grant any rights to or interests in the Software to any corporation, partnership or other business entity or any other person. Licensee may not, at any time, use or exploit or authorize any third party to use or exploit, the Software or any of Software’s content or data. Licensee will comply with all terms and conditions packaged or accompanying the Software or any third-party software furnished to or required to be used by Licensee under this Agreement.

(b) Licensee is prohibited from printing or copying (including, without limitation, for back-up, training, testing or disaster recovery), in whole or in part, the Software except to the extent expressly permitted in advance in writing by Licensor, which permission Licensor may withhold in its sole discretion. Any back-up training, testing or disaster recovery system intended to be or used by Licensee must be approved in advance in writing by Licensor, which approval Licensor may withhold in its sole discretion. Licensee acknowledges and agrees that any and all diskettes, CDs or any other physical embodiments or media, including, but not limited to, authorized and unauthorized copies, of the Software are the sole and exclusive property of Licensor. Any authorized copies of the Software must contain appropriate proprietary and trade secret, copyright, trademark or other applicable legends as designated by Licensor. Except as otherwise set forth in this Agreement, Licensee shall store, secure and prevent access to each physical embodiment of the Software.

9. **INDEMNIFICATION.** Licensee agrees to release, protect, defend, indemnify, and hold harmless Licensor and its employees, officers, directors, owners, agents and representatives (collectively, the “Licensor Parties”), at Licensee’s cost and expense, from and against any and all claims, demands or causes of action (collectively, “claims”) arising out of or relating to the Licensee’s use of the Software and



other rights provided under this Agreement, EVEN IF CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OF ANY LICENSOR PARTY, EXCEPT TO THE EXTENT THAT SUCH CLAIMS ARISE AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A LICENSOR PARTY. Licensee will reimburse Licensor for any and all costs, liabilities, judgments, and expenses (including attorneys' fees and costs) reasonably incurred by Licensor in connection with investigating, preparing for, and defending against any such claim, whether or not resulting in any liability, and any amount paid in settlement of any litigation, commenced or threatened, or of any such claim if such settlement is effected with the written consent of Licensee, which consent shall not be unreasonably withheld.

10. **EXCLUSION OF WARRANTIES.** EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, LICENSOR DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE SOFTWARE, OR ANY COMPONENT OF THE FOREGOING, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, CORRECTNESS, COMPLETENESS, COMPREHENSIVENESS, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE (IRRESPECTIVE OF ANY COURSE OF DEALING, CUSTOM OR USAGE OF TRADE), OR ANY REPRESENTATION THAT THE SOFTWARE WILL MEET LICENSEE'S REQUIREMENTS OR THAT THE LICENSEE'S OR ANY APPROVED LICENSEE'S USE THEREOF WILL BE UNINTERRUPTED OR ERROR-FREE, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES.

11. **LIMITATION OF LIABILITY.** LICENSOR SHALL HAVE NO LIABILITY TO LICENSEE OR TO ANY APPROVED FRANCHISEE WITH RESPECT TO LICENSOR'S OBLIGATIONS UNDER THIS AGREEMENT OR OTHERWISE FOR CONSEQUENTIAL, EXEMPLARY, SPECIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES, OR ANY LOSS OF PROFIT, REVENUE, DATA OR GOODWILL, WHETHER INCURRED OR SUFFERED AS A RESULT OF ANY ERRORS, DEFECTS OR NON-FUNCTIONING OF THE SOFTWARE PRODUCTS OR OTHERWISE, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL LICENSOR'S AGGREGATE LIABILITY HEREUNDER FOR ANY CAUSE ARISING OUT OF OR RELATED TO LICENSOR'S PERFORMANCE OR NON-PERFORMANCE UNDER THIS AGREEMENT OR OTHERWISE EXCEED THE AMOUNT OF THE MONTHLY BSFC FEES PAID UNDER THE FRANCHISE AGREEMENT TO LICENSOR IN THE TWELVE-MONTH PERIOD PRIOR TO INCURRING SUCH DIRECT DAMAGES. THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION OR CLAIMS IN THE AGGREGATE INCLUDING WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF LIMITED WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATION AND OTHER TORTS.

12. **DEFAULT AND TERMINATION.** This Agreement shall automatically terminate upon the termination or expiration of the Franchise Agreement. The Licensor may also terminate this Agreement: (a) without notice at any time if Licensee is in default of the Franchise Agreement; (b) if Licensee fails to pay the monthly Technology and Support Fee when due and such failure continues unremedied for five (5) days after notice of non-payment; (c) upon ten (10) days written notice of Licensee's failure to comply with any other term of this Agreement if such failure is not remedied within ten (10) days following such notice. In the event of termination, and without limiting Licensor's remedies hereunder, Licensee shall be responsible for payment of all past due fees and charges incurred up to the date of such termination. In the event of a breach by Licensee of this Agreement, the Franchise Agreement, or any other agreement between Licensee and Licensor, Licensor may cease providing access to the Software and/or access to SF's support without notice to Licensee.



Licensee acknowledges that its rights under this Agreement exist only because of the existence of a license agreement between SF and Licensor, and that if SF or Licensor terminate that agreement for some reason, all of Licensor's rights and obligations hereunder shall automatically transfer from Licensor to SF, except that SF may charge Licensee a monthly fee for use of the Software up to \$250 per month.

13. **RESTRICTION ON ASSIGNMENT.** Licensee may not assign its rights or delegate its duties under this Agreement without the prior written consent of Licensor, which may be withheld in its sole and absolute discretion. Licensor may assign its rights and obligations under this Agreement to a third party without obtaining Licensee's consent.

14. **JURISDICTION; APPLICABLE LAW; DISPUTE RESOLUTION.** This Agreement hereby incorporates the dispute resolution provisions found in the Franchise Agreement.

15. **NOTICES.** All notices, reports, and payments permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered upon the earlier of: (i) at the time delivered by hand; (ii) one (1) business day after transmission by email and after placed in the hands of a commercial courier service for next business day delivery; or (iii) three (3) business days after placement in the U.S. mail by registered or certified mail, return receipt requested, postage prepaid. Such notice must be addressed to the party to be notified at its business address. Any required payment or report that we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days prior thereto) will be deemed delinquent.

16. **WAIVER.** No waiver or breach of any provision of this Agreement by Licensor will constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver will be effective unless made in writing and signed by an authorized representative of Licensor.

17. **ENTIRE AGREEMENT.** This Agreement and exhibits or addenda, along with relevant portions of the Franchise Agreement, sets forth the entire understanding of the parties with respect to the transactions and matters contemplated hereby and supersedes all prior or contemporaneous writing, negotiations, and discussions concerning the subject matter hereof. Neither party has relied upon any such prior or contemporaneous communications.

18. **AMENDMENT.** This Agreement cannot be amended except (i) by authorized representatives of each party and (ii) in a writing signed by both parties.

*(Signatures on following page)*



IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first above written.

LICENSOR: MEMBERSHIP HOTEL  
ORGANIZATION LLC

\_\_\_\_\_  
By: \_\_\_\_\_, its \_\_\_\_\_

LICENSEE:

\_\_\_\_\_  
By: \_\_\_\_\_, its \_\_\_\_\_



**EXHIBIT D**

**LIST OF CURRENT AND FORMER FRANCHISEES**



**Current Franchisees as of December 31, 2024**

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Patel	Mahendra	DPPRJ, LLC	187 Route 130	Bordentown	NJ	08505	(609)298-5000	Mahendra@MHOHotels.com
Mehta	Sunny*		45 E Tioga Tt	Tunkhannock	PA	18657	(570) 836 2292	

\*Franchisee operates two outlets.

**Franchisees with Unopened Outlets as of December 31, 2024:**

None.

**Former Franchisees as of December 31, 2024:**

The name and last known address of every franchisee who had an MHO Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2024 to December 31, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

None.



**EXHIBIT E**

**STANDARDS MANUAL**  
**TABLE OF CONTENTS**

Section	Number of Pages
Rules of Operation	5
Guest Facilities	3
Hotel Services	4
Guest Service Standards	3
Marketing Programs	2
Guest Amenities and Supplies	2
Training	1
Hotel Technology and Reservation Systems	2
Inspections and Compliance	1
Safety, Security, and Risk Control	5
Beverage Options	2
Service Marks, Signage, and Independent	4
Website Usage	8

Total Number of Pages: 42

STANDARDS MANUAL  
TABLE OF CONTENTS

Contents

[100 Rules of Operation](#) ..... 6

[Purpose and Scope](#) ..... 6

[100.1 Front Desk Policies](#) ..... 6

[100.2 Uniforms](#) ..... 7

[100.3 Smoking Considerations and Non-Smoking Designations](#) ..... 7

[100.4 Pet Policy](#) ..... 9

[100.5 Fees and Commissions](#) ..... 9

[100.7 Methods of Payment](#) ..... 9

[100.8 Handling Waivers](#) ..... 10

[100.9 Privacy and Security](#) ..... 10

[100.10 ADA Accessible Room Reservations](#) ..... 10

[110.0 Guest Facilities](#) ..... 11

[110.1 The Lobby](#) ..... 11

[110.2 Public Restroom\(s\)](#) ..... 11

[110.3 Exercise Room](#) ..... 11

[110.4 Swimming Pool](#) ..... 12

[110.5 Meeting and Banquet Rooms](#) ..... 12

[110.6 Guest Laundry](#) ..... 12

[110.7 Secondary Name Designators](#) ..... 12

[120.0 Hotel Services](#) ..... 14

[120.1 Telephone Services](#) ..... 14

[120.2 Television Services](#) ..... 14

[120.3 High Speed Internet Access \(HSIA\)](#) ..... 15



<a href="#"><u>120.4 Cribs, Irons, Ironing Boards, Hair Dryers and Rollaway Beds</u></a> .....	16
<a href="#"><u>120.5 Vending Services</u></a> .....	16
<a href="#"><u>130.0 Guest Service Standards</u></a> .....	18
<a href="#"><u>130.1 Guest Service Standards</u></a> .....	18
<a href="#"><u>130.2 Guest Complaints</u></a> .....	20
<a href="#"><u>130.3 Housekeeping Service Standards</u></a> .....	20
<a href="#"><u>130.4 Guest Satisfaction Standards</u></a> .....	20
<a href="#"><u>140.0 Marketing Programs</u></a> .....	21
<a href="#"><u>140.1 General Requirements</u></a> .....	21
<a href="#"><u>140.2 Rewards Program</u></a> .....	21
<a href="#"><u>140.3 Internet Listings</u></a> .....	21
<a href="#"><u>150.0 Guest Amenities and Supplies</u></a> .....	23
<a href="#"><u>150.1 Code Compliance</u></a> .....	23
<a href="#"><u>150.2 Guest Room or Suite Amenities, Supplies, and Bedding</u></a> .....	23
<a href="#"><u>150.3 Guest Bath Amenities and Supplies</u></a> .....	24
<a href="#"><u>150.4 Terry</u></a> .....	24
<a href="#"><u>160.0 Training</u></a> .....	25
<a href="#"><u>160.1 Organizational Management</u></a> .....	25
<a href="#"><u>160.2 Training</u></a> .....	25
<a href="#"><u>170.0 Hotel Technology and Reservation Systems</u></a> .....	26
<a href="#"><u>170.1 Property Management System</u></a> .....	26
<a href="#"><u>170.3 Automatic Hotel Charges</u></a> .....	27
<a href="#"><u>180.0 Inspections and Compliance</u></a> .....	28
<a href="#"><u>180.1 General</u></a> .....	28
<a href="#"><u>190.0 Safety, Security, and Risk Control</u></a> .....	29
<a href="#"><u>190.1 Life Safety Systems</u></a> .....	29



[190.2 Guest Room Entry Door and Lock Requirements](#) ..... 29

[190.3 Insurance Coverage](#)..... 29

[200.0 Food and Beverage Operation](#)..... 33

[200.1 Breakfast Standards](#) ..... 33

[300 Service Marks, Signage, and Independent Website Usage](#)..... 35

[300.1 Service Marks](#) ..... 35

[300.2 Independent Website Requirements](#)..... 36

[300.3 Signage](#)..... 38

[300.4 Vehicle Graphic Standards](#)..... 40

[300.5 Compliance](#) ..... 41



**EXHIBIT F**  
**STATE ADDENDA**  
**AND AGREEMENT RIDERS**



## STATE ADDENDA AND AGREEMENT RIDERS

### ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR MEMBERSHIP HOTEL ORGANIZATION LLC

The following modifications are made to the Membership Hotel Organization LLC (“Franchisor,” “us,” “we,” or “our”) Franchise Disclosure Document (“FDD”) given to franchisee (“Franchisee,” “you,” or “your”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 20\_\_ (“Franchise Agreement”). When the term “Franchisor’s Choice of Law State” is used, it means New Jersey. When the term “Supplemental Agreements” is used, it means “none”.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum (“State Addendum”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

#### CALIFORNIA

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD 14 days prior to execution of the agreement.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains a provision requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in New Jersey. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California. The Franchise Agreement contains a mediation provision. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement requires the application of the law of New Jersey. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the



Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

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

## **HAWAII**

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE**



**EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates."

2. States which have refused, by order or otherwise, to register these Franchises are:

None

3. States which have revoked or suspended the right to offer the Franchises are:

None

4. States in which the proposed registration of these Franchises has been withdrawn are:

None

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

## **ILLINOIS**

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.



The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

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

See the last page of this Exhibit F for your required signature.

## **INDIANA**

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.



Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

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

### **IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

#### **NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Membership Hotel Organization LLC, 187 Route 130, Bordentown, New Jersey 08505 not later than midnight of the third business day after the Effective Date.



I hereby cancel this transaction.

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

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

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**MARYLAND**

**AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS**

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Representations in the Franchise Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

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

**MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**



Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a



Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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

**MINNESOTA**

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.



4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 6 of the Franchise Agreement is hereby amended to limit the Dishonored Fee Payment to \$30 per occurrence pursuant to Minnesota Statute 604.113.
10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer:**”

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any section of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.



Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 18 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

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

## **OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials \_\_\_\_\_ Date \_\_\_\_\_

### NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Membership Hotel Organization LLC, 187 Route 130, Bordentown, New Jersey 08505 not later than midnight of the fifth business day after the Effective Date.



I hereby cancel this transaction.

Franchisee:

Date: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

### **RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

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

### **SOUTH DAKOTA**

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

### **VIRGINIA**

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”



In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Membership Hotel Organization LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

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

### **WASHINGTON**

#### **ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a non-competition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a non-competition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted



annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

### **WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

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

*(Signatures on following page)*

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- California
- Hawaii
- Illinois
- Iowa
- Indiana
- Maryland

- Michigan
- Minnesota
- New York
- North Dakota
- Ohio

- Rhode Island
- South Dakota
- Virginia
- Washington
- Wisconsin

Dated: \_\_\_\_\_, 20\_\_\_\_

**FRANCHISOR:**

MEMBERSHIP HOTEL ORGANIZATION LLC

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

Rev. 071823



## **EXHIBIT G**

### **CONTRACTS FOR USE WITH THE MHO FRANCHISE**

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the MHO Business. The following are the forms of contracts that Membership Hotel Organization LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.



**EXHIBIT G-1**

**MHO FRANCHISE**

**SAMPLE GENERAL RELEASE AGREEMENT**

**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims (“Release”) is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Membership Hotel Organization LLC, New Jersey limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate an MHO business;

**WHEREAS**, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

**WHEREAS**, as a condition to Franchisor’s consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the



franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of New Jersey.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder in accordance with RCW 19.100.220.

*(Signatures on following page)*



**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a

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

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

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

**FRANCHISEE'S OWNERS:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 092122



**EXHIBIT G-2**  
**MHO FRANCHISE**

**SAMPLE SYSTEM PROTECTION AGREEMENT**

This System Protection Agreement (“SP Agreement”) is entered into by the undersigned (“you” or “your”) in favor of Membership Hotel Organization LLC, New Jersey limited liability company, and its successors and assigns (“us,” “we,” or “our”), upon the terms and conditions set forth in this SP Agreement.

1. **Definitions.** For purposes of this SP Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes an MHO business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of an MHO business or the solicitation or offer of an MHO franchise, whether now in existence or created in the future.

“*Franchisee*” means the MHO franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an MHO business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an MHO business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an MHO business, including “MHO,” and any other trademarks, service marks, or trade names that we designate for use by an MHO business. The term “Marks” also includes any distinctive trade dress used to identify an MHO business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“*System*” means our system for the establishment, development, operation, and management of an MHO business, including Know-how, proprietary programs and products, Manual, and operating system.



**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this SP Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the MHO business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's MHO business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this SP Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's MHO business by engaging in any Prohibited Activities.

**5. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this SP Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this SP Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**6. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this SP Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this SP Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SP AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**7. Breach.** You agree that failure to comply with the terms of this SP Agreement will cause substantial and irreparable damage to us and/or other MHO franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this SP Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this SP Agreement are exclusive of any other, but may be combined with others under this SP Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or



our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this SP Agreement.

**8. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this SP Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This SP Agreement will be governed by, construed, and enforced under the laws of New Jersey, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this SP Agreement.

c. Each section of this SP Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this SP Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this SP Agreement agrees that the court may impose such limitations on the terms of this SP Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this SP Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this SP Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this SP Agreement to ensure that the terms and covenants in this SP Agreement are enforceable under applicable law.

*(Signature on following page)*

EXECUTED on the date stated below.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

Rev. 120619



**EXHIBIT G-3**  
**MHO FRANCHISE**

**SAMPLE CONFIDENTIALITY AGREEMENT**

This Confidentiality Agreement (“Confidentiality Agreement”) is entered into by the undersigned (“you”) in favor of Membership Hotel Organization LLC, New Jersey limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Confidentiality Agreement.

**1. Definitions.** For purposes of this Confidentiality Agreement, the following terms have the meanings given to them below:

“*MHO Business*” means a business that provides hotels that appeal to leisure and business travelers and compete in the economy, mid-scale, or full-service markets and other related products and services using our Intellectual Property.

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow MHO franchisees to use, sell, or display in connection with the marketing and/or operation of an MHO Business, whether now in existence or created in the future.

“*Franchisee*” means the MHO franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an MHO Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an MHO Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an MHO Business, including “MHO” and any other trademarks, service marks, or trade names that we designate for use by an MHO Business. The term “Marks” also includes any distinctive trade dress used to identify an MHO Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of an MHO Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Confidentiality Agreement. In order to avoid such damage, you agree to comply with this Confidentiality Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the MHO Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized



copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Membership Hotel Organization LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Confidentiality Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Confidentiality Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Confidentiality Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Confidentiality Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS CONFIDENTIALITY AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with this Confidentiality Agreement will cause substantial and irreparable damage to us and/or other MHO franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Confidentiality Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Confidentiality Agreement are exclusive of any other, but may be combined with others under this Confidentiality Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Confidentiality Agreement.

**7. Miscellaneous.**

a. Although this Confidentiality Agreement is entered into in favor of Membership Hotel Organization LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.



b. If we pursue legal remedies against you because you have breached this Confidentiality Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Confidentiality Agreement will be governed by, construed, and enforced under the laws of New Jersey, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Confidentiality Agreement.

d. Each section of this Confidentiality Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Confidentiality Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Confidentiality Agreement agrees that the court may impose such limitations on the terms of this Confidentiality Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

Rev. 032916



**EXHIBIT G-4**  
**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**Franchisee Information:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

**Bank Account Information:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

**Authorization:**

Franchisee hereby authorizes Membership Hotel Organization LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Federal Tax ID Number: \_\_\_\_\_

Rev. 032916

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**



**EXHIBIT G-5**  
**MHO FRANCHISE**

**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment (“Approval Agreement”) is entered into on \_\_\_\_\_, 20\_\_\_\_, between Membership Hotel Organization LLC (“Franchisor”), New Jersey limited liability company, \_\_\_\_\_ (“Former Franchisee”), the undersigned owners of Former Franchisee (“Owners”) and \_\_\_\_\_, (“New Franchisee”).

**RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (“Former Franchise Agreement”), in which Franchisor granted Former Franchisee the right to operate an MHO franchise located at \_\_\_\_\_ (“Franchised Business”); and

WHEREAS, Former Franchisee desires to assign (“Requested Assignment”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Approval Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“New Franchise Agreement”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“Franchisor’s Assignment Fee”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Approval Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Approval Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Approval Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Approval Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this Approval Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise



precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of an MHO franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Approval Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to approving the Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Approval Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Approval Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Approval Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Approval Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Approval Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Approval Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Approval Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey.

*(Signatures on following page)*



**IN WITNESS WHEREOF**, the parties have executed this Approval Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

Membership Hotel Organization LLC

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FORMER FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**NEW FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Rev. 031821



**EXHIBIT G-6**  
**MHO FRANCHISE**

**MEMBER INFORMATION ADDENDUM**

This Member Information Addendum (the “Addendum”) is annexed to and made a part of the franchise agreement (“Franchise Agreement”) entered into between Membership Hotel Organization LLC (“MHO”) and the franchisee \_\_\_\_\_ (“Member”).

**Member:**

Name of Member (legal name): \_\_\_\_\_  
State of Incorporation: \_\_\_\_\_  
Name of Hotel (Trade Name): \_\_\_\_\_  
Principal Place of Business (Address): \_\_\_\_\_  
Telephone Number of Member: \_\_\_\_\_  
Email Address of Member: \_\_\_\_\_  
Address of Property: \_\_\_\_\_  
Telephone Number of Hotel: \_\_\_\_\_  
Number of Units on Property: \_\_\_\_\_

**Provide Applicable Documents**

Corporation:	Articles of Incorporation, Bylaws
General Partnership:	Partnership Agreement
Limited Partnership:	Partnership Agreement
Limited Liability Company:	Articles of Organization, Operating Agreement
Bank:	Bank Formation documents, Bank Management, and Structure documents

**Designated Contact Person for Member**

*Note: All communications to the Designated Contact Person will be effective to contact and give notice to the Member.*

Name of Designated Contact Person for Member: \_\_\_\_\_  
Telephone Number of Designated Contact Person: \_\_\_\_\_  
Email Address of Designated Contact Person: \_\_\_\_\_



**Proposed Name of Property:**

\_\_\_\_\_ [Your hotel name] \_\_\_\_\_ powered by MHO  
\_\_\_\_\_ MHO Hotel  
\_\_\_\_\_ MHO Hotels  
\_\_\_\_\_ MHO Inn  
\_\_\_\_\_ MHO Suites  
\_\_\_\_\_ MHO Inn & Suites  
Other \_\_\_\_\_

**Membership Hotel Organization, LLC Contact Information:**

Membership Hotel Organization, LLC  
187 Route 130  
Bordentown, NJ 08505  
Telephone Number: (609) 756-9300  
Email: info@mhohotels.com

**Standard Services Included with Monthly Technology and Support Fee of \$26.95 per room.** Global marketing services; global distribution and reservation services; property management services; credit card processing interface; commission-free booking engine with brand website; Facebook, TripAdvisor; commission-free booking engine with brand website; phone interface with PMS System; Popular OTA Interface; Vendor Management; basic reputation management.

**Optional Services:** Member elects to purchase the following Optional Services from our recommended third-party vendors at the time of entering into this Agreement. Member may discontinue or add any Optional Service upon 30 days' written notice to MHO.

**Optional Services Fee Payable Directly to Third Party Provider**

Digital Marketing \_\_\_\_\_  
GDS Interface \_\_\_\_\_  
Advanced OTA Interface \_\_\_\_\_  
Revenue Management \_\_\_\_\_  
Total for Optional Services \$ \_\_\_\_\_

**Member Dues (not including Optional Services):**

**Standard Membership Dues:**

Application Fee: \$500.00  
Initial Fee: \$9,995.00  
Technology and Support Fee: \$26.95 per room per month

**Effective Date:**

The Effective Date of the Franchise Agreement and this Addendum shall be this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

**Term:** \_\_\_\_\_ Years

*(Signatures on following page)*



**Member:** \_\_\_\_\_

**Membership Hotel Organization LLC**

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

Its: \_\_\_\_\_

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

Its: \_\_\_\_\_



**EXHIBIT G-7**  
**MHO FRANCHISE**  
**SOFTWARE LICENSE**  
**END USER LICENSE AGREEMENT**

This Use and License Agreement (“Agreement” or “End User License Agreement”), dated \_\_\_\_\_, 20\_\_, (“Effective Date”) is made by and between Membership Hotel Organization LLC (“Licensor”), and \_\_\_\_\_ (“Licensee”).

RECITALS

WHEREAS, Licensor is the franchisor of Membership Hotel Organization (“MHO”) hotel franchises and has purchased a “Subscription” for the use of StayFlexi, Inc.’s (“SF”) online software platform for the use in the operation of MHO franchises, including any updates and revisions (the “Software”);

WHEREAS, Licensor has authority to enter into this Agreement with Licensee;

WHEREAS, Licensee has entered into a franchise agreement to operate an MHO franchise (“Franchise Agreement”);

WHEREAS, the Software is required for the operation of an MHO franchise except in limited circumstances;

WHEREAS, pursuant to the Franchise Agreement, Licensee is required to execute this Agreement and obtain a license to use the Software; and

WHEREAS, Licensor wishes to grant certain rights and licenses to Licensee with respect to the Software, and Licensee wishes to obtain such rights and licenses with respect to the Software, on the terms and conditions set forth herein.

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

1. **LICENSE**. Licensor hereby grants a worldwide, non-exclusive, non-transferable, revocable, non-sublicenseable license to Licensee to use the Software exclusively for the internal operations of an MHO franchise and for no other purpose unless Licensee has received prior written consent from Licensor for such purpose. Licensor shall provide all documentation necessary for the operation of the Software.

2. **TERM**. Unless sooner terminated, the term of this Agreement and of the license granted herein will begin on the Effective Date and continue until the expiration or termination of the Franchise Agreement (“Term”). If Licensee renews its license to operate an MHO franchise under a successor franchise agreement for the operation of an MHO hotel, Licensee must execute the then-current form of End User License Agreement and pay all fees and comply with all terms and conditions set forth in the then-current form of End User License Agreement. The Licensee acknowledges that the terms and conditions of the



then-current form of End User License Agreement may be substantially different from the terms and conditions of this Agreement, including, without limitation, additional and/or increased fees.

3. **TECHNICAL REQUIREMENTS.** Licensee agrees to comply with the applicable hardware, software and other technical and pre-setup requirements for Licensee's use of the Software as the Licensor and/or SF may establish from time to time during the Term.

#### 4. **SOFTWARE SUPPORT**

(a) To the extent it deems advisable, SF shall provide reasonable support for the Software twenty-four hours a day, seven days a week, three hundred and sixty-five days a year to Licensee, pursuant to SF's license agreement with Licensor. Licensor is not responsible for any failures on the part of SF to provide support and all support services shall be provided at the sole obligation of SF, as set forth in the Master License, but nothing herein is intended to make Licensee a third-party beneficiary of the Master License.

(b) Certain locations may be susceptible to power outages and/or fluctuations that can cause a computer to crash or shut down. Licensee is responsible for the installation and maintenance of battery backups systems and data backup. Neither Licensor nor SF is responsible for any related losses of data, nor do they assume responsibility or liability for any losses or damages arising, directly, or indirectly, from Licensee's improper use or maintenance of the Software or hardware.

(c) Licensee is responsible for installing and maintaining updated anti-virus software at all times on any hardware that runs the Software. Licensor is not responsible for any virus, malware, or harmful code related to, or that harms or damages, the Software or information contained therein.

(d) Licensee must designate an account contact that is authorized to communication regarding technical support or other issues with SF.

#### 5. **PAYMENT.**

(a) It is agreed that Licensee's fee for use of the Software is incorporated into the monthly Technology and Support Fee, as defined in the Franchise Agreement. Licensee shall not be obligated to pay to Licensor or SF any additional amount, except that Licensee must pay a one-time setup fee and purchase equipment in the amounts of \$495 and \$2,185, respectively, for front desk service station(s). Such fees shall pay for setup, scanner, signature pad, and Europay Mastercard and Visa ("EMV") terminal.

(b) The Licensee will not, on grounds of the alleged nonperformance by Licensor of any of its obligations or for any other reason, withhold payment of any fees or payments due to Licensor pursuant to this Agreement or pursuant to any other contract, agreement or obligation between Licensor and Licensee. The Licensee will not have the right to "offset" any amounts, damages or other sums allegedly due to the Licensee by Licensor against any payments due to Licensor under this or any other agreement between Licensor and Licensee.



(c) If Licensor authorizes a sale of Licensee's MHO franchise to a third party ("Transferee"), Licensee must notify the Transferee that it will be obligated to enter into the then-current End User License Agreement with Licensor.

(d) The Licensee further acknowledges that any upgrade to the Software may necessitate upgrades in the Licensee's hardware and third-party software required to operate the Software, which may result in additional costs or fees payable by the Licensee to third-party vendors.

6. **ACCESS TO SOFTWARE AND INFORMATION**. The parties acknowledge that Licensee will be entering and storing data ("Licensee Data") in the Software regarding Licensee's MHO franchise. Licensee hereby grants Licensor a non-exclusive, nontransferable, license to access, use, and reproduce such Licensee Data. In addition, Licensee agrees that Licensor may use the Licensee Data to create or have created derivative works in the form of Aggregated Data. "Aggregated Data" means Licensee Data that has been accumulated, consolidated, and otherwise processed, analyzed, and combined with data of other MHO franchisees. Licensee further acknowledges that Licensor has the right to gather and use other data regarding the usage of the Software and related support ("Usage Data"). All such Aggregated Data and Usage Data shall be the proprietary information of, and owned by, Licensor. Licensee shall have no right, title, or interest in or to such data. There is no limitation on Licensor's right to access and use Licensee Data, which may include, without limitation, financial information, rate information, customer information, and vacancy rates.

7. **OWNERSHIP**. Licensee acknowledges that it has no ownership right in the Software or in any data or information generated by the Software, including customer lists, customer data and other sales information. Licensee further acknowledges that this Agreement does not provide any additional right, title or interest in the Software except as set forth herein. Upon termination or expiration of this Agreement, Licensee shall have no right to utilize the Software or any data generated by or stored within the Software, and Licensor shall be the sole owner of all such data and information.

## 8. **RESTRICTIONS ON USE**

(a) Licensee may not decompile, reverse compile, reverse engineer, reverse assemble or otherwise derive a source code equivalent for the Software. In addition, Licensee may not copy the Software without the Licensor's written consent. Licensee may not download any portion of the Software except as the Licensor may expressly permit or instruct. Licensee may not permit any third party to access the Software, and may use the Software only on computers that Licensee controls and only for the purpose of complying with the Franchise Agreement and this Agreement. Licensee may not assign, transfer, sell, rent, license, sublicense, or grant any rights to or interests in the Software to any corporation, partnership or other business entity or any other person. Licensee may not, at any time, use or exploit or authorize any third party to use or exploit, the Software or any of Software's content or data. Licensee will comply with all terms and conditions packaged or accompanying the Software or any third-party software furnished to or required to be used by Licensee under this Agreement.

(b) Licensee is prohibited from printing or copying (including, without limitation, for back-up, training, testing or disaster recovery), in whole or in part, the Software except to the extent expressly permitted in advance in writing by Licensor, which permission Licensor may withhold in its sole discretion.



Any back-up training, testing or disaster recovery system intended to be or used by Licensee must be approved in advance in writing by Licensor, which approval Licensor may withhold in its sole discretion. Licensee acknowledges and agrees that any and all physical embodiments or media, including, but not limited to, authorized and unauthorized copies, of the Software are the sole and exclusive property of Licensor. Any authorized copies of the Software must contain appropriate proprietary and trade secret, copyright, trademark or other applicable legends as designated by Licensor. Except as otherwise set forth in this Agreement, Licensee shall store, secure and prevent access to each physical embodiment of the Software.

9. **INDEMNIFICATION.** Licensee agrees to release, protect, defend, indemnify, and hold harmless Licensor and its employees, officers, directors, owners, agents and representatives (collectively, the “Licensor Parties”), at Licensee’s cost and expense, from and against any and all claims, demands or causes of action (collectively, “claims”) arising out of or relating to the Licensee’s use of the Software and other rights provided under this Agreement, EVEN IF CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OF ANY LICENSOR PARTY, EXCEPT TO THE EXTENT THAT SUCH CLAIMS ARISE AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A LICENSOR PARTY. Licensee will reimburse Licensor for any and all costs, liabilities, judgments, and expenses (including attorneys’ fees and costs) reasonably incurred by Licensor in connection with investigating, preparing for, and defending against any such claim, whether or not resulting in any liability, and any amount paid in settlement of any litigation, commenced or threatened, or of any such claim if such settlement is effected with the written consent of Licensee, which consent shall not be unreasonably withheld.

10. **EXCLUSION OF WARRANTIES.** EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, LICENSOR DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE SOFTWARE, OR ANY COMPONENT OF THE FOREGOING, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, CORRECTNESS, COMPLETENESS, COMPREHENSIVENESS, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE (IRRESPECTIVE OF ANY COURSE OF DEALING, CUSTOM OR USAGE OF TRADE), OR ANY REPRESENTATION THAT THE SOFTWARE WILL MEET LICENSEE’S REQUIREMENTS OR THAT THE LICENSEE’S OR ANY APPROVED LICENSEE’S USE THEREOF WILL BE UNINTERRUPTED OR ERROR-FREE, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES.

11. **LIMITATION OF LIABILITY.** LICENSOR SHALL HAVE NO LIABILITY TO LICENSEE OR TO ANY APPROVED FRANCHISEE WITH RESPECT TO LICENSOR’S OBLIGATIONS UNDER THIS AGREEMENT OR OTHERWISE FOR CONSEQUENTIAL, EXEMPLARY, SPECIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES, OR ANY LOSS OF PROFIT, REVENUE, DATA OR GOODWILL, WHETHER INCURRED OR SUFFERED AS A RESULT OF ANY ERRORS, DEFECTS OR NON-FUNCTIONING OF THE SOFTWARE PRODUCTS OR OTHERWISE, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL LICENSOR’S AGGREGATE LIABILITY HEREUNDER FOR ANY CAUSE ARISING OUT OF OR RELATED TO LICENSOR’S PERFORMANCE OR NON-



PERFORMANCE UNDER THIS AGREEMENT OR OTHERWISE EXCEED THE AMOUNT OF THE MONTHLY BSFC FEES PAID UNDER THE FRANCHISE AGREEMENT TO LICENSOR IN THE TWELVE-MONTH PERIOD PRIOR TO INCURRING SUCH DIRECT DAMAGES. THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION OR CLAIMS IN THE AGGREGATE INCLUDING WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF LIMITED WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATION AND OTHER TORTS.

12. **DEFAULT AND TERMINATION**. This Agreement shall automatically terminate upon the termination or expiration of the Franchise Agreement. The Licensor may also terminate this Agreement: (a) without notice at any time if Licensee is in default of the Franchise Agreement; (b) if Licensee fails to pay the monthly Technology and Support Fee when due and such failure continues unremedied for five (5) days after notice of non-payment; (c) upon ten (10) days written notice of Licensee's failure to comply with any other term of this Agreement if such failure is not remedied within ten (10) days following such notice. In the event of termination, and without limiting Licensor's remedies hereunder, Licensee shall be responsible for payment of all past due fees and charges incurred up to the date of such termination.

In the event of a breach by Licensee of this Agreement, the Franchise Agreement, or any other agreement between Licensee and Licensor, Licensor may cease providing access to the Software and/or access to SF's support without notice to Licensee.

Licensee acknowledges that its rights under this Agreement exist only because of the existence of a license agreement between SF and Licensor, and that if SF or Licensor terminate that agreement for some reason, all of Licensor's rights and obligations hereunder shall automatically transfer from Licensor to SF, except that SF may charge Licensee a monthly fee for use of the Software up to \$250 per month.

13. **RESTRICTION ON ASSIGNMENT**. Licensee may not assign its rights or delegate its duties under this Agreement without the prior written consent of Licensor, which may be withheld in its sole and absolute discretion. Licensor may assign its rights and obligations under this Agreement to a third party without obtaining Licensee's consent.

14. **JURISDICTION; APPLICABLE LAW; DISPUTE RESOLUTION**. This Agreement hereby incorporates the dispute resolution provisions found in the Franchise Agreement.

15. **NOTICES**. All notices, reports, and payments permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered upon the earlier of: (i) at the time delivered by hand; (ii) one (1) business day after transmission by email and after placed in the hands of a commercial courier service for next business day delivery; or (iii) three (3) business days after placement in the U.S. mail by registered or certified mail, return receipt requested, postage prepaid. Such notice must be addressed to the party to be notified at its business address. Any required payment or report that we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days prior thereto) will be deemed delinquent.

16. **WAIVER**. No waiver or breach of any provision of this Agreement by Licensor will constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver will be effective unless made in writing and signed by an authorized representative of Licensor.



17. **ENTIRE AGREEMENT.** This Agreement and exhibits or addenda, along with relevant portions of the Franchise Agreement, sets forth the entire understanding of the parties with respect to the transactions and matters contemplated hereby and supersedes all prior or contemporaneous writing, negotiations, and discussions concerning the subject matter hereof. Neither party has relied upon any such prior or contemporaneous communications.

18. **AMENDMENT.** This Agreement cannot be amended except (i) by authorized representatives of each party and (ii) in a writing signed by both parties.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first above written.

LICENSOR: MEMBERSHIP HOTEL  
ORGANIZATION LLC

\_\_\_\_\_  
By: \_\_\_\_\_, its \_\_\_\_\_

LICENSEE:

\_\_\_\_\_  
By: \_\_\_\_\_, its \_\_\_\_\_



**EXHIBIT G-8**  
**MHO FRANCHISE**

**APPLICATION FOR MHO FRANCHISE**

Membership Hotel Organization LLC  
187 Route 130, Bordentown, NJ 08505  
Phone: 609-756-9300  
www.mhohotels.com

**INSTRUCTIONS**

Membership Hotel Organization LLC (“MHO”) is pleased to consider this application for a franchise (the “Application”). Please read these instructions carefully and answer all items completely and accurately. If an item does not apply, please mark not applicable (NA). If you become a franchisee, inclusion of false or misleading information in this Application may result in a default or termination of your franchise, as well as liability for fraud, breach of contract, and other legal claims.

**Please supply all requested attachments for your entity and property.**

When this Application is complete, please send the Application, attachments, and application fee by regular mail or overnight carrier, to Membership Hotel Organization LLC, 187 Route 130, Bordentown, NJ 08505.

**YOU MAY NOT SEND THIS APPLICATION OR THE APPLICATION FEE UNTIL AT LEAST FOURTEEN CALENDAR DAYS HAVE ELAPSED SINCE YOU RECEIVED A COPY OF MHO’S FRANCHISE DISCLOSURE DOCUMENT. FAILURE TO COMPLY WITH THIS PARAGRAPH SHALL VOID YOUR APPLICATION.**

MHO reserves the right to approve or deny this Application in its sole discretion. You have not yet been granted a franchise and your submission of this Application along with the application fee does not guaranty your acceptance as a franchisee. You understand that you must pay the non-refundable \$500 application fee (“Application Fee”), but this does not mean that you will receive the right to enter into a franchise agreement. Upon receipt of the Application Fee, in addition to other consideration, the receipt of which is hereby acknowledged, we agree to review and consider your Application to become an MHO franchisee.

**ITEMS TO BE SUBMITTED WITH THIS APPLICATION**

Please submit the following items with this Application.

- Check for application fee of \$500 made out to Membership Hotel Organization LLC
- Current financial statement(s) (*see Section E*)
- Proof of Ownership (*sales contract, deed, option, or lease*)
- Entity documents (*see Section D*)
- Franchise Disclosure Document (FDD) Acknowledgment of Receipt Form



**APPLICATION**

**Where and when you are filling out this Application:**

City: \_\_\_\_\_ State: \_\_\_\_\_ Date: \_\_\_\_\_

**1. PROSPECTIVE HOTEL NAME**

\_\_\_\_\_ [Your hotel name] \_\_\_\_\_ powered by MHO.

\_\_\_\_\_ MHO Hotel

\_\_\_\_\_ MHO Hotels

\_\_\_\_\_ MHO Inn

\_\_\_\_\_ MHO Suites

\_\_\_\_\_ MHO Inn & Suites

\_\_\_\_\_ Other: \_\_\_\_\_

**2. CURRENT HOTEL INFORMATION**

Number of Rooms: \_\_\_\_\_

Current Hotel Name/Site Location: \_\_\_\_\_

Current Hotel Franchise System (if applicable): \_\_\_\_\_

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

City: \_\_\_\_\_

State/Province: \_\_\_\_\_

Zip/Postal Code: \_\_\_\_\_

County: \_\_\_\_\_

Country: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

**3. APPLICANT’S REPRESENTATIVE**

*You authorize the following individual to be your Designated Contact Person for this Application and for the Franchise Agreement, if approved.*

Name (Mr./Mrs./Ms./Mx.)

First: \_\_\_\_\_ Middle: \_\_\_\_\_ Last: \_\_\_\_\_

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

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

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



City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Business Phone: \_\_\_\_\_  
Mobile Phone: \_\_\_\_\_  
Email Address: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_  
Current Occupation: \_\_\_\_\_

**4. APPLICANT (Please select one)**

- Corporation *Complete subsections 1, 2 and 3 below*
- General Partnership *Complete subsections 1, 2 and 3 below*
- Limited Partnership *Complete subsections 1, 2 and 3 below*
- Limited Liability Partnership *Complete subsections 1, 2 and 3 below*
- Joint Venture *Complete subsections 1, 2 and 3 below*
- Limited Liability Company *Complete subsections 1, 2 and 3 below*
- Sole Proprietor *Complete subsection 3 below.*
- Multiple Individuals *Complete subsection 3 below.*
- Other: \_\_\_\_\_ *Complete subsections 1, 2 and 3 below.*



**4.1 Entity** (You may not use the name MHO or any variation thereof in the entity's name.)

Name of Entity \_\_\_\_\_  
Formed in State of: \_\_\_\_\_  
Date Formed: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Business Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Fax: \_\_\_\_\_

*Please submit a copy of the following documents with your application:*

- Formation Document(s) (This is the document that you filed with the state of incorporation (e.g., articles of incorporation, articles of organization, certificate of incorporation, etc.)
- Governing Document(s) (e.g., Bylaws, Shareholders Agreement, Partnership Agreement, Operating Agreement, etc.)

**4.2 Entity Management Structure**

Please list **all** Officers (May include: President, Treasurer, Secretary, General Partners, Managing Partners or Managing Members.) If a general partner, managing partner or managing member is a corporation or other entity, the name and title of the individual signing for the corporation or entity also must be listed. Attach additional pages if necessary.

- a. Name (Mr./Mrs./Ms.) First: \_\_\_\_\_  
Last: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_
- b. Name (Mr./Mrs./Ms.) First: \_\_\_\_\_  
Last: \_\_\_\_\_



Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_

c. Name (Mr./Mrs./Ms.) First: \_\_\_\_\_  
Last: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_

d. Name (Mr./Mrs./Ms.) First: \_\_\_\_\_  
Last: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_

e. Name (Mr./Mrs./Ms.) First: \_\_\_\_\_  
Last: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_



Zip/Postal Code: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_

#### 4.3 Owners

Please list **all** owners, shareholders, general partners, limited partners, joint venturers, or members. If any owner, shareholder, general partner, limited partner, joint venturer, or members is an entity, please list all owners of that entity and provide the same information requested below for owners, shareholders, general partners, limited partners, joint venturers, or members of this entity. We reserve the right to request additional information outside of this Application prior to deciding whether or not to approve you as a potential franchisee. Attach additional pages if necessary.

4.3.1 Name: (Mr./Mrs./Ms.) First: \_\_\_\_\_ Last: \_\_\_\_\_  
% Owned: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Business Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_  
Email Address: \_\_\_\_\_

4.3.2 Name: (Mr./Mrs./Ms.) First: \_\_\_\_\_ Last: \_\_\_\_\_  
% Owned: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Business Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_  
Email Address: \_\_\_\_\_



4.3.3 Name: (Mr./Mrs./Ms.) First: \_\_\_\_\_ Last: \_\_\_\_\_  
% Owned: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Business Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_  
Email Address: \_\_\_\_\_

4.3.4 Name: (Mr./Mrs./Ms.) First: \_\_\_\_\_ Last: \_\_\_\_\_  
% Owned: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Business Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_  
Birth Date: \_\_\_\_\_  
Email Address: \_\_\_\_\_

4.3.5 Name: (Mr./Mrs./Ms.) First: \_\_\_\_\_ Last: \_\_\_\_\_  
% Owned: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Business Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_



Birth Date: \_\_\_\_\_

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

4.3.6 Name: (Mr./Mrs./Ms.) First: \_\_\_\_\_ Last: \_\_\_\_\_

% Owned: \_\_\_\_\_

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

City: \_\_\_\_\_

State/Province: \_\_\_\_\_

Zip/Postal Code: \_\_\_\_\_

Business Phone: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Birth Date: \_\_\_\_\_

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

4.3.7 Name: (Mr./Mrs./Ms.) First: \_\_\_\_\_ Last: \_\_\_\_\_

% Owned: \_\_\_\_\_

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

City: \_\_\_\_\_

State/Province: \_\_\_\_\_

Zip/Postal Code: \_\_\_\_\_

Business Phone: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Birth Date: \_\_\_\_\_

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

How did you hear about MHO? (Check one)

- A friend or business associate referred me
- I saw your advertisement in \_\_\_\_\_
- I was contacted by MHO
- Other (specify) \_\_\_\_\_

## 5. FINANCIAL INFORMATION



## 7.5 Financial Statements

Please submit a current financial statement for the ownership entity in accordance with the following:

### **General Partnership / Limited Partnership / Limited Liability Partnership / Joint Venture / Limited Liability Company / Corporation:**

- 7.5.1 Entity Balance Sheet (most recent year)  
Personal Financial Statements for all general partners, joint venturers, members or shareholders
- 7.5.2 **Sole Proprietor:**  
Personal Financial Statement
- 7.5.3 **Individual Owners:**  
Personal Financial Statements for all individuals  
Hotel Profit and Loss Statement (most recent year)

### **5.2 Business References:**

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

Contact: \_\_\_\_\_

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

City: \_\_\_\_\_

State/Province: \_\_\_\_\_

Zip/Postal Code: \_\_\_\_\_

Phone: \_\_\_\_\_

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

Account Number: \_\_\_\_\_

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

Contact: \_\_\_\_\_

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

City: \_\_\_\_\_

State/Province: \_\_\_\_\_

Zip/Postal Code: \_\_\_\_\_

Phone: \_\_\_\_\_

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

Account Number: \_\_\_\_\_

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



Contact: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Account Name: \_\_\_\_\_  
Account Number: \_\_\_\_\_

**5.3 Bank References:**

5.3.1 Name of Bank: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email Address: \_\_\_\_\_  
Account in Name of \_\_\_\_\_  
Account Number: \_\_\_\_\_

Type of Account:

- Checking
- Savings
- Loan

5.3.2 Name of Bank: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_  
Phone: \_\_\_\_\_



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

Account in Name of \_\_\_\_\_

Account Number: \_\_\_\_\_

Type of Account:

- Checking
- Savings
- Loan

7.3.3 Name of Bank: \_\_\_\_\_

Contact Person: \_\_\_\_\_

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

City: \_\_\_\_\_

State/Province: \_\_\_\_\_

Zip/Postal Code: \_\_\_\_\_

Phone: \_\_\_\_\_

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

Account in Name of \_\_\_\_\_

Account Number: \_\_\_\_\_

Type of Account:

- Checking
- Savings
- Loan

**5.4 Insurance Agent:**

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

Contact: \_\_\_\_\_

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

City: \_\_\_\_\_

State/Province: \_\_\_\_\_

Zip/Postal Code: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_



**6. FRANCHISING AND HOTEL EXPERIENCE**

6.1 Do any of the individuals/entities listed under ownership currently own any interest in an MHO franchise or non-MHO franchise motel, hotel and/or resort?

- Yes
- No

If “yes,” please provide information below:

Individual/Entity	Property Name	Franchise System	MHO Property Code (if applicable)	City/State	% Owned

6.2

Have any of the individuals/entities listed under ownership previously (but no longer) owned any motel(s), hotel(s) or resort(s) (MHO hotels or non-MHO franchise hotels)?

- Yes
- No

If “yes,” please provide information below:

Individual/Entity	Property Name	Franchise System	MHO Hotels Property Code (if applicable)	City/State	% Owned

6.3 For any of the individuals/entities listed under ownership, please identify the total number



of years of hotel ownership and/or hotel management experience.

Individual/Entity	# of Years of Hotel Ownership Experience	Current Number of Hotels Under Ownership	# of Years of Hotel Management Experience	Current Number of Hotels Under Management

6.4 Do any of individuals/entities listed under ownership own other non-hotel franchises?

- Yes
- No

If “yes,” please provide information below:

(Types of non-hotel franchise may include: Retail, fast food, gas station, fitness services, etc.)

Individual/Entity	Type of Non- Hotel Franchise	Brand Name	City/State	% Owned

6.5 Do any of the individuals/entities listed under ownership own and/or hold an officer position at a non-hotel business(es)?

- Yes
- No

If “yes,” please provide information below:



Individual/ Entity	Type of Business	Business Name	City/State	% Owned	Title/Office

## 7. BACKGROUND INFORMATION

For purposes of this section, “Applicant” includes anyone owning a direct or indirect interest in the proposed franchise.

7.1 Is any Applicant now, or has any Applicant ever been a defendant in any lawsuit?

- Yes  
 No

7.2 Has any Applicant ever filed for bankruptcy?

- Yes  
 No

7.3 Has any Applicant ever been convicted of a crime other than minor traffic violations?

- Yes  
 No

7.4 Is any Applicant a “Specially Designated National” or a “Blocked Person” (as defined below)?

- Yes  
 No

If “yes” has been indicated for any of questions 1-4, please identify the person, court, case number and outcome below.

Person	Court Case	Number	Outcome

“Specially Designated National” or “Blocked Person” means (I) a person designated by the U.S. Department of Treasury’s Office of Foreign Assets Control from time to time as such status, (II) a person described in Section 1 of U.S. Executive Order 13224, issued September 23, 2001, or (III) a person otherwise identified by government or legal authority as a person with whom Membership Hotel



Organization LLC or its affiliates are prohibited from transacting business. A list of such designations and the text of the Executive Order are published under the Internet web site address [www.ustreas.gov/office/enforcement/ofac](http://www.ustreas.gov/office/enforcement/ofac).

**8. OPERATIONAL DATA** (For proposed hotel property)

Please list by month the Occupancy, Average Daily Rate (ADR) and Gross Room Receipts for each calendar month during the previous twelve months.

Month / Year	Occupancy	ADR	Gross Room Receipts
/			
/			
/			
/			
/			
/			
/			
/			
/			
/			
/			
/			
/			
<b>Totals</b>			

**9. FACILITY DESCRIPTION**

- 9.1 Information: \_\_\_\_\_
  - 9.1.1 Expected Date to Open as an MHO franchise: \_\_\_\_\_
  - 9.1.2 Year Built: \_\_\_\_\_
  - 9.1.3 Year(s) Renovated: \_\_\_\_\_
  - 9.1.4 Year(s) Refurnished: \_\_\_\_\_
  - 9.1.5 Number of Guest Rooms: \_\_\_\_\_
  - 9.1.6 Number of Floors: \_\_\_\_\_
  - 9.1.7 Number of Parking Spaces: \_\_\_\_\_
  - 9.1.8 Number of Meeting Rooms: \_\_\_\_\_
  - 9.1.9 Seating Capacity of Each Meeting Room: \_\_\_\_\_

9.2 Is continental breakfast served at the hotel premises?

- Yes
- No



9.3 Food and Beverage Outlets: \_\_\_\_\_

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

On Premises or Distance from hotel : \_\_\_\_\_

Meals of Operation: Breakfast, lunch, dinner?

Number of Seats: \_\_\_\_\_

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

On Premises or Distance from hotel : \_\_\_\_\_

Meals of Operation: Breakfast, lunch, dinner? \_\_\_\_\_

Number of Seats:

9.4 Recreational Facilities (indoor/outdoor pool, hot tub, spa, exercise rooms, etc.):  
\_\_\_\_\_

9.5 Is hotel building leased or to be leased by you? \_\_\_\_\_

9.6 If the ground leased or to be leased to you?(If “yes” has been indicated for question 5 or 6, please complete the following.)

Landlord Name:

Phone:

Email: \_\_\_\_\_

Address:

City:

State/Province:

Zip/Postal Code:

9.7 Is hotel owned or to be owned by you? \_\_\_\_\_

If “yes”, please list the ownership name as it appears or will appear on the deed or purchase agreement: \_\_\_\_\_

9.8 Is the ground owned or to be owned by you? \_\_\_\_\_

9.9 When did you obtain possession of the hotel? Was possession granted by lease or purchase? \_\_\_\_\_

I certify that, to the best of my knowledge, the information I provided in this application is complete and accurate.

Furthermore, I agree that MHO may contact and obtain credit and other financial information, from referenced companies, banks, and/or individuals named in this application and credit reporting agencies. This disclosed information will be used for the exclusive and confidential use of MHO in determining whether or not to authorize me to become an MHO franchisee. I also release MHO, its affiliates and their employees, agents, owners, and all other entities and their employees providing information or reports about me from all liabilities arising out of the release of any informational reports.



I understand that by submitting this application I agree to the terms and statements made in this application.

*(Please have ALL OWNERS OF APPLICANT sign below):*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Date

**Please submit to:**

If there is not an address listed above, please send to the following address:

Director, Application Administration  
Membership Hotel Organization LLC  
187 Route 130  
Bordentown, NJ 08505



## EXHIBIT H

### FRANCHISE DISCLOSURE QUESTIONNAIRE

**(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

As you know, Membership Hotel Organization LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of an MHO franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

**Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.**

1.      Yes\_\_ No\_\_      Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?
  
2.      Yes\_\_ No\_\_      Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
  
3.      Yes\_\_ No\_\_      Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
  
4.      Yes\_\_ No\_\_      Do you understand all the information contained in the Franchise Disclosure Document?
  
5.      Yes\_\_ No\_\_      Have you reviewed the Franchise Disclosure Document and the Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
  
6.      Yes\_\_ No\_\_      Do you understand the risks of developing and operating an MHO Franchise?
  
7.      Yes\_\_ No\_\_      Do you understand the success or failure of your MHO Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
  
8.      Yes\_\_ No\_\_      Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in New Jersey, if not resolved informally or by mediation (subject to state law)?
  
9.      Yes\_\_ No\_\_      Do you understand that you must satisfactorily complete the initial training program before we will allow your MHO Franchise to open or consent to a transfer of the MHO Franchise to you?



10. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an MHO Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
11. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes\_\_ No\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an MHO Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes\_\_ No\_\_ Do you understand that the Franchise Agreement including each attachment or exhibit to the Franchise Agreement contains the entire agreement between us and you concerning the MHO Franchise?
14. Yes\_\_ No\_\_ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Rev. 071823

**EXHIBIT I**

**STATE EFFECTIVE DATES**



### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
Hawaii	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT J**

**RECEIPTS**

**RECEIPT**



**(Retain This Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Membership Hotel Organization LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Membership Hotel Organization LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Membership Hotel Organization LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Membership Hotel Organization LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Mahendra Patel - 187 Route 130, Bordentown, New Jersey 08505, (609) 756-9300
Keshin Patel - 187 Route 130, Bordentown, New Jersey 08505, (609) 756-9300
Priya Patel - 187 Route 130, Bordentown, New Jersey 08505, (609) 756-9300

Issuance Date: April 4, 2025

I received a disclosure document issued April 4, 2025 which included the following exhibits:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D List of Current and Former Franchisees
- Exhibit E State Addenda and Agreement Riders
- Exhibit F Standards Manual Table of Contents
- Exhibit G Contracts for use with the MHO Franchise
- Exhibit H Franchise Disclosure Questionnaire
- Exhibit I State Effective Dates
- Exhibit J Receipt

_____	_____	_____	
Date	Signature	Printed Name	
_____	_____	_____	Rev. 012417
Date	Signature	Printed Name	

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**



**RECEIPT  
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Membership Hotel Organization LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Membership Hotel Organization LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Membership Hotel Organization LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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- Exhibit I State Effective Dates
- Exhibit J Receipt

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name Rev. 012417

**Please sign this copy of the receipt, date your signature, and return it to Membership Hotel Organization LLC, 187 Route 130, Bordentown, New Jersey, 08505.**

