

FRANCHISE DISCLOSURE DOCUMENT

Choice Hotels International, Inc., a Delaware corporation
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The franchise offered is for the right to construct and operate a WOODSPRING SUITES property under our name and primary business trademark of “WOODSPRING SUITES®”. A WOODSPRING SUITES hotel offers customers the value of a furnished room with kitchen facilities, together with terms and conditions, services and amenities associated with extended-stay hotels, including easy check-in, one-week stays, and periodic housekeeping. Some franchisees may be awarded a Master Development Agreement, which will allow them to develop multiple properties over a period of time in an agreed upon territory.

The total investment necessary to construct and begin operation of a WoodSpring Suites franchise ranges from \$8,229,200 to \$13,293,300, assuming the WOODSPRING SUITES hotel contains approximately 122 guestrooms. This includes between \$61,800 to \$148,300 that must be paid to the franchisor or its affiliates. These sums do not include the cost of any real estate or real estate taxes.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 the Ron Burgett, Senior Vice President, Extended Stay Development, at 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852, or by telephone at (301) 592-5000.

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 contracts carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 (“FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information on franchising.

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

Issuance Date: April 1, 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
How much can I earn?	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 Exhibits M or N.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my WoodSpring business be the only WoodSpring business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What is it like to be a WoodSpring franchisee?	Item 20 or Exhibits M and N list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 B.

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 Risk(s) 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 Maryland. 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 Maryland than in your own state.

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 of the right of a franchisee to join an association of franchisees.
- b) A requirement that a 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 term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions 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 values 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 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 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 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 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.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us,” “our,” “Choice” or “Choice Hotels” means Choice Hotels International, Inc., the franchisor. “We,” “us,” “our,” “Choice” or “Choice Hotels” does not include the employees, officers, directors or shareholders of Choice. “You” means the person who buys the franchise. “You” may be an individual, corporation, partnership, limited liability company or other legal entity, or may include the principal owners of such entity or entities if an owner of you is required to sign a personal guarantee and be personally bound by your obligations under the franchise agreement.

This Disclosure Document is for the right to own and/or operate a WOODSPRING SUITES® business (“WOODSPRING SUITES”).

We do business under the following primary Choice Hotels trademarks among others: ASCEND HOTEL COLLECTION®, CAMBRIA®, CLARION HOTEL®, CLARION INN®, CLARION INN & SUITES®, CLARION SUITES®, CLARION RESORT®, CLARION COLLECTION®, CLARION POINTE®, COMFORT INN®, COMFORT INN & SUITES®, COMFORT SUITES®, COMFORT HOTEL®, COMFORT HOTEL & SUITES®, COMFORT RESORT®, COUNTRY INN & SUITES® BY RADISSON, ECONO LODGE®, ECONO LODGE INN & SUITES®, EVERHOME SUITES®, MAINSTAY SUITES®, PARK INN® BY RADISSON, PARK PLAZA®, QUALITY INN®, QUALITY INN & SUITES®, QUALITY SUITES®, QUALITY HOTEL®, RADISSON®, RADISSON BLU®, RADISSON INDIVIDUALS®, RADISSON RED®, RODEWAY INN®, RODEWAY INN & SUITES®, SLEEP INN®, SLEEP INN & SUITES®, SUBURBAN STUDIOS® AND WOODSPRING SUITES®.

The Franchisor and Our Business.

We are a Delaware corporation formed under the name Quality Courts Motels, Inc. We changed our corporate name to Choice Hotels International, Inc. on July 25, 1990. From November 1, 1996 to October 15, 1997, our corporate name was Choice Hotels Franchising, Inc. Our corporate name has been Choice Hotels International, Inc. since October 15, 1997. Our principal business address (as well as the principal place of business of the Radisson companies listed in this Item 1) is 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852. Our agents for service of process are disclosed in Exhibit B of this Disclosure Document.

Our business began in 1939 when seven independent motel owners in Florida met to discuss how they could better satisfy the needs of their customers. Over the next few years, the group continued to meet and share best practices. In 1941, the group formalized its relationship by creating a membership association called Quality Courts United, thereby creating the nation’s first hotel chain. The vision of the members of Quality Courts United was to develop quality and other standards for their customers, as well as to refer guests to each other’s motels.

In January 1963, the organization officially became a for-profit corporation operating under the name Quality Courts Motels, Inc. Shortly thereafter, a training school, a central reservations system and hotel directory were added to the organization. Since that time, the company has changed its name to Choice Hotels International, Inc. and has expanded and further developed the Choice franchise system of hotels through the development of additional hotel brands and expansion into new markets.

Our indirect subsidiaries have conducted international franchise operations through a combination of direct franchising and master franchising or master development relationships since approximately 1958.

Our indirect subsidiary, Choice Hotels Licensing B.V. (“Choice BV”), a private limited liability company formed in the Netherlands on June 8, 2000, has been a franchisor or a master franchisor of our various Choice hotel brands internationally. Since July 2024, we have been the franchisor of our brands in the Caribbean and Latin America region. Our international operations are primarily conducted in the following countries and territories, as organized by region: (1) *Asia-Pacific* - Australia, China, India, Japan, and New Zealand, and these have been mainly our ASCEND HOTEL COLLECTION, CLARION, COMFORT, ECONO LODGE, and QUALITY INN brands; (2) *Europe & Middle East* – Austria, Czech Republic, Denmark, Faroe Islands, Finland, France, Germany, Ireland, Italy, Kingdom of Saudi Arabia, Lithuania, Norway, Portugal, Slovakia, Spain, Sweden, Turkey, and the United Kingdom, and these have been mainly our ASCEND HOTEL COLLECTION, CLARION, COMFORT, ECONO LODGE, and QUALITY INN brands; and (3) *Latin America & Canada* – Aruba, Bahamas, Barbados, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Mexico, Panama, Peru, Puerto Rico, Sint Maarten, Trinidad and Tobago, and Uruguay, and these have been our ASCEND HOTEL COLLECTION, CLARION, COMFORT, COUNTRY INN & SUITES, ECONO LODGE, MAINSTAY SUITES, PARK INN, RADISSON, RADISSON BLU, RADISSON INDIVIDUALS, RADISSON RED, RODEWAY, QUALITY INN, and SLEEP INN brands. Choice BV’s wholly owned subsidiary, Choice Hotels France, S.A.S. (a French company incorporated in France on November 23, 2006), conducts franchise operations in France. Choice BV’s wholly owned subsidiary, Choice Hotels Asia-Pac Pty. Ltd. (an Australia company incorporated on March 30, 1998), conducts franchise operations in Australia and New Zealand. In Canada, since June 2023, Radisson Hotels Canada, Inc., which is a British Columbia corporation incorporated on May 9, 2011 (“Radisson Canada”) and which Choice acquired as a part of the Radisson purchase (as further described below), has conducted franchise operations for our CAMBRIA, EVERHOME, MAINSTAY, SUBURBAN STUDIOS and WOODSPRING brands. Previously, Choice BV conducted franchise operations in Canada for these brands. We have a master franchise agreement with Choice Hotels Canada, Inc. (“CHC”), a corporation incorporated on May 21, 2008 under the laws of the Province of Ontario. CHC has the exclusive right to franchise hotels in Canada under the ASCEND HOTEL COLLECTION, COMFORT, CLARION, ECONO LODGE, QUALITY, RODEWAY INN, and SLEEP INN brands. CHC is equally owned by Choice Hotels International Licensing ULC, a company formed in May 2008 under the laws of the Province of Alberta, Canada, and a wholly owned subsidiary of Choice BV, and by InnVest Management Holdings Limited. Further, Radisson Canada currently offers franchises in Canada for hotels under the RADISSON BLU, RADISSON®, RADISSON INDIVIDUALS, COUNTRY INN & SUITES® BY RADISSON, and PARK INN BY RADISSON brands, and previously offered franchises under the RADISSON RED and RADISSON INN & SUITES brands. Radisson Canada began offering franchises in Canada in 2011. Unless otherwise noted, all of these subsidiaries share our principal business address, and have not operated any hotels or offered franchises in any other line of business. As of December 31, 2024, there were approximately 1,258 Choice franchised hotels operating in these various countries.

In 2013, we established a subsidiary, SkyTouch Solutions, LLC, that develops and markets cloud-based technology products, including inventory management, pricing and connectivity to third party channels, to hoteliers who do not have franchise agreements with us.

Choice Privileges Loyalty Services, LLC, a Delaware limited liability company formed on June 12, 2017, formerly owned, operated, and administered the Choice Privileges® guest rewards program. We assumed the ownership and operation rights of the program on December 31, 2024.

On December 15, 2017, we entered into a unit purchase agreement (“Purchase Agreement”) with, among other parties, WoodSpring Hotels Franchise Services LLC, a Kansas limited liability company (“WHFS”) for the purchase of all issued and outstanding units of WHFS. The transaction closed on February 1, 2018 at which time we became the sole owner of WHFS. On February 1, 2018, WHFS transferred certain assets to us, including all existing WOODSPRING SUITES franchise agreements, and

its intellectual property. WHFS' principal business address is the same as our principal business address. From 2004 to April 2015, WHFS offered extended-stay franchises under the name "VALUE PLACE," and in 2015 WHFS changed the brand to "WOODSPRING SUITES." A former affiliate of WHFS previously owned hotels using the "WOODSPRING SUITES" name, but no longer owns those hotels. We began offering franchises under the trademark WOODSPRING SUITES in February 2018. WOODSPRING SUITES hotels are extended stay, limited services hotels that offer customers the value of a furnished room with kitchen facilities, together with terms and conditions, services and amenities associated with extended-stay hotels, including easy check-in, one-week stays, and periodic housekeeping.

On August 11, 2022, Choice completed its purchase of Radisson Hospitality, LLC pursuant to a Share Sale and Purchase Agreement dated June 12, 2022 ("Purchase Agreement"). Under the Purchase Agreement, Choice purchased 100% of Radisson Holdings, Inc.'s equity interest in Radisson Hospitality, LLC (a Minnesota limited liability company originally incorporated as Radisson Hospitality, Inc. on March 3, 1998, and converted to a limited liability company on December 26, 2023) and its subsidiaries (collectively, "Radisson"). Radisson is now a wholly owned subsidiary of Choice.

Radisson was a hospitality franchisor of the following portfolio of brands that were the subject of the Purchase Agreement: Radisson Collection®; Radisson Blu®; Radisson®; Radisson RED®; Radisson Individuals®; Radisson Inn & Suites®; Park Plaza®; Park Inn® by Radisson; and Country Inn & Suites® by Radisson (the "Radisson Brands"). Radisson owned the rights to these brands in the United States, Canada, Latin America, and the Caribbean (the "Americas"). Pursuant to the Purchase Agreement, Choice did not purchase any interest in Radisson Hotel Group, which owns the rights to Radisson Hotels in Europe, the Middle East, Africa, and Asia Pacific. As a part of the purchase, we also acquired Radisson Hotels Management Company, LLC (originally incorporated as Radisson Hotels Management Corporation in 1979 under the laws of New Jersey), which manages several Radisson Brand hotels owned by us or other unrelated parties. (See Item 1 below.)

Except as set forth in this Item 1, we do not have any other parents, predecessors or affiliates that must be disclosed.

WOODSPRINGS SUITES Franchises.

As stated above, we began offering franchises under the trademarks WoodSpring Suites ("Properties") in February 2018. WoodSpring Properties operate under a system developed for the efficient management and operation of simple and distinctive Properties. Our system includes distinctive design, decor, color scheme and furnishings; standards, specifications, programs and procedures for operations; procedures for quality assurance and safety; training and assistance; and advertising, national sales, direct sales and promotional programs (the "System"). Many of the specifications and standards of the System are set forth in our operations manual ("Rules and Regulations").

A former affiliate of WHFS previously owned Properties using the "WoodSpring Suites" name, but no longer owns those Properties. Other than as described above, neither we, nor any current affiliate or predecessor, has owned or operated a WoodSpring Suites hotel.

Your receipt of this Disclosure Document does not mean that you will be approved as a franchisee or that you may develop or open any of our franchised hotels. Before you may develop and open any of our franchised hotels, we must approve you as a franchisee, we must approve the location of your proposed hotel, you must attend and successfully complete our training programs, we and you must sign the Franchise Agreement (Exhibit D) and if applicable a Master Development Agreement (Exhibit E), and you must pay the affiliation fee. You should not acquire any interest in a site for a hotel until, at the earliest, you are approved by us as a franchisee. If you sign a Master Development Agreement, you must sign our then-

current form of Franchise Agreement each time you develop a franchised hotel, which may contain terms that are different from the Franchise Agreement attached as Exhibit D.

General Market and Competition.

We compete in the markets of locally owned, furnished apartment communities; regional and national corporate and furnished apartments; and low-to-medium-priced lodging. The target WoodSpring Suites guests include: small business owners; construction workers; contract workers; medical professionals; individuals and families in transition; college students and professors; military personnel and government contractors; families of hospitalized friends or family members; employees with temporary work assignments; individuals conducting or participating in job training; seasonal guests such as retirees; holiday visitors and family visitors; extended-stay travelers; relocating persons; and people needing temporary accommodations after disasters.

The combined market for temporary lodging and short term apartments is developed and very competitive, and you will have to compete with numerous hotels, motels, inns, resorts, apartments and lodging facilities offering a wide range of services, formats and room rates. You may also face competition from vacation rental properties, such as VRBO and Airbnb. Your ability to compete will depend in large part upon the Property's operations, quality, security, weekly rate, geographic area, site visibility and location, general economic conditions and your management capabilities. In the majority of locations, occupancy is not as seasonal as for the rest of the hotel industry. In some locations, including such as seasonal tourist destinations, occupancy may be more seasonal.

Other Choice Hotels Brands.

We franchise other hotel brands as described below. We have franchised full service, mid-priced hotels under the trademark QUALITY INN since 1968 and under the trademark CLARION since 1987. QUALITY INN provides an accommodating environment, friendly service and a free continental breakfast. All-suites hotels within the QUALITY brand are known as QUALITY SUITES hotels. CLARION branded hotels offer guests a quality of service, amenities and inviting atmosphere associated with finer hotels, but at an affordable price. These hotels offer free high-speed internet access, and most locations offer a full-service restaurant, room service, swimming pool and fitness center. In 2018, we began franchising limited-service hotels under the trademark CLARION POINTE, which offer affordable accommodations with comfortable, contemporary rooms, free high-speed internet access, and a free better-for-you breakfast.

We have franchised limited service, upper mid-scale and mid-scale hotels under the trademark COMFORT since 1981 and under the trademark SLEEP INN since 1987. We also have franchised limited service, economy and budget hotels under the trademark ECONO LODGE since 1990 and under the trademark RODEWAY INN since 1990, respectively. COMFORT provides a warm atmosphere, friendly service including free breakfast, in-room coffee and free high-speed internet access. All-suites hotels under the COMFORT brand are offered under the COMFORT SUITES trademark. SLEEP INN branded hotels provide exceptional service and value in a familiar atmosphere with carefully maintained facilities. SLEEP INN branded hotels that contain at least 10% suites may operate under the SLEEP INN & SUITES trademark. ECONO LODGE branded hotels provide a comfortable stay at a great value for business and leisure travelers. RODEWAY INN branded hotels are budget segment hotels for value-oriented travelers that offer a welcoming and efficient environment at an economy price.

We have franchised extended stay, limited service hotels under the trademark MAINSTAY SUITES since 1996 and under the trademark SUBURBAN since 2005 and SUBURBAN STUDIOS® since 2022. MAINSTAY SUITES offers residential style amenities and affordable rates. Each MAINSTAY SUITES hotel room offers ample space for an extended stay, with areas for dressing, relaxing, sleeping and

eating, and includes a well-equipped kitchen. SUBURBAN or SUBURBAN STUDIOS offers competitive rates for stays of one week or more. Rooms at a SUBURBAN property are spacious and feature a well-equipped kitchen and free high-speed internet access.

We began offering EVERHOME SUITES franchises in November 2019. EVERHOME SUITES offers in the mid-scale space studio and larger one-bedroom options, all of which include a fully equipped, modern kitchen complete with a full-sized refrigerator, dishwasher, stovetop, microwave, and ample counter space. Dishes, utensils, glassware, and cookware will be provided in room for free to enable guests to cook their own meals. Small appliances, such as blenders, crock-pots, and electric indoor grills, will be available to rent at the front desk.

We have franchised hotels under the trademarks CAMBRIA SUITES, CAMBRIA HOTELS & SUITES and CAMBRIA HOTELS since 2004. CAMBRIA is an upscale, select-service hotel brand designed for guests who want to take their lifestyle with them when traveling. CAMBRIA branded hotels feature a stylish design that creates a unique sense of place, within our design framework—optimized for operational excellence, financial performance and guest appeal.

We also offer hotels under the trademark ASCEND, which is a special group of resort, historic and boutique hotels that have a strong local identity and share a common commitment to outstanding guest service. ASCEND member hotels range from historic to themed to contemporary and offer amenities, including operation of an onsite, upscale dining restaurant or are located within one city block of an upscale dining restaurant. From April 1, 2005 through April 30, 2008, we offered franchises for a similar concept under the trademark CLARION COLLECTION. As of December 31, 2024, there were three CLARION COLLECTION franchises open in the United States. ASCEND member hotels typically will be conversions of existing hotels that retain their existing name followed by the words, “ASCEND HOTEL COLLECTION” or “ASCEND RESORT COLLECTION” for local marketing and signage purposes.

We began offering franchises for COUNTRY INN & SUITES BY RADISSON through our subsidiary in August 2022 and directly since April 2023. Previously, Country Inn & Suites by Radisson, Inc. (“CIS Radisson”), a Minnesota corporation incorporated on July 22, 1986, conducted business under the corporate name Country Inns & Suites By Carlson, Inc., and granted franchises under the trade names “Country Inns & Suites By Carlson,” “Country Inn By Carlson” and “Country Suites By Carlson” from 1987 until September 29, 2017. On September 29, 2017, the corporate name was changed to Country Inn & Suites by Radisson, Inc. and it began conducting business and granting franchises under the trade names “Country Inns & Suites by Radisson” from that date and until March 2023. Country Inn & Suites exemplifies “modern country warmth”, offering a heartfelt experience to travelers through inviting design, premium touches, and genuine service. Guests can expect a mix of spacious standard and suite accommodations along with free amenities like a hot breakfast, all-day coffee and tea, freshly baked cookies in the afternoon, Wi-Fi, printer access, a fitness facility, and cozy seating by the living room fireplace.

We began offering RADISSON franchises through our subsidiary in August 2022 and directly since April 2023. From 1983 to 2023, Radisson Hotels International, Inc. (“Radisson International”), a Delaware corporation incorporated on August 15, 1983, and a wholly owned subsidiary of Radisson Hospitality, LLC (formerly, Radisson Hospitality, Inc.), franchised hotels under the RADISSON brand. RADISSON is a full service hotel brand that offers functional guestrooms, upscale on-site services such as modern fitness facilities, restaurants and bars, and free Wi-Fi. RADISSON franchises are offered for three different classes, each aimed at a slightly different segment of travelers: resort class; suite class; and hotel class. Some of the differences between these classes are the location and size of the RADISSON hotel and the size and type of the guestrooms in the hotel.

We began offering RADISSON BLU franchises through our subsidiary in August 2022 and directly since April 2023. From 2015 to 2023, Radisson International franchised hotels under the RADISSON BLU brand. RADISSON BLU hotels offer upper upscale accommodations with minimalist design, prioritizing comfort and distinctiveness in the guestrooms, unique dining concepts, multipurpose workspaces with complimentary Wi-Fi, smart TVs, and wellness facilities. RADISSON BLU transcends the ordinary and offers a stay that combines style with substance, innovation with comfort and a sense of belonging in an elevated environment.

We began offering RADISSON INDIVIDUALS in April 2024. From June 2020 to August 2022, Radisson International franchised hotels under the RADISSON INDIVIDUALS brand. RADISSON INDIVIDUALS brings together independent and boutique hotels that spark our guests' innate curiosity for the untold stories our hotels, and their destinations have to offer. RADISSON INDIVIDUALS offers upper upscale on-site services such as restaurants and bars, wellness facilities and free Wi-Fi, ensuring guests feel inspired and welcomed as they embark on their journey.

We began offering franchises under the name PARK INN and PARK INN BY RADISSON through our subsidiary in August 2022 and directly since April 2023. From 2000 to 2023, Park Hospitality LLC ("Park"), a Delaware limited liability company organized on June 13, 2000, and which was formerly a wholly-owned indirect subsidiary of Radisson Hospitality, LLC, operated and franchised hotels under the name PARK INN or PARK INN BY RADISSON.

Radisson previously offered or sold franchises for the RADISSON COLLECTION, RADISSON RED, PARK PLAZA and RADISSON INN & SUITES brands. As of the date of this Disclosure Document, we are not actively offering or selling franchises for these brands, although this may change in the future.

As of December 31, 2024, the following Choice Brands were open and operating in the United States: 182 ASCEND hotels; 67 CAMBRIA hotels; 110 CLARION hotels; 3 CLARION COLLECTION hotels; 71 CLARION POINTE hotels; 1,663 COMFORT INN, COMFORT INN & SUITES, and COMFORT SUITES hotels; 419 COUNTRY hotels; 643 ECONO LODGE hotels; 3 EVERHOME SUITES hotels; 139 MAINSTAY SUITES hotels; 27 PARK INN hotels; 0 PARK PLAZA hotels; 1,621 QUALITY hotels; 52 RADISSON hotels; 2 RADISSON BLU hotels; 1 RADISSON INDIVIDUALS hotel; 0 RADISSON INN & SUITES hotels; 0 RADISSON RED hotels; 447 RODEWAY INN hotels; 410 SLEEP INN and SLEEP INN & SUITES hotels; 109 SUBURBAN hotels; and 256 WOODSPRING SUITES hotels. The above includes the following hotels that Choice operates, but does not own: 6 RADISSON hotels located in Phoenix, Arizona; Sunnyvale, California; Nashville, Tennessee; Salt Lake City, Utah; Seattle, Washington; and La Crosse, Wisconsin; 1 RADISSON BLU hotel located in Chicago, Illinois; and 2 COUNTRY INN & SUITES BY RADISSON hotels located in San Diego, California; and Bothell, Washington. Not included in this list are thirteen CAMBRIA hotels and four EVERHOME SUITES hotels owned by Choice, which are operated by third party management companies. Choice intends to franchise all company-owned CAMBRIA hotels in the near future. Also not included are the following hotels that Choice owns and operates: a RADISSON BLU hotel located in Bloomington, Minnesota; a CAMBRIA hotel located in Bloomington, Minnesota; a dual brand COUNTRY INN & SUITES BY RADISSON and PARK PLAZA hotel located in Bloomington, Minnesota; and a RADISSON RED hotel located in Minneapolis, Minnesota.

Industry Specific Laws and Regulations.

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, labor, licensing and bonding, food, 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.

Except as described in this Item 1, we have not offered franchises in any other line of business, and we do not engage in any franchise business not related to those described in this Item 1.

ITEM 2

BUSINESS EXPERIENCE

OFFICERS

Director, President and Chief Executive Officer: Patrick S. Pacious

Mr. Pacious has been a Director, President and Chief Executive Officer since September 2017. He is based in our North Bethesda, Maryland corporate office.

Chief Human Resources Officer: Patrick J. Cimerola

Mr. Cimerola has been Chief Human Resources Officer since 2015. He is based in our North Bethesda, Maryland corporate office.

Chief Development Officer: David A. Pepper

Mr. Pepper has been Senior Vice President, Chief Development Officer since May 2015. He is based in our North Bethesda, Maryland corporate office.

Executive Vice President, Operations and Chief Global Brand Officer: Dominic E. Dragisich

Mr. Dragisich has been Executive Vice President Operations and Chief Global Brand Officer since August 2023. Previously, he was Chief Financial Officer from March 2017 to August 2023. He is based in our North Bethesda, Maryland corporate office.

Senior Vice President, General Counsel, Corporate Secretary and External Affairs: Simone Wu

Ms. Wu has been Senior Vice President, General Counsel, Corporate Secretary and External Affairs since 2015. She is based in our North Bethesda, Maryland corporate office.

Chief Financial Officer: Scott E. Oaksmith

Mr. Oaksmith has been Chief Financial Officer since September 2023. Previously, he was Senior Vice President, Real Estate and Finance from March 2020 to September 2023. He is based in our North Bethesda, Maryland corporate office.

Chief Segment and International Operations Officer: Raul Ramirez Sanchez

Mr. Ramirez Sanchez has been Chief Segment and International Operations Officer since August 2023. Previously, he was Chief Strategy and International Operations Officer from October 2021 to August 2023. He was Senior Vice President, Head of International, Corporate Strategic and Financial Planning for Choice from June 2020 to October 2021. He is based in our North Bethesda, Maryland corporate office.

Chief Marketing Officer: Noha Abdalla

Ms. Abdalla has been Chief Marketing Officer since August 2022. Previously, she was Chief Marketing Officer of MyEye Dr., a company based in Vienna, Virginia, from November 2020 to August 2022. She was Global Vice President, Digital and Content Marketing of Hilton Hotels & Resorts, a company based in McLean, Virginia, from July 2020 to November 2020, and Global Vice President, Social Media of Hilton from July 2018 to July 2020.

Chief Strategy Officer and Senior Vice President, Technology: Anna Scozzafava

Ms. Scozzafava has been Chief Strategy Officer and Senior Vice President, Technology since August 2023. Previously, she was Vice President and GM of Extended Stay from June 2019 to August 2023. She is based in our North Bethesda, Maryland corporate office.

Deputy General Counsel and Assistant Secretary: Jeff Lobb

Mr. Lobb has been Deputy General Counsel since February 2017 and has been Assistant Secretary since September 2015. He is based in our North Bethesda, Maryland corporate office.

OTHER EXECUTIVES WITH MANAGEMENT RESPONSIBILITY RELATING TO THE SALE OR OPERATION OF OUR FRANCHISES

Chief Information Officer: Brian Kirkland

Mr. Kirkland has been Chief Information Officer since July 2021. Previously, he was Chief Technology Officer from January 2018 to July 2021. He is based in our Scottsdale, Arizona corporate office.

Senior Vice President & General Manager, Upscale Brands Division: Indy Adenaw

Mr. Adenaw has been Senior Vice President & General Manager, Upscale Brands Division, of Choice since June 2023. Previously, he was Managing Director of Kayak Hotels from March 2022 to April 2023. From June 2010 to June 2020, he was with Marriott International, a company based in Bethesda, Maryland, in various roles in the company with the last position serving as Vice President and Global Brand Leader, Sheraton Hotels and Resorts, which is owned by Marriott International. He is based in our North Bethesda, Maryland corporate office.

Senior Vice President and General Manager, Core Brands: Judd Wadholm

Mr. Wadholm has been Senior Vice President and General Manager Core Brands since April 2024. Previously, he was Vice President Choice Managed Hotels from February 2020 to March 2024. He is based in our North Bethesda, Maryland corporate office.

Vice President, Upscale Brands and Chief Sustainability Officer: Megan Brumagim

Ms. Brumagim has been Vice President, Upscale Brands and Chief Sustainability Officer since October 2024. Previously, she was Vice President, Sustainability from March 2022 to October 2024. She was Vice President, Brand Management, Design and Compliance from June 2019 to March 2022. She is based in our North Bethesda, Maryland corporate office.

Senior Vice President, Upscale Development: Mark Shalala

Mr. Shalala has been Senior Vice President, Upscale Development since January 2020. He is based in his home office in North Bethesda, Maryland.

Senior Vice President, Foundation Development: Tom Nee

Mr. Nee has been Senior Vice President, Foundation Development since January 2017. He is based in his home office in Fort Lauderdale, Florida.

Senior Vice President, Extended Stay Development: Ron Burgett

Mr. Burgett has been Senior Vice President, Extended Stay Development since January 2020. He is based in our North Bethesda, Maryland corporate office.

Senior Vice President, Signature Development: Jason Cowan

Mr. Cowan has been Senior Vice President, Signature Development since January 2020. He is based in his home office located in Kennesaw, Georgia.

Vice President, Franchise Sales Development: Nick DePaolo

Mr. DePaolo has been Vice President, Franchise Sales Development since January 2017. He is based in his home office located in Chicago, Illinois.

Vice President, Franchise Sales Development: Anthony Goldstein

Mr. Goldstein has been Vice President, Franchise Sales Development since January 2020. He is based in his home office located in San Diego, California.

Vice President, Franchise Sales Development: Hemant Patel

Mr. Patel has been a Vice President, Franchise Sales Development since January 2023. Previously, he was a Vice President, Franchise Development for Choice from February 2021 to December 2022. He was a Regional Vice President, Franchise Development for Choice from January 2020 to February 2021. He is based in his home office located in Tallahassee, Florida.

Vice President, Franchise Sales Development: Scott Andrews

Mr. Andrews has been Vice President, Franchise Sales Development since July 2019. He is based in our Scottsdale, Arizona corporate office.

Vice President, Franchise Sales Development: Jamey Cua

Mr. Cua has been Vice President, Franchise Sales Development since November 2022. Previously, he was Vice President, Business Development for Peachtree Hospitality Management, a company based in Atlanta, Georgia, from November 2020 to December 2022. He was Senior Vice President, Managed Development for Sage Hospitality, based in Denver, Colorado, from January 2018 to November 2020. He is based in his home office located in Columbus, Ohio.

Vice President, Franchise Sales Development: Chris Stanley

Mr. Stanley has been Vice President, Franchise Sales Development since July 2023. Previously, he was Regional Vice President, Franchise Sales Development from November 2021 to July 2023. He was

Vice President, Regional Development for Radisson Hotel Group, located in St. Louis Park, Minnesota, from January 2018 to July 2020. He is based in his home office located in Phoenix, Arizona.

Vice President, Franchise Development Strategic Programs: John Lancaster

Mr. Lancaster has been Vice President, Franchise Development Strategic Programs since July 2020. Previously, he was Regional Vice President, Franchise Development from January 2020 to June 2020. He is based in his home office located in Phoenix, Arizona.

Vice President, Foundation Brands Development: Christopher Martinez

Mr. Martinez has been a Vice President, Foundations Brands Development since January 2023. Previously, he was a Regional Vice President Development for Choice from January 2020 to January 2023. Chris is based in his home office in Tampa, Florida.

Vice President, Development: Robert Scribner

Mr. Scribner has been Vice President of Development since January 2025. Previously, he was a Regional Vice President Coach from September 2024 to January 2025. He was a Regional Vice President, Franchise Development from January 2020 to January 2025. He is based in his home office located in Miami, Florida.

Vice President, Development: Ryan Wold

Mr. Wold has been Vice President, Development since January 2025. Previously, he was Regional Vice President of Development from February 2018 to December 2024. He is based in his home office located in Spokane, Washington.

Vice President, Franchisee Onboarding and Learning: Timothy Tobin

Mr. Tobin has been Vice President, Franchisee Onboarding and Learning since February 2018. He is based in our North Bethesda, Maryland corporate office.

Vice President, Extended Stay Brand Management: Matt McElhare

Mr. McElhare has been Vice President, Extended Stay Brand Management since January 2024. Previously, he was Senior Director, Extended Stay Brands from September 2021 to January 2024. He was Director, Extended Stay Strategy & Operations from November 2018 to September 2021. He is based in our North Bethesda, Maryland corporate office.

Vice President, Franchise Performance: Curtis Osekowsky

Mr. Osekowsky has been Vice President, Franchise Performance since July 2022. Previously, he was a Vice President, Franchise Services for Choice from September 2018 to June 2022. He is based in our North Bethesda, Maryland corporate office.

Vice President, Portfolio Management: Patrick Kruse

Mr. Kruse has been Vice President, Portfolio Management since August 2023. Previously, he was Senior Director, Owner & Portfolio Strategy Operations from May 2017 to August 2023. He is based in our North Bethesda, Maryland corporate office.

Regional Vice President, Franchise Performance: Byron Bean

Mr. Bean has been Regional Vice President, Franchise Performance since February 2005. He is based in his home office located in Sacramento, California.

Regional Vice President, Franchise Services: Jill Burke

Ms. Burke has been Regional Vice President, Franchise Services since January 2019. She is based in her home office located in Columbus, Ohio.

Regional Vice President, Core Franchise Performance: Michelle Masters

Ms. Masters has been Regional Vice President, Core Franchise Performance since April 2019. She is based in her home office located in Mayer, Minnesota.

Senior Director, Retention Sales & Strategy: Serol Gurun

Mr. Gurun has been Senior Director, Retention Sales & Strategy since September 2024. Previously, he was a Director of Owner Relations & Portfolio Strategy from September 2018 through September 2024. He is based in our North Bethesda, Maryland corporate office.

Portfolio Management, Sales Director: Phil Carandang

Mr. Carandang has been Portfolio Management, Sales Director since March 2015. He is based in his home office located in Columbia, South Carolina.

Senior Director, Onboarding Services: Colleen Kruse

Ms. Kruse has been Senior Director, Onboarding Services since January 2020. She is based in our North Bethesda, Maryland corporate office.

DIRECTORS

Chairman of the Board: Stewart W. Bainum, Jr.

Mr. Bainum has been a Director and Chairman of the Board of Choice Hotels since October 1997. He has also been Chairman of the Board of Realty Investment Company, Inc., in Silver Spring, Maryland since December 2005. Mr. Bainum has been Chairman of the Board of Sunburst Hospitality Corporation, in Silver Spring, Maryland since November 1996.

Director: Brian B. Bainum

Mr. Bainum has been a Director since April 2019. He has been a Management Consultant and Director of SunBridge Capital Management, LLC, in Chevy Chase, Maryland since January 2017.

Director: Ervin R. Shames

Mr. Shames has been a Director since April 2002. He has been an independent management advisor to consumer goods and services companies based out of Wilton, Connecticut since January 1995.

Director: William L. Jews

Mr. Jews has been a Director since March 2006 and was also a Director from 2000 to 2005. Mr. Jews has also been Chairman of the Ryland Group, in Calabasas, California since February 2010. He has been a Director of Fortress International Group, in Columbia, Maryland since August 2007 and a Director of KCI Technologies, Inc., in Sparks, Maryland since December 2009.

Director: John P. Tague

Mr. Tague has been a Director since February 2012. He has been Chief Executive Officer of Greatwide Logistics Services, Inc., in Dallas, Texas since July 2011.

Director: Monte J. M. Koch

Mr. Koch has been a Director since March 2014. He has been Vice Chairman of the Board of Directors of Auction.com, in Irvine, California since July 2012. He has been a Director of the National Business Aviation Association located in Washington, DC since November 2005.

Director: Liza K. Landsman

Ms. Landsman has been a Director since October 2014. She has been Chief Customer Officer at Jet.com, Inc. in Montclair, New Jersey since March 2015.

Director: Maureen Sullivan

Ms. Sullivan has been a Director since November 2018. She has been Chief Operating Officer of Rent the Runway, Inc. in New York, New York since September 2015.

Director: Donna F. Vieira

Ms. Vieira has been a Director since July 2021. She has been an Executive Vice President and Chief Commercial Officer at Sallie Mae in Newark, Delaware since September 2020.

Director: Gordan A. Smith

Mr. Smith has been a Director since May 2022 and was a Director of Choice from 2004 to 2017. He is the former Co-President and Chief Operating Officer of JPMorgan Chase & Co. based in New York, New York, from June 2007 until retiring in January 2022. He was previously CEO of Consumer & Community Banking at JP Morgan Chase from 2012 to 2021.

ITEM 3

LITIGATION

I. PENDING LITIGATION AND ARBITRATION DEMANDS

- (1) Norma Knuth v. Radisson Hotels International, Inc., et al.
Court of Queen's Bench for Saskatchewan, Court File No. QBG No. 2560 of 2014

On December 5, 2014, Norma Knuth filed a complaint under the Class Actions Act against over 25 named defendants, including Country, alleging that the defendants wrongfully collected undisclosed destination marketing fees ("DMF") charged to the plaintiff and other class members by hotels located in Canada that were owned, operated or managed by the defendants. On December 29, 2015, the plaintiff

amended and expanded its complaint alleging, among other things, that the class included those who paid the fee to a hotel in Canada branded by one of the defendants and that the defendants that did not directly charge or collect the fee approved of it and encouraged the imposition of the DMF. The plaintiff has alleged that the collection of the DMF violated The Consumer Protection Act, was negligent, unjustly enriched the defendants and constituted a Waiver of Tort. The plaintiff has demanded, on behalf of the class, disgorgement of any fees and revenue received by the defendants generated by imposition of the fee, and an order that the defendants are jointly and severally liable for restitution of \$403,000,000, general and punitive damages, costs of notice, interest and any other relief the court deems appropriate. The class has yet to be certified. We filed a motion for summary judgment on October 3, 2016. On June 2, 2017, Radisson and Country filed a Statement of Claim against 2 current and 3 former franchisees/licensees, that had not entered into tolling agreements, seeking contribution and indemnification. On August 29, 2019, the court denied Radisson's motion for summary judgment, holding that it was premature. Radisson intends to reassert its summary judgment motion arguments at the appropriate time.

- (2) Jai Sai Baba, LLC, et al. v. Choice Hotels International, Inc., et al.
United States District Court for the Eastern District of Pennsylvania, Case No. 2:20-cv-02823

On June 12, 2020 (amended on July 15, 2020), approximately ninety current and former franchise owners that own and operate one or more Choice branded hotels ("Plaintiffs") filed suit against Choice and Choice Hotels Owner Council ("CHOC") (Choice and CHOC collectively referred to as "Defendants"). In the complaint, the Plaintiffs allege that the Defendants engaged in discriminatory and anti-competitive practices and violated the Racketeer Influenced and Corrupt Organizations Act, the Sherman Act, the Civil Rights Act, and various state franchise laws. Additionally, the Defendants have claimed that Choice is in breach of contract, has breached the implied duty of good faith and fair dealing and committed common law fraud. The Plaintiffs are seeking unspecified actual damages, punitive damages, consequential and/or compensatory damages, attorneys' fees, costs and interest, a declaratory judgment that certain allegedly unconscionable provisions are unenforceable, an accounting of all fees paid by Plaintiffs, an order for restitution and the rescission of Maryland franchise agreements, a declaratory judgment that some or all franchise agreements are terminated, and certain permanent injunctive relief. On July 29, 2020, Choice filed a motion to stay the litigation and compel individual arbitration proceedings. On March 19, 2021, the Court granted motion. This case remains stayed, and the parties provide the Court with monthly status updates.

- (3) T&T Management, Inc. v. Choice Hotels International, Inc., Country Inn & Suites by Radisson, Inc. and Sunshine Fund Port Orange, LLC
United States District Court for the Middle District of Florida, Case No. 6:23-cv-01187

On June 26, 2023, Plaintiff T&T Management, Inc. ("Licensee") commenced a federal district court action in Florida against, among others, Radisson Hotels International, Inc. ("RHI") and Choice alleging that RHI and Choice (1) breached the applicable License Agreement and the implied covenant of good faith and fair dealing by (a) permitting another Choice branded hotel to be constructed near Licensee's Country Inn & Suites® hotel and (b) disclosing or using guest data associated with Licensee's hotel; and (2) misappropriated the guest data associated with Licensee's hotel in violation of the Defend Trade Secrets Act of 2016. The complaint was subsequently amended to remove RHI and add Country Inn & Suites by Radisson, Inc. ("Country") as a defendant. In response to the amended complaint, on November 6, 2023, Country and Choice filed a Motion to Dismiss the Licensee's claims and, alternatively, a Motion to Transfer Venue of the case to the United States District Court for the District of Minnesota in accordance with the License Agreement's forum selection clause. The Florida Court granted the Motion to Transfer and subsequently transferred the case to the Federal Court in Minnesota in April 2024. After Plaintiff amended

its complaint, Country and Choice filed another Motion to Dismiss the Licensee's claims. The Minnesota Court heard the Motion on November 1, 2024, and the parties are waiting for the Court's decision.

- (4) CS Anaheim Hotel Investments, LLC v. Choice Hotels International, Inc.
United States District Court for the Central District of California, Case No. 8:24-cv-02131

On October 1, 2024, Plaintiff CS Anaheim Hotel Investments, LLC filed a complaint against Choice alleging a fraudulent rebate scheme with vendors, misuse of system fees, misrepresentation of our system (inadequate for a resort), unenforceable arbitration clause, breach of contract and implied covenant of good faith and fair dealing, violations of the California franchise investment law (CFIL) and California's unfair competition law and a declaratory judgment that Choice is in default of the franchise agreement therefore not entitled to liquidated damages. On November 18, 2024, Choice filed a motion to stay the litigation and compel arbitration. This motion is currently pending before the Court.

II. ACTIONS INVOLVING THE FRANCHISE RELATIONSHIP IN PRIOR FISCAL YEAR

(1) ACTIONS INITIATED BY CHOICE TO RECOVER ROYALTIES, LIQUIDATED DAMAGES AND OTHER DEBTS OWED TO CHOICE HOTELS

Defendant or Respondent	Venue	Case Number	Filing Date
Patricia Johnson	American Arbitration Association	01-24-0000-1072	January 9, 2024
Mahmoud Karimi	American Arbitration Association	01-24-0000-3042	January 23, 2024
Alec Shtromandel, Daren Herzberg, Rahul Bijlani, Kaiyi Yu and 611 Degraw, LLC	American Arbitration Association	01-24-0000-4184	January 30, 2024
Spargo, LLC and Kevin McDowell	Circuit Court for Montgomery County, Maryland	C15CV24000518	January 31, 2024
Nikul Patel and Harshad Patel	United States District Court for the District of Maryland, Southern Division	8:2024cv00310	January 31, 2024
Dhruvit Shah, Karan Shah, Nilang Maniar and Sunil Mehta	American Arbitration Association	01-24-0000-4435	January 31, 2024
Sikander Ali Malik, Chhona Hotels, LLC	American Arbitration Association	01-24-0000-4441	January 31, 2024
PNK I Group Investments, LLC, Sagar Kumar, Jayesh Kumar, Madhu Kumar and Mahendrakumar Patel	American Arbitration Association	01-24-0000-4483	January 31, 2024
A & R Hospitality, LLC and Zafar Chandhry	American Arbitration Association	01-24-0000-4401	January 31, 2024
Jagruti Patel and Sahajanand Hospitality, LLC	American Arbitration Association	01-24-0000-5436	February 6, 2024

Defendant or Respondent	Venue	Case Number	Filing Date
Kulwant Deol, Amar Thind, Harjinder Deol and Thatford Lodging, LLC	American Arbitration Association	01-24-0000-5803	February 8, 2024
Mihir Patel, Pralak Patel, Roshan Patel and Lenexa Hospitality, LLC	American Arbitration Association	01-24-0000-7098	February 13, 2024
Tina & Tina Hospitality, LLC and Kailash Varkal	American Arbitration Association	01-24-0000-8182	February 20, 2024
Trav Cor & Investments, Inc., Satish J. Patel, Dharmesh Patel and Rakesh S. Mehta	American Arbitration Association	01-24-0002-3308	February 22, 2024
S and D Hospitality, LLC, Dharmesh M. Patel and Sonal Patel	United States District Court for the District of Maryland, Southern Division	8:2024cv00605	February 28, 2024
Danville Hospitality, LLC, Ushakant Patel and Urvashi Patel	American Arbitration Association	01-24-0002-4137	February 28, 2024
Charleston Hotel VI, LLC, Charleston Hotel Holdings, LLC, CRU Investments, LLC and Steven Senft	American Arbitration Association	01-24-0002-4395	February 29, 2024
Arvind Patel, Jaydevkumar B. Patel, Bhavin Patel and Bharat Patel	American Arbitration Association	01-24-0002-4847	March 1, 2024
JRC Investments, Inc., Chirag P. Patel and Popat M. Patel	American Arbitration Association	01-24-0002-9394	March 7, 2024
NL, LLC, Thanh Nguyen and Thuy Trang Ngoc Vu	American Arbitration Association	01-24-0003-0622	March 12, 2024
American Inn NC, LLC, Biju George and Mini Biju	American Arbitration Association	01-24-0003-1251	March 14, 2024
EVA 2, Inc., Vijay Patel and Dhansukhbhai Patel	American Arbitration Association	01-24-0003-1964	March 19, 2024
US Hotel, LLC, Dayabir Bath and Lal Sidhu	American Arbitration Association	01-24-0003-3434	March 26, 2024
Dear Management, Inc., Deep Ghandawala, a/ka Deep Ghadawala, Yogesh Ghadawala, Ramesh Patel and Panna Patel	American Arbitration Association	01-24-0003-3441	March 26, 2024
Skybridge Hospitality, LLC, Pritesh Patel and Bhupendra Patel	American Arbitration Association	01-24-0003-3777	March 28, 2024
G Matss, LLC, Gaurang Jariwala and Abhishek Jariwala	American Arbitration Association	01-24-0003-3784	March 28, 2024

Defendant or Respondent	Venue	Case Number	Filing Date
Arora Investments, LLC and Parmeet Arora	United States District Court for the District of Maryland, Southern Division	8:2024cv00919	March 28, 2024
Khodiyar Hospitality, LLC and Jayanti Patel	Circuit Court for Montgomery County, Maryland	C15CV24001436	March 28, 2024
Shree Ramkabir, LLC, Shivam Bhakta and Nitinkumar Bhakta	Circuit Court for Montgomery County, Maryland	C15CV24001440	March 28, 2024
LH15, LLC and Ajmer Singh	Circuit Court for Montgomery County, Maryland	C15CV24001441	March 28, 2024
Riya Hazlet Hotel, LLC, Govind Thota and Ramesh Thota	American Arbitration Association	01-24-0004-2992	April 4, 2024
SDP Hospitality, LLC, Suresh Patel, Dhruvi Patel and Prachi Patel	American Arbitration Association	01-24-0004-3728	April 9, 2024
Ganesh Sonpatki	American Arbitration Association	01-24-0004-5196	April 18, 2024
Port Hospitality, LLC, Charles Hayes and James McCauley	American Arbitration Association	01-24-0004-5315	April 19, 2024
Hyde Park Holdings, LLC, He-Young Park and Yung-Hui Park	American Arbitration Association	01-24-0004-5837	April 23, 2024
AKM Railroad, LLC, Ashok R. Patel, Kiritkumar Patel and Michael Olivas	American Arbitration Association	01-24-0004-6426	April 25, 2024
Le Cercle Rouge, LLC, David Abdehou and Milan Mody	United States District Court for the District of Maryland, Southern Division	8:2024cv01263	April 30, 2024
Nouveau Investments, LLC and Edward Ly	United States District Court for the District of Maryland, Southern Division	8:2024cv01266	April 30, 2024
VH 4122 Quincy, Inc., Neeti Gupta and Anuja Sikri	United States District Court for the District of Maryland, Southern Division	8:2024cv01265	April 30, 2024
C.Z. Gabheraj Hospitality, LLC, Hemlata Jariwala and Rajendra Jariwala	American Arbitration Association	01-24-0004-6940	April 30, 2024
Hemant Investments, LLC, Vijay Patel and Ramilaben Patel	American Arbitration Association	01-24-0005-3381	May 7, 2024
Manoj Sikka, Sonika Sikka, Savita Chadha and Rakesh Chaddha	American Arbitration Association	01-24-0005-3306	May 7, 2024
Vision Hospitality, LLC, Sunesh Tewari, Viral Patel, Mihir Patel and Malthie K. Tewari	American Arbitration Association	01-24-0005-4953	May 14, 2024

Defendant or Respondent	Venue	Case Number	Filing Date
Premier Hotels, Inc., Prem Patel and Chandrakant Patel	American Arbitration Association	01-24-0005-4840	May 14, 2024
Laurel Hotel Associates, LLC and Reginald Winfield	American Arbitration Association	01-24-0005-7010	May 23, 2024
Singh & Kaur Hotels, LLC and Gurpreet Kaur	American Arbitration Association	01-24-0005-6789	May 23, 2024
Armaan Investments, LLC and Hansaben Patel	American Arbitration Association	01-24-0005-7246	May 28, 2024
Laurel Hotel Associates, LLC and Reginald Winfield	American Arbitration Association	01-24-0005-7258	May 28, 2024
NSDK Investments and Dominic Komareddy	American Arbitration Association	01-24-0005-7277	May 28, 2024
Summit Hotels, LLC, Keystone Star Management, Inc., Sonny Patel, Chan Patel, Prem Patel, Ansuya Patel and Ruxmani Patel	American Arbitration Association	01-24-0005-7789	May 30, 2024
C Kop Hurl, LLC, Tejash P. Bhoola, Prakash Bhoola and Rajendra Jariwala	American Arbitration Association	01-24-0005-7574	May 30, 2024
2009 Investors, LLC and Daybir Bath	American Arbitration Association	01-24-0005-8187	June 4, 2024
Kanwalroop Brar and Gunjan Brar	American Arbitration Association	01-24-0005-8536	June 6, 2024
ANSH Hospitality, LLC and Ashish Chaudhari	American Arbitration Association	01-24-0005-8730	June 6, 2024
262 Investors, LLC and Surjeet Kaur	American Arbitration Association	01-24-0005-9292	June 11, 2024
Brown Specially & Sweetness Enterprises, LLC, Ellen Bryant-Brown and 326-330 East Whitehorse Pike RE Holding, LLC	American Arbitration Association	01-24-0006-0835	June 20, 2024
Garland N.C., LLC, Garland N.P., LLC and Gary A. Rubel	American Arbitration Association	01-24-0006-1641	June 25, 2024
Back Country Inn Blvd., LLC, Dave Patel and Bhoomi Patel	Circuit Court for Montgomery County, Maryland	C15CV24003312	June 27, 2024
Miracle Inn, LLC and Li Shen	American Arbitration Association	01-24-0006-2072	June 27, 2024
Dilip V. Patel	American Arbitration Association	01-24-0006-2074	June 27, 2024

Defendant or Respondent	Venue	Case Number	Filing Date
Krishna Patel and Amit Patel	American Arbitration Association	01-24-0006-2159	June 27, 2024
Sidhiya Investment, LLC, Ketankumar Patel, Asish Patel Mitesh Pate, Nihali Patel and Vimalkumar Patel	American Arbitration Association	01-24-0006-5750	July 18, 2024
Power Control Systems of Georgia, Inc.	American Arbitration Association	01-24-0006-5753	July 18, 2024
Paresh Patel	American Arbitration Association	01-24-0006-6766	July 23, 2024
Stadium Hotel, LLC, Mihir Patel, Amish Patel and Ashokbhai Ahir	American Arbitration Association	01-24-0006-7083	July 25, 2024
Regency Hotels, Inc., Millennium Hotels, Inc., Meridian Hotels, Inc., Chan Patel and Prem Patel	American Arbitration Association	01-24-0006-9946	July 25, 2024
My Tran	United States District Court for the District of Maryland, Southern Division	8:2024cv02211	July 30, 2024
Bhupinder Sodhi	American Arbitration Association	01-24-0007-0454	July 30, 2024
Wonder Dream, Inc., Parmbhir Mann and Akashbir Mann	American Arbitration Association	01-24-0007-0466	July 30, 2024
Jot Properties, LLC and Balwinder Riat	American Arbitration Association	01-24-0007-0448	July 30, 2024
SNY Hospitality, LLC and Girish Patel	Circuit Court for Montgomery County, Maryland	C15CV24004110	July 31, 2024
Roshankumar Patel	American Arbitration Association	01-24-0007-1929	August 8, 2024
Shree Ganesh Hospitality, Inc., Bhavesh Patel and Hemant Patel	American Arbitration Association	01-24-0007-2078	August 8, 2024
CBURG Hotels, LLC and Surajsinh Kahor	American Arbitration Association	01-24-0007-3958	August 20, 2024
RVH Investments, Inc. and Ryan P. Mullen	American Arbitration Association	01-24-0007-4190	August 22, 2024
Mayfair Hotels, Inc. and Prem Patel	American Arbitration Association	01-24-0007-5947	August 28, 2024
Kantilal Maisuria, Viral Kothari and Manharbhai Patel	American Arbitration Association	01-24-0007-5952	August 28, 2024
Amber Motel, LLC, Yatish Shah and Chandrika Y. Shah	United States District Court for the District of Maryland, Southern Division	8:2024cv02511	August 29, 2024

Defendant or Respondent	Venue	Case Number	Filing Date
Bhathi Development, LLC and Tushar Patel	United States District Court for the District of Maryland, Southern Division	8:2024cv02514	August 29, 2024
Eric Shuster	United States District Court for the District of Maryland, Southern Division	8:2024cv02512	August 29, 2024
OM Hotel, LLC, Dhaval Vaishnav and Milan Rathod	American Arbitration Association	01-24-0007-6250	August 29, 2024
Om Sai Hospitality, LLC, Pranav Patel, Keyur Patel and Chandrakant Patel	American Arbitration Association	01-24-0007-6543	September 3, 2024
Anirdesh Hospitality, LLC, Bharatkumar M. Patel and Laxman M. Patel	American Arbitration Association	01-24-0007-6494	September 3, 2024
Samer Sabbah	American Arbitration Association	01-24-0007-6843	September 5, 2024
Orange Hotel, LLC, Dharmesh Patel and Gopi Patel	American Arbitration Association	01-24-0007-6845	September 5, 2024
Prem Centralia, LLC and Sonny Parmar	American Arbitration Association	01-24-0007-8321	September 17, 2024
MK Hospitality, LLC and Muhammad Zubair Khan	American Arbitration Association	01-24-0007-9298	September 24, 2024
Historic Breckenridge, LLC, EHS Historic Building Group, LLC, John J. Mallon Declaration of Trust, Frederick E. Spellman Trust, Charles C. Evans Trust, John J. Mallon, Frederick E. Spellman, Charles C. Evans and Stephen R. Haught	American Arbitration Association	01-24-0007-9823	September 26, 2024
Mount Shasta Hospitality, Inc., Daisy K. Sidhu and Daljit S. Sidhu	American Arbitration Association	01-24-0007-9850	September 26, 2024
Pearls Hospitality, LLC, Rajnikant J. Parekh, Pradip Archarya, Shani Magia and Arun H. Magia	American Arbitration Association	01-24-0007-9826	September 26, 2024
Flagstaff Motel Partners, LLC and Ranjit S. Gill	United States District Court for the District of Maryland, Southern Division	8:2024cv02776	September 27, 2024
Surjeet Kaur	United States District Court for the District of Maryland, Southern Division	8:2024cv02778	September 27, 2024
Midland Hospitality, LLC, Urjita P. Bhoola and Hemlata Jariwala	United States District Court for the District of Maryland, Southern Division	8:2024cv02777	September 27, 2024

Defendant or Respondent	Venue	Case Number	Filing Date
Charles Morais	United States District Court for the District of Maryland, Southern Division	8:2024cv02779	September 27, 2024
Yashoda Hotels, LLC, Divya Patel, Dilip Desai Hiren Patel and Himanshuray Patel	American Arbitration Association	01-24-0008-1226	October 8, 2024
Chetna Patel and Ravina Mehta	American Arbitration Association	01-24-0008-1783	October 10, 2024
R3 Lodging, LLC, Jashvanti Patel, Rajesh Patel, Ravi Patel, Roshan Patel and The Patel Family Trust dated March 17, 1986, a California trust	American Arbitration Association	01-24-0008-2670	October 17, 2024
12 Street Hotel, LLC, Harjinder Singh, Harmit Singh and Ashu K. Vaid	American Arbitration Association	01-24-0008-3586	October 22, 2024
P & J Investors, LLC and Dayabir Bath	American Arbitration Association	01-24-0008-3430	October 23, 2024
22 Street Sai, LLC, Maheshchand M. Ratanji and Harish Surati	American Arbitration Association	01-24-0008-4443	October 29, 2024
Superior Hospitality, LLC, Gurpreet Kaur, Narinder Singh and Kulwant Singh	United States District Court for the District of Maryland, Southern Division	8:2024cv03166	October 31, 2024
New Gen Holding CO, LLC and Suresh Gali	American Arbitration Association	01-24-0008-5603	November 5, 2024
Orin Solomon	American Arbitration Association	01-24-0008-7174	November 14, 2024
YC3004, Inc. and Amy Choi	American Arbitration Association	01-24-0008-8016	November 19, 2024
AYUSHI, LLC, Ashok Patel and Dilip Patel	American Arbitration Association	01-24-0008-7880	November 19, 2024
SDSW2 Hotel, LLC and Daniel Khoshaba	American Arbitration Association	01-24-0008-8063	November 20, 2024
Om Hospitality, Inc. and Rahin Shah	American Arbitration Association	01-24-0008-9580	December 3, 2024
Laxminarayan Lodging, LLC and Mahekkumar M. Patel	American Arbitration Association	01-24-0009-0001	December 5, 2024
Onyx Miami Springs Hotel, LLC, Sameet Patel and Nilesh Patel	American Arbitration Association	01-24-0009-0979	December 10, 2024
Kalpesh B. Patel	American Arbitration Association	01-24-0009-1580	December 12, 2024
Akshay Hotels, LLC and Dilip Desai	United States District Court for the District of Maryland, Southern Division	8:2024cv03641	December 17, 2024

Defendant or Respondent	Venue	Case Number	Filing Date
Capital Ave Hospitality, LLC, Nirav Patel and Pratyush Patel	United States District Court for the District of Maryland, Southern Division	8:2024cv03647	December 17, 2024
Panchal Enterprises, Inc. and Yogesh Panchal	United States District Court for the District of Maryland, Southern Division	8:2024cv03646	December 17, 2024
PIRI, Inc. and Pirian Sivakumar	United States District Court for the District of Maryland, Southern Division	8:2024cv03638	December 17, 2024
BRK Colorado, Inc., Daksha Vallabh and Rajeshkumar Vallabh	American Arbitration Association	01-24-0009-2043	December 17, 2024
Frederic E. Washington	American Arbitration Association	01-24-0009-2202	December 17, 2024
Ravinder Singh	American Arbitration Association	01-24-0009-2045	December 17, 2024

(2) **ACTIONS INITIATED BY CHOICE TO ENFORCE INTELLECTUAL PROPERTY RIGHTS – POST TERMINATION**

No such actions were filed in 2024.

III. RESOLVED LITIGATION/PRIOR ACTIONS

- (1) Sender Kohl v. Choice Hotels International, Inc.
United States District Court for the Southern District of Florida, Fort Lauderdale Division, Case #0:18-cv-62597 and American Arbitration Association, Case #01-19-0000-1797

On October 29, 2018, Sender Kohl filed an action against us seeking damages in an unspecified amount. The complaint alleged breach of contract, breach of the implied covenant of good faith and fair dealing, fraud and material misrepresentations. In December 2018, the court action was stayed pending arbitration, pursuant to the terms of the franchise agreement, which was filed in January 2019. On August 25, 2021, the parties settled this dispute.

As part of the settlement, Choice agreed to pay its former franchisee \$85,000.00 in exchange for dismissal of the arbitration.

- (2) Highmark Lodging, LLC, et al. v. Choice Hotels International, Inc., et al.
American Arbitration Association, Case #01-21-0004-5554
United States District Court for the Eastern District of Pennsylvania, Case #5:20cv2823

On June 29, 2021, Highmark Lodging, LLC and Darshan Patel (“Highmark”) filed an arbitration against Choice Hotels International, Inc. and Choice Hotels Owners Council in conjunction with the underlying action. A Final Award was issued on July 27, 2023 against Choice and in favor of Highmark in the amount of \$740,072.25. Highmark filed a motion to confirm the Final Award and Choice filed a motion to vacate in part. Choice’s motion was denied, and a final judgment was entered against Choice in the amount of \$779,398.40 on March 4, 2024.

- (3) Dahya Investments Incorporated, et al. v. Choice Hotels International, Inc., et al.
American Arbitration Association, Case #01-21-0004-5563
United States District Court for the District of Maryland, Southern Division,
Case No. 8:2023cv01685

On June 29, 2021, Dahya Investments Incorporated and Dinu Patel (“Dahya”) filed an arbitration against Choice Hotels International, Inc. and Choice Hotels Owners Council in conjunction with the underlying action. A Final Award was issued on May 9, 2023 finding that: 1) Choice must pay \$882 for breach of contract and 2) Dahya must pay Choice the sum of \$603,483.00 for attorney’s fees and costs relating to the dismissed claims.

Choice filed a motion to confirm the Final Award against Dahya and the Final Award was confirmed into a judgment on January 17, 2024 at the motion to seal hearing.

- (4) Choice Hotels International, Inc. v. DIP Hospitality, LLC, et al.
American Arbitration Association, Case #01-21-0003-7036

On April 9, 2021, Choice initiated this arbitration to pursue contractually due franchise fees, a promissory note balance, and lost profit damages from the franchisees in the amount of \$498,495.93. On May 19, 2021, Franchisees filed a counterclaim against Choice in the amount of \$3,000,000. The arbitration panel issued an award dated July 9, 2024 finding that: 1) Choice prevailed on its claims for unpaid franchise fees, promissory note balance and audit fees for a total amount of \$256,051.37; and 2) denied DIP Hospitality, LLC’s claims that Choice failed to obtain volume discounts from qualified vendors and was in breach of contract obligations relating to volume discounts, key money and call forwarding. DIP Hospitality, LLC prevailed on its wrongful termination claim in the amount of \$4,411,678.56 and were found to be the prevailing party and awarded fees and costs in the amount of \$430,125.87.

* * *

Other than these actions, no litigation must be disclosed in this Disclosure Document.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

APPLICATION AND AFFILIATION FEE

We offer a Franchise Agreement for the right to develop and operate one Property in an agreed upon location. The Affiliation Fee for the current typical WoodSpring Suites prototype with 122 rooms or less is \$50,000 for the development of a new hotel and \$60,000 for transfers or renewals. If the property will have more than 122 rooms, then you will pay an additional fee of \$300 per room for the additional rooms in the case of the development of a new hotel or in a transfer or renewal. We will also collect a non-refundable application fee of \$5,000 that will be credited towards the affiliation fee. The Affiliation Fee helps to cover the many costs of maintaining and developing the WoodSpring Suites brand which includes day-to-day business operations and general brand support. Once paid, the Affiliation Fee is non-refundable.

There is no additional fee for entering into a Master Development Agreement. You are, however, required to pay a Rights Deposit, which is the product of the Affiliation Fee of \$50,000 multiplied by the number of System Properties to be developed pursuant to the Development Schedule.

During the 12 months ending December 31, 2024, the affiliation fees for new WOODSPRING SUITES franchise agreements ranged from \$10,000 to \$50,000. For the same period, we did not charge affiliation fees to two properties that were repositioned to another Choice brand.

EXTENSION FEE AND OTHER CONSTRUCTION-RELATED FEES

If you do not begin construction or do not complete renovations to an existing franchised hotel within the time required under your Franchise Agreement, you may apply for an additional 3 months in which to begin construction or complete renovations. If we agree to grant an extension, you must pay us an additional \$5,000 per extension. In special circumstances we may waive the extension fee, but we are not obligated to, and any decision to waive an extension fee will be determined solely by us.

Pursuant to a Construction Advisory Services Agreement (a sample form that is included as Exhibit P to this FDD), you are required to pay a fee of \$20,000 for five site visits by us payable in one lump sum at the time you start construction of your hotel. There is a separate fee of approximately \$4,000 for each additional visit by us beyond these initial five visits. These construction advisory services are required for franchisees building their first WoodSpring Suites hotel. In all other cases, this service is optional. These service fees are nonrefundable. Site visits are typically for one day. If the occasion warrants additional days on site, you are responsible for our travel costs. We may terminate the Construction Advisory Services Agreement for any reason upon 10 days' prior written notice to you. In the event of termination, we will deliver to you a copy of the file of the construction project and the work we have performed for you and refund any pro rata amount paid by you for services not yet performed (at the rate of \$4,000 per visit).

If you request a waiver from using any pre-approved interior design schemes, then you must pay us our Interior Design Waiver Fee, which is \$20,000. If you request a waiver from using a non-prototypical building design, then you must pay us our Architectural Design Review & Construction Services Fee, which is \$20,000. The Architectural Design Review & Construction Services Fee includes an architectural design review fee and construction inspection fee incurred by us in reviewing your request. The Interior Design Waiver Fee and Architectural Design Review & Construction Service Fee are payable at the time of the request. These fees must be paid regardless of whether the waiver is granted.

When transferring at least 50% ownership interest in your hotel, you must pay us a property improvement plan fee of \$3,000. This fee is for the inspection of your hotel and the creation of a property improvement plan that will be integrated into the new franchise agreement with the buyer/transferee.

CENTRAL RESERVATION SYSTEM AND PROPERTY MANAGEMENT SYSTEM

You are required to use our central reservation system ("CRS"). Our CRS consists of our toll-free telephone reservation system, our proprietary internet sites, mobile phone and tablet reservation applications, interfaces with global distribution systems, and other internet reservations sites (such as online travel agencies). Our CRS provides a data link to our franchised properties as well as to travel reservation systems such as Amadeus, Galileo, SABRE and Worldspan that facilitate the reservation process for travel agents and corporate travelers. We also offer rooms for rent on our website (<http://www.choicehotels.com>) and mobile applications as well as those of online travel agents (OTAs) and other third-party internet referral or booking services. Our toll-free telephone reservation system primarily utilizes third-party call center service providers. Reservation agents trained on the reservation system have the goal of matching each caller with a Choice-branded hotel meeting the caller's needs. We also operate a call forwarding

program through which our franchisees can leverage our CRS capabilities by forwarding reservation calls received directly by the property to one of our reservation centers. Some components of the CRS have separate fees, as further described in Item 6 below. We also continue to upgrade our technology to ensure that our CRS can effectively handle the current and future volume on digital channels and support the industry's shift toward accelerated digital communications and guest experience personalization. In support of these initiatives, we developed choiceEDGE, which is a cloud-based software to manage all distribution for the company by optimizing rate, inventory, availability, shopping, booking, and reservations for its website, mobile apps, and third-party distribution partners.

As a part of the CRS, you are required to install, maintain, and use full functionality of the choiceADVANTAGE® property management and reservation system as specified by us. ChoiceADVANTAGE® synchronizes each hotel's inventory with our CRS, which gives our reservation sales agents and other proprietary channels the last room sell capabilities at every hotel. You must purchase from us, an initial software license to use choiceADVANTAGE®. The software license includes up to three basic interfaces connected to choiceADVANTAGE®. Optional interfaces are available for an additional fee. You will receive dedicated support during your onboarding of choiceADVANTAGE®. The fees for the software license, the choiceADVANTAGE® systems onboarding, project management, and credit card interface are between \$5,250 and \$7,250 depending on the number of hotel rooms. The price is subject to increase depending on the number of additional interfaces you select. The initial software license and onboarding fees do not include the monthly choiceADVANTAGE® support fee to cover ongoing remote software support (see Item 6). If you need to reschedule onboarding or if onboarding is not completed due to circumstances that are within your control, there will be a rescheduling fee between \$500 and \$2,100.

PRE-OPENING – BRAND IN A BOX

Through our Brand in the Box program, we will assist you with the upfront costs of opening your hotel. Your participation in this program is mandatory. As a part of this program, you will pay us a nonrefundable fee of approximately \$6,000-\$30,000 (based on brand and room count and excluding shipping charges) for certain pre-opening items that we will order on your behalf, including the purchase of the software for choiceADVANTAGE® (as discussed above in this Item 5) and the hardware to operate that system, and other pre-opening items as needed. In exchange, you will reimburse us by paying us in one lump sum or these costs will be billed to you on the monthly franchisee invoice over 12 months with no interest included.

IMMERSION / HOSPITALITY TRAINING

Choice Extended Stay provides comprehensive extended stay focused training programs that are required for both Owners and General Managers. The following outlines the requirements of the Owner Immersion Program (“ES LAUNCH”) and the Operations Certification Program (“ESsentials”):

- **ES LAUNCH:** The Owner Immersion Program requires an owner to attend the in-person training within 180 days after construction has started (new construction hotels) or 90 days after executing a franchise agreement (conversion hotels). The cost of the training classes will not exceed \$1,250 each for the owner and up to one (1) guest and does not include the cost of travel, lodging, or incidental charges for the owner or guest. Some or all of the training may not be required if you have previously owned a Choice Hotels Extended Stay hotel and/or obtained ES Launch Certification for another existing hotel. We may require your attendance at ES Launch at any time based on less than expected results at an open and operating hotel.

- **ESsentials:** The Operations Certification Program requires the acting General Manager to complete the online program and live-virtual classes training within 90 days of the General Manager's hire date. The cost of the training will not exceed \$1,500 for each General Manager. Some or all of the training may not be required if the General Manager previously obtained an "ESsentials" (formerly "Embark") Operations Certification within the last six (6) years. General Managers whose operations certification exceeds six years prior to the current year, will need to renew their Operations Certification within 90 days from the date of expiration. We may require attendance at this Operations Certification Program at any time based on less than expected results at an open and operating hotel.

If you are an inexperienced hotel franchisee that has never operated an extended stay hotel and you are not planning to use a hotel management company to manage the hotel, we may also require that you attend our separate immersion training program. This additional immersive training, which may take place either in person or online, will provide 2-4 days of additional training at a cost of approximately \$2,500 to \$7,500 and will be tailored for the novice extended stay hotel operator. As a part of our requirements, your General Manager must attend this training.

When a franchised hotel undergoes a 50% or greater change in its ownership and the new owners sign a franchise agreement with Choice (known as a "re-licensing"), the hotel is also required to have a customized re-licensing training. This training is delivered remotely via completion of a dedicated, self-paced Learning Map in the Choice University online learning management system (LMS). The fee for the re-licensing training is \$995.

Attendance is mandatory at the training programs identified in this Item 5 unless specified otherwise. Failure to attend within the prescribed time frame may result in a non-compliance penalty of \$125 per month for failure to attend the Owner Immersion training or \$250 per month for failure to attend the approved Operations Certification training until compliance and/or formal default, and the failure to cure the default could result in the termination of your franchise agreement. For more detailed information on each training program, see Item 11.

* * *

Except as identified in this Item 5, the affiliation fee, extension fee, property management system fee and training fee are uniform, are fully earned by us when paid by you, and we have no obligation to refund these fees. Except as set forth in Item 10, we do not offer financing for any part of the affiliation fee, and we do not offer financing for any other initial fees paid to us.

ITEM 6

OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty Fee	6.0% of the preceding month's Gross Room Revenues ("GRR") (Note 2).	Payable monthly.	
Marketing and Reservation Fee	2.5% of the preceding month's GRR (Note 3).	Payable monthly.	The Marketing and Reservation Fee covers the ongoing development, maintenance and upgrading of the reservations system, as well as pay for

Type of Fee (Note 1)	Amount	Due Date	Remarks
			expenditures associated with media, advertising, publicity, public relations, marketing, reservations, and certain franchise services. These expenditures enhance awareness and consumer preference for our brands and deliver guests to our franchisees. Greater awareness and preference help promote long-term growth in business delivery to our franchisees (Note 3).
MARKETING AND DISTRIBUTION PROGRAMS			
Third Party Distribution Fee	\$3.00 for each consumed reservation made through directly connected online travel agents, DerbySoft, and DHISCO.	Payable monthly.	Directly connected online travel agents include Expedia, Hopper, and Booking.com. Connectivity solutions such as DerbySoft and DHISCO are used to connect with other online travel agents, such as Agoda/Priceline, Getaroom, and wholesalers, such as Hotelbeds and WebBeds.
Travel Agent and Other Reservation Based Commissions (Note 4)	Standard commission (currently 10% - 15%) includes our Travel Agent Centralized Commission Program handled via Onyx and additional programs from third party designated accounts.	Weekly (Commission remittance is available via the online portal of our commission processing vendor, Onyx CenterSource, each Monday and payment must be submitted no later than Thursday) or monthly for commissions directly indicated on invoice.	\$0.48 per Commissionable Transaction processing fee for commissions handled via the Travel Agent Centralized Commission Program is applied to the Onyx remittance. Commissions are payable on retail or “rack” rates and not on net, non-commissionable rates.
Leisure Affinity Promotional Program	You must pay a per preferred room night fee of \$2.50 (or up to the equivalent of a 10% commission) for all consumed stays booked through our Leisure Affinity Promotional Program.	Payable monthly	This program is offered to affinity organizations such as AARP and other leisure-based member-based organizations with which we have negotiated preferred status. The fee may vary based on the Affinity partner.
Global Distribution System (“GDS”)	Currently \$7.70 for each reservation received through a GDS with which we have an agreement.	Payable monthly.	This fee is a reimbursement of costs we incur by using a GDS and is subject to change to reflect changes in our GDS costs, including cost increases imposed

Type of Fee (Note 1)	Amount	Due Date	Remarks
			by third parties.
Platform Marketing Distribution	Up to 15% commission for consumed reservations generated through Choice's third-party marketing platform	Payable monthly and as incurred	This fee is mandatory and based on consumed reservations (which may include revenue from the rental, sale, use, or occupancy of your hotel) facilitated through a third-party platform marketing, such as Penn Entertainment and others. These opportunities help introduce new guests to Choice's Brands. We reserve the right to modify the engagement, including adding or removing third party participants.
Mega Agency and Consortia Pay for Performance Program (Note 5)	2.7% of total room revenue from consumed business (for example, actual room sold).	Payable monthly.	
FedRooms/DoD Program	2.25% of room revenue per consumed stays resulting from program activities	As incurred	The fee is billed to properties who participate in the FedRooms or DoD program
PROPERTY MANAGEMENT SYSTEM AND TECHNOLOGY			
choiceADVANTAGE® Support Fee	\$525	Payable monthly.	This fee includes up to four (4) interfaces of your choice, the CRS and credit card interfaces and the mandatory choiceADVANTAGE remote access feature. Additional interfaces are optional and will add \$50/month each to the support fee. /CONNECT integrations are optional and will add \$0.35 per room per month to the support fee. (See also Item 5 regarding the purchase of choiceADVANTAGE in connection with Brand in a Box.)
choiceADVANTAGE® Database Clean Up Fee	\$500	As incurred.	This fee covers the cost to assist with updating information stored in the choiceADVANTAGE® database, including reservations and account data and applies to existing or former Choice branded properties that change ownership or require prior database information be renewed or expunged. (See also Item 5 regarding the purchase of choiceADVANTAGE in connection with Brand in a Box.)

Type of Fee (Note 1)	Amount	Due Date	Remarks
Choice Digital Registration	Depending on the number of hotel rooms at your Hotel, you must purchase one or more tablets through one of our qualified vendors at an approximate cost of \$250.00 each.	As incurred	The digital registration program is optional for WoodSpring franchisees. The digital registration allows guests, among other things, to digitally sign an electronic registration card that is then stored in the cloud and made available via choiceADVANTAGE® to hotels.
CrowdStrike	\$30-\$95	Payable monthly	The fee is required for all brands and covers security software and services to help monitor, detect and prevent software-based cyber security threats.
REVENUE MANAGEMENT			
Choice Revenue Management Program (“ChoiceROCS”) (Note 6)	\$525 - \$1,425 based on offering tier/service levels.	Monthly	ChoiceROCS is a multi-faceted program that provides participating franchisees with a variety of revenue management services and support depending on the needs of the hotel. You will work directly with a Choice revenue manager that is trained to help support the revenue management needs of the franchisee. Participation in ChoiceROCS is optional. During the first year, the only minimum service levels available for enrollment are Silver or higher, as further set forth in the Rules and Regulations.
ChoiceMAX Revenue Management System (or similar program) (Note 6)	\$235-\$360 based on brand and number of rooms.	Monthly	Participation in the ChoiceMAX Revenue Management System is optional. This software provides forecasting and pricing recommendations. Monthly fees for ChoiceMAX (or similar program) will be bundled with the ChoiceROCS monthly fee for participating hotels.
ChoiceMAX Training and Set Up Fee and/or reinstatement fee	\$2,500	At the time of ChoiceMAX installation.	This program is mandatory for hotels participating in ChoiceROCS. This fee covers the following: System implementation and account access, activation of competitive rate shopping services, support for proper tool setup and configuration, self-paced training and job aids. In addition, you must pay this fee if

Type of Fee (Note 1)	Amount	Due Date	Remarks
			you are reinstated into ChoiceMAX because of seasonal closures, rebranding, or for other reasons.
OTHER			
Educational Resources Program	\$1,500 plus any applicable taxes.	Annually (billed in four even amounts on a quarterly basis).	This program provides unlimited access to training programs on Choice's learning management system (including Choice University).
Training	Owner Immersion \$1,250 per attendee. General Manager Operations Certification: \$1,500.	Per terms of invoice and before attendance at applicable training session or conference.	You must pay us for any other required or optional training we may provide for you or any of your other employees. If a Franchise Agreement is transferred to new owners, at least one of the principals must attend the Owner Immersion program and we will charge them a fee for their attendance. In addition to training costs, you must pay for all related travel, lodging and food expenses. See also Item 11.
Additional Training for an Inexperienced Extended Stay Franchisee	\$2,500-\$7,500	On enrollment	If you are an inexperienced hotel franchisee that has never operated an extended stay hotel and you are not planning to use a hotel management company to manage the hotel, we may also require that you attend our separate immersion training program. This additional immersive training, which may take place either in person or online, will provide 2-4 days of additional training and will be tailored for the novice extended stay hotel operator. As a part of our requirements, your General Manager must attend this training, as well.
Construction Advisory Services (CAS)	\$20,000 for five site visits. \$4,000 for each additional visit.	Payable in one lump sum payment on the date you commence construction. Payable upon the completion of any additional site visit, as solely determined by us.	This service is required for franchisees building their first WoodSpring Suites hotel. In all other cases, this service is optional and performed over five site visits. There is a separate fee for any additional visits. These fees are nonrefundable. See Exhibit P.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Property Improvement Review	\$5,000, or then current fee	Payable upon request for review	A Property Improvement Review (“PIR”) may be elected by you or required by us for properties that have sustained evident and substantial wear and tear. During the PIR process, areas and items no longer meeting Rules and Regulations are identified, as well as items that need repair or cleaning to “like new condition,” or replacement.
Franchisee Association Dues and Assessments	Amounts authorized by the membership of the Franchisee Association. Currently \$100 per property per year.	As specified by the Franchisee Association	All franchisees shall be members of the Franchisee Association. See also Item 11.
Annual Convention	\$1,600 per attendee plus travel, lodging, and living expenses. We also charge a late registration fee of an additional \$500.	Annually, at the time of registration.	The annual convention is designed to give our franchisees resources and information to better leverage our strong value proposition. Attendees participate in a full schedule of education and brand sessions and networking events. In addition, there is a trade show with the industry’s top suppliers.
Re-Licensed Hotel Training	\$995	Within 90 days of transfer and franchise agreement execution.	This training is required when a hotel changes ownership, and the new owners sign a franchise agreement with Choice.
Room Count Change Fee	The per-room charge then being charged for new franchisees, but not less than \$1,000.	Before expansion of sleeping rooms.	This fee is applicable only if you choose to change the room count by more than 5%. Our consent is required for any room count change greater than 5%.
Transfer Fee	The then current affiliation fee or \$60,000, whichever is greater.	Upon transferee’s submission of application.	This fee is applicable only if we consent to a transfer of 50% or more of the equity interest in you or your hotel franchise.
Close Family Member Transfer Fee	\$0-\$7,500	Upon transferee’s submission of application.	Upon death or disability, if you wish to transfer to a Close Family Member (defined as an adult spouse, parent, child, sibling, grandchild or grandparent) we will charge an application fee not to exceed \$7,500.
Change of Ownership	\$3,000.	Upon submission of application	This fee is applicable for any transfer of less than a 50% equity interest in you or your hotel franchise.
Assumption Fee	\$7,500	Upon submission of application (may be waived on an	This fee is applicable if we consent to a transfer of less than 50% of the equity interest in you

Type of Fee (Note 1)	Amount	Due Date	Remarks
		individual basis if approved by Us).	or the hotel.
Property Improvement Plan Fee	\$3,000	Upon transferee's submission of application.	This fee is for the inspection of your hotel and the creation of a property improvement plan which will be integrated into the transferee's franchise agreement.
Insurance Reimbursement Fee	\$500-\$100,000	As incurred	This fee applies only if you fail to procure or provide us with evidence that you maintain at least the minimum insurance required by the Franchise Agreement. The range for this fee is dependent on market conditions and a policy may fall outside of this range depending on the current market rate. We may also give you the option to procure certain insurance policies through programs we facilitate, which may be billed by us for participating hotels.
Taxes	Amount assessed by federal, state and local tax authorities	When we invoice you	You must pay an amount equal to any sales tax, gross receipt tax or similar tax imposed with respect to any payments required under the Franchise Agreement, unless the tax is credited against income tax otherwise payable to us. You shall have no obligation for any tax which is based upon the net income of us.
OPTIONAL			
Sales Certification Training Program	\$1,000-\$1,750 per attendee.	On enrollment	This training program is optional and is an online and live-virtual classes training. Attendees must pay travel, lodging, and living expenses.
ResConnect Program (Formerly Call Forwarding)	\$3.00 per call transferred from your hotel to our CRS or through the ResConnect system. You are responsible for any additional costs necessary to update your telephone systems at the property to support the ResConnect system. An early exit fee of \$500/month remaining in the initial term (plus a pro	Payable monthly.	This is an optional program and we may change the fee at any time upon providing prior written notice to you. Exhibit G includes the ResConnect Agreement. For non-participating hotels that transfer calls to the ResConnect Program, the hotel will be billed up to the greater of 5% booked Gross Room Revenue or \$5.00 per call forwarded, or may be auto-enrolled in the program at our election.

Type of Fee (Note 1)	Amount	Due Date	Remarks
	rata share for the remaining portion of the current month)		
Marketing Cooperative Fee	\$1.00-\$2.00 per room per month.	Payable by December 31st of each year.	This fee is established by the regional franchisee marketing cooperative and varies by region and hotel size. These fees are placed in a fund for the marketing cooperative and used for its operating expenses. Participation in a marketing cooperative is voluntary (see Item 11).
Comfort Letter	\$2,500 (if a Comfort Letter is needed within 1-3 days there will be a \$500 expedite fee.)	Payable upon request for comfort letter. Legal expenses payable per terms of invoice	The comfort letter is a document issued by us in our sole discretion that grants your lender certain rights under the franchise agreement upon your default of your loan obligations to the lender. You are required to sign this agreement. Attached as Exhibit O is our current form comfort letter.
Additional Consultation and Services Fee	Dependent on the service requested	As incurred	We may make available to you additional consultation and services to assist you to construct, renovate, maintain, operate, and/or market the Hotel.
AHLA Dues	\$4.50/ per room	Annually	This fee covers dues for membership in the American Hotel & Lodging Association. You have the opportunity to opt out of membership this fee by January 15 of each year.
Energy Collection & Measurement (ECM) Software Platform	\$215 (annually) and up to \$250 associated with implementation and service.	Monthly payment of approximately \$18.00	This platform is intended to improve energy efficiency at the hotel. The fee is mandatory and will appear on the franchisee's invoice. The fee includes onboarding and implementation of the hotel into the hosted service (Resource Advisor), recurring collection and aggregation of the hotel's energy consumption data, and platform access and use of the sustainability measurement dashboard and reporting.
Site Transfer Fee	\$5,000	As incurred	You will pay us a nonrefundable site transfer fee to approve of your substitute site. We will entertain a substitute site only within 6 months after the Franchise Agreement's Effective Date.

Type of Fee (Note 1)	Amount	Due Date	Remarks
AAA Official Appointment	\$1,300 - \$2,600 based on the level of diamond rating and the number of rooms in the hotel	Annually	This fee covers the AAA Official Appointment license for hotels that are awarded AAA diamond designations. You may opt out each year.
REMEDIES AND NON-COMPLIANCE			
Non-Compliance Penalty	\$35 - \$25,000 per instance of non-compliance.	As incurred.	Non-compliance penalty is charged as a result of a failure to attend required training, to meet quality assurance and/or guest satisfaction standards required for the brand, non-compliance with your Property Improvement Plan, and non-compliance with the franchise agreement or the Rules and Regulations. This range of penalties may change from time to time.
Guest Relations Program	\$100 per complaint plus the cost to resolve the guest complaint	As incurred	If we receive a legitimate guest complaint within the hotel's control and respond to or resolve the complaint on your behalf, you must pay us the Guest Relations Program fee plus our costs to resolve the matter.
Human trafficking prevention training non-compliance fee	\$200 quarterly non-compliance penalty	As incurred	Each property hotel owner(s) and/or management level designee is required to complete the ChoiceU Human Trafficking Prevention training module on ChoiceU. The certification must be renewed every twelve months. The non-compliance fee will be charged to hotels that do not comply with this brand requirement. We will submit 100% of the proceeds of this non-compliance fee to organizations selected by us that support efforts to combat human trafficking.
Computer Software and Hardware Upgrade and Update Non-Compliance Penalty	\$1,000 per month until required upgrades and updates are installed.	Monthly, per terms of invoice	We may adopt upgraded and updated computer software and hardware systems standards and you will be obligated to comply with our then current standards. You will have 30 days to comply from date of notification.
Audit Fee	Costs of audit, including travel, lodging, and fees or wages or personnel of Choice or third parties required to conduct the	Upon demand	Payable only if any inspection or audit discloses a deficiency in any payments due under the franchise agreement. If the deficiency in any payment is willful or exceeds

Type of Fee (Note 1)	Amount	Due Date	Remarks
	audit which we estimate to be between \$7,000-\$10,000.		5% of the correct amount, you must immediately pay the deficient amount plus interest at 1.5% and the entire cost of the inspection or audit, including travel, lodging, meals, salaries, professional fees, and other expenses of the inspecting or auditing personnel.
Interest	1.5% of the delinquent amount.	Payable only if you do not pay your bills on time.	Immediately payable if your account is not timely paid.
Revenue Reporting Late Fee	1.5% of the preceding month's Royalty Fee and Marketing and Reservation Fee.	Payable only if you do not send us the required reports on time.	Immediately payable if any report is not timely submitted.
Reservation System Reinstatement Fee	\$5,000	This fee must be paid prior to the reinstatement of reservation services.	Payable only if you are suspended from the reservation system due to your default and you wish to be reinstated.
Liquidated Damages (Note 7)	If terminated before opening, the number of sleeping rooms multiplied by 36 months, multiplied by \$70. If terminated after opening, the greater of (a) \$70, multiplied by the number of sleeping rooms, multiplied by the number of months until the next date on which you may terminate the franchise agreement without penalty (not to exceed 60 months); or (b) the average monthly GRR for the last 12 months, multiplied by the Royalty Fee, multiplied by the number of months until the next date on which you may terminate the franchise agreement without penalty, if applicable (not to exceed 60 months).	Within 30 days after termination.	
Intellectual Property Liquidated Damages	\$2,500 per day that you continue to use our intellectual property following the expiration or termination of the	Upon demand.	If you continue to use our intellectual property after the expiration or termination of the franchise agreement, you must pay this fee to compensate us for

Type of Fee (Note 1)	Amount	Due Date	Remarks
	franchise agreement.		damage to our ownership interests in our intellectual property.
Costs and Attorneys' Fees	Will vary under circumstances	Payable on receipt of invoice	If we are successful in any legal action or arbitration proceeding we bring against you or in defending any legal action or arbitration proceeding you bring against us.

Note 1: Unless otherwise stated, these fees are imposed by us, paid to us, and are non-refundable. The Travel Agent and Other Reservation Based Commissions fee and the Travel Agent Centralized Commission Processing Fee may not be paid to Choice. Unless otherwise stated, all fees are uniformly imposed except when negotiated in special circumstances.

Note 2: "Gross Room Revenues" are revenues from the rental, sale, use or occupancy of sleeping rooms, meeting rooms and banquet rooms at the hotel for whatever purpose, including cash and credit transactions, whether or not collected by you, guaranteed no show revenue, early departure fees, late checkout fees, day use revenue, attrition or cancellation fees, and any proceeds from business interruption insurance. It does not include taxes required by law, revenues from telephone calls, movie rentals, vending machines, room service or food and beverage sales.

Note 3: We may increase the Marketing and Reservation Fee for increases in inflation or costs of advertising, publicity, public relations, marketing or for increases in our cost of providing the reservation system or any other aspect of our franchise system so long as the increases apply to all or most of the U.S. hotels in our franchise system. We may also assess additional fees and charges for various components of the System and other services (including promotional programs and use of proprietary software) as described in the Rules and Regulations.

Note 4: A "Travel Agent" includes traditional travel agents, such as American Express Travel, CWT, BCD and others, as well as online travel agents such as Expedia if those online travel agents book through our global distribution system ("GDS"). The additional commission will apply to reservations via travel agents, GDS, and Choice's CRS, but will not apply to reservations through online travel agents (for example, Expedia) that are designated by an International Air Transport Association number.

Note 5: Choice has secured preferred status with leading "mega" travel agencies (for example, multi-national travel management companies) and consortia of travel agencies so that our franchisees receive a high level of exposure within the Global Distribution System, corporate online booking tools, and preferencing through the various booking channels. For consumed reservations booked through a "mega" travel agency that are commissionable, the Travel Agent and Other Reservation Based Commissions Fee and Travel Agent Centralized Commission Processing Fee will apply. These payments are made through ONYX. Hotels that are not current with their travel agent fees risk suspension from the agencies booking tool.

Note 6: ChoiceMAX is a revenue management technology solution that provides forecasting and pricing recommendations, and includes: a Revenue Management Technology Solution; reporting and analytical tools; and revenue management support. ChoiceROCS will provide these elements as a package or individually to supplement franchisees' revenue management program. ChoiceROCS includes a Revenue Management Consultation and works in tandem with ChoiceMAX (or similar program). The cost of both programs is determined by the number of rooms in the hotel and offering/service

tier. See the ChoiceMAX and ChoiceROCS fees described in this Item 6. Monthly fees for ChoiceMAX (or similar program) will be bundled with the ChoiceROCS monthly fee for participating hotels.

Note 7: This fee is payable only if the franchise agreement is terminated due to your breach and does not apply where state law prohibits it.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

WOODSPRING SUITES

Type of expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Affiliation Fee (Note 1)	\$50,000 for properties with 122 rooms or less; \$300/per room for each additional room (\$60,000 minimum for transfers and renewals for properties with 122 rooms or less; \$300/per room for each additional room)		(Note 1)	(Note 1)	Choice
Real Estate (Note 2)	(Note 2)		(Note 2)	(Note 2)	(Note 2)
Permits, Licenses and Government Fees	Varies	Varies	As incurred	Before opening	Your general contractor (varies by local jurisdiction)
Construction (excluding soft costs) (Note 3)	\$7,283,000	\$11,532,000	As Arranged	Before Opening	Contractors
Furniture, Fixtures, and Equipment (FF&E). Includes inventory & systems required to begin operation (Note 4)	\$550,000	\$600,000	As Arranged	Before Opening	Vendors
Feasibility/Market/Environmental Impact Studies (if necessary)	\$3,000	\$35,000	As incurred	Before opening	Your consultants
Professional Design Services (Note 5)	\$200,000	\$450,000	As incurred	Before opening	Your Architect, Interior Design & Engineering consultants
Mandatory On-Premises Signs (including freight and installation) (plus maintenance and insurance) (Note 6)	\$20,000	\$100,000	As per vendor terms	Before Opening	Vendor
Insurance (Note 7)	\$45,000	\$165,000	As per vendor terms	Before Opening	Vendor
Hardware to operate the choiceADVANTAGE®	\$3,800	\$10,800	Lump sum	Before opening	Us, as a part of our Brand in a Box

Type of expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
property management system					program. See also Item 5.
choiceADVANTAGE® Software License and Systems Onboarding Fees (Note 8)	\$5,250	\$7,250	Lump sum	Before opening	Us, as a part of our Brand in a Box program. See also Item 5.
Training (which includes training required by us, including the Owner Immersion training, the General Management Operations Certification), Travel and Living Expenses While Training (Note 9)	\$2,750	\$10,250	As Incurred	Before Opening	Us
Sales and Marketing Materials and other Pre-Opening Costs – 3 months	\$35,000	\$60,000	As Arranged	Before Opening	Vendors and Employees
Permits, Licenses and Government Fees	Varies	Varies	As incurred	Before Opening	Your general contractor (varies by local jurisdiction)
Professional Pre-Opening Photography	\$1,400	\$3,000	As incurred	Before opening	Qualified Vendor
Interior Design Waiver Fee (Note 10)	\$0	\$20,000	As incurred	Before opening	Us
Architectural Design Review & Construction Services (Note 11)	\$0	\$20,000	As incurred and due at the time of request	Before opening	Us
Construction Advisory Services Agreement – See Item 5	\$0	\$20,000	As incurred	Before Opening	Us
Additional Funds – 6 month period (Note 12)	\$30,000	\$200,000	As Arranged	As incurred	Employees, Suppliers and Utilities
TOTAL ESTIMATED INITIAL INVESTMENT (Note 13)	\$8,229,200	\$13,293,300	(These totals do not include real estate costs)		
TOTAL COST PER ROOM (Based on 122 Rooms)	\$67,452	\$108,961			

Note 1: Your Affiliation Fee will be \$50,000 and it is non-refundable. If the property will have more than 122 rooms, then you will pay an additional fee of \$300/room for the additional rooms. If the initial site is not approved or you do not acquire the site, you may submit a second site application for a different site. There is no separate fee if you sign a Master Development Agreement, but you must pay the Affiliation Fee for all Properties that you commit to develop under the Master Development Agreement

at the time you sign the agreement.

Note 2: We do not estimate the cost of real estate because of the wide variation among geographical areas and different sites. Your land acquisition costs will vary depending upon a multitude of factors including whether the property is purchased or leased, the size and location of the property, and the availability of financing on commercially reasonable terms. Our 122-room prototype plan generally requires a minimum of 2 acres.

Note 3: The cost of construction may vary substantially from location to location. The type of construction used, site conditions, cost of materials, labor costs, local code requirements, competitive conditions, and other factors will affect the cost. Construction costs may also vary depending upon soil and environmental conditions, availability of utilities to the site, and the topography of the site. This estimate does not include site work, project management fees, general contractor profits, or other “soft” costs, which may vary substantially. The estimate also does not include the cost of permits and licenses.

Note 4: Includes room furnishings, inventory and accessories, interior/directional signage, security equipment, office equipment and computers, telephone system, network infrastructure equipment, and a video surveillance system. Whether the fees you pay for furniture, fixtures and equipment are non-refundable will depend on your agreements with your vendors. As of the issuance date of this Disclosure Document, there is only one approved vendor for FF&E items, procurement services, electronic messaging boards for new-construction properties, and high-speed internet access equipment and services.

Note 5: Professional Design Services includes costs that are paid to your architect, engineer, and other related professionals for the development of your Hotel, which must follow the prototype architectural drawings and specifications supplied by us. You must submit all drawings and specifications to us, and we must approve of these drawings prior to your submission to local jurisdictions. You must commission an architect and engineer directly and make payments directly to them.

Note 6: Cost for actual property signage will vary depending upon building location and local codes as well as other factors, including the number of signs utilized, size of the sign(s), location of the sign(s), and regional differences in installation costs. Whether the fees you pay for exterior signage are non-refundable will depend on your agreements with your vendors.

Note 7: This number represents 25% of the annual cost of insurance. Insurance requirements are subject to change periodically and the current requirements are available on our intranet site. Your actual insurance cost will vary widely based on many factors, including the location of your Property (for example, depending on if it is in an area prone to natural disaster), market conditions, and the number of Properties operated by you. The insurance you must carry is listed on the intranet and may be amended periodically. Currently, we require you to carry comprehensive or commercial general liability insurance with combined single limits of \$1,000,000 per each occurrence for bodily injury and property damage. If the general liability coverage contains a general aggregate limit, the limit must be at least \$2,000,000, and it must apply in the aggregate to your Property only. The insurance should be on an occurrence policy form and must include premises and operations, independent contractors, blanket contractual, products and completed operations, advertising injury, employees as additional insureds, broad form property damage, personal injury, severability of interests, and explosion, collapse and underground coverage during any construction. You (or your management company, if applicable) must also carry business auto liability for combined single limits of bodily injury and property damage of at least \$1,000,000 each occurrence. Umbrella excess liability is required in amounts at least \$3,000,000 in excess of the liability insurance, as is insurance on the Property (including furniture, fixtures, equipment, boiler, and machinery) against the risks that Choice may specify, including fire, lightning, vandalism, malicious mischief, flood (if located in a flood hazard zone), earthquake (if located in an earthquake prone zone), and

all other risks covered by the special extended coverage endorsements, in an amount equal to full replacement value thereof, business interruption covering loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and contributions to the Marketing and Reservation Fee, for a minimum of 3 months in the event of an interruption in your business operations as well as the cost of conducting a pre-opening review before reopening of the business in the event of closure for repairs or rebuild, and employee dishonesty coverage on all Property employees in an amount at least \$50,000. You (or your management company, if applicable) must also have worker's compensation insurance with minimum \$500,000 coverage. During the construction of the Property (and other significant construction at the Property) you must maintain yourself, or through the general contractor, comprehensive or commercial general liability insurance with combined single limits of \$1,000,000 per each occurrence for bodily injury and property damage. If the general liability coverage contains a general aggregate limit, this limit must be at least \$2,000,000, and it shall apply in the aggregate to the Property only. You must also maintain the same level of worker's compensation insurance as during operations, umbrella excess liability in amounts at least \$3,000,000 excess of the liability insurance, builder's risk property insurance of at least the contract price, and business auto liability insurance for combined single limits of bodily injury and property damages of at least \$1,000,000. Whether the fees you pay for insurance are non-refundable will depend on your agreement with your insurance company, but usually fees are non-refundable.

Note 8: choiceADVANTAGE[®] software license and onboarding fees include the costs of the initial software license, eLearning modules, project management, and the credit card interface. Your costs may fall on the higher end of this range depending on the number of rooms, additional interfaces and integrations you select. The fees do not include the monthly choiceADVANTAGE[®] support fee to cover ongoing remote software support.

Note 9: Immersion and Hospitality training includes the cost to attend Owner Immersion and General Manager Operations Certification. The Owner Immersion Program incurs a fee not to exceed \$1,250 per attendee. This covers 2 days of immersion training at our headquarters in North Bethesda, Maryland or Scottsdale, Arizona. The costs do not include the cost of travel, lodging, or meals to attend the required training programs. Our ESsentials training fee is \$1,500 and covers the General Manager Operations Certification program that is offered virtually, consisting of self-paced online lessons, live interactive virtual classes, and exams. In addition, if you are an inexperienced hotel franchisee that has never operated an extended stay hotel and you are not planning to use a hotel management company to manage the hotel, we may also require that you and your General Manager attend our separate immersion training program. This additional immersive training, which may take place either in person or online, will provide 2-4 days of additional training at a cost of approximately \$2,500 to \$7,500 and will be tailored for the novice extended stay hotel operator. The foregoing costs do not include the cost of travel, lodging, or meals to attend the required training programs. The costs do not include the cost of travel, lodging, or meals to attend the required training programs. Some or all of the training may not be required if you have previously owned a Choice Hotels Extended Stay hotel and/or obtained ES LAUNCH Certification for another existing hotel and/or a General Manager has previously earned the "ESsentials" or "Embark" Operations Certification within the last six (6) years.

Note 10: If you request a waiver from using a pre-approved interior design scheme or Qualified Vendor, you must pay our then-current fee, regardless of whether the waiver is granted.

Note 11: If you request a waiver for using a non-prototypical building design, then you must pay our then-current fee, regardless of whether the waiver is granted. This fee includes an architectural design & engineering review fee and review fee and construction inspection fee in reviewing your request

Note 12: This amount represents an estimate, based on our experience, of the funds needed to cover initial employee wages, fringe benefits, utility deposits, uniforms, recruitment, on-site training

expense, and other variable costs (e.g., electricity, telephone, heat, etc.), paper, cleaning, and other supplies. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on various factors, including: how carefully you follow our methods and procedures for operation of the Property; your management skill, experience, and business acumen; local economic conditions; your location; the local market for Property accommodations; competition; the prevailing wage rate; and the sales level reached during the initial period. Whether additional fees and expenses are non-refundable will depend on your agreements with your vendors and suppliers.

Note 13: This total estimated initial investment does not include any real estate costs. You should review these figures carefully with a business advisor before entering into a Franchise Agreement with us. The range is neither a floor on the minimum, nor a cap on the maximum you could spend and your expenditures could vary. Neither we, nor our affiliates offer direct or indirect financing to licensees for any items. The estimate does not include any finance charge, interest or debt service obligation. The estimate is for a Property with 122 rooms.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as listed below, neither we, nor any of our affiliates, currently obligate you to purchase or lease from us any goods, services, supplies, FF&E, inventory, computer hardware or software. We may require you to purchase proprietary software for accounting and reservations systems and may designate third-party approved vendors to supply products or services as we believe appropriate to assure communications compatibility or other benefits for the System.

You must comply with our standards and requirements concerning the quality of all goods, services, fixtures, furniture, furnishings, equipment, supplies and other items (“FF&E items”). We may require that particular FF&E items be purchased from an approved vendor. Otherwise, you may make purchases of FF&E items from any source meeting our standards and specifications after obtaining written approval from Choice. As of the issuance date of this Disclosure Document, there is only one approved vendor procurement services (Profillment) for new construction properties, , although this may change. Standards and requirements are published in the Rules and Regulations, in policy and procedure statements, in WOODSPRING SUITES Property prototype designs and specifications, or otherwise communicated to franchisees in printed, machine readable, via intranet, electronic or any form we choose. The standards and specifications, including the Rules and Regulations, may be modified at our discretion. We will also distribute modifications to standards and specifications to you in printed, machine-readable, via intranet, electronic or any form we choose. Neither Choice nor our affiliates are approved suppliers or the only approved supplier for any products.

None of our officers own an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers of our franchise system. From time to time, our officers may own non-material interests in publicly-held companies that are suppliers to our franchise system.

Our Procurement Services Department maintains a list of “Qualified Vendors” of products and services for our franchisees. Certain Qualified Vendors are designated as exclusive suppliers or non-exclusive preferred vendors. Unless required by us, you do not have to purchase products that otherwise meet brand standards from Qualified Vendors. You do have to purchase certain Choice Mark-bearing items, such as signs and bath amenities, only from Qualified Vendors. You must also purchase FF&E items, bedding, computer hardware, and other brand standard items per brand specifications through a Qualified Vendor. Neither Choice nor any persons affiliated with Choice are currently Qualified Vendors.

Vendors that are not on the Qualified Vendor list may apply to become “Qualified,” and you may recommend new vendors to us. Among the criteria that we consider is the financial stability of the company, whether the product or service meets brand standards and if the product or service is of use to our franchisees. Our criteria are available to you for review upon your request. Where applicable, the vendor may be asked to submit product samples and specifications to us. We usually make our decision and notify the vendor within 90 days after all information and samples have been submitted, although a longer period may be required for products or services that, due to their cost or importance to the brand, may have significant financial impact on our franchisees. We may limit the number of Qualified Vendors for a variety of reasons, including: obtaining volume discounts; promoting consistent quality; and/or securing adequate supplies for a particular brand. We may revoke a vendor’s “Qualified” status if the vendor no longer meets our criteria, if they breach their agreement with us, or if the product or service offered is no longer competitive in price or quality, among other reasons.

None of our officers own a material interest in any privately-held suppliers, or a material interest in any publicly-held suppliers of our franchise system. From time to time, our officers may own non-material interests in publicly-held companies that are suppliers to our franchise system.

We receive certain commissions or rebates from Qualified Vendors that typically range from 1% to 2% (but may be up to 20%) of net sales volume to franchisees, as well as a flat fee that we typically receive annually from each Qualified Vendor. In exchange for these fees, we may provide each vendor with certain services, which may include one or more of the following: marketing services from our Procurement Managers and/or marketing personnel; space on our ChoiceBuys.com website; a booth at our annual convention; advertisements in our print and electronic publications (e.g., Marketplace and Single Vendor Emails); and sponsorship opportunities, among other benefits. We do not provide franchisees with any material benefits, such as opportunities to acquire additional franchises, based on their purchases of particular products or services from Qualified Vendors or use of particular Qualified Vendors.

You must display at your hotel entrance the number and type of identity signs required by the Rules and Regulations. Such signs must display the approved brand name and logo of your hotel. Signs are available from manufacturers who must be approved by us and who must comply with brand specifications. Each sign manufacturer must meet certain business, financial and insurance requirements. We derive income from appointment fees, limited trademark licenses, drawing charges and commissions on signs sold and that are purchased through signage Qualified Vendors. All highway billboards and printed advertising, among other electronic or printed media, must use the Choice Marks in accordance with our specifications.

We also periodically negotiate preferred marketing agreements with corporations and other organizations for joint marketing efforts, which may result in commissionable stays at your hotel. If you make inventory available to these organizations, we may retain up to 50% of any commissions payable by you in consideration of our marketing services and program administration costs.

As described in Item 7, you must obtain and maintain insurance which will include, at a minimum, insurance policies of the kinds, and in the amounts, required by us (Franchise Agreement, Section 12). You must also obtain and attach endorsements to your insurance policies adding us and our affiliates and subsidiaries, our and their respective officers, directors, agents, partners and employees, as additional insureds and provide waiver of subrogation on commercial automobile, commercial general, workers’ compensation/employers’ liability (if allowed), pollution liability, umbrella insurance policies and dram shop/liquor liability (if applicable), and adding us as co-defendant under the employment practices liability policies. If you fail to procure or maintain the minimum insurance described above (or as designated by us from time to time in the brand standards), we may procure the insurance on your behalf and charge you the cost of the insurance and, at our option, a reasonable penalty. You will be required to reimburse us for the cost of such insurance and for any reasonable out-of-pocket costs that we incur should we elect to obtain

the insurance on your behalf.

You must purchase from us a software license to onboard and use choiceADVANTAGE®. You also must purchase the mandatory hardware package we specify that meets or exceeds specifications needed to operate choiceADVANTAGE®. You are required to use a designated Qualified Vendor to purchase and install a dedicated, wired, business grade High Speed Internet Access solution located at the front desk for access to choiceADVANTAGE® (see Items 5, 7 & 11 for more details). Unless mandated by the brand standards contained in the then-current version of the Rules and Regulations, you do not have to participate in any purchasing or distribution cooperative we maintain. However, the Choice Procurement Services Department attempts to negotiate pricing believed to be favorable from its Qualified Vendors for franchisees, and we may from time to time offer cooperative buying programs to provide additional savings for those hotels that commit to any such program. In addition, you will automatically become a member of a cooperative buying program at no additional cost to you. You may opt out of being a member of such program at any time by completing and sending us the opt out electronic form located within the FAQs on Choicebuys.com. Most product and services offerings are accessible via ChoiceBuys.com, a proprietary web-based electronic catalogue.

Unless mandated by the brand standards contained in the then-current version of the Rules and Regulations, you do not have to participate in any purchasing or distribution cooperative we maintain. However, the Choice Partner Services Department attempts to negotiate price terms believed to be beneficial from its Qualified Vendors for franchisees, and we may from time to time offer cooperative buying programs to provide additional savings. In addition, you will automatically become a member of a cooperative buying program at no additional cost to you. You may opt out of being a member of such program at any time by completing and sending us the opt out electronic form located within the FAQs on Choicebuys.com. Most product and services offerings are accessible via ChoiceBuys.com, a proprietary web-based electronic catalogue.

In the year ended December 31, 2024, our total revenues were about \$1,584.8 million. Of this figure, revenues attributable to required purchases by franchisees of products and services were \$67.7 million, or about 4.27% of our total revenues in 2024, which includes revenues from Qualified Vendors and excludes choiceADVANTAGE® installation and support fees.

We estimate the cost for items that must be purchased from Qualified Vendors or subject to our standards or specifications to be less than 10% of your initial investment in a conversion or new construction facility. Your annual expenditures on these items may range between 10-15% of your annual purchases.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Master Development Agreement	Section in choiceADVANTAGE Terms of Use	Section in Call Forwarding Program Terms of Use	Disclosure Document Item
(a) Site selection & acquisition/ lease	Not Applicable	Sections 6 & 7	Not Applicable	Not Applicable	Not Applicable

Obligation	Section in Franchise Agreement	Section in Master Development Agreement	Section in choiceADVANTAGE Terms of Use	Section in Call Forwarding Program Terms of Use	Disclosure Document Item
(b) Pre-opening purchases/leases	Sections 6(b), (e), (f) & (g), (s)(3) & (8)	Not Applicable	Not Applicable	Not Applicable	Items 5, 7, 8 & 11
(c) Site development & other pre-opening requirements	Section 6	Section 6	Not Applicable	Not Applicable	Items 5, 7, 8 & 11
(d) Initial & ongoing training	Section 6(e)	Not Applicable	Not Applicable	Not Applicable	Items 5, 6, 7 & 11
(e) Opening	Sections 1(f) & 6(s)	Not Applicable	Not Applicable	Not Applicable	Item 11
(f) Fees	Sections 4, 6(e), (f), (g), (k), (n) & (r), (s) 8, 9(b), (c), 10(c), (d), 12 & 16	Not Applicable	Not Applicable	Section 3	Items 5, 6, 11 & 17
(g) Compliance with Standards & Policies/ Operating Manual	Sections 1(k), 5(a) & (b), 6 & 10	Not Applicable	Not Applicable	Not Applicable	Items 8 & 11
(h) Trademarks & proprietary information	Sections 1(i) & (j), 6(s)(1) & 7	Section 12(a)	COPYRIGHTS & TRADEMARKS	Section 8	Items 13 & 14
(i) Restrictions on products/services offered	Section 6(b), (c) & (d)	Not Applicable	Not Applicable	Not Applicable	Items 8 & 16
(j) Warranty & customer service requirements	Sections 6(l) & (q)	Not Applicable	WARRANTIES	Section 6	Not Applicable
(k) Territorial development and sales quotas	Not Applicable	Section 3	Not Applicable	Not Applicable	Not Applicable
(l) Ongoing product/service purchases	Sections 6(b), (c), (e), (f), (g) & (o)	Not Applicable	Not Applicable	Not Applicable	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 6(a), (b), (c), (d), (f), (o) & (p), 7(c) & 8	Not Applicable	Not Applicable	Not Applicable	Items 6, 8 & 11
(n) Insurance	Section 12	Not Applicable	Not Applicable	Not Applicable	Items 6, 7 & 8
(o) Advertising	Section 6(s)(4)	Not Applicable	Not Applicable	Not Applicable	Items 6, 8 & 11

Obligation	Section in Franchise Agreement	Section in Master Development Agreement	Section in choiceADVANTAGE Terms of Use	Section in Call Forwarding Program Terms of Use	Disclosure Document Item
(p) Indemnification	Section 13	Not Applicable	INDEMNIFICATION	Section 7	NONE
(q) Owner's Participation/ Management/ Staffing	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Item 15
(r) Records and Reports	Sections 4(c), (d) & (e), 6(r)(4), 10(b)(2)(e) & 12(e)	Not Applicable	Not Applicable	Not Applicable	Item 6
(s) Inspections and Audits	Sections 4(e) & (f), 5(b), 6(h) & (s)(2)	Not Applicable	Not Applicable	Not Applicable	Items 6 & 11
(t) Transfer	Section 9	Not Applicable	SOFTWARE USE AND SITE ACCESS; GENERAL	Section 10	Items 6 & 17
(u) Renewal	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Item 17
(v) Post-termination obligations	Section 11	Sections 9(a) & 10	Not Applicable	Not Applicable	Items 6 & 17
(w) Non-competition covenants	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(x) Dispute resolution	Sections 16, 21, 22, 23, & 24	Sections 17, 18 & 19	GOVERNING LAW	Section 9	Item 17

ITEM 10

FINANCING

AFFILIATION FEE PROMISSORY NOTE

In our sole discretion and on approval of your credit, we may offer to finance the affiliation fee without interest. In that event, you must sign a promissory note (see Exhibit I). Note payment is due in one full lump sum generally within 3 months after the note is signed. The note may be accelerated upon default and provides for a waiver of presentment, demand for payment, notice of dishonor, protest, and includes a confession of judgment clause. If the principal amount of the note, or any portion of the amount, is not paid on or before the maturity date, the note will bear interest from the date on which the funds are due until paid at a default annual rate equal to eighteen percent (18%). In the event of default, you must pay all of our costs of suit and reasonable attorney's fees. The note contains no pre-payment penalty. The owners of the franchise entity may be required to sign the promissory note personally.

SELECTED CAPITAL SUPPORT

Except as otherwise described in this Item 10, in certain instances, we may provide select capital support to help offset the costs associated with developing and opening a hotel within the Choice franchise system. In our sole and absolute discretion, we may provide capital support for franchisees that develop a property with strategic importance to Choice. We do not offer capital support in every instance, and we may freely choose not to offer capital support to you. The terms of such capital support will vary and will always be determined in our sole and absolute discretion after your application has been submitted to us and we have approved your eligibility to own a hotel franchise. In the event you have been offered and agreed to accept capital support, you will be bound, in all ways, to the contracts, documents, and agreements related to and controlling the administration of that capital support.

Specifically, the principal amount of the financing will depend upon the franchisee's creditworthiness and various other factors. The franchisee will sign a promissory note evidencing the loan. The form of promissory note is attached at Exhibit I.A. (the "Capital Support Note"). Generally, forgiveness of the Capital Support Note will be amortized over a period of 10 or 20 years (beginning on the Opening Date of your hotel) using a straight-line method, so that the Capital Support Note will be completely forgiven if you do not commit certain defaults under the Capital Support Note beginning upon signing of the franchise agreement and ending 10 or 20 years after the Opening Date. Your individual owners will be required to sign the Capital Support Note, in addition to the franchisee. We will fund the loan shortly after the Hotel opens and we receive the signed Capital Support Note from the franchisee. In limited circumstances, you may be eligible for additional loan amounts based on your Hotel's performance. We will not charge you interest unless you default under the Capital Support Note (Section 5). If you default, all outstanding amounts will bear interest at prime plus two percent. The maximum interest rate in California is 10% annually. The loan amount will be payable in equal yearly installments over the term of the Franchise Agreement. However, each yearly payment will be deemed paid so long as no default has occurred under the Capital Support Note (Section 4). Defaults under the Capital Support Note include the termination of the Franchise Agreement, an uncured default by franchisee under the Franchise Agreement, a transfer as defined in the Franchise Agreement and a breach of any provision of the Note or any document executed in connection with the Capital Support Note (Section 5). Following a default under the Note, we may declare the entire outstanding amount under the Capital Support Note plus all accrued interest immediately due and payable (Section 5.2). Franchisee must also pay all of our costs and attorneys' fees incurred in collecting the Capital Support Note (Section 5.4). Default under the Capital Support Note will constitute a default under the Franchise Agreement (Section 5.1). Based upon your creditworthiness, we may not require that you provide us security for repayment of the loan.

The terms of the guaranty signed in connection with the Franchise Agreement will also extend to the repayment obligations under the Capital Support Note. The loan can be prepaid at any time and there are no prepayment penalties. The franchisee waives various rights under the Capital Support Note including presentment, demand, and all other notices and demands (Capital Support Note – Section 5.6).

In addition, if you sign our Capital Support Note, you and we must agree to waive our right to terminate the franchise agreement, without cause, for the applicable 10th and 15th anniversaries of the Opening Date as provided in Section 3 of the Franchise Agreement.

INCENTIVE PROGRAM

We are committed to expanding access to hotel ownership opportunities, including for underrepresented entrepreneurs, and participate in the International Franchise Association's Veteran's Transition Franchise Initiative (known as VetFran®). We are currently offering an incentive program to encourage and broaden access to our franchise system and the hospitality industry as well as to encourage entrepreneurs who have served in the United States military and been honorably discharged from service ("Incentive"). The Incentive Program is intended to attract top hotel developers from diverse backgrounds

and involves our commitment of capital to incentivize qualifying franchisees to develop either a newly constructed Choice-branded hotel or convert an existing hotel to a Choice-branded hotel. Qualifying franchisees who enter into franchise agreements to re-license Choice branded hotels that are currently part of the Choice franchise system are not eligible to receive an Incentive; however, these franchisees will be given a 50% discount on the then-current affiliation fee due in connection with the re-licensed franchise agreement (see below).

Qualifications

To qualify for the Incentive Program, you must meet all of the following conditions: you must make a good faith request for the Incentive at the time of application; you must meet our then-current qualifications for new franchisees (including our standard credit review); you must be a majority owner that is actively engaged in the deal process; if you are an individual, you must identify to us the characteristics and background that will contribute to broadening access to our franchise system and the hospitality industry or if you are veteran you must demonstrate that you have served in the United States military and have been honorably discharged from service; or if you are a legal entity, you must be at least 51% legally and beneficially owned by persons that can demonstrate to us characteristics and background that will contribute to broadening access to our franchise system and the hospitality industry or meet the requirements of a veteran stated above. We will have sole discretion in determining whether you qualify for the Incentive Program. The Incentive Program may not be combined with any other incentive program that we may be offering at the time of your application and we may discontinue this Incentive Program at any time.

Incentive

Each Incentive for a hotel using a WOODSPRING Mark will be \$2,500 per room in the hotel (with a maximum of \$175,000). Each Incentive will be evidenced by a 10-year forgivable incentive promissory note (see Exhibit I.B.) (the “Note”). We will pay the proceeds of the Note to you only after the Opening Date of your hotel. You may use the proceeds of the Note for any purpose related to the hotel. We do not require collateral for this Note, but may require you and/or the owners of a franchise entity to sign personally. Forgiveness of the Note will be amortized over 10 years (beginning on the Opening Date of your hotel) using a straight-line method, such that the Note will be completely forgiven if you do not commit certain defaults under the Note beginning upon signing of the franchise agreement and ending 10 years after the Opening Date. The Note is structured to provide for one payment at the end of 10 years; however, you do not have to make payments on the Note if you remain in good standing under your franchise agreement. If you default in the obligations of your franchise agreement, your franchise agreement is terminated or expires, you die or you file for bankruptcy, then the entire remaining unforgiven principal balance is immediately due along with interest (accruing on the remaining unforgiven balance only) from the original date of the Note at an interest rate of prime plus 2%. The maximum interest rate in California is 10% annually. Under the Note, you must waive demand, presentment for payment, protest, notice of dishonor and your right to a jury trial. On your default, you also must pay all reasonable expenses, costs and attorneys’ fees that we incur in collecting the Note. The Note contains no pre-payment penalty.

If you qualify for an Incentive, you may request amortization over 5 years instead (beginning on the Opening Date of your hotel) using a straight-line method, such that the Note will be completely forgiven if you do not commit certain defaults under your franchise agreement upon signing of the franchise agreement and ending 5 years after the Opening Date. If you request a 5 year Note, the Incentive will be 50% of the amount of the 10 year Note, and will be limited to a maximum of \$87,500. Each Incentive will be evidenced by a 5 year Note in the same form attached as Exhibit I. The Note is structured to provide for one payment at the end of 5 years; however, you do not have to make payments on the Note if you remain in good standing under your franchise agreement. If you default in the obligations of your franchise

agreement, your franchise agreement is terminated or expires, you die or you file for bankruptcy, then the entire remaining unforgiven principal balance is immediately due along with interest (accruing on the remaining unforgiven balance only) from the original date of the Note at an interest rate of prime plus 2%. If the Default Payment Amount (as defined in Exhibit I.B.) has not been paid in full fifteen (15) days after the date such amount became due and payable, interest will begin to accrue at a default annual rate equal to Prime plus seven percent (prime plus 7%). The maximum interest rate in California is 10% annually. Under the 5 year Note, you must waive demand, presentment for payment, protest, notice of dishonor and your right to a jury trial. On your default, you also must pay all reasonable expenses, costs and attorneys' fees that we incur in collecting the Note. The Note contains no pre-payment penalty.

Termination Rights

In addition, unless you have signed a 5 year promissory note, you and we must agree to waive our right to terminate the franchise agreement, without cause, on the 5th anniversary of the Opening Date.

RE-LICENSING INCENTIVE

If you: (1) qualify for the Incentive Program; and (2) purchase a hotel that is a Choice branded hotel operating as part of the Choice franchise system at the time of purchase; and (3) enter into a franchise agreement with Choice to re-license the hotel as a Choice branded hotel, you will be granted a 50% discount on the then-current affiliation fee due in connection with your franchise agreement. Franchisees that enter into franchise agreements with Choice for the re-licensing of an existing Choice brand hotel and qualify and accept the Incentive are not eligible to participate in any other incentive program.

PMC COMMERCIAL TRUST

We have entered into a non-exclusive Qualified Vendor agreement with a third party named PMC Commercial Trust (previously known as PMC Capital, Inc.) ("PMC"), which is a company authorized to provide loans. Under this agreement, PMC may offer conventional and Small Business Administration ("SBA") financing to those of our franchisees that qualify and choose to use PMC to finance some of the following costs: affiliation fee, site acquisition, construction or remodeling, equipment and/or fixtures, opening inventory or supplies, ongoing inventory or supplies, replacement of equipment or fixtures, and other continuing expenses. These loans are generally for up to 70% to 85% of the value of the collateral and range from \$500,000 to \$5,000,000 for acquisitions, refinances and construction/permanent loans.

Interest rates are generally variable and are at PMC's discretion. You are not required to use PMC as your lender. If you choose to use PMC as your lender, you must enter into agreements with PMC, substantially in the form attached as Exhibit J or as PMC may otherwise require depending on your specific loan. The loan will be for up to 25 years and will require monthly payments, with the amount of the payments based on the terms agreed upon. You must grant a first lien on land and building, a first lien on furniture, fixtures and equipment and, if necessary, a lien on your personal assets. PMC will require that you personally guarantee the loan. The loans can be pre-paid but there may be a pre-payment penalty.

If you default on the note, the entire remaining principal balance becomes due and the lender may have the right to take possession of the collateral and/or sell or lease the collateral. You must waive your rights to presentment for payment, demand, protest, notice of non-payment or dishonor, notices of protest and all other demands or notices. On default, the note will bear interest at the maximum rate permitted by applicable law. You must also pay PMC all the costs of collection or costs of exercising its remedies, including attorneys' fees. You must waive your right to object to jurisdiction in the courts of Dallas, Texas as the venue for the resolution of disputes and must waive your right to a trial by jury. See the sample documents in Exhibit J for PMC's additional rights and remedies.

In consideration of Choice's agreement to grant PMC access to our marketing channels, Choice will receive from PMC a flat payment of \$10,000 annually.

BALBOA CAPITAL CORPORATION

We have entered into a non-exclusive Qualified Vendor agreement with a third party named Balboa Capital Corporation ("Balboa"), which is a company authorized to provide loans. Under this agreement, Balboa may offer conventional and lease financing to those of our franchisees that qualify and choose to use Balboa to finance some of the following costs: affiliation fee, costs to meet brand standards, property improvement or remodeling, equipment and/or fixtures, replacement of equipment or fixtures, and other continuing expenses. These loans are generally available for up to 100% of the value of the collateral and generally range from \$5,000 to \$1,000,000.

Interest rates are fixed and are determined at Balboa's discretion in accordance with its standard underwriting practices. You are not required to use Balboa as your lender. If you choose to use Balboa as your lender, you must enter into one or more agreements with Balboa, substantially in the form attached as Exhibit J or as Balboa may otherwise require depending on your specific financing agreement. The financing agreement will be for between 24 to 84 months and will require monthly or quarterly installment payments, with the amount of the payments based on the terms agreed upon. You must grant a first lien on the financed equipment and, if applicable, a security interest and lien on the land or building. Balboa may require that you personally guarantee the financing agreement. The financing agreement can be pre-paid and there is no pre-payment penalty.

If you default on the financing agreement, the entire remaining balance becomes due and Balboa may have the right to take possession of the collateral and/or sell or lease the collateral. You must waive your rights to presentment for payment, demand, protest, notice of non-payment or dishonor, notices of protest and all other demands or notices. On default, the loan will bear interest at the rate set forth in the loan agreement. You must also pay Balboa all the costs of collection or costs of exercising its remedies, including attorneys' fees. You must waive your right to object to jurisdiction in the courts of California as the venue for the resolution of disputes and must waive your right to a trial by jury. See the sample documents in Exhibit J for Balboa's additional rights and remedies.

In consideration of Choice's agreement to grant Balboa access to our marketing channels, Choice will receive from Balboa a flat payment of \$15,000 annually.

ASCENTIUM CAPITAL LLC

We have entered into a non-exclusive Qualified Vendor agreement with a third party named Ascentium Capital LLC, which is a company authorized to provide loans. Under this agreement, ASCENTIUM CAPITAL LLC may offer conventional and lease financing to those of our franchisees that qualify and choose to use ASCENTIUM CAPITAL LLC to finance some of the following costs: affiliation fee, costs to meet brand standards, property improvement or remodeling, equipment and/or fixtures, replacement of equipment or fixtures, and other continuing expenses. These loans are generally available for up to 100% of the value of the collateral and range from \$5,000 to \$500,000.

Interest rates are fixed and are determined at ASCENTIUM CAPITAL LLC's discretion in accordance with its standard underwriting practices. You are not required to use ASCENTIUM CAPITAL LLC as your lender. If you choose to use ASCENTIUM CAPITAL LLC as your lender, you must enter into one or more agreements with ASCENTIUM CAPITAL LLC, substantially in the form attached as Exhibit J or as ASCENTIUM CAPITAL LLC may otherwise require depending on your specific loan. The loan will be for between 12 to 72 months and will require monthly payments, with the amount of the

payments based on the terms agreed upon. You must grant a first lien on the financed equipment and, if applicable, a security interest and lien on the land or building. ASCENTIVM CAPITAL LLC may require that you personally guarantee the loan. The loans can be pre-paid with Ascentium Capital LLC's prior written consent and there is no pre-payment penalty.

If you default on the loan, the entire remaining balance becomes due and ASCENTIVM CAPITAL LLC may have the right to take possession of the collateral and/or sell or lease the collateral. You must waive your rights to presentment for payment, demand, protest, notice of non-payment or dishonor, notices of protest and all other demands or notices. On default, the loan will bear interest at the rate set forth in the loan agreement. You must also pay ASCENTIVM CAPITAL LLC all the costs of collection or costs of exercising its remedies, including attorneys' fees. You must waive your right to object to jurisdiction in the courts of California as the venue for the resolution of disputes and must waive your right to a trial by jury. See the sample documents in Exhibit J for ASCENTIVM CAPITAL LLC's additional rights and remedies.

In consideration of Choice's agreement to grant ASCENTIVM CAPITAL LLC access to our marketing channels, Choice will receive from ASCENTIVM CAPITAL LLC a flat payment of \$15,000 annually.

* * *

We have not sold, assigned or discounted our commercial paper to anyone, nor do we intend to (although we are permitted to do so).

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

PRE-OPENING ASSISTANCE. Before you open your hotel in the Choice franchise system, we will provide certain assistance, including:

SITE SELECTION

We must approve the site you select. (Franchise Agreement, Section 6(r).) Within 9 months after signing a franchise agreement with us, you must submit to us by or before that deadline, a site plan or other evidence of site control that is acceptable to us. We will accept a fully executed purchase and sale agreement or deed of trust or, if the hotel is to be leased, an executed lease agreement that shows you have possession of the hotel for the entire term stated in the franchise agreement.

We consider a number of factors, including the location, market and revenue potential as factors for approval. Our approval of your site does not assure that your business will be successful. Choice's Franchise Committee will review your application within 30 days of submission. If a site cannot be agreed upon and we reject your application, your affiliation fee will be refunded, less \$5,000 and any pre-application property improvement plan fees that you may have paid and no franchise agreement will be signed. (Franchise Agreement, Section 4(a).) When appropriate financing is in place and land has been entitled, our franchisees will typically open their hotel within 7 to 10 months from the time they begin construction. This period may vary and largely depends on a number of factors, such as the ability to obtain a lease or control of the site; financing; local zoning laws and ordinances; the ability to obtain building permits on a timely basis; weather conditions; or any delays associated with the installation of equipment,

fixtures and signs. For an existing hotel to be converted to a WOODSPRING hotel, this timetable also varies depending upon your ability to obtain any necessary financing, the amount of renovation required to meet our specifications and the process and time periods required to obtain all the necessary permits, licenses and approvals from various government agencies (Franchise Agreement, Section 6(r)). If you sign a Master Development Agreement, we have the right to approve the location of future units and our then-current standards will apply.

CONSTRUCTION

If the hotel is to be newly constructed, we will review and comment on whether your preliminary drawings, final working drawings and architectural designs for the hotel satisfy the prototype design specifications. Our approval of your designs does not ensure that they are adequate (Franchise Agreement, Section 6(r)).

If you are building your first WOODSPRING hotel, we will provide you with Construction Advisory Services. We may also provide you such services for each WOODSPRING hotel you build thereafter. This service includes five site visits to your hotel. See Item 6 and Exhibit P.

At our discretion, we may provide additional consultation and services to assist you to construct, renovate, maintain, operate, and/or market the hotel on the same basis as provided to other hotels that are authorized to use our System under the Brand Mark; we reserve the right to charge you reasonable fees that we may establish in advance or on a project-by-project basis for such consultation and services. (Franchise Agreement, Section 5(d)).

You must submit your preliminary drawings for our approval at least 6 months before the Construction Start Deadline (the deadline by which you must start construction), and final working drawings and final architectural designs for the hotel for our approval at least 3 months before the Construction Start Deadline (Franchise Agreement, Section 6(r)). If Construction Start does not commence within 30 days of your final architectural designs for the hotel, then you must resubmit final architectural designs for our approval for approval prior to Construction Start. Our review of your architectural designs is for compliance with our brand standards only and does not assure that your business will be successful, that your designs are suitable for architectural or engineering purposes, or that your designs are in compliance with local, state, or federal laws. It will be your responsibility to comply with all local, state, and national code requirements applicable to the construction of your hotel.

You must begin construction of your hotel within 18 months after the date the parties enter into the franchise agreement, and, within 5 days after this Construction Start, notify us that Construction Start has occurred (Franchise Agreement, Section 6(r)(2)), continue construction of the hotel in accordance with the designs without interruption, until the hotel is ready for our inspection and complete construction of the hotel, including furnishing, equipping and preparing for opening, within 12 months of the Construction Start Deadline (Franchise Agreement, Section 6(r)(3)). After opening, you are obligated to report your construction costs to us.

You must undertake any remodeling, renovations, and modifications to existing improvements, necessary to modernize and conform your hotel to the Rules and Regulations or other requirements of our System as described in your franchise agreement. (Franchise Agreement, Section 6(o)).

RULES & REGULATIONS

Upon request, you may view the current Rules and Regulations at our proprietary intranet site (Franchise Agreement, Section 5(a)). Once you become a WOODSPRING franchisee you will have access to these Rules and Regulations without having to request them from us. We may periodically revise, add to

or update brand standards and other requirements by issuing revisions to the Rules and Regulations and other manuals that we may publish. As of the date of this Disclosure Document, the Rules and Regulations were a minimum of 50 pages in length. The Table of Contents for our Rules and Regulations manual is attached as Exhibit K to this franchise Disclosure Document.

OPENING SERVICES SUPPORT

Our Opening Services department will assist you to open your hotel in the Choice franchise system. (Franchise Agreement, Section 5.) We will assign an Onboarding Project Director and Opening Services Manager to monitor your project's progress and to assist you to meet contractual milestones (for example architectural and/or property improvement plan reviews). Your Onboarding Project Director will introduce you to Choice's organizational support departments, enroll your hotel in appropriate marketing programs, and help coordinate training course attendance/resource utilization. Finally, your Onboarding Project Director will help you to make sure that your hotel meets brand standards and that you have the knowledge and tools to assist you to successfully pass the hotel's first Quality Assurance Review (QAR). (Franchise Agreement, Section 5.) Once your hotel opens in the Choice franchise system, your Onboarding Project Director will arrange for a meeting with your assigned Area Director, who will be your ongoing liaison with Choice for most day-to-day questions related to our programs and policies. You must ensure your hotel opens in accordance with your franchise agreement. (Franchise Agreement, Section 6(s).)

LOCAL SALES REPRESENTATION

You must employ a full-time General Manager exclusive to your hotel. (Franchise Agreement, Section 6(e).) This required staff position must be employed no less than four months prior to the hotel opening and must be continuously staffed thereafter. We strongly recommend that you employ a dedicated salesperson, with qualifications of either a hotel Director of Sales or Sales Manager, whose principal duty is the solicitation of extended stay or other business for your hotel only.

TRAINING

We will provide training, as described below (Franchise Agreement, Section 6(e)). You must comply with our training requirements by ensuring that you and the Hotel's general manager(s) attend (at the times required by us) our then-current training programs, including our annual national convention for hotels authorized to use the System.

Our training currently involves two comprehensive training programs: the first is the Owner Immersion Program for franchisee owners and the second is a General Manager Operations Certification Program. We also organize associate certification programs that are mandatory for all line associates as well and train staff on our brand standards. The following table outlines these programs.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Owner Immersion (ES LAUNCH)	12-15 Hours	0 Hours	North Bethesda, Maryland or Scottsdale, Arizona
General Manager Operations Certification (ESsentials)	25 Hours	80 Hours	Online & live-virtual classes or at a Property designated by us

Online Staff Certification	5 Hours	25 Hours	Online
Total	42 - 45 Hours	105 Hours	

Owner Immersion

We will offer training to the principals of newly signed franchisees as needed. The topics covered in the training (which may be modified) will include as follows:

SUBJECT	HOURS OF CLASSROOM and Online TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Choice History, Mission, and Culture	1	None	North Bethesda, Maryland or Scottsdale, Arizona
Choice Privileges Loyalty Program	1	None	North Bethesda, Maryland or Scottsdale, Arizona
Choice Extended Stay Brands Overview	1.5	None	North Bethesda, Maryland or Scottsdale, Arizona
Choice Resources (including Choice University, ChoiceCentral, choiceAdvantage)	1	None	North Bethesda, Maryland or Scottsdale, Arizona
Franchise Services, Franchise Cares and Opening Service Support for Extended Stay	2.5	None	North Bethesda, Maryland or Scottsdale, Arizona
Owner Portfolio Strategy (including PIP management)	1	None	North Bethesda, Maryland or Scottsdale, Arizona
Performance Metrics (including profitability, revenue, and benchmarking for Extended Stay ESOcc)	2.5	None	North Bethesda, Maryland or Scottsdale, Arizona
Local and Global Sales and Smart Marketing Tools for Extended Stay	2.0	None	North Bethesda, Maryland or Scottsdale, Arizona
Marketing and Distribution Channels (to include eCommerce, and the related tools)	1	None	North Bethesda, Maryland or Scottsdale, Arizona
Guest Insight Reporting and Reputation Management	1.5	None	North Bethesda, Maryland or Scottsdale, Arizona

SUBJECT	HOURS OF CLASSROOM and Online TRAINING	HOURS OF ON- THE-JOB TRAINING	LOCATION
Brand Identities, Standards and Culture for Extended Stay (including Compliance and Awards)	3.5	None	North Bethesda, Maryland or Scottsdale, Arizona
Procurement (including vendor sessions)	0.5	None	North Bethesda, Maryland or Scottsdale, Arizona
Choice Extended Stay Operating and Profitability Model	4	None	North Bethesda, Maryland or Scottsdale, Arizona
Choice Extended Stay Revenue Management	1	None	North Bethesda, Maryland or Scottsdale, Arizona
Compliance & Quality Assurance	0.5	None	North Bethesda, Maryland or Scottsdale, Arizona
TOTAL	24.5	0	

Note 1: We reserve the right to modify this training. This training is mandatory for all owners of new hotels, conversions and transfers to new owners and must be completed to our satisfaction. Some or all of the training may not be required if you have previously owned a Choice Hotels Extended Stay hotel and/or obtained ES LAUNCH Certification for another existing hotel. New Owner Immersion classes are held multiple times per year at one of our corporate locations in North Bethesda, Maryland or Scottsdale, Arizona.

Note 2: Instructional materials for the New Owner Immersion (ES LAUNCH) Program include handouts or electronic training materials and videos. Experience of instructors ranges from 5 years to 30 plus years.

Note 3: The Owner Immersion Program requires an owner to attend the in-person training within 180 days after construction has started (new construction hotels) or 90 days after executing a franchise agreement (conversion hotels). The cost of the training classes will not exceed \$1,250 each for the owner and up to one (1) guest and does not include the cost of travel, lodging or incidental charges for the owner or guest. Some or all of the training may not be required if you have previously owned a Choice Hotels Extended Stay hotel and/or obtained ES LAUNCH Certification for another existing hotel.

Note 4: If you are an inexperienced hotel franchisee that has never operated an extended stay hotel and you are not planning to use a hotel management company to manage the hotel, we may also require that you attend our separate onboarding training program. This additional immersive training, which may take place either in person or online, will provide 2-4 days of additional training at a cost of approximately \$2,500 to \$7,500 and will be tailored for the novice extended stay hotel operator. As a part of our requirements, your General Manager must attend this training, as well.

Note 5: The failure to attend this training within the prescribed time may result in a formal default of your franchise agreement, and the failure to cure the default could result in the termination of your franchise agreement.

General Manager Operations Certification

The acting General Manager at your hotel must be Operations Certified. We will provide the acting General Manager Operations Certification training under the ESsentials Training program, as described below:

Required GM Syllabus - Prerequisites in ChoiceU	Hours of Online Training	Hours of on-the-job training	Location
Subjects			
Welcome, Wanted and Respected - It's Good for Everyone CUTV	6 minutes	0	ChoiceU Learning Modules
Welcome to the Choice Hotels Family	5 minutes	0	ChoiceU Learning Modules
Understanding the Lodging Industry and Hotel Operations	60 minutes	0	ChoiceU Learning Modules
Brand Pages via ChoiceCentral	20 minutes	0	ChoiceU Learning Modules
ChoiceNow Franchisee Portal	22 minutes	0	ChoiceU Learning Modules
Medallia and Reputation Management	60 minutes	0	ChoiceU Learning Modules
Coaching and Development	300 minutes	0	ChoiceU Learning Modules
Guest Service	135 minutes	0	ChoiceU Learning Modules
Revenue Management & Sales	120 minutes	0	ChoiceU Learning Modules
Required Instructor Led Virtual Classes – ESsentials	Hours of Virtual Classroom Training	Hours of on-the-job training	Location
Subjects			
What is Extended Stay	20 minutes	0	Instructor Led - Virtual Class
Extended Stay Brand Overview	45 minutes	0	Instructor Led - Virtual Class
Rules & Regulations	45 minutes	0	Instructor Led - Virtual Class
Choice Privileges	20 minutes	0	Instructor Led - Virtual Class
Quality Assurance	45 minutes	0	Instructor Led - Virtual Class
Reputation Management	30 minutes	0	Instructor Led - Virtual Class
Coaching & Leadership	60 minutes	0	Instructor Led -

			Virtual Class
Extended Stay Revenue Management	60 minutes	0	Instructor Led - Virtual Class
Extended Stay Sales	60 minutes	0	Instructor Led - Virtual Class
Extended Stay Resources	20 minutes	0	Instructor Led - Virtual Class
Extended Stay Marketing	25 minutes	0	Instructor Led - Virtual Class
Extended Stay Reporting	20 minutes	0	Instructor Led - Virtual Class
Online Exam for Certification	90 minutes	0	Instructor Led - Virtual Class
Total	1268 Minutes or 21 hours	0	

Note 1: We reserve the right to modify this training. The acting General Manager at your hotel must be operations certified by attending the above ESsentials Training program at least 90 days after opening or relicensing the hotel or have obtained an “Essentials” or “Embark” Operations Certification within the last six (6) years. The cost of the training class is approximately \$1,500 per attendee.

Note 2: Instructional materials for the ESsentials training program include interactive online learning, videos, job aids, virtual workshops, activities, and online examinations. Instructors for the program include Extended Stay Learning Professionals, and their experiences range from 5 to 30 plus years.

Note 3: If the General Manager, in our reasonable determination, does not meet the standards for knowledge and performance or does not pursue or otherwise successfully complete this ESsentials Training program to our satisfaction, we reserve the right to request that he or she be re-trained. Attendance and full participation at training, as well as passing the final exam is mandatory. We will require attendees to sign a confidentiality agreement as a condition to attend our training.

Online Staff Certification

All hotel staff must be provided online training access through Choice University. Hotel staff must complete their certification track within 90 days of hire date and present a certificate of completion upon request.

Other Training and Our Instructors

We may also make available other required or optional training courses, programs, conferences, seminars, and materials as we deem necessary. If we require additional training, you must require your employees to successfully complete the training. Additional courses, programs, conferences and seminars may be conducted in North Bethesda, Maryland or other locations we designate. We may contract with other persons or firms to provide your training. We may charge reasonable fees for instruction and course materials for training programs other than the initial General Manager’s Operations Certification. We may require confidentiality agreements from your employees as a condition of attending our training.

Our instructors are subject matter experts in the detailed brand standards and specific WOODSPRING SUITES operating systems. Instructors for the program include facilitators, brand managers, members of our architectural design team, marketing staff, and extended stay subject matter

experts.

As the WOODSPRING SUITES System continues to develop, we may change the training. As of the issuance date of the FDD we are not planning any changes, but it is possible that the training program will change before you are ready to start your training. If the program changes, you, your General Manager, and others required to participate in training, will be required to complete the training required at that time.

* * *

In addition, we will provide Re-Licensed Hotel Training, as described below:

RE-LICENSED HOTEL TRAINING SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
The relicense training program entitles owners and General Managers a full year of access to more than a dozen training videos, covering a variety of topics that are most critical to helping Relicense owners to help drive guest satisfaction, revenue, profitability, as well as managing change on-property and other resources to support systems knowledge and usage. Owners and Operators are also entitled to weekly live webinar sessions called Office Hours. Office Hours allows Owners and Operators access to experienced Choice University Learning Professionals who can help with training questions for their individual hotel. Office Hours will be offered weekly at a set time. Each Office Hours session will be scheduled for sixty minutes. The relicense training program allows unlimited access to Office Hours. Every Owner and Operator of a relicensed hotel are also given access to the Relicense Learning Map on ChoiceU.com. This link gives them immediate access to everything they need to know first as a new Owner and Operator of a Choice Hotel.	4	0	Any location with internet access
TOTAL	4	0	

When a Choice branded hotel changes owners and the new owners sign a franchise agreement with Choice (known as a “re-licensing”), the hotel is granted access to customized training videos as well as live (virtual) sessions where they can get questions for their individual hotel answered. The training videos and live office hours sessions, as well as other important learning resources for new Owners and Operators are made available to the relicensed hotel via the dedicated, self-paced Relicense Learning Map on ChoiceU.com. The fee for this training is \$995.

In addition, upon re-licensing, the new owners must attend the New Franchisee Orientation

Program, as detailed above, at the earliest available session. However, the new owners must attend the New Franchisee Orientation Program within 90 days of hotel re-licensing.

The training materials have been developed and produced by Choice University Learning Professionals with an average experience of 15 plus years.

* * *

We will also provide choiceADVANTAGE training, as described below:

choiceADVANTAGE ONLINE REMOTE ONBOARDING (Notes 1 and 2)

SUBJECT	HOURS OF ON THE JOB TRAINING	LOCATION
Pre-Onboarding • Dedicated onboarding support • Assistance with onboarding vendors' (Insight and Shift4 Payments) milestones • Support Choice University (eLearning) user setup • Set up property database using supplied data • Coordinate to meet desired onboarding dates	None	Remotely
Day One • Setup and configure hardware • Guide the Property Contact through ○ Basic functions of choiceADVANTAGE® ○ Adding Future Reservations ○ Pre-Paid Reservations ○ Company Profiles ○ House Accounts ○ Groups ○ Accounts Receivable ○ Setting Restrictions ○ Housekeeping/Maintenance • Review Property Configuration ○ Property Address and Phone Numbers ○ Special Request Inventory ○ Room Configuration ○ Cashier Shifts ○ Tax Configuration ○ Transaction Code	8-10	Remotely

SUBJECT	HOURS OF ON THE JOB TRAINING	LOCATION
- Configuration ○ Credit Card Surcharge ○ Recurring Charges ○ Night Audit Report ○ Housekeeping Schedule • Understanding and using reports • Rates Center overview • choiceADVANTAGE® User Admin set-up and overview • ChoiceCentral.com overview • Utilizing Choice resources		
Day Two • Complete Property Contact Training • Guide property through balance transfers • Assist with out of order rooms • Credit Card and EMV Installation • Digital Registration installation • Interface installation • /CONNECT integrations, if needed • Balance choiceADVANTAGE® with former property management system	8-12	Remotely
TOTAL	16-22	

Note 1: eLearning training is mandatory for all General Managers, Assistant General Managers, front office managers and all front desk staff and must be completed to our satisfaction. Training is completed in ChoiceU.com and is vital for all hotel staff to complete as it's the only training they will receive on the system. choiceADVANTAGE® eLearning training is a series of training modules prepared by members of our SkyTouch Technology team.

Note 2: Optional on-site choiceADVANTAGE® training is available and will be held at your hotel, preferably in a meeting room and required to have High Speed Internet Access. The on-site training will be conducted by members of our SkyTouch Technology team. On-site choiceADVANTAGE® training requires you to provide one free hotel room per Onboarding Lead per night for the on-site training. In the event you are unable to accommodate the Onboarding Lead to stay at your property for reasons of safety, occupancy permits, or other reasons, you are responsible for reimbursing the costs and expense of the Onboarding Lead's stay at a comparable neighboring hotel. The fee for optional on-site choiceADVANTAGE® training is \$6,000. You may reschedule the training without paying an additional fee by providing written notice of your need to postpone the training program to your Onboarding Lead at least 14 days prior to the travel date. There will be a rescheduling fee of \$2,100 if you need to reschedule within 14 days of the travel date or system conversion was not completed while Onboarding Lead was on-site.

Other Training and Our Instructors

You must also participate in the Educational Resources Program, which provides training on

various topics through our online learning management system. The cost of the Educational Resources Program is \$1,500 annually plus any applicable state tax.

Additional training may be required based on individual hotel needs. We reserve the right to charge you a tuition fee for these additional training programs as established by us from time to time. You also will be required to pay all travel, living and other expenses incurred by you and your employees while attending any required additional training programs.

We also offer many optional training programs throughout the year, including the regional workshops. In these educational workshops, you and your staff can gain valuable knowledge on a wide variety of topics designed to help your hotel become more effective and efficient.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to guests in a manner that reflects the brand standards of the System. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. It is your obligation to ensure that your employees receive adequate training.

POST-OPENING ASSISTANCE. During your operation of the hotel in the Choice franchise system, we will provide the following services:

FRANCHISE SERVICES SUPPORT

Our Extended Stay Brands Team will assist you with identifying and calling on prospective accounts, developing promotional materials and direct mail collateral, considering advertising opportunities, scheduling AAA property inspections, participating in Choice marketing programs and developing a sales action plan for ongoing efforts by your hotel's management team.

At our discretion, we may provide additional consultation and services to assist you to construct, renovate, maintain, operate, and/or market the hotel on the same basis as provided to other hotels that are authorized to use our System under the Brand Mark; we reserve the right to charge you reasonable fees that we may establish in advance or on a project-by-project basis for such consultation and services. (Franchise Agreement, Section 5(d).)

QUALITY ASSURANCE

We will administer a quality assurance program that may include periodic visits to your hotel (by us or our authorized representatives) and/or guest satisfaction surveys to evaluate your compliance with your franchise agreement and the Rules and Regulations. If necessary, we will advise you of changes that you must make to the hotel or its operations to comply with the franchise agreement and/or the Rules and Regulations. (Franchise Agreement, Section 5(b)). Franchisees who fail to improve on identified quality issues may be subject to consequences ranging from written warnings, the payment of non-compliance penalties, attendance at mandatory training programs, reservation suspension, and ultimately to the termination of the franchise agreement.

MARKETING AND RESERVATIONS

We will provide an advance reservation system for your hotel and other Choice branded hotels using the Marketing and Reservation Fee that you will pay each month during the term of your franchise agreement. (Franchise Agreement, Section 5(c).) We will also provide national, international and regional advertising, promotion, publicity, marketing research, system programs and related programs as we

reasonably determine to be appropriate for the entire Choice franchise system, using the Marketing and Reservation Fee. (Franchise Agreement, Section 5(c).)

Marketing and advertising are primarily disseminated via media such as direct sales efforts, digital media, multi-brand television campaigns, trade publications, radio, directories and other collateral materials. National advertising and promotion agencies are primarily used to create and place advertisements with the participation and supervision of our in-house marketing department. Funding for the advertising program comes from the Marketing and Reservation Fee that each Choice Hotels franchisee pays each month during the term of their franchise agreement and which we control. We do not use any of the Marketing and Reservation Fee principally to solicit new franchise sales. The Marketing and Reservation Fee covers the ongoing development, maintenance and upgrading of the reservations system, as well as pay for expenditures associated with media, advertising, publicity, public relations, marketing, reservations and similar services, and certain franchise services. All franchisees contribute to the Marketing and Reservation Fee at a rate dependent on their individual franchise agreement. Company-owned outlets (if any) contribute to the Marketing and Reservation Fee at the standard rate as other franchised outlets. As of December 31, 2024, there were no opened WOODSPRING company-owned outlets. See Item 6 for a description of the Marketing and Reservation Fee.

We may establish a marketing cooperative (“Marketing Cooperative”) to fund certain marketing initiatives. We establish an annual fee for participating hotels, and we also provide funding. The participating hotels in a Marketing Cooperative, along with the assistance of a Choice representative, create an annual budget and an annual marketing plan. Your participation in a Marketing Cooperative will be voluntary, and you may opt out on an annual basis. However, we may require participation in a Marketing Cooperative in the future and we have the right to audit the Marketing Cooperative program at any time.

You may conduct your own local marketing program provided that all materials comply with brand standards, including proper trademark usage, and are either approved in writing by us through ChoiceNow, typically within 10 business days after you submit your materials to us for review. (Franchise Agreement, Section 6(s)(4).) The SmartMarketing program provides marketing and promotional materials that help you promote your hotel professionally and within brand standards. We are not required to use any portion of the Marketing and Reservation Fee for advertising in your area.

Any website created for your hotel must follow the Choice Property Website Guidelines, Internet Distribution Policy and Domain Name Policy. (Franchise Agreement, Section 7(b).) We retain the right to pre-approve your hotel’s website design and use of linking between your internet web pages (or other networks) and all other web sites. All websites that are accessed from a domain name that uses one or more of the Choice Marks must conform to the Choice Hotels Property Website Guidelines and Internet Distribution Policy and cannot contain or link to other web pages that contain, logos or information on non-Choice brand hotels. We have the right to determine the content and use of online or electronic media associated with any of the Choice Marks. You may not participate in any website or other electronic media (including social media) that markets goods and services under the Choice Marks unless it is first approved in writing by us. Your general conduct on the internet or other electronic media, including your use of the Choice Marks or any advertising is subject to the terms and conditions of the Franchise Agreement and any other rules, requirements or policies that we may identify from time to time.

We administer the allocation of the Marketing and Reservation Fee, which may be commingled with, but are accounted for separately, from our other funds. We do not prepare audited financial statements for our Marketing and Reservation Fee. However, upon receiving a reasonable request, we will provide an unaudited statement of the Marketing and Reservation Fee for the previous calendar year. We have no obligation to separate incomes or expenditures between the various Choice brands. Any unspent Marketing and Reservation Fees remaining at the end of the fiscal year generally are carried over for use in the

following year unless there is a deficit from a preceding year. In that case, the monies will be applied to pay down the deficit and anything remaining will be carried over. We pay administrative costs to provide the goods and services described above using a portion of the Marketing and Reservation Fee. Our internal costs associated with marketing the goods and services of our franchise system are reflected in the percentages below, including our media (broadcast and digital), creative, supplies and graphics. In calendar year 2024, approximately 18.7% of all Marketing and Reservation Fees collected from the Choice Franchise System was spent on media and other advertising, 7.9% on the Choice Privileges Loyalty Program, which includes national advertising (broadcast and digital), 67.3% on marketing and distribution (for example, reservations services, global sales, publicity, research & analytics) and 6.1% on general and administrative expenses, including the salaries of applicable personnel.

FRANCHISE ADVISORY COUNCIL

As of the date of this Disclosure Document, we may periodically assemble franchise advisory councils who meet with corporate representatives to advise on issues relating to the System (including advertising issues). We select the franchisees that participate on this council. The council acts in an advisory capacity only and we maintain all decision-making power of the System. We may create, change, or dissolve this council at any time.

COMPUTER HARDWARE AND SOFTWARE

You will be required to purchase and install a dedicated, wired, business grade High Speed Internet Access solution located at the front desk for access to choiceADVANTAGE®, to electronically update your hotel's information in our advance reservations system; to receive reservations from our advance reservations system; to collect data on reservations made by travel agents; to collect daily revenue and occupancy figures; and to manage your front desk operations (Franchise Agreement, Section 6(g)).

The costs and fees for purchasing a license to use the choiceADVANTAGE® system include:

choiceADVANTAGE® Software License and Administrative Fee -- \$2,350 - \$4,350 (payable to us);

choiceADVANTAGE® Systems Onboarding and Project Management Fee -- \$2,500 (payable to us);

choiceADVANTAGE® Software Interface Implementation Fee (optional) -- \$1,500 (payable to us);

choiceADVANTAGE® Credit Card Interface Implementation Fee -- \$400 (payable to us);

choiceADVANTAGE® Database Clean Up Fee -- \$500 (payable to us); and

Dell hardware -- \$3,800 - \$10,800 depending on the configuration (payable to Insight or us as a part of Brand in a Box. See Item 5.).

We will also provide the following:

- Ongoing remote support relating to maintenance of the choiceADVANTAGE® software, 24 hours a day, 7 days a week.
- Enhancements or updates to the choiceADVANTAGE® software with training bulletins.
- Online training on ChoiceU.com relating to the use of the choiceADVANTAGE® software.
- The choiceADVANTAGE® software.

You are required to purchase the mandatory Dell hardware package through our preferred hardware vendor, Insight, or through Choice as a part of Brand in a Box. See Item 5. Your Dell hardware will be subject to Dell's warranty and support provisions. The cost of the computer hardware listed above does not include the cost of any peripheral items such as credit card processing machines, printers, or other network needs unique to your hotel.

You are required to install the choiceADVANTAGE® Remote Access feature at your property. With this feature, you will control permissions and user access to choiceADVANTAGE®. This enhancement is mandatory and is included in the monthly choiceADVANTAGE® Support fee.

You will be required to refresh the choiceADVANTAGE® system with Dell hardware and required peripherals to comply with specifications mandated by us. Dell hardware and required peripherals should be refreshed every 48 months or upon expiration of your hardware warranty. We estimate that the cost to refresh and install new Dell hardware and peripherals will be between \$3,800 and \$10,800 depending on the configuration at your hotel (number of workstations, printers, etc.). However, there is no limit on the frequency or cost of this obligation.

We will have independent access to the information that will be generated by the choiceADVANTAGE® property management system and will use the information and data to identify trends, as well as to perform statistical analysis for improvement of the brand standards, as well as the overall Choice franchise system.

We require chip enabled credit card acceptance (EMV) hardware for use in your hotel. We estimate the cost of each device, including programming, to be approximately \$875. Fees may vary based on the number of devices required for your hotel. We also require EMV software for use in your hotel. The required EMV software for processing credit card payments through choiceADVANTAGE® property management system is only available from Shift4 Payments, a Nevada corporation, with a business address at 1491 Center Crossing Road, Las Vegas, Nevada 89144. You will make payments directly to Shift4. Shift4 is a Qualified Vendor. See Item 8 of this Disclosure Document.

CHANGE IN SLEEPING ROOM COUNT

We will review and, where appropriate, approve requests to add or remove guestrooms to your hotel after receipt of your room count change fee (if applicable) and construction plans (Franchise Agreement, Section 8).

ITEM 12

TERRITORY

We grant franchises for specific sites only. 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. However, we may, depending on local market conditions or other factors such as your prior history with us (if any) and number of hotels franchised by us, grant territories in which no other hotel of the same brand will be franchised or operated, for a period of time that we determine. Preferred regions and exclusive territories, if any, are determined by us. Our grant of a preferred region or exclusive territory can be terminated by us if you default under your franchise agreement, including failing to maintain quality standards or failing to pay fees due on a timely basis.

In addition, if you sign a Master Development Agreement with us (Exhibit E), we may grant you

limited rights to build additional hotels in accordance with a development schedule and in an area that is protected from other hotels of the same brand. Preferred regions and exclusive territories, if any, are determined by us in our sole discretion. Our grant of a preferred region or exclusive territory can be terminated by us if you default under your franchise agreement, including failing to maintain quality assurance scores or failing to pay fees due on a timely basis. Our grant of a preferred territory under a Master Development Agreement can be terminated by us if you default under your Master Development Agreement, including failure to comply with the Development Schedule.

If you wish to relocate or establish additional facilities, you must follow our usual application procedures and sign additional franchise agreements. Customarily, we do not grant to franchisees options, rights of first refusal or similar rights to acquire additional franchises.

We expressly reserve the right to grant franchises or open company owned hotels at any location under any brand name other than the location specified in the franchise agreement or Master Development Agreement. We may open company-owned hotels under any brand and offer hotel franchises for upscale, mid-priced and budget hotels under any of our brands.

We may take reservations for rooms through any method of distribution, including sales through such channels of distribution as the internet, catalog sales, telemarketing, or other direct marketing sales (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels, unless we make a reservation on your behalf.

You may solicit or accept reservations from customers at any location (including outside your territory, if applicable). You may use Alternative Distribution Channels to make sales if you comply with all of our standards, including any approval process that we may require. We, our affiliates and franchisees can use Alternative Distribution Channels to make sales anywhere of product or services under trademarks different from the trademarks that you are permitted to use under your franchise agreement. See Item 1 for additional information on other Choice brands.

We have implemented a Fair Franchising Policy (attached as Exhibit L) that sets general guidelines on how Choice will maintain the overall Choice franchise system of brands, including principles for informal resolution of disputes between Choice and our franchisees. The Fair Franchising Policy is an internal policy, not a contractual obligation, and can be changed or revoked by us in our sole discretion and at any time on reasonable notice. Choice’s Incremental Impact Policy does not apply to the WOODSPRING SUITES brand.

As noted in Item 1, we currently grant franchises for hotels operated under the following brands or extensions of these brands: ASCEND HOTEL COLLECTION®, CAMBRIA®, CLARION HOTEL®, CLARION INN®, CLARION INN & SUITES®, CLARION SUITES®, CLARION RESORT®, CLARION COLLECTION®, CLARION POINTE®, COMFORT INN®, COMFORT INN & SUITES®, COMFORT SUITES®, COMFORT HOTEL®, COMFORT HOTEL & SUITES®, COMFORT RESORT®, COUNTRY INN & SUITES® BY RADISSON, ECONO LODGE®, ECONO LODGE INN & SUITES®, EVERHOME SUITES®, MAINSTAY SUITES®, PARK INN® BY RADISSON, PARK PLAZA®, QUALITY INN®, QUALITY INN & SUITES®, QUALITY SUITES®, QUALITY HOTEL®, RADISSON®, RADISSON BLU®, RADISSON INDIVIDUALS®, RADISSON RED®, RODEWAY INN®, RODEWAY INN & SUITES®, SLEEP INN®, SLEEP INN & SUITES®, SUBURBAN STUDIOS® AND WOODSPRING SUITES®. We have the right to operate and franchise these hotels at any location in accordance with the terms of your franchise agreement and you may compete with any of our brands in the operation of your hotel. Those hotels could be company-owned, franchised, or both. We also have the right to operate or franchise a hotel or other business under a different trademark. We do not maintain physically separate offices or training facilities for the other Choice brands that may compete with

your hotel.

ITEM 13

TRADEMARKS

You will receive in the franchise agreement a limited license and obligation to use one or more of the trademarks and trade names identified below together with the related logo(s), including designs, stylized letters and colors that we permit you to use at your hotel and in advertising for your hotel, and any other additional or substituted trademarks, trade names, service marks or logos that we later adopt and authorize you in writing to use.

We own and license to you some of the following service marks and trademarks registered on the Principal Register with the U.S. Patent and Trademark Office that correspond to the brand you may be granted to use in your franchise agreement:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
WOODSPRING	5752893	5/14/2019
WOODSPRING SUITES	5196113	5/2/2017
WOODSPRING SUITES & Design	5196168	5/2/2017
WOODSPRING SUITES & Design (Leaf on Top)	5735255	4/23/2019
WOODSPRING SUITES AN EXTENDED STAY HOTEL & Design (Leaf on Top)	5241955	7/11/2017
WOODSPRING SUITES AN EXTENDED STAY HOTEL & Design (Leaf to the Left)	5330117	11/7/2017

We have filed all required affidavits and renewals in connection with these trademarks.

You must follow the policies and rules we establish from time to time governing your use of the trademarks that your franchise agreement permits you to use. “Choice Marks” means collectively all of our trademarks or trade names, the trademarks and trade names ASCEND®, ASCEND HOTEL COLLECTION®, CAMBRIA®, CLARION®, CLARION COLLECTION®, CLARION HOTEL®, CLARION HOTEL & SUITES®, CLARION INN®, CLARION INN & SUITES®, CLARION POINTE®, CLARION RESORT®, CLARION SUITES®, COMFORT®, COUNTRY INN & SUITES® BY RADISSON, ECONO LODGE®, ECONO LODGE INN & SUITES®, EVERHOME®, EVERHOME SUITES®, MAINSTAY®, MAINSTAY SUITES®, PARK INN® BY RADISSONPARK PLAZA®, QUALITY®, QUALITY HOTEL®, QUALITY INN®, QUALITY INN & SUITES®, QUALITY RESORT®, QUALITY SUITES®, RADISSON®, RADISSON BLU®, RADISSON COLLECTION®, RADISSON INDIVIDUALS®, RADISSON INN & SUITES™, RADISSON RED®, RODEWAY INN®, RODEWAY INN & SUITES®, SLEEP®, SLEEP INN®, SLEEP INN & SUITES®, SUBURBAN STUDIOS®, WOODSPRING®, WOODSPRING SUITES®, CHOICE®, CHOICE HOTELS®, and our slogans (such as “Our Business is You®”), the names/trademarks of any Choice products, the names of our property management system, reservation system, guest loyalty program and any other additional or substituted trademarks, trade names, service marks or logos. You cannot use any Choice Marks or anything similar to these words in your name or the name of any of your affiliates, whether a partnership, corporation, limited liability company, joint venture or any other type of business organization, or as (or as incorporated in) the name and/or design of any other building, business or business activity. You may not establish a

website on the internet using the Choice Marks, or anything similar to the aforementioned words that does not comply with our Domain Name Policy, Internet Distribution Policy or our Property Website Guidelines (or such similar policies or regulations adopted by us from time to time). We retain the right to pre-approve your use of linking and framing between your internet web pages (or other network) and all other websites. All websites that are accessed from a domain name that uses a Choice Mark must conform to the Choice Hotels Property Website Guidelines and Internet Distribution Policy and cannot contain, or link to other web pages that contain, logos or information relating to non-Choice branded hotels. We have the right to determine the content and use of online or electronic media associated with any of the Choice Marks. You may not participate in any website or other electronic media (including social media) that markets goods and services under the Choice Marks unless it is first approved in writing by us.

If you are required by law to register any of the Choice Marks, your application must specify that you use the Choice Marks: (1) only at your hotel and in advertising for your hotel; (2) only during the term of your franchise agreement; and (3) without claiming any property right in the Choice Marks during or after the term of your franchise agreement.

There are no effective material determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation proceedings; or pending material litigation involving the Choice Marks that your franchise agreement permits you to use.

We have no agreements currently in effect that significantly limit our rights to use or license our use of the Choice Marks. We do not know of any superior prior rights or material infringing uses of the Choice Marks that could materially and adversely affect your permitted use of the Choice Marks in any state.

You will not interfere with our use or registration of any of the Choice Marks, or with use of the Choice Marks by other hotels. You have no right to sublicense anyone else to use any Choice Marks and you have no right to use them for any purpose other than as permitted in connection with your hotel.

You must promptly notify us of any suit filed or demand made against you challenging the validity of any of the Choice Marks ("Mark Claim"). Using our attorneys, we agree to protect and defend you against a Mark Claim, and to defend and indemnify you against your loss, cost or expense related to the Mark Claim, except where the Mark Claim arose because you used the Choice Marks in violation of your franchise agreement. You may not settle or compromise a Mark Claim without our prior written consent, and you agree to cooperate with us in defending against any Mark Claim.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We have no patents or copyright registrations or pending patent or copyright applications that are material to the franchise. However, we claim copyrights on certain forms, advertisements, promotional materials, our proprietary software, our rules and regulations and other written materials. We also claim copyrights and other proprietary rights in the Rules and Regulations and the Choice Marks. There are no agreements currently in effect that significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the U.S. Patent and Trademark Office, the U.S. Copyright Office (Library of Congress), or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this Disclosure Document, we are unaware of any infringing uses of, or superior rights to,

any of our copyrights that materially and adversely affect your use of them in any state.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this Disclosure Document.

Proprietary Information

Except as provided in your franchise agreement, the Rules and Regulations, or as otherwise authorized by us, you may never, during the term of your franchise agreement or after your franchise agreement expires or is terminated, reveal any of our proprietary information to another person or use it for any other purpose or business. You may not copy any of our proprietary information or give it to a third party except as we authorize in writing prior to any such transfer.

Our proprietary information includes any manuals, feedback, automated advance reservation and property management methods, our ecommerce offerings, any other automated systems techniques, our business referral, gift card and credit card agreements, your franchise agreement, the Rules and Regulations, and those identifying brand characteristics of the Choice franchise system as we may reasonably designate. In addition, you are required to restrict your General Managers, Office Managers, Directors of Sales, and any third party property management company from revealing any of our proprietary information to another person or using it for any other person or business. This includes requiring your General Manager, Office Managers, Director of Sales, and any third party property management company to maintain Choice's trade secrets and proprietary information in confidence and to protect against such information being copied or given to a third party except as we authorize.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We do not require you to personally participate in the direct operation of the franchised hotel nor do we make any recommendation regarding your personal participation in the direct operation of the franchise business. However, you must have a certified General Manager at your hotel. We provide Choice Hotels Certified General Manager training and each new or replacement General Manager must be certified. A General Manager is not required to hold any ownership interest in the hotel in order to operate the franchise business.

Choice may require that you contract with a recognized hotel management company with extended-stay credentials.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Goods or services that you offer at your hotel must be consistent with high moral and ethical principles. You must offer accommodations and accompanying goods and services that comply with our Rules and Regulations and applicable local, state, and federal law. We may periodically modify the Rules and Regulations to require you to provide additional services or amenities to your guests. See Item 8 for additional information.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision ¹		Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 3.1	Term is 20 years from date Property opens.
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
d.	Termination by franchisee	Not Applicable	You may terminate under any grounds permitted by law.
e.	Termination by franchisor without cause	Not Applicable	
f.	Termination by franchisor with cause	Sections 14.1.A, 14.1.C, 14.1.D and 14.1.E	We can terminate only if you default.
g.	“Cause” defined – curable defaults	Sections 8.4 and 14.1.E	You generally have 10 days to cure nonpayment of fees and 30 days to cure failure to submit reports, provide information, maintain our standards or any other default not specified in Section 14. If you fail an inspection for any health or safety reason, we have the right to require that you temporarily close all or part of your Property to all, or only to new guests until the dangers to health and safety have been remedied.
h.	“Cause” defined – non-curable defaults	Sections 14.1.A and 14.1.C	Non-curable defaults: forfeit the right to do business where the Property is located, conviction of felony, unapproved transfers, improper use or disclosure of confidential information, false reporting or submissions to us, under-reporting Gross Room Revenue, repeated defaults even if cured, entry of judgment against you which remains unsatisfied for 30 days, levy against your business or property, action brought to foreclose lien or mortgage against the Property premises or equipment which is not dismissed in 30 days, or you become insolvent, a receiver is appointed to take possession of your business or property, you make a general assignment for the benefit of your creditors, you engage in public conduct that reflects materially and unfavorably upon the System, or the goodwill associated with the Marks, or you are in default under any other Franchise Agreement or other agreement with us or our affiliates which is not curable, or, if the default is curable, you have not cured

Provision ¹		Section in Franchise Agreement	Summary
			the default within the cure period. Also, condemnation of your Property or bankruptcy.
i.	Franchisee's obligations on termination/non-renewal	Sections 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.7, and 15.8	Cease operating the Property; discontinue use of the Marks and advertising; complete deidentification as our Franchisee; transfer telephone numbers and listing to us; deliver all materials and documents for the Property to us; modification and alteration of Property; cease using the System and Rules and Regulations; remove any sign that has WoodSpring Suites' distinctive shape, color and/or design; allow us, at our option, to purge at your cost all your usable materials bearing the marks, and/or your office equipment, furniture, fixtures; sell movable signs to us at their fair market value, promptly pay all amounts due us including the liquidated damages set forth in Section 15; and maintain and preserve your financial and other records and make them available for our inspection. If we give you notice, sell the assets of the Property to us or our assignee. See State Addenda.
j.	Assignment of contract by franchisor	Section 13.1	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Sections 13	Includes sale, assignment, lease, or other encumbrance of the franchise agreement, the hotel or ownership change.
l.	Franchisor's approval of transfer by franchisee	Section 13.2	We must approve all transfers of more than 5% of the ownership interest in the hotel with certain exceptions
m.	Conditions for franchisor's approval of transfer	Sections 13.2 and 13.3	Transferee must meet all of our then-current qualifications for new franchisees; the hotel must comply with our then-current brand image and standards. In addition, if you transfer a Controlling Interest in you (if you are an entity) or the hotel, the transferee must sign our then-current form of franchise agreement and pay a re-licensing fee equal to the then-current affiliation fee we charge. If we approve the transfer to a Close Family Member (for example, current spouse, parent, child, sibling, or grandparent), that Close Family Member must pay us an application fee (not to exceed \$7,500).
n.	Franchisor's right of first refusal to acquire franchisee's business	Not applicable	
o.	Franchisor's option to purchase franchisee's business	Section 15.8	Upon termination of the Franchise Agreement for any reason, we have the option for 60 days following the termination to purchase at fair market value all your usable materials bearing the Mark and/or to purchase your office equipment, furniture, fixtures, and moveable signs at their fair market value.
p.	Death or disability of franchisee	Section 13.5	If you die or become incapacitated (and you are personally the Franchisee of the owner of more than 51% of the Franchisee), your executor or other legally appointed

Provision ¹		Section in Franchise Agreement	Summary
			personal representative must appoint, within 30 days, a management company to operate the Property. Your executor or other legally appointed personal representative must also transfer all your interests to a third party within 1 year. With our consent, your estate or legally appointed personal representative may transfer all your interest to your spouse, parent, sibling, direct descendant or spouse's direct descendant.
q.	Non-competition covenants during the term of the franchise	Section 7.6	You cannot use the Property premises for any purpose or activity except to operate the Franchised Business and you cannot use it to promote any competing business.
r.	Non-competition covenants after the franchise is terminated or expires	Not applicable	
s.	Modification of the agreement	Article 20	No modifications generally unless in writing signed by you and 1 of our officers but the Rules and Regulations is subject to change.
t.	Integration/ merger Clause	Article 20 and Section 22.2	Only the terms of the Franchise Agreement are binding (subject to state law). However, nothing in the Franchise Agreement is intended to disclaim representations made in this franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 19.1	Except for certain claims, all disputes must be arbitrated.
v.	Choice of forum	Section 19.1	Arbitration must be in Maryland (subject to state law). See State Addenda.
w.	Choice of law	Section 21.1	Maryland law applies (subject to state law). See State Addenda

MASTER DEVELOPMENT AGREEMENT

Provision ¹		Section in Master Development Agreement	Summary
a.	Length of the franchise term	Section 2	Term is the number of years from the effective date to the earlier of (a) the last date in the Development Schedule, or (b) the completion of the Development Schedule.
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
d.	Termination by franchisee	Not Applicable	Subject to state law.
e.	Termination by	Not Applicable	

Provision ¹		Section in Master Development Agreement	Summary
	franchisor without cause		
f.	Termination by franchisor with cause	Section 8	We may terminate the Master Development Agreement if you are in default, without providing you an opportunity to cure.
g.	“Cause” defined – curable defaults	Not Applicable	
h.	“Cause” defined – non-curable defaults	Section 8	Non-curable defaults: you fail to comply with the development schedule; you fail to comply with any material term of the Master Development Agreement; or any franchise agreement that was executed pursuant to the terms of the Master Development Agreement is terminated.
i.	Franchisee’s obligations on termination/non-renewal	Section 9	You have no right to establish or operate any Properties, unless there is an effective franchise agreement. We can establish, or franchise others to establish, Properties in any area.
j.	Assignment of contract by franchisor	Not Applicable	
k.	“Transfer” by franchisee – defined	Not Applicable	
l.	Franchisor’s approval of transfer by franchisee	Not Applicable	
m.	Conditions for franchisor’s approval of transfer	Not Applicable	
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Not Applicable	
o.	Franchisor's option to purchase franchisee’s business	Not Applicable	
p.	Death or disability of franchisee	Not Applicable	
q.	Non-competition covenants during the term of the	Not Applicable	

Provision¹		Section in Master Development Agreement	Summary
	franchise		
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	
s.	Modification of the agreement	Not Applicable	
t.	Integration/merger Clause	Not Applicable	
u.	Dispute resolution by arbitration or mediation	Section 17	Except for certain claims, all disputes must be arbitrated.
v.	Choice of forum	Section 17	If multiple arbitrations filed, the demand filed in Maryland controls (subject to state law).
w.	Choice of law	Section 16	Maryland law applies (subject to state law).

choiceADVANTAGE® SOFTWARE TERMS OF USE

PROVISIONS	SECTION IN choiceADVANTAGE SOFTWARE TERMS OF USE	SUMMARY
a. Length of the agreement term	TERMINATION	The Terms of Use will begin when you accept the terms and will terminate if the franchise agreement terminates or expires, if you are in default of the Terms of Use or if you fail to make payments for the use of the software.
b. Renewal or extension of the term	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Not Applicable	
e. Termination by us without cause	TERMINATION	Upon expiration of the franchise agreement.
f. Termination by us with “cause”	TERMINATION	We may terminate if you are in default.
g. “Cause” defined - curable defaults	Not Applicable	

PROVISIONS	SECTION IN choiceADVANTAGE SOFTWARE TERMS OF USE	SUMMARY
h. "Cause" defined - defaults that cannot be cured	TERMINATION	Non-curable defaults: breach of any provision in the Terms of Use; failure to make payments for use of the software; termination of the franchise agreement.
i. Your obligations upon termination/non-renewal	Not Applicable	
j. Assignment of contract by us	Not Applicable	
k. "Transfer" by you – defined	SOFTWARE USE AND SITE ACCESS; GENERAL	You may not transfer or assign the software, your right to access the site, or any rights under the Terms of Use.
l. Our approval of transfer	SOFTWARE USE AND SITE ACCESS; GENERAL	You may not assign without Choice's written permission to do so.
m. Conditions for our approval of transfer	Not Applicable	
n. Our right of first refusal to acquire your business	Not Applicable	
o. Our option to purchase your business	Not Applicable	
p. Your death or disability	Not Applicable	
q. Non-competition covenants during the term of the franchise	Not Applicable	
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	
s. Modification of the agreement	PREAMBLE	We may modify, add or remove any terms and conditions without notice or liability to you. You accept and agree to any modifications, additions, or removals by your subsequent use of the software.
t. Integration/merger clause	ENTIRE AGREEMENT	Only the terms of the Terms of Use and the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Not Applicable	

PROVISIONS	SECTION IN choiceADVANTAGE SOFTWARE TERMS OF USE	SUMMARY
w. Choice of law	GOVERNING LAW	Maryland law applies (subject to state law) except the Maryland Uniform Computer Information Transactions Act, which is expressly disclaimed.

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 provide 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 if 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 possible performance at a particular location or under particular circumstances.

This financial information contained in this Item 19 is based on information that our franchisees provided to us. This Item 19 as represented in Tables 1 through 3 below do not include information for Properties that: (i) did not provide us with complete 2024 full year operating statements (“Full Year Operating Statement”); (ii) were not open for the entire 2024 calendar year; and (iii) were company-owned at any time in 2024. Additionally, there were no WOODSPRING SUITES hotels that closed during Year 2024 after being open less than 1 year.

Table 1: For the Year Ended December 31, 2024 – Franchised WOODSPRING Properties

Table 1 below contains certain historic financial information and other data reflecting actual operations of franchised WOODSPRING Properties for the year ended December 31, 2024. As of December 31, 2024, there were 256 open and operating Properties in the system, and we received complete 2024 Full Year Operating Statements from 158 of those Properties. The historic performance data provided below in Table 1 only includes information for these 158 Stabilized Properties. “Stabilized Properties” for the purpose this Table 1 are those that were open and operating the entire 2024 calendar year.

Property Count	158	Avg	Median	Min	Max	# Exceeding Average	% Exceeding Average
Occupancy		79.6%	79.9%	56.1%	96.5%	84	53%
Average Daily Rate		\$ 60.42	\$ 58.66	\$ 35.96	\$ 100.45	73	46%
Revenue Per Available Room		\$ 48.05	\$ 46.51	\$ 24.42	\$ 86.76	72	46%
Extended Stay Occupancy 7+ Nights		88.3%	90.0%	51.8%	99.4%	97	61%
Average Length of Stay		14.9	13.2	2.9	76.9	61	39%
Average Length of Stay 7+ Nights		41.1	39.3	17.0	106.0	71	45%
		Avg	Median	Min	Max		
Revenue							
Rooms		\$ 2,126,506	\$ 2,074,971	\$ 1,003,163	\$ 3,874,199	73	46%
Other & Miscellaneous Income		\$ 61,850	\$ 57,840	\$ 11,367	\$ 147,198	65	41%
Total Revenue		\$ 2,189,787	\$ 2,150,933	\$ 1,049,826	\$ 3,950,196	72	46%
Rooms Departmental Costs		\$ 319,639	\$ 316,960	\$ 137,963	\$ 606,511	76	48%
Undistributed Operating Costs							
Administrative & General		\$ 174,342	\$ 166,640	\$ 85,793	\$ 333,902	67	42%
Information & Telecommunications		\$ 40,430	\$ 39,234	\$ 871	\$ 79,982	70	44%
Sales & Marketing		\$ 170,837	\$ 165,416	\$ 85,816	\$ 303,937	70	44%
Property Operating & Maintenance		\$ 137,769	\$ 129,395	\$ 54,431	\$ 277,976	65	41%
Utilities		\$ 127,542	\$ 119,491	\$ 59,133	\$ 269,315	66	42%
Total Undistributed Operating Costs		\$ 657,870	\$ 648,628	\$ 415,541	\$ 1,044,208	71	45%
Gross Operating Profit		\$ 1,212,278	\$ 1,189,379	\$ 266,678	\$ 2,512,025	74	47%
GOP %		54.3%	55.9%	23.7%	68.7%	88	56%
2024 (158 properties)							
Ratios	% of Total Revenue	Per Occupied Room					
Rooms	15%	\$ 9.09					
Administrative & General	8%	\$ 4.96					
Information & Telecommunications	2%	\$ 1.15					
Sales & Marketing	8%	\$ 4.86					
Property Operating & Maintenance	6%	\$ 3.92					
Utilities	6%	\$ 3.63					
Overall Payroll	16%	\$ 9.87					

Table 2: For the Year Ended December 31, 2024 – Purpose-Built Franchised WOODSPRING Properties

Table 2 below contains certain historic financial information and other data reflecting actual operations of hotels developed since late 2015 under our purpose-built WOODSPRING SUITES prototype. As of December 31, 2024, there were 84 hotels in the system open and operating under this prototype and that met the definition of “Stabilized Properties”. “Stabilized Properties” for the purpose of this Table 2 are those that were open and operating the entire 2024 calendar year, provided a Full Year Operating Statement, and excludes those Properties developed under the older “Value Place” prototype.

Property Count	84	Avg	Median	Min	Max	# Exceeding Average	% Exceeding Average
Occupancy		80.2%	81.4%	56.2%	92.3%	44	52%
Average Daily Rate		\$ 67.00	\$ 65.13	\$ 46.36	\$ 100.45	35	42%
Revenue Per Available Room		\$ 53.66	\$ 51.90	\$ 35.88	\$ 86.76	39	46%
Extended Stay Occupancy 7+ Nights		86.4%	88.9%	51.8%	99.4%	52	62%
Average Length of Stay		13.0	11.5	2.9	46.3	35	42%
Average Length of Stay 7+ Nights		39.3	38.3	17.0	87.8	39	46%
		Avg	Median	Min	Max		
Revenue							
Rooms		\$ 2,394,121	\$ 2,337,422	\$ 1,602,231	\$ 3,874,199	40	48%
Other & Miscellaneous Income		\$ 67,120	\$ 61,433	\$ 19,856	\$ 147,198	33	39%
Total Revenue		\$ 2,462,855	\$ 2,414,236	\$ 1,645,087	\$ 3,950,196	40	48%
Rooms Departmental Costs		\$ 351,055	\$ 344,583	\$ 170,439	\$ 606,511	40	48%
Undistributed Operating Costs							
Administrative & General		\$ 187,800	\$ 185,721	\$ 101,244	\$ 317,326	41	49%
Information & Telecommunications		\$ 43,068	\$ 41,134	\$ 19,690	\$ 74,549	39	46%
Sales & Marketing		\$ 192,000	\$ 189,877	\$ 126,738	\$ 303,937	38	45%
Property Operating & Maintenance		\$ 142,289	\$ 131,728	\$ 54,431	\$ 277,976	34	40%
Utilities		\$ 132,396	\$ 121,626	\$ 59,133	\$ 266,101	36	43%
Total Undistributed Operating Costs		\$ 707,436	\$ 686,177	\$ 429,477	\$ 1,044,208	40	48%
Gross Operating Profit		\$ 1,404,364	\$ 1,370,126	\$ 559,737	\$ 2,512,025	40	48%
GOP %		56.3%	57.7%	33.2%	68.7%	47	56%
2024 (84 properties)							
Ratios	% of Total Revenue	Per Occupied Room					
Rooms	14%	\$ 9.82					
Administrative & General	8%	\$ 5.25					
Information & Telecommunications	2%	\$ 1.20					
Sales & Marketing	8%	\$ 5.37					
Property Operating & Maintenance	6%	\$ 3.98					
Utilities	5%	\$ 3.70					
Overall Payroll	15%	\$ 10.50					

Table 3: For the Year Ended December 31, 2024 – Former Value Place Properties That Rebranded to Woodspring Suites

Table 3 below contains certain historic financial information and other data reflecting actual operations of franchised hotels formerly offered under the name “Value Place” during the period of 2004 to April 2015. While these hotels rebranded to “WOODSPRING SUITES” in late 2015, these hotels were developed under the older Value Place prototype. As of December 31, 2024, there were 76 hotels in the system that were developed under this older prototype and that met the definition of “Stabilized Properties”. “Stabilized Properties” for the purpose of this Table 3 are those that were open and operating the entire 2024 calendar year, provided a Full Year Operating Statement, and excludes those Properties that were developed under the newer, purpose-built WOODSPRING SUITES prototype.

Property Count	76	Avg	Median	Min	Max	# Exceeding Average	% Exceeding Average
Occupancy		78.8%	79.5%	56.1%	96.5%	40	53%
Average Daily Rate		\$ 52.94	\$ 52.61	\$ 35.96	\$ 74.39	35	46%
Revenue Per Available Room		\$ 41.64	\$ 42.36	\$ 24.42	\$ 59.62	43	57%
Extended Stay Occupancy 7+ Nights		90.2%	91.3%	70.8%	99.3%	45	59%
Average Length of Stay		16.8	14.4	4.6	76.9	24	32%
Average Length of Stay 7+ Nights		42.7	40.6	17.7	106.0	33	43%
		Avg	Median	Min	Max		
Revenue							
Rooms		\$ 1,821,956	\$ 1,861,552	\$ 1,003,163	\$ 2,640,258	42	55%
Other & Miscellaneous Income		\$ 55,804	\$ 50,246	\$ 11,367	\$ 116,376	34	45%
Total Revenue		\$ 1,878,953	\$ 1,908,490	\$ 1,049,826	\$ 2,697,518	41	54%
Rooms Departmental Costs		\$ 285,373	\$ 287,974	\$ 137,963	\$ 450,033	39	51%
Undistributed Operating Costs							
Administrative & General		\$ 160,459	\$ 147,393	\$ 85,793	\$ 333,902	31	41%
Information & Telecommunications		\$ 37,242	\$ 37,530	\$ 871	\$ 79,982	40	53%
Sales & Marketing		\$ 146,666	\$ 147,872	\$ 85,816	\$ 225,640	39	51%
Property Operating & Maintenance		\$ 132,960	\$ 127,185	\$ 66,215	\$ 247,504	33	43%
Utilities		\$ 121,600	\$ 115,229	\$ 63,083	\$ 269,315	33	43%
Total Undistributed Operating Costs		\$ 602,455	\$ 594,519	\$ 415,541	\$ 941,103	34	45%
Gross Operating Profit		\$ 991,125	\$ 1,024,940	\$ 266,678	\$ 1,553,705	42	55%
GOP %		51.8%	52.7%	23.7%	64.4%	45	59%
2024 (76 properties)							
Ratios	% of Total Revenue	Per Occupied Room					
Rooms	15%	\$ 8.28					
Administrative & General	9%	\$ 4.66					
Information & Telecommunications	2%	\$ 1.08					
Sales & Marketing	8%	\$ 4.26					
Property Operating & Maintenance	7%	\$ 3.86					
Utilities	6%	\$ 3.53					
Overall Payroll	17%	\$ 9.18					

Notes: We used the following definitions in the above Tables:

1. “Occupancy” was calculated by dividing the total rooms occupied by guests by the total rooms available.
2. “Average Daily Rate” was calculated by dividing room revenue by the number of rooms occupied by guests.
3. “Revenue per Available Room” was calculated by dividing room revenue by the total rooms available.
4. “Extended Stay Occupancy 7+ Nights” was calculated by dividing the total number of 7+ stay room nights by the total number of room nights.
5. “Average Length of Stay” was calculated by dividing the total number of room nights by the total number of stays.
6. “Average Length of Stay 7+ Nights” was calculated by dividing the total number of 7+ stay room nights by the total number of 7+ night stays.
7. “Rooms Revenue” is all revenues derived from the rental of guestrooms, including revenue from no shows and late checkout fees.

8. “Other Revenue” is composed primarily of pet fees, laundry, vending, telephone, sales of dish packs, linen charges and internet fees.
9. “Rooms Departmental Expenses” include labor costs such as salaries and wages for front desk, housekeeping, transportation and laundry, plus employee benefits and payroll taxes. Other operating expenses in the rooms department include linen, cleaning supplies, guest supplies, uniforms, central or franchise reservation fees and travel agent commissions.
10. “Other Departmental Expenses” comprise of those expenses which offset the revenue generated from such departments such as the cost of dish packs or gift shop items sold at the hotel.
11. “Administrative & General” costs include payroll and related expenses for the general manager, human resources & training, security, clerical staff, controller and accounting staff, as well as regional and/or corporate wages allocated back to a hotel. It also includes the cost of office supplies, computer services, accounting & legal fees, cash overages & shortages, bad debt expenses, travel insurance, credit card commissions, transportation (non-guest) and travel and entertainment.
12. “Information & Telecommunications” costs include all system-related technology expenses, including the cost of internet services, local & long distance calls, software licenses, uncapitalized hardware costs, system costs for property management systems and electronic platforms for accounting, energy management, human resources, facilities management and sales & marketing.
13. “Sales & Marketing” costs include direct sales expenses, advertising & promotion, travel expenses for the sales staff and civic and community projects. The royalty fees and advertising assessments fees charged by franchise companies are also included in this department.
14. “Property Operation & Maintenance” costs include payroll and related expenses for maintenance personnel, cost of maintenance supplies, cost of repairs and maintenance of the building, furniture & equipment, the grounds and the removal of waste matter.
15. “Utilities” costs include the hotel's cost for electricity, fuel, water and sewage.
16. “Salaries & Wages” are defined as earnings paid to an employee, such as regular pay, overtime, severance, incentive, holiday, sick vacation and bonus pay. Benefits include all other payroll-related expenses, such as employer-paid health insurance expenses, cost of meals furnished to employees and pension contributions. Payroll Taxes include FICA, FUTA & SUTA, SDI and other mandated payroll-related taxes or social insurance items.
17. “Gross Operating Profit” is Total Revenue less Total Departmental Costs and Total Undistributed Operating Costs. “GOP %” is the Gross Operating Profit divided by Total Revenue.

* * * * *

The data presented in the above tables relate to historical performance of franchised WOODSPRING SUITES hotels in the United States and represent average performance of WOODSPRING SUITES branded hotels in a specific performance sample.

The data presented in the above tables are based on information that individual franchise owners provided to us. Written substantiation of the financial information that forms the bases for our financial performance representations will be made available to you within a reasonable period of time following receipt of your written request.

Some WOODSPRING SUITES hotels have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 our General Counsel at 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852 and at (301) 592-5000; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE 1

System-wide Outlet Summary for Years 2022 to 2024*

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022	302	212	-90
	2023	212	235	+23
	2024	235	256	+21
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	302	212	-90
	2023	212	235	+23
	2024	235	256	+21

*As of December 31, for each year.

TABLE 2

**Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2022 to 2024***

State**	Year	Number of Transfers
Alabama	2022	1
	2023	1
	2024	0
California	2022	1
	2023	0
	2024	0
Colorado	2022	2

State**	Year	Number of Transfers
	2023	0
	2024	0
Florida	2022	6
	2023	2
	2024	3
Georgia	2022	0
	2023	5
	2024	1
Indiana	2022	2
	2023	0
	2024	0
Iowa	2022	1
	2023	0
	2024	0
Kentucky	2022	0
	2023	1
	2024	0
Louisiana	2022	2
	2023	0
	2024	0
New Mexico	2022	0
	2023	0
	2024	1
North Carolina	2022	0
	2023	1
	2024	0
Pennsylvania	2022	1
	2023	0
	2024	0
South Carolina	2022	1
	2023	3
	2024	0
Tennessee	2022	0
	2023	1
	2024	0
Texas	2022	6
	2023	1
	2024	5
Washington	2022	0
	2023	0
	2024	0
TOTAL***	2022	44
	2023	15
	2024	10

*As of December 31, for each year.

**States not listed had no transfer activity to report.

***Includes both voluntary and involuntary transfers.

TABLE 3
Status of Franchised Outlets for Years For Years 2022 to 2024*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama	2022	7	0	0	0	0	6	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Arizona	2022	4	2	0	0	0	3	3
	2023	3	2	0	0	0	0	5
	2024	5	1	0	0	0	0	6
Arkansas	2022	4	0	0	0	0	4	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
California	2022	5	0	0	0	0	2	3
	2023	3	2	0	0	0	0	5
	2024	5	2	0	0	0	0	7
Colorado	2022	10	2	0	0	0	7	5
	2023	5	1	0	0	0	0	6
	2024	6	3	0	0	0	0	9
Florida	2022	40	4	0	0	0	23	21
	2023	21	5	0	0	0	0	26
	2024	26	5	0	0	0	0	31
Georgia	2022	15	0	0	0	0	3	12
	2023	12	0	0	0	0	0	12
	2024	12	1	0	0	0	0	13
Idaho	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	9	0	0	0	0	0	9
	2023	9	2	0	0	0	0	11
	2024	11	1	0	0	0	0	12
Indiana	2022	11	0	0	0	0	4	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Iowa	2022	5	0	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Kansas	2022	7	0	0	0	0	3	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Kentucky	2022	6	0	0	0	0	3	3
	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	0	4
Louisiana	2022	9	0	0	0	0	3	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
Maryland	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Massachusetts	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Michigan	2022	6	0	0	0	0	3	3
	2023	3	5	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Minnesota	2022	3	0	0	0	0	3	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Mississippi	2022	2	0	0	0	0	2	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Missouri	2022	6	0	0	0	0	3	3
	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	0	4
Montana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Nebraska	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nevada	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
New Hampshire	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
New Jersey	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
New Mexico	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New York	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	13	3	0	0	0	6	10
	2023	10	0	0	0	0	0	10
	2024	10	1	0	0	0	0	11
North Dakota	2022	4	0	0	0	0	1	3
	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
Ohio	2022	13	1	0	0	0	6	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Oklahoma	2022	7	0	0	0	0	5	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Oregon	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Pennsylvania	2022	6	1	0	0	0	2	5
	2023	5	0	0	0	0	0	5
	2024	5	1	0	0	0	0	6
Rhode Island	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
South Carolina	2022	9	0	0	0	0	2	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
South Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2024	1	0	0	0	0	0	1
Tennessee	2022	10	2	0	0	0	0	12
	2023	12	1	0	0	0	0	13
	2024	13	0	2	0	0	1	10
Texas	2022	52	3	0	0	0	7	48
	2023	48	1	0	0	0	0	49
	2024	49	2	0	0	0	1	50
Utah	2022	3	0	0	0	0	3	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Virginia	2022	9	1	0	0	0	1	9
	2023	9	2	0	0	0	0	11
	2024	11	2	0	0	0	0	13
Washington	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Wisconsin	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	302	21	0	0	0	111	212
	2023	212	24	0	0	0	1	235
	2024	235	25	2	0	0	2	256

* As of December 31, for each year. If multiple events occurred affecting an outlet, this table shows the event that occurred last in time. States not listed had no activity to report.

TABLE 4

Status of Company-Owned Outlets For Years 2022 to 2024*

State**	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

*As of December 31, for each year.

**States not listed had no corporate-owned outlets to report.

TABLE 5

Projected New Franchised Outlets as of December 31, 2024 (Note 1)*

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the next Fiscal Year
Alabama	8	1	0
Arizona	5	2	0
Arkansas	1	1	0
California	17	3	0
Colorado	5	0	0
Connecticut	6	1	0
Delaware	1	1	0
Florida	33	1	0
Georgia	23	2	0
Idaho	1	0	0
Illinois	0	0	0
Indiana	2	1	0
Iowa	1	1	0
Kentucky	9	0	0
Louisiana	5	0	0
Maryland	0	0	0
Massachusetts	4	0	0
Michigan	2	0	0
Mississippi	2	0	0
Missouri	2	1	0
Montana	3	0	0
Nevada	2	0	0
New Jersey	6	0	0
New Mexico	2	0	0
New York	4	0	0
North Carolina	8	2	0
Ohio	7	0	0
Oregon	4	2	0
Pennsylvania	5	1	0
Rhode Island	1	0	0
South Carolina	9	4	0
Tennessee	18	2	0
Texas	7	0	0
Utah	1	0	0
Virginia	3	0	0
Washington	4	0	0
West Virginia	1	0	0
Wisconsin	7	0	0
Total	219	26	0

*States not listed had no franchised or corporate-owned projections to report.

Note 1: Projected openings are based on information currently available to management as of December 31, 2024. The number of franchises as of year-end may differ from that in the audited financial statements (Exhibit C to this Disclosure Document) as the financial statements also include franchises in Puerto Rico, Dominican Republic, Turks & Caicos, the Cayman Islands and the Bahamas.

Exhibit M lists the names of all franchisees, and the addresses and telephone numbers of all their units as of December 31, 2024, including franchisees who have signed Franchise Agreements for Hotels that were not yet operational as of December 31, 2024.

Exhibit N lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of all franchisees who transferred their hotels or who had a Hotel terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to operate and/or conduct business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the past three years, franchisees have signed confidentiality clauses with us. In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all of these franchisees will be able to communicate with you.

We have a Franchisee Association that was created by us. Its address is the same as ours: 915 Meeting Street, North Bethesda, Maryland 20852 and at (301) 592-5000. The Franchisee Association does not have an e-mail address or web site.

ITEM 21

FINANCIAL STATEMENTS

Our audited consolidated financial statements for the years ended December 31, 2024, 2022 and 2021 are included in this Disclosure Document as Exhibit C.

ITEM 22

CONTRACTS

Attached as Exhibits D through J as well as Exhibits O through Q to this Disclosure Document are copies of the agreements you may be required to sign or accept. These are the Franchise Agreement (including Personal Guaranty and State Addenda to the Franchise Agreement), the Master Development Agreement, the choiceADVANTAGE® Software Terms of Use, the ResConnect Terms of Use, Promissory Note, Incentive Promissory Note, Lender Documents, the Comfort Letter, the Construction Advisory Services Agreement, and the Franchise Disclosure Acknowledgment Form.

ITEM 23

RECEIPTS

Two copies of a detachable Receipt are found at the end of this Disclosure Document (Exhibit R).

EXHIBIT A

STATE SPECIFIC ADDENDA FOR THE FOLLOWING STATES:

**CALIFORNIA
HAWAII
ILLINOIS
MARYLAND
MICHIGAN
MINNESOTA
NEW YORK
NORTH DAKOTA
RHODE ISLAND
VIRGINIA
WASHINGTON
WISCONSIN**

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR CALIFORNIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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.

CALIFORNIA CORPORATIONS CODE, SECTION 31125 REQUIRES CHOICE HOTELS INTERNATIONAL, INC. TO GIVE YOU A DISCLOSURE DOCUMENT, APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

ITEM 3 LITIGATION

1. We are not 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. 78 a et seq., suspending or expelling these persons from membership in such association or exchange.

ITEM 6 OTHER FEES

1. The maximum interest rate in California is 10% annually.

ITEM 10 FINANCING

1. We will comply with all appropriate laws governing any direct financing offered by us to you including, if applicable, the California Finance Lenders Law.
2. Item 10 of the FDD is amended to provide that Balboa Capital Corporation, Ascentium Capital LLC, and Avana Capital all operate in California under a California Finance Lender license. PMC Commercial Trust holds a license issued directly by the Small Business Administration ("SBA") that allows it to make SBA 7a loans in every state, including the State of California.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. 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 contains a provision that is inconsistent with the law, the law will control.

2. 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.).
3. The Franchise Agreement contains a provision requiring application of the laws of Maryland. This provision may not be enforceable under California law.
4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. .
5. The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).
6. The Franchise Agreement contains a liquidated damages clause. Under Civil Code Section 1671 certain liquidated damages clauses are unenforceable.
7. The Franchise Agreement requires binding arbitration. The arbitration will occur at our headquarters in Rockville, Maryland with the costs being borne by the non-prevailing party. 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 provision of a franchise agreement restricting venue to a forum outside the State of California.
8. 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.

NEGOTIATED CHANGE APPENDIX FOR USE IN CALIFORNIA

Pursuant to the requirements of Section 31109.1 of the California Franchise Investment Law, the following is a summary of negotiated changes made during the last 12 months:

1. Modification to term.
2. Modification to construction start date.
3. Modification to the territory to provide for an exclusive area.
4. Free site transfer within a limited area in the exclusive area.
5. Free entity transfer provided franchisee maintains majority control and the transfer takes place within a certain amount of time after execution of the franchise agreement.

Copies of the negotiated terms are available upon request. You can direct your inquiry to Choice's General Counsel at 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852 and at (301) 592-5000.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE HAWAII FRANCHISE INVESTMENT LAW**

These franchises will be/have been filed under the Franchise Investment law of the State of Hawaii. Filing does not constitute approval, recommendation or endorsement by the director of regulatory agencies or a finding by the director of regulatory agencies that the information provided herein 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 the prospective franchisee or subfranchisor, at least seven (7) days prior to the execution by the prospective franchisee, of any binding franchise or other agreement, or at least seven (7) days prior to the payment of any consideration by the franchisee or subfranchisor, 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 the franchisor and the franchisee.

**ILLINIOS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE ILLINOIS FRANCHISE DISCLOSURE ACT**

1. Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. 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.

ADDENDUM TO THE DISCLOSURE DOCUMENT FOR MARYLAND

The following provisions will apply to all franchises offered and sold in the State of Maryland. Item numbers correspond to those in the main body of the disclosure document.

ITEM 17

1. Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within 3 years after we grant you a franchise.
2. Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).
3. The release language set forth in the Franchise Agreement will not apply to any liability under the Maryland Franchise Registration and Disclosure Law (COMAR 02.02.08.16L).
4. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
5. 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.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MINNESOTA FRANCHISE INVESTMENT LAW**

If and to the extent the Minnesota Franchise Investment Law applies to the Franchise Agreement, the following provisions supersede the Franchise Disclosure Document and apply to all franchises offered and sold in Minnesota.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Special Risk Factors page, Additional Disclosure:

Unopened Franchises. “The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee’s use of a franchisor’s trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

1. Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of

Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

2. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, Subdivisions 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.
2. Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.
3. The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.
4. 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.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard 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), **"Requirements for you to renew or extend,"** and Item 17(m) **"Conditions for our 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), “**Termination by you**”:

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), “**Choice of forum**”, and Item 17(w), “**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. Franchisee 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.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Restrictive Covenants: Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.
2. Situs of Arbitration/Litigation Proceedings: Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.
3. Restriction of Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
8. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
9. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Requiring that North Dakota franchisees pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
11. 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.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Rhode Island.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

§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.”

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR VIRGINIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Virginia.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

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 ground 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 THE FRANCHISE DISCLOSURE DOCUMENT, THE
FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. 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.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition 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 noncompetition 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. 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.

16. Questionnaires and Acknowledgments. 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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR WISCONSIN

Notwithstanding anything to the contrary set forth in the Franchise Disclosure document, the following provisions will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. Registration does not constitute approval, recommendation or endorsement by the Commissioner of Securities of the State of Wisconsin.
2. The following will apply to Franchise Agreements in the State of Wisconsin:
 - a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 will apply to and govern the provisions of Franchise Agreements or related contracts issued in the State of Wisconsin.
 - b. For all franchisees residing in the State of Wisconsin, we will provide you at least ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, will supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

EXHIBIT B

REGULATORY AUTHORITIES

CALIFORNIA

Department of Financial Protection and Innovation
1-866-275-2677

Los Angeles
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento
2101 Arena Boulevard
Sacramento, CA 95834
(916) 445-7205

San Diego
1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 525-4233

San Francisco
One Sansome Street, Suite 600
San Francisco, CA 94104-4428
(415) 972-8565

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration / Securities Compliance
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Securities Commissioner
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

MICHIGAN

Consumer Protection Division
Attn: Antitrust and Franchise Unit
G. Mennen Williams Building
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
651-539-1600

NEW YORK

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8236

NORTH DAKOTA

North Dakota Securities Department
State of North Dakota
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

OREGON

Division of Finance & Corp. Securities
Department of Consumer & Business Services
350 Winter Street NE
Room 410
Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND

Department of Business Regulation
Securities Division
Building 69, First Floor, John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

WASHINGTON

Director of Securities Division
Department of Financial Institutions
150 Israel Road, SW
Olympia, WA 98501
(360) 902-8760

WISCONSIN

Commissioner of Securities
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705

REGISTERED AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Department of Financial Protection and Innovation
1-866-275-2677

Los Angeles
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento
2101 Arena Boulevard
Sacramento, CA 95834
(916) 445-7205

San Diego
1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 525-4233

San Francisco
California Financial Protection and
Innovation Commissioner
One Sansome Street, Suite 600
San Francisco, CA 94104

HAWAII

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

And
Corporation Service Company
1003 Bishop Street, Suite 1600
Pauahi Tower
Honolulu, HI 96813

ILLINOIS

Corporation Service Company
801 Adlai Stevenson Drive
Springfield, IL 62703

Or
Attorney General State of Illinois
500 South Second Street
Springfield, IL 62706

INDIANA

Corporation Service Company
Two Market Square Center
251 East Ohio Street, Suite 500
Indianapolis, IN 46204
Or

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indiana Government Center South
Indianapolis, IN 46204

MARYLAND

Corporation Service Company
7 St. Paul Street, Suite 1660
Baltimore, MD 21202
Or
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Corporation Service Company
601 Abbot Road
East Lansing, MI 48823

MINNESOTA

Corporation Service Company
380 Jackson Street, Suite 700
St. Paul, MN 55101
Or

Commissioner of Commerce
85 7th Place East, Suite 280
Minneapolis, MN 55101-2198

NEW YORK

New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
518-473-2492

Or
Secretary of State
41 State Street
Albany, NY 12231

NORTH DAKOTA

Corporation Service Company
316 North 5th Street
P.O. Box 1695
Bismarck, ND 58202
Or
Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept 414
Bismarck, ND 58505

RHODE ISLAND

Director of Department of Business Regulation
Securities Division
Building 69, First Floor, John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920

SOUTH DAKOTA

Corporation Service Company
503 South Pierre Street
Pierre, SD 57501

And

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Bank of America Center, 16th Floor
111 East Main Street
Richmond, VA 23219

Or

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

Department of Financial Institutions
150 Israel Rd SW
Tumwater, WA 98501

WISCONSIN

Corporation Service Company
8040 Excelsior Drive
Suite 400
Madison, WI 53717

EXHIBIT C

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Choice Hotels International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Choice Hotels International, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, shareholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 20, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

<i>Description of the Matter</i>	<i>Accounting for Choice Privileges Loyalty Program</i> The Company recognized \$123.2 million in revenues from loyalty points redeemed, net of the cost of redemptions, and had a point liability and deferred revenue of \$129.6 million and \$110.4 million, respectively, as of December 31, 2024, associated with the Choice Privileges Loyalty Program.
	As discussed in Note 1 to the consolidated financial statements, loyalty points earned represent a performance obligation attributable to usage of the points, and thus revenues are recognized at the point in time when the loyalty points are redeemed by members for benefits. The liability for the Choice Privileges Loyalty Program is developed based on an estimate of the eventual redemption rates on future redemption behavior using various actuarial methods and point values. The amount of the Choice Privileges Loyalty Program fees in excess of the point liability represents deferred revenue, which is recognized to revenue as points are redeemed including an estimate of future forfeitures. Auditing the Choice Privileges Loyalty Program results is complex due to: (1) the complexity of the models used and the high volume of data to monitor and account for Choice Privileges Loyalty Program results; and (2) the complexity of estimating the future redemption rate. Performing audit procedures to evaluate the reasonableness of these estimates requires a high degree of auditor judgment and an increased extent of effort, which includes the use of actuarial specialists.
<i>How We Addressed the Matter in Our Audit</i>	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process of accounting for the Choice Privileges Loyalty Program during the year. For example, we tested controls over management's review of the assumptions and data inputs used in the accounting model and the actuarial methods used to estimate the ultimate redemption rate of Choice Privileges Loyalty Program points. To test the recognition of revenues and liabilities associated with the Choice Privileges Loyalty Program, we performed audit procedures that included, among others, testing the completeness and accuracy of the data and significant assumptions used in the models and assessing the accounting models developed by the Company to recognize the related revenue and the liabilities. For example, we tested significant inputs into the accounting models, including the amounts received and paid by the Choice Privileges Loyalty Program as well as the recognition of points earned and redeemed during the period. With the assistance of our actuarial specialists, we evaluated management's methodologies as well as the actuarial assumptions used in estimating the Choice Privileges Loyalty Program expected redemption rates.
<i>/s/ Ernst & Young LLP</i>	We have served as the Company's auditor since 2014. Tysons, Virginia February 20, 2025

CONSOLIDATED FINANCIAL STATEMENTS
CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Years Ended December 31,		
	2024	2023	2022
REVENUES			
Royalty, licensing and management fees	\$ 514,569	\$ 513,412	\$ 471,759
Initial franchise fees	25,606	27,787	28,074
Platform and procurement services fees	75,752	75,114	63,800
Owned hotels	113,459	97,641	70,826
Other	61,803	46,051	64,740
Other revenues from franchised and managed properties	793,650	784,160	702,750
Total revenues	1,584,839	1,544,165	1,401,949
OPERATING EXPENSES			
Selling, general and administrative	219,878	216,081	167,697
Business combination, diligence and transition costs	17,233	55,778	39,578
Depreciation and amortization	43,282	39,659	30,425
Owned hotels	83,148	71,474	48,837
Other expenses from franchised and managed properties	757,525	782,409	653,060
Total operating expenses	1,121,066	1,165,401	939,597
Impairment of long-lived assets	—	(3,736)	—
Gain on sale of business and assets, net	—	—	16,249
Operating income	463,773	375,028	478,601
OTHER EXPENSES AND INCOME, NET			
Interest expense	87,131	63,780	43,797
Interest income	(8,646)	(7,764)	(7,288)
Loss (gain) on extinguishment of debt	331	(4,416)	—
Other loss (gain)	1,641	(10,649)	7,018
Equity in net gain of affiliates	(12,329)	(2,879)	(1,732)
Total other expenses and income, net	68,128	38,072	41,795
Income before income taxes	395,645	336,956	436,806
Income tax expense	95,980	78,449	104,654
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Basic earnings per share	\$ 6.26	\$ 5.11	\$ 6.05
Diluted earnings per share	\$ 6.20	\$ 5.07	\$ 5.99

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS)

	Years Ended December 31,		
	2024	2023	2022
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Other comprehensive loss, net of tax:			
Foreign currency translation adjustment	(522)	(460)	(637)
Other comprehensive loss, net of tax:	(522)	(460)	(637)
Comprehensive income	\$ 299,143	\$ 258,047	\$ 331,515

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 40,177	\$ 26,754
Accounts receivables (net of allowance for credit losses of \$45,610 and \$39,265, respectively)	176,672	195,896
Income taxes receivable	5,419	14,283
Notes receivable (net of allowance for credit losses of \$5,805 and \$3,035, respectively)	75,501	20,766
Prepaid expenses and other current assets	41,317	38,831
Total current assets	339,086	296,530
Property and equipment, net	604,345	493,478
Operating lease right-of-use assets	83,451	85,101
Goodwill	220,187	220,187
Intangible assets, net	884,013	811,075
Notes receivable (net of allowance for credit losses of \$1,526 and \$5,581, respectively)	32,682	78,900
Investments in equity securities, at fair value	—	116,374
Investments for employee benefit plans, at fair value	47,603	39,751
Investments in affiliates	117,016	70,579
Deferred income taxes	108,308	89,535
Other assets	93,836	93,289
Total assets	\$ 2,530,527	\$ 2,394,799
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable	\$ 134,865	\$ 131,284
Accrued expenses and other current liabilities	136,729	109,248
Deferred revenue	102,114	108,316
Liability for guest loyalty program	89,013	94,574
Current portion of long-term debt	—	499,268
Total current liabilities	462,721	942,690
Long-term debt	1,768,526	1,068,751
Long-term deferred revenue	132,259	133,501
Deferred compensation and retirement plan obligations	53,316	45,657
Income taxes payable	—	8,601
Operating lease liabilities	113,255	109,483
Liability for guest loyalty program	40,607	43,266
Other liabilities	5,114	7,252
Total liabilities	2,575,798	2,359,201
Commitments and contingencies (Note 23)		
Common stock, \$0.01 par value; 160,000,000 shares authorized; 95,065,638 shares issued at December 31, 2024 and December 31, 2023; 46,856,567 and 49,526,245 shares outstanding at December 31, 2024 and December 31, 2023, respectively	951	951
Additional paid-in-capital	370,201	330,750
Accumulated other comprehensive loss	(6,193)	(5,671)
Treasury stock, at cost; 48,209,071 and 45,539,393 shares at December 31, 2024 and December 31, 2023, respectively	(2,411,527)	(2,046,791)
Retained earnings	2,001,297	1,756,359
Total shareholders' (deficit) equity	(45,271)	35,598
Total liabilities and shareholders' (deficit) equity	\$ 2,530,527	\$ 2,394,799

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Years Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	43,282	39,659	30,425
Depreciation and amortization - other expenses from franchised and managed properties	27,578	36,076	33,488
Franchise agreement acquisition cost amortization	28,702	20,024	15,666
Loss (gain) on extinguishment of debt	331	(4,416)	—
Impairment of long-lived assets	—	3,736	—
Gain on sale of business and assets, net	—	—	(16,251)
Non-cash share-based compensation and other charges	43,250	46,809	42,974
Non-cash interest, investments, and affiliate (income) loss, net	(7,282)	(8,747)	7,365
Deferred income taxes	(19,028)	(1,336)	(19,642)
Equity in net (gain) loss of affiliates, less distributions received	(2,327)	(1,570)	489
Franchise agreement acquisition costs, net of reimbursements	(112,164)	(98,316)	(54,527)
Change in working capital and other	17,396	6,128	(5,078)
Net cash provided by operating activities	319,403	296,554	367,061
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in other property and equipment	(39,102)	(47,717)	(24,140)
Investments in owned hotel properties	(106,750)	(68,560)	(65,814)
Contributions to investments in affiliates	(52,768)	(38,930)	(3,148)
Issuances of notes receivable	(37,994)	(4,323)	(5,647)
Purchases of equity securities	—	(112,420)	—
Business acquisition, net of cash acquired	—	—	(550,431)
Distributions from sales of affiliates	15,850	868	—
Collections of notes receivable	32,100	10,852	975
Proceeds from sales of equity securities	108,149	—	—
Proceeds from the sale of assets and business	—	—	166,568
Proceeds from the termination of intangible assets	—	—	44,711
Other items, net	(4,056)	(5,396)	(5,504)
Net cash used in investing activities	(84,571)	(265,626)	(442,430)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net borrowings (repayments) pursuant to revolving credit facilities	111,500	(131,500)	360,000
Proceeds from the issuance of long-term debt	593,574	500,000	—
Repayment of long-term debt	(500,000)	—	(216,571)
Payments to extinguish acquired debt	—	—	(55,975)
Proceeds from acquired derivative	—	—	1,943
Debt issuance costs	(8,069)	(1,553)	(44)
Purchases of treasury stock	(380,743)	(362,772)	(434,767)
Dividends paid	(55,497)	(56,457)	(52,545)
Proceeds from the exercise of stock options	17,525	6,345	3,809
Net cash used in financing activities	(221,710)	(45,937)	(394,150)
Net change in cash and cash equivalents	13,122	(15,009)	(469,519)
Effect of foreign exchange rate changes on cash and cash equivalents	301	197	(520)
Cash and cash equivalents, beginning of period	26,754	41,566	511,605
Cash and cash equivalents, end of period	\$ 40,177	\$ 26,754	\$ 41,566

	Years Ended December 31,		
	2024	2023	2022
Supplemental disclosure of cash flow information:			
Cash payments during the year for			
Income taxes, net of refunds	\$ 108,173	\$ 94,342	\$ 115,972
Interest, net of capitalized interest	\$ 67,176	\$ 60,773	\$ 46,908
Non-cash investing and financing activities			
Dividends declared but not paid	\$ 13,471	\$ 14,902	\$ 13,136
Investments in property, equipment, and intangible assets recognized in accounts payable and accrued expense liabilities	\$ 23,284	\$ 10,291	\$ 5,383
Asset acquisition from extinguishment of note receivable	\$ —	\$ —	\$ 20,446

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	Common Stock - Shares Outstanding	Common Stock - Par Value	Additional Paid-in- Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Retained Earnings	Total
Balance as of December 31, 2021	55,609,226	\$ 951	\$ 259,317	\$ (4,574)	\$ (1,265,032)	\$ 1,275,220	\$ 265,882
Net income	—	—	—	—	—	332,152	332,152
Other comprehensive loss, net of tax	—	—	—	(637)	—	—	(637)
Share-based payment activity ⁽¹⁾	294,095	—	38,736	—	4,941	—	43,677
Dividends declared (\$0.95 per share)	—	—	—	—	—	(51,648)	(51,648)
Treasury purchases	(3,702,418)	—	—	—	(434,766)	—	(434,766)
Balance as of December 31, 2022	52,200,903	\$ 951	\$ 298,053	\$ (5,211)	\$ (1,694,857)	\$ 1,555,724	\$ 154,660
Net income	—	—	—	—	—	258,507	258,507
Other comprehensive loss, net of tax	—	—	—	(460)	—	—	(460)
Share-based payment activity ⁽¹⁾	366,121	—	32,697	—	13,889	—	46,586
Dividends declared (\$1.15 per share)	—	—	—	—	—	(57,872)	(57,872)
Treasury purchases ⁽²⁾	(3,040,779)	—	—	—	(365,823)	—	(365,823)
Balance as of December 31, 2023	49,526,245	\$ 951	\$ 330,750	\$ (5,671)	\$ (2,046,791)	\$ 1,756,359	\$ 35,598
Net income	—	—	—	—	—	299,665	299,665
Other comprehensive loss, net of tax	—	—	—	(522)	—	—	(522)
Share-based payment activity ⁽¹⁾	437,268	—	39,451	—	13,659	—	53,110
Dividends declared (\$1.15 per share)	—	—	—	—	—	(54,727)	(54,727)
Treasury purchases ⁽²⁾	(3,106,946)	—	—	—	(378,395)	—	(378,395)
Balance as of December 31, 2024	46,856,567	\$ 951	\$ 370,201	\$ (6,193)	\$ (2,411,527)	\$ 2,001,297	\$ (45,271)

⁽¹⁾ During certain periods presented, accumulated dividends were paid to certain shareholders upon vesting of their PVRsUs, which are presented in Share-based payment activity.

⁽²⁾ Beginning January 1, 2023, Treasury purchases include a 1% excise tax as imposed by the Inflation Reduction Act of 2022.

The accompanying notes are an integral part of these consolidated financial statements.

CHOICE HOTELS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of Choice Hotels International, Inc. and subsidiaries (collectively, "Choice" or the "Company") have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated in consolidation.

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, the accompanying consolidated financial statements include all adjustments that are necessary to fairly present the Company's financial position and results of operations. Except as otherwise disclosed, all adjustments are of a normal recurring nature.

Certain prior year amounts in our consolidated financial statements have been reclassified in order to maintain comparability with the current year presentation. Business combination, diligence and transition costs, which were previously presented in selling, general and administrative expenses, are now presented within a standalone financial statement line item in the consolidated statements of income. The reclassification had no effect on the Company's previously reported operating income or net income. Investments in owned hotel properties and investments in other property and equipment, which were previously presented in investments in property and equipment, are now presented within standalone financial statement line items in the consolidated statements of cash flows. The reclassification had no effect on the Company's previously reported net cash used in investing activities or the net change in cash and cash equivalents. Purchases of investments for employee benefit plans, investments in intangible assets, asset acquisitions, net of cash paid, and proceeds from sales of investments for employee benefit plans, which were previously presented in standalone financial statement line items, are now presented within other items, net in the consolidated statements of cash flows. The reclassification had no effect on the Company's previously reported net cash used in investing activities or the net change in cash and cash equivalents.

Acquisition of Radisson Hotels Americas

On August 11, 2022, the Company completed the acquisition (the "Transaction") of (1) all of the issued and outstanding shares of Radisson Hospitality, Inc., and (2) certain trademarks held by Radisson Hospitality Belgium BV/SRL (collectively referred to as "Radisson Hotels Americas").

The Company determined that it was the accounting acquirer of Radisson Hotels Americas and accounted for the Transaction as a business combination using the acquisition method of accounting. Accordingly, the assets acquired and the liabilities assumed were recorded at their fair values as of the August 11, 2022 acquisition date, with the exception of certain assets and liabilities which were accounted for in accordance with the provisions of ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). The Company finalized the purchase price allocation for the Transaction during the third quarter of 2023.

Revenue Recognition

Franchise Agreements

The Company's revenues are primarily derived from franchise agreements with third-party hotel owners. The majority of the Company's performance obligations are a series of distinct services, which are described in more detail below, for which the Company receives variable consideration through franchise fees. The Company enters into franchise agreements to provide franchisees with a limited non-exclusive license to utilize the Company's registered brand tradenames and trademarks, marketing and reservation services, and other miscellaneous franchise services. These agreements typically have an initial term of 10 to 30 years with provisions permitting the franchisees or the Company to terminate the franchise agreement upon designated anniversaries of the hotel opening before the end of the initial term. An up-front initial franchise fee is assessed to the third-party hotel owners to affiliate with our brands, which is typically paid prior to the execution of the franchise agreement and is non-refundable. After hotel opening, franchise fees are typically generated based on a percentage of gross room revenues or as designated transactions and events occur (such as when a reservation is delivered to the hotel through a specified channel) and are invoiced by the Company in the following month.

The franchise agreements are comprised of multiple performance obligations, which may require significant judgment in identifying. The primary performance obligations are as follows:

- *License of brand intellectual property and related services* (“brand intellectual property”) - Grants the right to access the Company’s intellectual property associated with the brand tradenames, trademarks, reservation systems, property management systems, and related services.
- *Material rights for free or discounted goods or services to hotel guests* - Primarily consists of the points issued under the Company’s guest loyalty program, Choice Privileges.

License of Brand Intellectual Property and Related Services

The fees generated from brand intellectual property are recognized to revenue over time as the hotel owners pay for access to these services for the duration of the franchise agreement. The franchise fees are typically based on the sales or usage of the underlying hotel (i.e., after the completion of a hotel stay), with the exception of fixed up-front fees that usually represent an insignificant portion of the transaction price. The variable transaction price is determined for the period when the underlying gross room revenues and the transactions or events which generate fees are known.

Franchise fees include the following:

- *Royalty fees* - Royalty fees are earned in exchange for a license to brand intellectual property typically based on a percentage of gross room revenues. The royalty fees are billed and collected monthly and the revenues are recognized in the same period that the underlying gross room revenues are earned by the Company’s franchisees. The royalty fees are recognized within royalty, licensing and management fees revenue in the consolidated statements of income.
- *Initial franchise fees* - Initial franchise fees are charged when (i) new hotels enter the franchise system, (ii) there is a change of ownership, or (iii) the existing franchise agreements are extended. The initial franchise fees are recognized as revenue ratably as the services are provided over the enforceable period of the franchise agreement, unless the franchise agreement is terminated and the hotel exits the franchise system whereby the remaining deferred amounts are recognized to revenue in the period of termination. The enforceable period is the period from the hotel's opening to the first point the franchisee or the Company can terminate the franchise agreement without incurring a significant penalty.
- *Other revenue* - Other revenue is a combination of miscellaneous non-marketing and reservation system fees, which includes quality assurance, non-compliance, and franchisee training fees. Other revenue is recognized in the period that the designated transaction or event has occurred.

The Company’s franchise agreements require the payment of marketing and reservation system fees. The Company is obligated to use these marketing and reservation system fees to provide marketing and reservation services, such as marketing, media, advertising, access to centralized reservation systems, and certain franchise services to support the operation of the overall franchise system. The marketing and reservation system fees are recognized within other revenues from franchised and managed properties in the consolidated statements of income. These services are comprised of multiple fees including the following:

- Fees based on a percentage of gross room revenues are recognized in the period the gross room revenue was earned, based on the underlying hotel’s sales or usage.
- Fees based on the occurrence of a designated transaction or event are recognized in the period the transaction or event occurred.
- System implementation fees charged to the franchisees are deferred and recognized as revenue over the enforceable period of the franchise agreement.
- Marketing and reservation system activities also include revenues generated from the Company’s guest loyalty programs. The revenue recognition of these programs is discussed in the *Material rights for free or discounted goods or services to hotel guests* section below.

Marketing and reservation system expenses are the expenses that are incurred to facilitate the delivery of the marketing and reservation system services, including direct expenses and an allocation of costs for certain administrative activities that are required to carry out marketing and reservation system services. Marketing and reservation system expenses are recognized when the services are incurred or the goods are received within other expenses from franchised and managed properties in the consolidated statements of income. As a result, the marketing and reservation system expenses may not equal the marketing and reservation system revenues in a specific period but are expected to equal the revenues earned from the franchisees over time. The Company’s franchise agreements provide the Company the right to advance monies to the franchise system when the needs

of the franchisor system surpass the balances currently available. The Company has the right to recover such advances in future periods through additional fee assessments or reduced spending.

Material Rights for Free or Discounted Goods or Services to Hotel Guests

Choice Privileges is the Company's guest loyalty program, which enable members to earn points based on their spending levels with the Company's franchisees or certain vendors (refer to the Partnership Agreements section below). The points, which the Company accumulates and tracks on the members' behalf, may be redeemed for free accommodations or other benefits (e.g. gift cards to participating retailers). The Company collects from the franchisees a percentage of the loyalty program members' gross room revenue from completed stays to operate the programs. At such time the points are redeemed for free accommodations or other benefits, the Company reimburses the franchisees or third parties based on a rate derived in accordance with the franchise or vendor agreement.

The loyalty points represent a performance obligation attributable to the usage of the points, and thus the revenues are recognized at the point in time when the loyalty points are redeemed by the members for benefits (with both franchisees and third-party partners), net of the cost of redemptions. For the years ended December 31, 2024, 2023, and 2022, the loyalty net revenues, inclusive of adjustments to the estimated redemption rates, were \$123.2 million, \$93.1 million, and \$109.3 million, respectively. The transaction price is variable and determined in the period when the loyalty points are earned and the underlying gross room revenues are known. No loyalty program revenues are recognized at the time the loyalty points are issued.

The Company is an agent in coordinating the delivery of the services between the loyalty program member and the franchisee or third party, and as a result, the revenues are recognized net of the cost of redemptions. The estimated value of the future redemptions is reflected in the current and non-current liability for guest loyalty program in the consolidated balance sheets. The liability for the guest loyalty program is developed based on an estimate of the eventual redemption rates and point values using various actuarial methods. These significant judgments determine the required point liability attributable to the outstanding points, which is relieved as the redemption costs are processed. The amount of the loyalty program fees in excess of the guest loyalty program point liability represents current and non-current deferred revenue, which is recognized to revenue as the points are redeemed including an estimate of the future forfeitures ("breakage"). The anticipated redemption pattern of the points is the basis for the current and non-current designation of each liability. As of December 31, 2024, the current and non-current deferred revenue balances were \$75.8 million and \$34.6 million, respectively. The loyalty points are typically redeemed within three years of issuance. The loyalty program point redemption revenues are recognized within other revenues from franchised and managed properties in the consolidated statements of income.

The Company also recognizes revenues from various contracts that are incidental to the support of the operations for the franchised hotels, including the purchasing operations.

Partnership Agreements

The Company is a party to various agreements with third-party partners, including the co-branding of the Choice Privileges credit card. The agreements typically provide for use of the Company's marks, limited access to the Company's distribution channels, and the sale of Choice Privileges loyalty points, in exchange for fees primarily comprising variable consideration that is paid each month. Loyalty members can earn points through participation in the partner's program.

The partnership agreements include multiple performance obligations. The primary performance obligations are for the brand intellectual property and material rights for free or discounted goods or services to hotel guests. The allocation of the fixed and variable consideration to the performance obligations is based on the standalone selling price, which is estimated based on the market and income methods, which contain significant judgments. The amounts allocated to the brand intellectual property are recognized on a gross basis over time using the output measure of the time elapsed, primarily within royalty, licensing and management fees and platform and procurement services fees in the consolidated statements of income. The amounts allocated to the material rights for free or discounted goods or services to hotel guests are recognized to revenue as the points are redeemed including an estimate of the breakage, primarily within other revenues from franchised and managed properties in the consolidated statements of income.

Qualified Vendors

The Company generates procurement services revenue from qualified vendors. The qualified vendor revenue is generally based on the marketing services provided by the Company on behalf of, and the access provided to, the qualified vendors to the hotel owners and guests. The Company provides these services in exchange for either fixed consideration or a percentage of the revenues earned by the qualified vendor pertaining to purchases by the Company's franchisees or guests. The fixed consideration is paid in installments based on a contractual schedule, with an initial payment typically due at contract execution. The variable consideration is typically paid quarterly after the sales to the franchisees or guests have occurred.

The qualified vendor agreements comprise a single performance obligation, which is satisfied over time based on the access afforded, and the services provided, to the qualified vendor for the stated duration of the agreement. The fixed consideration is allocated and recognized ratably to each period over the term of the agreement. The variable consideration is determined and recognized in the period when the vendors' sales to the franchisees or guests are known or the cash payment has been remitted. The qualified vendor revenues are recognized within platform and procurement services fees revenue in the consolidated statements of income.

Other

The Company is a party to other non-franchising agreements that generate revenue, which are primarily software as a service ("SaaS") arrangements for non-franchised hoteliers, and is presented as other revenue in the consolidated statements of income. SaaS agreements typically include fixed consideration for installment and other initiation fees that are paid at the beginning of the contract, and variable consideration for recurring subscription revenue that is typically paid on a monthly basis. SaaS agreements comprise a single performance obligation, which is satisfied over time based on the access to the software for the stated duration of the agreement. The fixed consideration is allocated and recognized ratably to each period over the term of the agreement. The variable consideration is determined at the conclusion of each period, and allocated to and recognized in the current period.

Managed Hotels

The Company manages 13 hotels (inclusive of four owned hotels). The management agreements provide for the use of the Company's marks and hotel management services, which include providing day-to-day management services in the operation of the hotels for the hotel owners. The fees generated from the management agreements are recognized to revenue over time as the hotel owners pay for access to these services for the duration of the management agreement, and include base and incentive management fees. Base management fees are generally based on a percentage of the hotel's monthly gross revenue and are invoiced and collected monthly. Incentive management fees are generally based on a percentage of the hotel's operating profits and are invoiced on an annual basis. Base and incentive management fee revenues are recognized within royalty, licensing and management fees in the consolidated statements of income. Refer to Note 23 for more information on the management agreement guarantees.

The Company's management agreements include amounts that are contractually reimbursed to the Company by the hotel owners, either directly or indirectly, relating to certain costs and expenses that are paid by the Company in support of the operations of these hotel properties. The reimbursements include payroll costs and certain other operating costs of the managed properties' operations, which are reimbursed to the Company by the hotel owners as the expenses are incurred. The revenue related to these direct reimbursements is recognized based on the amount of the expenses incurred by the Company, which are recognized as other expenses from franchised and managed properties in the consolidated statements of income. The hotel owner typically reimburses the Company on a monthly basis, which results in no net effect to operating income or net income. The revenues related to marketing and reservations are recognized over time and are intended to reimburse the Company, indirectly, for the expenses incurred in performing the marketing and reservation services. These managed revenues are presented within other revenues from franchised and managed properties in the consolidated statements of income.

Owned Hotels

The Company owned 12 hotels and 10 hotels as of December 31, 2024 and 2023, respectively, from which the Company generates revenues. As a hotel owner, the Company has performance obligations to provide accommodations to hotel guests and in return, the Company earns a nightly fee for an agreed upon period that is generally payable at the time the hotel guest checks out of the hotel. The Company typically satisfies the performance obligations over the length of the stay and recognizes the revenue on a daily basis, as the hotel rooms are occupied and the services are rendered.

Other ancillary goods and services at the owned hotels are purchased independently of the hotel stay at the standalone selling prices and are considered separate performance obligations, which are satisfied at the point in time when the related good or service is provided to the guest. These primarily consist of food and beverage, incidentals, and parking fees. The hotel room night and other ancillary good and services revenues are recognized within owned hotels revenue in the consolidated statements of income.

Sales Taxes

The Company presents the taxes collected from customers and then remitted to governmental authorities on a net basis and, therefore, the taxes are excluded from revenues in the consolidated financial statements.

Business Combination, Diligence and Transition Costs

The Company incurs costs during the review of potential business combinations, including legal fees, financial advisory, and other professional service fees. If the Company is successful in completing a business combination, then the Company may incur transition and integration costs, including professional service fees, technology costs, and employee-related costs such as bonuses, retention, and severance. The business combination, diligence and transition costs are expensed as incurred in the consolidated statements of income.

Notes & Accounts Receivable and Allowances for Credit Losses

The Company provides financing in the form of notes receivable loans to franchisees to support the development or conversion of properties in strategic markets.

The Company accrues interest for notes receivable loans in accordance with loan provisions. The Company considers notes receivable loans past due and in default when payments are not made when due in accordance with the then-current loan provisions or the terms extended to the borrowers, including loans with concessions or interest deferral. The Company suspends the accrual of interest when payments on loans are more than 30 days past due or upon a loan being classified as collateral-dependent. The Company applies the payments received for loans on a non-accrual status first to interest and then to principal. The Company does not resume an interest accrual until all delinquent payments are received based on the then-current loan provisions.

The Company has developed a systematic methodology to determine its allowance for credit losses across our portfolio of notes receivable loans. The Company monitors the risk and performance of our portfolio by the level of security in the collateral (i.e., senior, subordinated, or unsecured), which is the Company's credit quality indicator. As each of the Company's notes receivable loans has unique risk characteristics, the Company deploys its methodology to calculate allowances for credit losses at the individual notes receivable loan level.

The Company primarily utilizes a discounted cash flow ("DCF") technique to measure the credit allowance, influenced by the key economic variables of each note receivable loan. The Company identified the key economic variables for these loans to be the loan-to-cost ("LTC") or loan-to-value ("LTV") ratios and a debt service coverage ratio ("DSCR"). The LTC or LTV ratio represents the loan principal relative to the project cost or value and is an indication of the loan principal's ability to be re-paid at loan maturity. The DSCR represents property-specific net operating income as a percentage of the interest and principal payments incurred (i.e., debt service) on all debt of the borrower for the property and is an indication of the borrower's ability to make timely payments during the term of the loan. The LTC or LTV ratios and DSCR are considered during the loan underwriting process as indications of risk and, accordingly, we believe these factors are the most representative risk indicators for calculating the allowance for credit loss. Loans with higher LTC or LTV ratios and lower DSCR ratios generally are representative of loans with greater risk and, accordingly, have higher credit allowances as a percentage of loan principal. Conversely, loans with lower LTC or LTV ratios and higher DSCR ratios generally are representative of loans with lesser risk and, accordingly, have lower credit allowances as a percentage of loan principal. In preparing or updating a DCF model to measure the credit allowance, the Company develops various recovery scenarios and, based on the key economic variables, the present status of the loan, and the underlying collateral, applies a probability-weighting to the outputs of the scenarios.

Collateral-dependent financial assets are financial assets for which repayment is expected to be derived substantially through the operation or sale of the collateral and when the borrower is experiencing financial difficulty. For collateral-dependent loans, the expected credit losses are based on the fair value of the collateral, less the selling costs if repayment will be from the sale of the collateral. The Company calculates the fair value of the collateral using a DCF technique to project the cash flows or a market approach via quoted market prices. In developing the cash flow projections, the Company will review the borrower's financial statements for the property, economic trends, industry projections for the market where the property is located, and comparable sales capitalization rates.

Management assesses the credit quality of the notes receivable portfolio and the adequacy of the credit loss allowances on a quarterly basis and recognizes the provisions for credit losses in selling, general and administrative expenses in the consolidated statements of income. Significant judgment is required in this analysis.

Accounts receivable consists primarily of the franchise and related fees due from the hotel franchisees and are recorded at the invoiced amount. The allowance for credit losses is the Company's best estimate of the amount of expected credit losses inherent in the accounts receivable balance. The Company determines the allowance considering its historical write-off experience, a review of the aged receivable balances and customer payment trends, the economic environment, and other available evidence. The Company recognizes the provisions for credit losses on accounts receivable in selling, general and administrative expenses and other expenses from franchised and managed properties in the consolidated statements of income.

When the Company determines that a trade or note receivable is not collectible, then the account is written-off to the associated allowance for credit losses.

Refer to Note 4 for more information on the receivables and the allowances for credit losses.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense was \$194.6 million, \$195.2 million, and \$170.4 million for the years ended December 31, 2024, 2023, and 2022, respectively. The Company presents advertising costs primarily in other expenses from franchised and managed properties in the consolidated statements of income.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The Company maintains cash balances at domestic banks, which at times may exceed the limits of the amounts insured by the Federal Deposit Insurance Corporation. In addition, the Company also maintains cash balances at international banks which do not provide deposit insurance.

Capitalization Policies

Property and equipment are generally recorded at cost and depreciated for financial reporting purposes using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. Major renovations and replacements incurred during construction are capitalized. The costs for computer software developed for internal use are capitalized during the application development stage and amortized using the straight-line method over the estimated useful lives of the software. The capitalized software licenses pertaining to cloud computing arrangements are amortized using the straight-line method over the shorter of the cloud computing arrangement term or the estimated useful lives of the software. The Company capitalizes the interest incurred during the construction and development of property and equipment, including software. The total interest capitalized as a cost of property and equipment was \$9.4 million and \$5.8 million during the years ended December 31, 2024 and 2023, respectively.

As construction in progress and software development are completed and then placed in service, the assets are transferred to the appropriate property and equipment categories and depreciation and amortization begins. Upon the sale or the retirement of the property, the cost and the related accumulated depreciation are eliminated from the accounts and any related gain or loss is recognized in the consolidated statements of income. Repairs and maintenance, and minor replacements, are charged to expense as incurred.

The Company has made certain acquisitions of hotel assets, which are recognized at the fair value of the consideration exchanged. The Company acquires land parcels with the intention to develop hotels, which are recognized at cost within property and equipment, net in the consolidated balance sheets. If the Company determines that it will not progress to active construction and development of a land parcel, then the land parcel is reclassified to other assets in the consolidated balance sheets.

The table below summarizes the estimated useful lives for the respective assets for depreciation and amortization purposes:

Computer equipment and software	2 - 7 years
Buildings and leasehold improvements	10 - 40 years
Furniture, fixtures, vehicles and equipment	3 - 10 years

Assets Held for Sale

The Company considers assets to be held for sale when all of the following criteria are met:

- Management commits to a plan to sell an asset;
- It is unlikely that the disposal plan will be significantly modified or discontinued;
- The asset is available for immediate sale in its present condition;
- Actions required to complete the sale of the asset have been initiated;
- The sale of the asset is probable and the Company expects the completed sale will occur within one year; and
- The asset is actively being marketed for sale at a price that is reasonable given its current market value.

Upon designation as an asset held for sale, the Company recognizes the carrying value of each asset as a component of other current assets at the lower of its carrying value or its estimated fair value, less the estimated costs to sell, and immediately ceases the recognition of depreciation or amortization expense on the asset.

If, at any time, these criteria are no longer met, subject to certain exceptions, then the assets previously classified as held for sale are reclassified as held and used and measured individually at the lower of (a) the carrying amount before the asset was

classified as held for sale, adjusted for any depreciation or amortization expense that would have been recognized had the asset been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell.

Long-Lived Assets, Intangible Assets, and Goodwill

The Company groups its long-lived assets, including property and equipment and definite-lived intangible assets (e.g., franchise rights and franchise agreement acquisition costs), at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company evaluates the potential impairment of its long-lived asset groups annually as of December 31 or earlier when other circumstances indicate that the Company may not be able to recover the carrying value of the asset group. When indicators of impairment are present, then the recoverability is assessed based on undiscounted expected cash flows. If the undiscounted expected cash flows are less than the carrying amount of the asset group, then an impairment charge is measured and recognized, as applicable, for the excess of the carrying value over the fair value of the asset group. The fair value of the long-lived asset groups are estimated primarily using discounted cash flow analyses representing the highest and best use by an independent market participant. Significant management judgment is involved in evaluating any indicators of impairment and developing any required projections to test for the recoverability or the estimated fair value.

The Company did not identify any indicators of impairment of long-lived assets from the Hotel Franchising reporting unit during the years ended December 31, 2024, 2023, and 2022, other than impairments on franchise sales commission assets and franchise agreement acquisition cost intangible assets, which are recognized within selling, general and administrative expenses and other expenses from franchised and managed properties in the consolidated statements of income. Refer to Note 2 for additional information.

During the year ended December 31, 2023, the Company recognized an impairment loss on the long-lived assets associated with the legacy Radisson corporate office lease. Refer to Note 6 for additional information.

The Company evaluates the impairment of goodwill and intangible assets with indefinite lives annually as of December 31 or earlier upon the occurrence of substantive unfavorable changes in economic conditions, industry trends, costs, cash flows, or ongoing declines in market capitalization that indicate that the Company may not be able to recover the carrying amount of the asset. In evaluating these assets for impairment, the Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit or the indefinite lived intangible asset is less than its carrying amount. If the conclusion is that it is not more likely than not that the fair value of the asset is less than its carrying value, then no further testing is required. If the conclusion is that it is more likely than not that the fair value of the asset is less than its carrying value, then a quantitative impairment test is performed whereby the carrying value is compared to the fair value of the asset and an impairment charge is recognized, as applicable, for the excess of the carrying value over the fair value. The Company may elect to forgo the qualitative assessment and move directly to the quantitative impairment tests for goodwill and indefinite-lived intangible assets. The Company determines the fair value of its reporting units and indefinite-lived intangible assets using the income and market methods.

Goodwill is allocated to the Company's reporting units. The Company's reporting units are determined primarily by the availability of discrete financial information relied upon by the chief operating decision maker ("CODM") to assess performance and make operating segment resource allocation decisions. As of December 31, 2024, the Company's goodwill is allocated solely to the Hotel Franchising reporting unit. The Company performed the qualitative impairment analysis for the Hotel Franchising reporting unit, concluding that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount. As such, a quantitative test was not required and no impairment was recorded.

Variable Interest Entities

In accordance with the guidance for the consolidation of variable interest entities ("VIE"), the Company identifies its variable interests and analyzes to determine if the entity in which the Company has a variable interest is a VIE. The Company's variable interests include equity investments, loans, and guaranties. The determination of whether a variable interest is a VIE includes both quantitative and qualitative considerations. For those entities determined to be VIEs, a further quantitative and qualitative analysis is performed to determine if the Company is deemed to be the primary beneficiary. The primary beneficiary is the party who has the power to direct the activities of a VIE that most significantly impacts the entity's economic performance and who has an obligation to absorb the losses of the entity or a right to receive the benefits from the entity that could potentially be significant. The Company consolidates those entities in which it is determined to be the primary beneficiary. As of December 31, 2024, the Company is not the primary beneficiary of any VIE. The Company's qualitative analysis is based on its review of the design of the entity, the organizational structure including its decision-making ability, and the relevant development, operating management, and financial agreements.

The investments in unconsolidated affiliates where the Company is not deemed to be the primary beneficiary but where the Company exercises significant influence over the operating and financial policies of the investee are accounted for using the equity method of accounting.

Investments in Affiliates

The Company evaluates an investment in an affiliate for impairment when circumstances indicate that the carrying value may not be recoverable, such as a loan default, significant under-performance relative to historical or projected operating performance, and/or significant negative industry, market, or economic trends. When there is an indication that a loss in value has occurred, the Company evaluates the carrying value compared to the estimated fair value of the investment. The fair value is based upon internally-developed discounted cash flow models, third-party appraisals, or current estimated net sales proceeds from pending offers. There are judgments and assumptions in each of these fair value determinations, including our selection of comparable market transactions, the amount and timing of expected future cash flows, long-term growth rates, and sales capitalization rates. These nonrecurring fair value measurements are classified as level three in the fair value measurement hierarchy, as the Company utilizes unobservable inputs which are significant to the overall fair value. If the estimated fair value is less than the carrying value, then management uses its judgment to determine if the decline in value is other-than-temporary. In determining this, the Company considers factors including, but not limited to, the length of time and extent of the decline, loss of value as a percentage of the cost, financial condition, near-term financial projections, the Company's intent and ability to recover the lost value, and current economic conditions. For declines in value that are deemed to be other-than-temporary, then the impairment charge is recognized to earnings. The Company did not recognize any impairment charges on its investments in affiliates during the years ended December 31, 2024 and 2023. During the year ended December 31, 2022, the Company recognized impairment charges of \$0.2 million related to multiple investments in affiliates that are accounted for under the equity method of accounting. The impairment charges were recognized within equity in net gain of affiliates in the consolidated statements of income. Refer to Note 8 for additional information.

Investments in Equity Securities

The Company's investments in equity securities are recognized at fair value in the consolidated balance sheets, and the unrealized gains and losses on the investments in equity securities are recognized as other loss (gain) in the consolidated statements of income. Refer to Note 14 for additional information on the fair value measurements of the equity securities. The realized gains and losses on the investments in equity securities are recognized upon the disposition of the equity securities using the specific identification method as other loss (gain) in the consolidated statements of income.

Foreign Operations

The United States dollar is the functional currency of the consolidated entities operating in the United States. The functional currency for the consolidated entities operating outside of the United States is generally the currency of the primary economic environment in which the entity primarily generates and expends cash. The Company translates the financial statements of the consolidated entities whose functional currency is not the United States dollar into United States dollars. The Company translates the assets and liabilities at the exchange rate in effect as of the financial statement date, and translates income statement accounts using the approximate weighted average exchange rate for the period. The Company includes translation adjustments from foreign exchange and the effect of exchange rate changes on intercompany transactions of a long-term investment nature as a separate component of shareholders' (deficit) equity. The Company presents foreign currency transaction gains and losses, and the effect of inter-company transactions of a short-term or trading nature, within other loss (gain) in the consolidated statements of income. For the years ended December 31, 2024 and 2023, the foreign currency transaction gains were \$2.1 million and \$0.5 million, respectively. For the year ended December 31, 2022, the foreign currency transaction losses were \$1.0 million.

Share-Based Compensation

The Company has stock compensation plans pursuant to which it is authorized to grant share-based awards, including restricted stock, stock options, stock appreciation rights, and performance-based share awards, to officers, key employees, and non-employee directors with contractual terms that are set by the Compensation and Management Development Committee of the Board of Directors.

Stock Options - The Company recognizes compensation expense related to the fair value of these awards on a straight-line basis over the requisite service period for the share-based awards that ultimately vest. The fair value of the stock options is estimated on the grant date using the Black-Scholes options-pricing model.

Restricted Stock Units ("RSUs") - The Company recognizes compensation expense related to the fair value of the restricted stock awards on a straight-line basis over the requisite service period for the restricted stock awards that ultimately vest. The fair value of the grants is measured by the market price of the Company's common stock on the date of grant. The restricted stock awards generally vest ratably over the service period beginning on the first anniversary of the grant date. The restricted stock awards granted to retirement eligible non-employee directors are recognized over the shorter of the requisite service period or the length of time until retirement since the terms of the grant provide that awards will vest upon retirement.

Performance Vested Restricted Stock Units ("PVRsUs") - The Company has granted PVRsUs to certain employees. The Company grants three types of PVRsU awards: i) PVRsUs with performance conditions based on internal performance metrics, ii) PVRsUs with market conditions based on the Company's total shareholder return ("TSR") relative to a predetermined peer group, and iii) PVRsUs with both performance and market conditions. The vesting of the PVRsU awards is contingent upon the Company achieving the internal performance and/or TSR targets over a specified period and the employees' continued employment over the service period. The performance and market conditions affect the number of shares that will ultimately vest.

The fair value of the PVRsUs with performance conditions based on internal performance metrics is measured by the market price of the Company's common stock on the date of the award grant. The Company recognizes compensation expense ratably over the requisite service period based on the Company's estimate of achieving the performance conditions.

The fair value of the PVRsUs with market conditions is estimated using a Monte Carlo simulation method as of the date of the award grant. The Company recognizes compensation expense ratably over the requisite service period regardless of whether the market conditions are achieved and the awards ultimately vest.

The fair value of the PVRsUs with both performance and market conditions is estimated using a Monte Carlo simulation as of the date of the award grant. The Company recognizes compensation expense ratably over the requisite service period based on the Company's estimate of achieving the performance conditions, with subsequent adjustments being made for the performance-based leveraging of any unvested PVRsUs, as necessary.

Over the life of the share-based award grant, the Company's estimate of the share-based compensation expense for the share-based awards with performance and/or service requirements will be adjusted so that compensation expense is recognized only for the share-based awards that will ultimately vest. The expected forfeiture rate is calculated based on the number of shares that have historically been forfeited due to termination within one year of the grant date.

Leases

The Company determines if an arrangement is a lease, and the classification as either an operating lease or a financing lease, at lease inception. Operating leases are included in operating lease right-of-use assets, accrued expenses and other current liabilities, and operating lease liabilities in our consolidated balance sheets. As of December 31, 2024 and 2023, the Company did not have any leases classified as a financing lease.

On the commencement date, operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. The operating lease right-of-use assets are further offset by prepaid rent, lease incentives, and initial direct costs incurred. When a lease agreement does not provide an implicit rate, the Company utilizes its incremental borrowing rate based on the information available at the commencement date in determining the present value of the future minimum lease payments.

Lease expense for the minimum lease payments is recognized on a straight-line basis over the lease term. Variable lease payments include certain index-based changes in rent, certain non-lease components (such as maintenance and other services provided by the lessor), and other charges included in the lease. Variable lease payments are excluded from the future minimum lease payments and expensed as incurred.

The Company has made an election to not separate the lease and the non-lease components for all classes of underlying assets in which it is the lessee. In addition, the Company has made an election to not recognize short-term leases with an initial term of 12 months or less in the consolidated balance sheets. These short-term leases are expensed on a straight-line basis over the lease term.

Recently Adopted & Issued Accounting Standards

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 requires public entities to disclose significant segment expenses by reportable segment if they are regularly provided to the chief operating decision maker and included in each reported measure of segment profit or loss on both an annual and an interim basis. ASU 2023-07 is effective for the annual reporting period beginning after December 15, 2023 and the interim periods within the annual reporting period beginning after December 15, 2024. The Company adopted ASU 2023-07 on a retrospective basis effective December 31, 2024. The adoption of this standard did not have an impact on the Company's consolidated financial statements, but it did require enhanced segment disclosures in the notes to the consolidated financial statements. Refer to Note 20 for more information.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 is designed to provide additional information to financial statement users in regards to how an entity's operations, risks, and planning affect its tax rate, opportunities, and future cash flows. ASU 2023-09 is effective for the annual reporting period beginning after December 15, 2024. Based on the Company's assessment, the adoption of this standard is not expected to have an impact on the Company's consolidated financial statements, but it will require enhanced income tax disclosures in the notes to the consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses* ("ASU 2024-03"). ASU 2024-03 requires public entities to provide detailed disclosure of the income statement expenses in the footnotes to the consolidated financial statements. ASU 2024-03 does not require any changes to the expense captions on the face of the consolidated income statement. ASU 2024-03 is effective for the annual reporting period beginning after December 15, 2026 and for the interim periods within the annual reporting period beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the potential impact that ASU 2024-03 will have on the Company's consolidated financial statements.

2. Revenue

Contract Liabilities

Contract liabilities relate to (i) advance consideration received related to services considered to be a part of the brand intellectual property performance obligation, such as initial franchise fees that are paid when a franchise agreement is executed and system implementation fees that are paid at the time of installation, and (ii) amounts received when loyalty points are issued but the associated revenue has not yet been recognized because the related loyalty points have not been redeemed.

Deferred revenues from initial franchise fees and system implementation fees are typically recognized over a ten-year period, unless the franchise agreement is terminated and the hotel exits the franchise system whereby the remaining deferred revenue amounts are recognized to revenue in the period of termination. Loyalty points are typically redeemed within three years of issuance.

The following table summarizes the significant changes in the contract liabilities balances during the year ended December 31, 2024:

(in thousands)

Balance as of December 31, 2023	\$	209,895
Increases to the contract liability balance due to cash received		126,055
Revenue recognized in the period		(119,253)
Balance as of December 31, 2024	\$	216,697

Remaining Performance Obligations

The aggregate amount of the transaction price that is allocated to unsatisfied, or partially unsatisfied, performance obligations was \$216.7 million as of December 31, 2024. This amount represents the fixed transaction price that will be recognized as revenue in future periods, which is presented as current and non-current deferred revenue in the consolidated balance sheets.

Based on the practical expedient elections permitted by ASU 2014-09, *Revenue From Contracts with Customers (Topic 606)* and subsequent amendments ("Topic 606"), the Company does not disclose the value of unsatisfied performance obligations for (i) variable consideration subject to the sales or usage-based royalty constraint or comprising a component of a series (including franchise, partnership, qualified vendor, and SaaS agreements), (ii) variable consideration for which the Company recognizes revenue at the amount to which it has the right to invoice for the services performed, or (iii) contracts with an expected original duration of one year or less.

Capitalized Franchise Agreement Costs

Sales commissions earned by Company personnel upon execution of a franchise agreement (“franchise sales commissions”) meet the requirement to be capitalized as an incremental cost of obtaining a contract with a customer. The capitalized franchise sales commissions are amortized on a straight-line basis over the estimated benefit period of the arrangement, unless the franchise agreement is terminated and the hotel exits the system whereby the remaining capitalized amounts will be expensed in the period of termination. The estimated benefit period is the Company's estimate of the duration a hotel will remain in the Choice system. As of December 31, 2024 and 2023, the capitalized franchise sales commissions were \$59.5 million and \$58.6 million, respectively, which are recognized within other assets in the consolidated balance sheets. For the years ended December 31, 2024, 2023, and 2022, amortization expense and impairment charges were \$10.2 million, \$13.1 million, and \$13.0 million, respectively, which are recognized in selling, general and administrative expenses in the consolidated statements of income.

The Company makes certain payments to customers as an incentive to enter into new franchise agreements (“franchise agreement acquisition costs”). These payments are recognized as an adjustment to the transaction price and capitalized as an intangible asset in the consolidated balance sheets. The franchise agreement acquisition cost intangible assets are amortized on a straight-line basis over the estimated benefit period of the arrangement as a reduction to royalty, licensing and management fees and other revenues from franchised and managed properties in the consolidated statements of income. For the year ended December 31, 2024, the net recoveries from adverse franchise agreement activity, including terminations and significant delinquencies in construction or invoice payments, was \$0.4 million which is recognized in selling, general and administrative expenses and other expenses from franchised and managed properties in the consolidated statements of income. For the years ended December 31, 2023 and 2022, the net impairments from adverse franchise agreement activity, including terminations and significant delinquencies in construction or invoice payments, were \$7.3 million and \$2.5 million, respectively, which are recognized in selling, general and administrative expenses and other expenses from franchised and managed properties in the consolidated statements of income.

Other Revenues

During the year ended December 31, 2022, other revenues included contract termination fee revenue of \$22.7 million from the exit of 110 WoodSpring units in September 2022. The contract termination fee revenue consisted of \$67.4 million in consideration received, less the \$44.7 million in intangible assets that were initially recognized on the date of the WoodSpring acquisition.

3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(in thousands)	December 31,	
	2024	2023
Prepaid expenses	\$ 36,591	\$ 34,669
Other current assets	4,726	4,162
Total prepaid expenses and other current assets	<u>\$ 41,317</u>	<u>\$ 38,831</u>

4. Receivables and Allowance for Credit Losses

Notes Receivable

The Company has provided financing in the form of notes receivable loans to franchisees in order to support the development of hotel properties in strategic markets. The Company's credit quality indicator is the level of security in the note receivable.

The following table summarizes the composition of the notes receivable balances by credit quality indicator and the allowance for credit losses:

(in thousands)	December 31,	
	2024	2023
Senior	\$ 94,963	\$ 85,919
Subordinated	15,433	17,004
Unsecured	5,118	5,359
Total notes receivable	115,514	108,282
Less: allowance for credit losses	7,331	8,616
Total notes receivable, net of allowance for credit losses	\$ 108,183	\$ 99,666
Current portion, net of allowance for credit losses	\$ 75,501	\$ 20,766
Long-term portion, net of allowance for credit losses	\$ 32,682	\$ 78,900

The following table summarizes the amortized cost basis of the notes receivable by the year of origination and credit quality indicator:

(in thousands)	2024	2023	2022	2021	2020	Prior	Total
Senior	\$ 38,205	\$ —	\$ —	\$ —	\$ —	\$ 56,758	\$ 94,963
Subordinated	—	3,499	—	—	—	11,934	15,433
Unsecured	113	—	69	1,145	761	3,030	5,118
Total notes receivable	\$ 38,318	\$ 3,499	\$ 69	\$ 1,145	\$ 761	\$ 71,722	\$ 115,514

The following table summarizes the activity related to the Company's notes receivable allowance for credit losses:

(in thousands)	December 31,	
	2024	2023
Beginning balance	\$ 8,616	\$ 10,172
(Reversal) provision for credit losses	(609)	763
Recoveries	(676)	(2,319)
Ending balance	\$ 7,331	\$ 8,616

During the years ended December 31, 2024 and 2023, the recoveries were primarily associated with cash collections pursuant to a settlement agreement with a borrower.

As of December 31, 2024 and December 31, 2023, one note receivable loan with a senior credit quality indicator met the definition of collateral-dependent and is collateralized by the membership interests in the borrowing entities and the associated land parcel. The Company used a market approach that uses quoted market prices to value the underlying collateral. The Company reviewed the borrower's financial statements, economic trends, industry projections for the market, and comparable sales capitalization rates, which represent significant inputs to the cash flow projections. These nonrecurring fair value measurements are classified as Level 3 in the fair value measurement hierarchy because they are unobservable inputs which are significant to the overall fair value. Based on the Company's analysis, the fair value of the collateral secures substantially all of the carrying value of the respective note receivable loan. The allowance for credit losses attributable to the collateral-dependent note receivable loan was \$2.2 million as of December 31, 2024 and 2023.

The following table summarizes the past due balances by credit quality indicator of the notes receivable:

(in thousands)	1-30 days Past Due	31-89 days Past Due	> 90 days Past Due	Total Past Due	Current	Total Notes Receivable
As of December 31, 2024						
Senior	\$ —	\$ —	\$ 15,200	\$ 15,200	\$ 79,763	\$ 94,963
Subordinated	—	—	2,264	2,264	13,169	15,433
Unsecured	—	—	784	784	4,334	5,118
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,248</u>	<u>\$ 18,248</u>	<u>\$ 97,266</u>	<u>\$ 115,514</u>
As of December 31, 2023						
Senior	\$ —	\$ —	\$ 15,200	\$ 15,200	\$ 70,719	\$ 85,919
Subordinated	—	2,936	—	2,936	14,068	17,004
Unsecured	—	—	400	400	4,959	5,359
	<u>\$ —</u>	<u>\$ 2,936</u>	<u>\$ 15,600</u>	<u>\$ 18,536</u>	<u>\$ 89,746</u>	<u>\$ 108,282</u>

The amortized cost basis of the notes receivable in a non-accrual status was \$17.5 million and \$15.9 million as of December 31, 2024 and 2023, respectively.

Variable Interest through Notes Receivable

The Company has issued notes receivable loans to certain entities that have created variable interests in the associated borrowers totaling \$103.1 million and \$95.1 million as of December 31, 2024 and 2023, respectively. The Company has determined that it is not the primary beneficiary of these variable interest entities ("VIEs"). For the collateral-dependent loans, the Company has no exposure to the borrowing VIE beyond the respective note receivable and the limited commitments which are addressed in Note 23.

Accounts Receivable

Accounts receivable consists primarily of franchise and related fees due from the hotel franchisees and are recorded at the invoiced amount.

During the year ended December 31, 2024, the Company recognized provisions for credit losses on accounts receivable of \$11.0 million in selling, general and administrative expenses, and \$9.7 million in other expenses from franchised and managed properties, in the consolidated statements of income. During the year ended December 31, 2023, the Company recognized provisions for credit losses on accounts receivable of \$7.5 million in selling, general and administrative expenses, and \$9.0 million in other expenses from franchised and managed properties, in the consolidated statements of income. For the years ended December 31, 2024 and 2023, the Company recorded write-offs, net of recoveries, through the accounts receivable allowance for credit losses of \$14.4 million and \$0.6 million, respectively.

5. Property and Equipment

The components of property and equipment were the following:

(in thousands)	December 31,	
	2024	2023
Land and land improvements	\$ 51,045	\$ 44,978
Construction in progress and software under development	151,756	98,310
Computer equipment and software	105,196	261,287
Buildings and leasehold improvements	354,689	305,485
Furniture, fixtures, vehicles and equipment	67,562	63,917
Property and equipment	730,248	773,977
Less: Accumulated depreciation and amortization	(125,903)	(280,499)
Property and equipment, net	<u>\$ 604,345</u>	<u>\$ 493,478</u>

For the years ended December 31, 2024, 2023, and 2022, the Company recognized depreciation and amortization expense of \$23.0 million, \$20.9 million, and \$14.5 million, respectively, in depreciation and amortization in the consolidated statements of income. Additionally, for the years ended December 31, 2024, 2023, and 2022, the Company recognized depreciation and

amortization expense of \$25.6 million, \$32.2 million, and \$29.4 million, respectively, in other expenses from franchised and managed properties in the consolidated statements of income.

For the years ended December 31, 2024, 2023, and 2022, the Company recognized amortization of capitalized software development costs of \$22.8 million, \$30.3 million, and \$26.6 million, respectively, which are included in the total depreciation and amortization expense amounts that are disclosed in the paragraph above. As of December 31, 2024 and 2023, unamortized capitalized software development costs were \$65.3 million and \$50.3 million, respectively.

6. Goodwill, Impairment of Assets, and Sale of Business and Assets

Goodwill

The following table summarizes the carrying amount of the Company's goodwill:

(in thousands)	December 31,	
	2024	2023
Goodwill	\$ 227,765	\$ 226,231
Goodwill arising from the Radisson Hotels Americas acquisition	—	1,534
Total goodwill, gross carrying amount	227,765	227,765
Accumulated impairment losses	(7,578)	(7,578)
Goodwill, net carrying amount	\$ 220,187	\$ 220,187

As of December 31, 2024 and 2023, goodwill is entirely attributable to the Hotel Franchising reporting unit. The Company assessed the qualitative factors attributable to the Hotel Franchising reporting unit and determined that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount. The Hotel Franchising reporting unit is included in the Hotel Franchising & Management reportable segment in Note 20.

Long-lived Asset Group Impairments

Legacy Radisson Corporate Office Lease

On October 12, 2023, the Company executed an agreement to sublease the legacy Radisson corporate office space in Minneapolis, Minnesota. As a result of the intended change of use, the Company determined the assets associated with the legacy Radisson corporate office space represent their own long-lived asset group, inclusive of the head lease right-of-use asset and leasehold improvements, with a carrying value of \$9.5 million. The legacy Radisson corporate office space long-lived asset group was determined to be impaired due to the carrying value exceeding its fair value, which resulted in the recognition of a \$3.4 million impairment loss, which is presented in impairments of long-lived assets in the consolidated statements of income and the Corporate & Other segment in Note 20. This nonrecurring fair value measurement, which is based on a discounted cash flows analysis, is classified as Level 3 in the fair value measurement hierarchy because there are unobservable inputs which are significant to the overall fair value.

Real Estate Asset Sales

During the year ended December 31, 2022, four separately owned Cambria hotel assets or land parcels met the held for sale classification and the Company completed the sale transactions to third-party franchisees, which resulted in the derecognition of the assets from the consolidated balance sheets. During the year ended December 31, 2022, the Company recognized a gain on sale of business and assets, net for the four sale transactions of \$16.2 million in the Corporate & Other segment.

7. Intangible Assets

The components of the Company's intangible assets were the following:

(in thousands)	As of December 31, 2024			As of December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Franchise Rights ⁽¹⁾	\$ 278,956	\$ 67,620	\$ 211,336	\$ 354,735	\$ 123,845	\$ 230,890
Franchise Agreement Acquisition Costs ⁽²⁾	548,544	128,932	419,612	424,695	98,103	326,592
Trademarks & Other ⁽³⁾	12,444	6,414	6,030	19,876	13,721	6,155
Capitalized SaaS Licenses ⁽⁴⁾	6,392	6,071	321	17,397	16,673	724
Total amortizing intangible assets	846,336	209,037	637,299	816,703	252,342	564,361
Trademarks (non-amortizing) ⁽⁵⁾	246,714	—	246,714	246,714	—	246,714
Total intangible assets	\$ 1,093,050	\$ 209,037	\$ 884,013	\$ 1,063,417	\$ 252,342	\$ 811,075

- (1) Represents the purchase price assigned to long-term franchise contracts. The unamortized balance relates primarily to the franchise rights established from the Radisson Hotels Americas Transaction, as well as the active WoodSpring franchise rights since the acquisition. The franchise rights are being amortized over useful lives ranging from 12 to 15 years on a straight-line basis.
- (2) Represents certain payments to customers as an incentive to enter into new franchise agreements, which are amortized as a reduction to royalty, licensing and management fees and other revenues from franchised and managed properties in the consolidated statements of income over useful lives generally ranging from 10 to 30 years on a straight-line basis commencing at hotel opening. The gross and accumulated amortization amounts are written off upon full amortization recognition, including the termination of an associated franchise agreement.
- (3) Represents definite-lived trademarks and other amortizing assets, including management agreements, which are generally amortized on a straight-line basis over a period of 10 years to 30 years.
- (4) Represents software licenses that have been capitalized under a SaaS agreement, which are generally amortized on a straight-line basis over an average period of 3 years.
- (5) Represents the purchase price assigned to the Radisson, WoodSpring, and Suburban trademarks that were recognized at the time of their respective acquisitions. The trademarks are non-amortizing assets because they are expected to generate future cash flows for an indefinite period of time.

For the years ended December 31, 2024, 2023, and 2022, amortization on the amortizing intangible assets was \$50.9 million, \$42.5 million, and \$35.1 million, respectively.

The estimated annual amortization on the amortizing intangible assets for each of the next five years is as follows:

(in thousands)	
2025	\$ 48,894
2026	\$ 47,947
2027	\$ 47,012
2028	\$ 45,328
2029	\$ 44,127

8. Investments in Affiliates

The Company has equity method investments in affiliates primarily related to the Company's program to offer equity support to qualified franchisees to develop and operate Cambria Hotels and Everhome Suites in strategic markets.

As of December 31, 2024 and 2023, the Company had total investments in affiliates in the consolidated balance sheets of \$117.0 million and \$70.6 million, respectively, which included investments in affiliates that represent VIEs of \$104.2 million and \$59.4 million, respectively. The Company has determined that it is not the primary beneficiary of any of these VIEs, however the Company does exercise significant influence through its equity ownership and as a result, the investments in these affiliates are accounted for under the equity method of accounting. During the years ended December 31, 2024, 2023, and 2022, the Company recognized gains of \$6.9 million, and losses of \$3.4 million and \$3.7 million, respectively, from these investments that represent VIEs. The Company's maximum exposure to losses related to its investments in the VIEs is limited to the total of its respective equity investment as well as certain limited payment guaranties, which are described in Note 23 to these consolidated financial statements.

During the years ended December 31, 2024 and 2023, the Company recognized no impairment charges related to its equity method investments. During the year ended December 31, 2022, the Company recognized impairment charges of \$0.2 million related to certain equity method investments. The Company estimated the fair value of each investment on an individual basis and derived the fair value from a combination of observable prices from offers received for either the underlying collateral or the ownership interest of the unconsolidated affiliate, comparable market transactions, and DCF techniques to project the cash

flows for the investment based upon the underlying property. There are judgments and assumptions in each of these fair value determinations, including our selection of comparable market transactions, the amount and timing of the expected future cash flows, long-term growth rates, and sales capitalization rates. These nonrecurring fair value measurements are classified as level three in the fair value measurement hierarchy, as the Company utilized unobservable inputs which are significant to the overall fair value. Based on these analyses, in each case, the Company determined that the fair value declined below the carrying value and the decline is other-than-temporary. As a result, the Company recognized an impairment charge equal to the difference between the carrying value and the estimated fair value for each investment.

During the year ended December 31, 2024, the Company received distributions from the sale of affiliates of \$15.9 million and recognized net gains of \$7.2 million, which was recognized in equity in net gain of affiliates in the consolidated statements of income. During the year ended December 31, 2023, the Company received distributions of \$0.9 million which resulted in no net gains (losses). During the year ended December 31, 2022, the Company received no distributions and therefore recognized no net gains (losses).

The Company's ownership interests in its affiliates were as follows:

	Ownership Interest	
	December 31, 2024	December 31, 2023
Choice Hotels Canada, Inc. ⁽¹⁾	50 %	50 %
Main Street WP Hotel Associates, LLC	50 %	50 %
CS Hotel West Orange, LLC	50 %	50 %
City Market Hotel Development, LLC ⁽²⁾	— %	43 %
926 James M. Wood Boulevard, LLC	75 %	75 %
EH Glendale JV, LLC	80 %	80 %
CS Lakeside Santa Clara LLC	50 %	50 %
BL 219 Holdco, LP	50 %	50 %
Integrated 32 West Randolph, LLC	20 %	20 %
EH Nampa JV LLC	80 %	80 %
Radisson Hotel La Crosse ⁽¹⁾	14 %	14 %
EH Cheyenne JV, LLC	80 %	80 %
EH Waco JV, LLC	80 %	80 %
EH Amarillo JV, LLC	80 %	80 %
EH Yuma JV, LLC	80 %	80 %
EH El Paso JV, LLC	80 %	80 %
EH Brownsville JV, LLC	80 %	80 %
EH Wichita JV, LLC	80 %	— %
CH East Avenue, LLC	65 %	— %
EH Salem JV, LLC	80 %	— %
EH Clarksville JV, LLC	80 %	— %

(1) Non-VIE investments.

(2) During the year ended December 31, 2024, the Company received a liquidating distribution as a result of the affiliate selling its underlying assets.

The following tables present summarized financial information for all of the unconsolidated joint ventures in which the Company holds an investment in affiliate that is accounted for under the equity method of accounting:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
Revenues	\$ 65,732	\$ 65,634	\$ 58,821
Operating income	\$ 14,199	\$ 12,504	\$ 7,977
(Loss) income before income taxes	\$ (1,203)	\$ 314	\$ 1,837
Net loss	\$ (3,488)	\$ (1,255)	\$ (1,058)

(in thousands)	As of December 31,	
	2024	2023
Current assets	\$ 71,737	\$ 63,397
Non-current assets	412,269	269,693
Total assets	<u>\$ 484,006</u>	<u>\$ 333,090</u>
Current liabilities	\$ 84,966	\$ 63,526
Non-current liabilities	257,130	177,451
Total liabilities	<u>\$ 342,096</u>	<u>\$ 240,977</u>

9. Other Assets

Other assets consisted of the following:

(in thousands)	December 31,	
	2024	2023
Land and buildings	\$ 20,303	\$ 20,303
Capitalized franchise sales commissions	59,450	58,611
Other assets	14,083	14,375
Total other assets	<u>\$ 93,836</u>	<u>\$ 93,289</u>

The land and buildings presented as other assets in the consolidated balance sheets represent real estate that the Company does not intend to progress to active construction and development.

10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31,	
	2024	2023
Accrued compensation and benefits	\$ 55,806	\$ 51,385
Accrued interest	27,333	10,606
Dividends payable	13,888	14,902
Termination benefits	5,944	5,252
Income taxes payable	10,405	6,954
Current operating lease liabilities	5,367	4,238
Other liabilities	17,986	15,911
Total accrued expenses and other current liabilities	<u>\$ 136,729</u>	<u>\$ 109,248</u>

11. Deferred Revenue

Deferred revenue consisted of the following:

(in thousands)	December 31,	
	2024	2023
Initial franchise fees	\$ 111,240	\$ 128,935
Loyalty program	110,371	98,225
System implementation fees	3,601	3,912
Procurement services fees	3,882	7,963
Other	5,279	2,782
Total deferred revenue	\$ 234,373	\$ 241,817
Current portion	\$ 102,114	\$ 108,316
Long-term portion	\$ 132,259	\$ 133,501

Refer to Note 2 for the revenue recognition policies resulting in the deferral of revenue, including the relationship between the loyalty program deferred revenue and the liability for the guest loyalty program.

12. Debt

Debt consisted of the following:

	December 31,	
	2024	2023
	(in thousands)	
\$400 million senior unsecured notes due 2029 ("2019 Senior Notes") with an effective interest rate of 3.88%, less a discount and deferred issuance costs of \$3.0 million and \$3.6 million at December 31, 2024 and December 31, 2023, respectively	\$ 397,042	\$ 396,440
\$450 million senior unsecured notes due 2031 ("2020 Senior Notes") with an effective interest rate of 3.86%, less a discount and deferred issuance costs of \$3.7 million and \$4.3 million at December 31, 2024 and December 31, 2023, respectively	446,300	445,690
\$600 million senior unsecured notes due 2034 ("2024 Senior Notes") with an effective interest rate of 6.11%, less a discount and deferred issuance costs of \$11.2 million at December 31, 2024	588,764	—
\$500 million unsecured term loan due 2024 ("2023 Term Loan") with an effective interest rate of 6.83%, less a discount and deferred issuance costs of \$0.7 million at December 31, 2023	—	499,268
\$1 billion senior unsecured revolving credit facility with an effective interest rate of 6.10%, less deferred issuance costs of \$3.6 million and \$1.9 million at December 31, 2024 and December 31, 2023, respectively	336,420	226,621
Total debt	\$ 1,768,526	\$ 1,568,019
Less: current portion	—	499,268
Total long-term debt	\$ 1,768,526	\$ 1,068,751

As of December 31, 2024, the scheduled principal maturities of debt, net of unamortized discounts, premiums, and deferred issuance costs, were as follows:

(in thousands)	Senior Notes	Revolving Credit Facility	Total
2025	\$ —	\$ —	\$ —
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029	397,042	336,420	733,462
Thereafter	1,035,064	—	1,035,064
Total payments	\$ 1,432,106	\$ 336,420	\$ 1,768,526

Senior Unsecured Revolving Credit Facility

On June 28, 2024, the Company entered into a Second Amended and Restated Senior Unsecured Credit Agreement (the "Restated Credit Agreement"), which amended and restated the Company's existing amended and restated senior unsecured credit agreement dated August 20, 2018 (the "Former Credit Agreement"). The Former Credit Agreement provided for an \$850 million unsecured revolving credit facility (the "Revolver") with a final maturity date of August 20, 2026. The Restated Credit Agreement increased the commitments under the Revolver to \$1 billion and extended the final maturity date of the Revolver to June 28, 2029, subject to optional one-year extensions that can be requested by the Company prior to each of the third, fourth, and fifth anniversaries of the closing date of the Restated Credit Agreement. The effectiveness of such extension is subject to the consent of the lenders under the Restated Credit Agreement and certain customary conditions. The Restated Credit Agreement also provides that up to \$50 million of borrowings under the Revolver may be used for alternative currency loans, up to \$10 million of capacity under the Revolver may be used for the issuance of letters of credit, and up to \$25 million of borrowings under the Revolver may be used for swingline loans. The Company may from time to time designate one or more wholly-owned subsidiaries of the Company as additional borrowers under the Restated Credit Agreement, subject to the consent of the lenders and certain customary conditions. At any time prior to the final maturity date, the Company may increase the amount of the Revolver or add one or more term loan facilities under the Restated Credit Agreement by up to an additional \$500 million in the aggregate to the extent that any one or more lenders commit to being a lender for the additional amount of such increase or the term loan facility and certain other customary conditions are met.

2024 Senior Unsecured Notes Due 2034

On July 2, 2024, the Company issued unsecured senior notes with a principal amount of \$600 million (the "2024 Senior Notes") at a discount of \$6.4 million, bearing a coupon of 5.85%, with an effective rate of 6.11%, and mature on August 1, 2034. Interest on the 2024 Senior Notes is payable semi-annually on February 1st and August 1st of each year, commencing on February 1, 2025. The interest rate payable on the 2024 Senior Notes will be subject to adjustment based on certain rating events.

2023 Term Loan Due 2024

On December 18, 2023, the Company entered into a \$500 million unsecured term loan with a maturity date of December 16, 2024 (the "2023 Term Loan"). The 2023 Term Loan and all accrued but unpaid interest must be repaid in full on the maturity date. On July 2, 2024, the Company used a portion of the net proceeds from the sale of the 2024 Senior Notes, after deducting underwriting discounts and commissions and other offering expenses, to repay in full the 2023 Term Loan.

13. Non-Qualified Retirement, Savings, and Investment Plans

The Company sponsors two non-qualified retirement savings and investment plans for certain employees and senior executives. Employee and Company contributions are maintained in separate irrevocable trusts. Legally, the assets of the trusts remain those of the Company; however, access to the trusts' assets is severely restricted. The trusts cannot be revoked by the Company or an acquirer, but the assets are subject to the claims of the Company's general creditors. The participants do not have the right to assign or transfer contractual rights in the trusts.

In 2002, the Company adopted the Choice Hotels International, Inc. Executive Deferred Compensation Plan ("EDCP") which became effective on January 1, 2003. Under the EDCP, certain executive officers may defer a portion of their salary into an irrevocable trust and invest these amounts in a selection of available diversified investment options. In 1997, the Company adopted the Choice Hotels International, Inc. Non-Qualified Retirement Savings and Investment Plan ("Non-Qualified Plan"). The Non-Qualified Plan allows certain employees who do not participate in the EDCP to defer a portion of their salary and invest these amounts in a selection of available diversified investment options. Under the EDCP and the Non-Qualified Plan (together, the "Deferred Compensation Plan"), the Company recognized current and long-term deferred compensation and retirement plan liabilities of \$55.0 million and \$47.5 million as of December 31, 2024 and 2023, respectively, related to the deferrals and the credited investment returns under these two deferred compensation plans. Compensation expense or benefit is recognized in selling, general and administrative expenses in the consolidated statements of income based on the change in the deferred compensation and retirement plan obligations related to the earnings credited to the participants as well as the changes in the fair value of the diversified investments. For the years ended December 31, 2024 and 2023, the Company recognized compensation expense of \$8.2 million and \$7.0 million, respectively, in selling, general and administrative expenses in the consolidated statements of income. For the year ended December 31, 2022, the Company recognized compensation benefit of \$5.3 million in selling, general and administrative expenses in the consolidated statements of income.

14. Fair Value Measurements

The Company estimates the fair value of its financial instruments utilizing a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The following summarizes the three levels of inputs, as well as the assets that the Company values using those levels of inputs on a recurring basis.

Level 1 - Quoted prices in active markets for identical assets and liabilities. The Company's Level 1 assets consist of equity securities and mutual funds held in the Company's Deferred Compensation Plan.

Level 2 - Observable inputs, other than quoted prices in active markets for identical assets and liabilities, such as quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable. The Company's Level 2 assets consist of money market funds held in the Company's Deferred Compensation Plan.

Level 3 - Unobservable inputs, supported by little or no market data available, where the reporting entity is required to develop its own assumptions to determine the fair value of the instrument. The Company does not currently have any assets recorded at fair value on a recurring basis whose fair value was determined using Level 3 inputs and there were no transfers of Level 3 assets during the years ended December 31, 2024 and 2023.

The Company recognized the following assets at fair value on a recurring basis in the consolidated balance sheets:

(in thousands)	Fair Value Measurements at Reporting Date Using			
	Total	Level 1	Level 2	Level 3
As of December 31, 2024				
Equity securities	\$ —	\$ —	\$ —	\$ —
Mutual funds ⁽¹⁾	43,887	43,887	—	—
Money market funds ⁽¹⁾	5,439	—	5,439	—
Total	\$ 49,326	\$ 43,887	\$ 5,439	\$ —
As of December 31, 2023				
Equity securities	\$ 116,374	\$ 116,374	\$ —	\$ —
Mutual funds ⁽¹⁾	36,810	36,810	—	—
Money market funds ⁽¹⁾	4,767	—	4,767	—
Total	\$ 157,951	\$ 153,184	\$ 4,767	\$ —

(1) The current assets at fair value noted above are presented in prepaid expenses and other current assets in the consolidated balance sheets. The long-term assets at fair value noted above are presented in investments for employee benefit plans, at fair value in the consolidated balance sheets.

Investments in Equity Securities

For the year ended December 31, 2024, the Company sold approximately 1.4 million shares of equity securities of another issuer for \$108.1 million and recognized a net loss of \$8.3 million on the sales of equity securities. The following table is a summary of the unrealized gains and losses of the investments in equity securities:

(in thousands)	As of December 31, 2024				As of December 31, 2023			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity Securities	\$ —	\$ —	\$ —	\$ —	\$ 112,420	\$ 3,954	\$ —	\$ 116,374

Other Financial Instruments Disclosure

The Company believes that the fair values of its current assets and current liabilities approximate their reported carrying amounts due to the short-term nature of these items. In addition, the interest rate on the senior unsecured revolving credit facility adjusts frequently based on current market interest rates; therefore, the Company believes the carrying amount approximates the fair value.

The fair values of the Company's senior unsecured notes are classified as Level 2 because the significant inputs are observable in an active market. Refer to Note 12 for additional information on debt. As of December 31, 2024 and 2023, the carrying amounts and the fair values were as follows:

(in thousands)	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2019 Senior Notes Due 2029	\$ 397,042	\$ 371,600	\$ 396,440	\$ 355,068
2020 Senior Notes Due 2031	\$ 446,300	\$ 405,351	\$ 445,690	\$ 389,241
2024 Senior Notes Due 2034	\$ 588,764	\$ 601,836	\$ —	\$ —

The fair value estimates are determined at a specific point in time, are subjective in nature, and involve uncertainties and matters of significant judgment. The settlement of such fair value amounts may not be possible or a prudent management decision.

15. Income Taxes

The Company's income before income taxes, classified by source of income, was as follows:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
U.S.	\$ 370,395	\$ 303,337	\$ 409,666
Outside the U.S.	25,250	33,619	27,140
Income before income taxes	\$ 395,645	\$ 336,956	\$ 436,806

The provision for income taxes, classified by the timing and the location of payment, was as follows:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
Current tax expense			
Federal	\$ 89,716	\$ 60,493	\$ 103,275
State	21,518	16,890	20,068
Foreign	2,609	1,593	2,331
Deferred tax (benefit) expense			
Federal	(18,378)	(2,022)	(18,974)
State	(2,908)	(1,874)	(4,163)
Foreign	3,423	3,369	2,117
Income tax expense	\$ 95,980	\$ 78,449	\$ 104,654

The net deferred tax assets were as follows:

(in thousands)	December 31,	
	2024	2023
Deferred tax assets:		
Accrued compensation	\$ 20,958	\$ 18,325
Deferred revenue	40,946	30,007
Receivable, net	12,345	12,460
Tax credits	24,663	19,194
Operating lease liabilities	28,455	28,673
Partnership interests	5,130	5,516
Capitalized research and experimental expenditures	44,946	30,781
Foreign net operating losses	7,870	7,564
Non-U.S. intellectual property	11,333	15,149
Other	7,235	6,588
Total gross deferred tax assets	203,881	174,257
Less: Valuation allowance	(29,660)	(24,228)
Deferred tax assets	\$ 174,221	\$ 150,029
Deferred tax liabilities:		
Property, equipment and intangible assets	\$ (42,895)	\$ (36,386)
Operating lease ROU assets	(20,016)	(21,379)
Other	(3,002)	(2,729)
Deferred tax liabilities	(65,913)	(60,494)
Net deferred tax assets	\$ 108,308	\$ 89,535

The Company assesses all positive and negative evidence to estimate whether sufficient future taxable income will be generated to use its deferred tax assets. Based on this evaluation, the Company recorded a net change to its valuation allowance of \$5.4 million due to state tax credits.

The Company has \$24.7 million of state income tax credit carryforwards. It is unlikely that the Company will realize these benefits. Accordingly, the Company has provided a full valuation allowance against these carryforwards.

As of December 31, 2024, the Company had gross foreign net operating losses ("NOLs") of \$29.3 million, all of which have indefinite carryforward lives. The Company has recorded a tax-effected valuation allowance of \$1.8 million for these NOLs, primarily related to France and India. In addition, the Company has a Dutch deferred tax asset of \$11.3 million, for which it has recorded a valuation allowance of \$3.0 million. The Dutch valuation allowance did not change during the year ended December 31, 2024.

The following table presents a reconciliation of the statutory United States federal income tax rate to the effective income tax rate for continuing operations:

	Year Ended December 31,		
	2024	2023	2022
Statutory U.S. federal income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	3.5 %	3.2 %	3.0 %
Expenses related to foreign operations	0.7 %	0.3 %	0.1 %
Expenses related to compensation, net	1.3 %	1.0 %	1.0 %
Unrecognized tax positions	(0.8)%	0.5 %	0.2 %
Tax credits	(2.4)%	(2.4)%	(1.5)%
Valuation allowance	0.6 %	0.6 %	0.5 %
Other	0.4 %	(0.9)%	(0.3)%
Effective income tax rate	24.3 %	23.3 %	24.0 %

The Company's effective income tax rates from continuing operations were 24.3%, 23.3%, and 24.0% for the years ended December 31, 2024, 2023, and 2022, respectively.

The effective income tax rates for the years ended December 31, 2024, 2023, and 2022 were higher than the U.S. federal income tax rate of 21.0% primarily due to the impact of state income taxes and tax expense related to compensation, partially offset by federal income tax credits.

For the years ended December 31, 2024, 2023, and 2022, the Company's gross unrecognized tax benefits totaled \$6.9 million, \$13.4 million, and \$11.9 million, respectively. After considering the deferred income tax accounting impact, it is expected that approximately \$4.6 million of the total as of December 31, 2024 would reduce the effective income tax rate if resolved in the Company's favor.

The following table presents a reconciliation of the beginning and ending amounts of the unrecognized tax benefits:

(in thousands)	2024	2023	2022
Balance, January 1	\$ 13,434	\$ 11,876	\$ 11,147
Changes for tax positions of prior years	(776)	2,338	(31)
Increases for tax positions related to the current year	1,516	1,670	1,650
Settlements and lapsing of statutes of limitations	(7,260)	(2,450)	(890)
Balance, December 31	\$ 6,914	\$ 13,434	\$ 11,876

It is reasonably possible that the Company's unrecognized tax benefits could decrease within the next 12 months by as much as \$2.6 million due to settlements and the expiration of applicable statutes of limitations. The Company's federal income tax returns for the 2021, 2022, 2023, and 2024 tax years are subject to examination by the Internal Revenue Service.

The Company's policy is to recognize interest and penalties related to income tax matters in the provision for income taxes. The Company did not incur any material interest or penalties during the years ended December 31, 2024, 2023, and 2022. The Company had \$0.3 million and \$0.1 million of accrued interest and penalties as of December 31, 2024 and 2023, respectively.

16. Share-Based Compensation and Capital Stock

Share-Based Compensation

The Company has stock compensation plans pursuant to which it is authorized to grant share-based awards, including restricted stock, stock options, stock appreciation rights, and performance-based share awards, to officers, key employees, and non-employee directors with contractual terms that are set by the Compensation and Management Development Committee of the Board of Directors. Approximately 1.1 million shares of the Company's common stock remain available for grant as of December 31, 2024. The Company's policy allows the issuance of new common stock shares or treasury shares to satisfy the share-based awards.

For the year ended December 31, 2024, the following table presents a summary of the share-based award activity:

	2024						
	Stock Options			Restricted Stock		Performance Vested Restricted Stock Units	
	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2024	943,641	\$ 102.90		361,668	\$ 136.05	458,495	\$ 136.14
Granted	78,988	111.94		69,249	115.57	147,943	115.04
Performance-based leveraging*	—	—		—	—	31,468	116.43
Exercised/vested	(249,059)	80.03		(59,266)	111.50	(146,675)	107.54
Expired	—	—		—	—	(8,028)	108.79
Forfeited	(1,929)	126.23		(16,246)	124.09	(15,682)	131.59
Outstanding as of December 31, 2024	771,641	\$ 111.15	6.2 years	355,405	\$ 136.67	467,521	\$ 137.74
Options exercisable as of December 31, 2024	481,522	\$ 104.67	5.3 years				

* The outstanding PVRUs have been adjusted by 31,468 net units during the year ended December 31, 2024, due to an increase in the outstanding PVRUs as a result of the Company exceeding the targeted performance conditions.

The components of the Company's share-based compensation expense were as follows:

(in thousands)	For the Year Ended December 31,		
	2024	2023	2022
Stock options	\$ 5,265	\$ 5,816	\$ 4,674
Restricted stock	12,728	13,774	14,349
Performance vested restricted stock units	20,447	20,924	21,436
Total share-based compensation expense	\$ 38,440	\$ 40,514	\$ 40,459

The following table as of December 31, 2024 is a summary of the total unrecognized compensation expense related to the share-based awards that have not yet vested and the related weighted average remaining amortization periods over which the compensation expense will be recognized:

(in thousands)	Unrecognized Compensation Expense on Unvested Awards	Weighted Average Remaining Amortization Period
Stock options	\$ 5,708	1.8 years
Restricted stock	23,601	2.2 years
Performance vested restricted stock units	24,661	1.9 years
Total	\$ 53,970	

Stock Options

The following table is a summary of the activity related to the stock option grants:

	For the Year Ended December 31,		
	2024	2023	2022
Number of options granted	78,988	88,733	172,441
Fair value of options granted (in thousands)	\$ 3,069	\$ 3,779	\$ 7,356
Weighted average exercise price per share	\$ 111.94	\$ 102.90	\$ 94.97
Total intrinsic value of stock options exercised (in thousands)	\$ 12,185	\$ 9,170	\$ 5,390
Total fair value of stock options vested (in thousands)	\$ 5,032	\$ 4,857	\$ 3,591

The stock options granted by the Company had an exercise price equal to the market price of the Company's common stock on the date of grant. As of December 31, 2024, the aggregate intrinsic value of the stock options outstanding and exercisable was \$24.5 million and \$18.3 million, respectively.

The fair value of the options granted was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2024	2023	2022
Risk-free interest rate	4.27 %	4.10 %	2.01 %
Expected volatility	31.34 %	30.90 %	29.46 %
Expected life of stock option	6.0 years	6.0 years	5.9 years
Dividend yield	1.03 %	0.90 %	0.66 %
Requisite service period	4 years	4 years	4 years
Contractual life	10 years	10 years	10 years
Weighted average fair value of the stock options granted (per stock option)	\$ 38.85	\$ 42.59	\$ 42.66

The expected life of the stock options and the expected volatility are based on historical data which is believed to be indicative of future exercise patterns and volatility. The historical volatility is calculated based on a period that corresponds to the expected life of the stock option. The dividend yield and the risk-free interest rate are calculated on the grant date based on the then-current dividend rate and the risk-free interest rate for the period corresponding to the expected life of the stock option.

Restricted Stock

The following table is a summary of the activity related to the restricted stock grants:

	For the Year Ended December 31,		
	2024	2023	2022
Restricted shares granted	69,249	65,991	273,777
Weighted average grant date fair value per share	\$ 115.57	\$ 123.65	\$ 143.76
Aggregate grant date fair value (in thousands)	\$ 8,003	\$ 8,160	\$ 39,357
Restricted shares forfeited	16,246	13,202	14,443
Vesting service period for the restricted shares granted	9 - 48 months	9 - 48 months	9 - 60 months
Fair value of the restricted shares vested (in thousands)	\$ 6,804	\$ 11,134	\$ 13,784

Performance Vested Restricted Stock Units

The following table is a summary of the activity related to the PVRSU grants:

	For the Years Ended December 31,		
	2024	2023	2022
PVRsUs granted at target	147,943	110,636	111,585
Weighted average grant date fair value per share	\$ 115.04	\$ 128.71	\$ 181.91
Aggregate grant date fair value (in thousands)	\$ 17,019	\$ 14,240	\$ 20,298
PVRsUs forfeited & expired	23,710	16,504	83,563
Requisite service period	9 - 48 months	9 - 48 months	9 - 60 months
Fair value of PVRsUs vested (in thousands)	\$ 15,773	\$ 17,413	\$ —

During the year ended December 31, 2024, the Company granted PVRsUs with performance conditions, PVRsUs with market conditions, and PVRsUs with performance and market conditions, with requisite service periods between 9 months and 48 months and with award vesting ranges generally between 0% and 230% of the initial units granted.

Share Repurchases and Redemptions

During the years ended December 31, 2024, 2023, and 2022, the Company redeemed 120,601, 114,242, and 36,120, respectively, shares of common stock at a total cost of approximately \$12.4 million, \$14.2 million, and \$5.4 million, respectively, from employees to satisfy the stock option exercise price and the statutory minimum tax-withholding requirements related to exercising stock options and the vesting of performance vested restricted stock units and restricted stock grants. These redemptions were outside of the share repurchase program.

17. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss were as follows:

(in thousands)	December 31,		
	2024	2023	2022
Foreign currency translation adjustments	\$ (6,193)	\$ (5,671)	\$ (5,211)
Total accumulated other comprehensive loss	\$ (6,193)	\$ (5,671)	\$ (5,211)

The changes in accumulated other comprehensive loss, net of tax, were as follows:

(in thousands)	Year Ended December 31,	
	2024	2023
Beginning Balance	\$ (5,671)	\$ (5,211)
Foreign currency translation adjustments	(522)	(460)
Ending Balance	\$ (6,193)	\$ (5,671)

Other comprehensive loss, net of tax, for the years ended December 31, 2024 and 2023 relates entirely to foreign currency items. There were no amounts reclassified from accumulated other comprehensive loss during the years ended December 31, 2024 and 2023.

18. Earnings Per Share

The Company's shares of restricted stock contain rights to receive nonforfeitable dividends and thus are participating securities requiring the computation of basic earnings per share using the two-class method. The shares of restricted stock are both potential shares of common stock and participating securities so the Company calculates diluted earnings per share by using the more dilutive of the treasury stock method or the two-class method. The calculation of earnings per share for the net income available to common shareholders excludes the distribution of dividends and the undistributed earnings attributable to the participating securities from the numerator. The diluted earnings per share includes stock options, PVRsUs, and RSUs in the calculation of the weighted average shares of common stock outstanding.

The computation of basic and diluted earnings per share was as follows:

(in thousands, except per share amounts)	Year Ended December 31,		
	2024	2023	2022
Numerator:			
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Income allocated to participating securities	(1,521)	(1,379)	(1,881)
Net income available to common shareholders	\$ 298,144	\$ 257,128	\$ 330,271
Denominator:			
Weighted average shares of common stock outstanding - basic	47,653	50,341	54,595
Basic earnings per share	\$ 6.26	\$ 5.11	\$ 6.05
Numerator:			
Net income	\$ 299,665	\$ 258,507	\$ 332,152
Income allocated to participating securities	(1,521)	(1,379)	(1,881)
Net income available to common shareholders	\$ 298,144	\$ 257,128	\$ 330,271
Denominator:			
Weighted average shares of common stock outstanding - basic	47,653	50,341	54,595
Dilutive effect of stock options, PVRsUs, and RSUs	425	359	526
Weighted average shares of common stock outstanding - diluted	48,078	50,700	55,121
Diluted earnings per share	\$ 6.20	\$ 5.07	\$ 5.99

The following securities have been excluded from the calculation of the diluted weighted average shares of common stock outstanding because the inclusion of these securities would have an anti-dilutive effect:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
Stock options	147	232	153
PVRSUs	7	71	—

19. Leases

Lessee

The Company has operating leases for office spaces, buildings, and equipment. The Company's leases, excluding the assumed ground lease discussed below, have remaining lease terms of four months to ten years, some of which include options to extend the lease for up to ten years. Additionally, the Company has a ground lease on an owned hotel with a remaining lease term of 87.3 years.

The Company's lease costs were as follows:

(in thousands)	Year Ended December 31,	
	2024	2023
Operating lease cost	\$ 11,979	\$ 13,786
Sublease income	(789)	(234)
Total lease cost	\$ 11,190	\$ 13,552

Other information related to the Company's lease arrangements were as follows:

(in thousands)	Year Ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 6,637	\$ 12,714
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating lease assets obtained in exchange for operating lease liabilities	\$ 4,585	\$ 28,605
Weighted-average remaining lease term	31.7 years	33.1 years
Weighted-average discount rate	5.07 %	5.04 %

As of December 31, 2024, the future minimum lease payments were as follows:

(in thousands)	
2025	\$ 8,500
2026	12,863
2027	13,545
2028	13,572
2029	13,577
Thereafter	311,586
Total minimum lease payments	\$ 373,643
Less: imputed interest	255,021
Present value of the minimum lease payments	\$ 118,622

Office Lease

On September 26, 2023, the Company's principal executive office lease agreement commenced with an unrelated third-party for a lease term of approximately twelve years. The Company accounted for this lease as an operating lease and established a lease liability and a right-of-use asset of approximately \$41.9 million and \$28.6 million, respectively.

Sublease

In October 2023, the Company entered into a lease agreement with an unrelated third-party to sublease the legacy Radisson corporate office space in Minneapolis, Minnesota. The sublease term is approximately eight years and commenced during the first quarter of 2024. The Company re-evaluated the head lease upon the effectiveness of this sublease, which resulted in the Company recognizing a \$3.4 million impairment loss on certain long-lived assets associated with the leased office space in 2023. Refer to Note 6 for additional information.

Related Party Lease

The Company and the family members of the Company's largest shareholder entered into an agreement that allows those family members to lease the Company's aircraft from time to time for their personal use. The agreement provides for lease payments that contribute towards the fixed costs associated with the aircraft as well as a reimbursement of the Company's variable costs associated with operating the aircraft, in compliance with and to the extent authorized by applicable regulatory requirements. The terms of this lease agreement are consistent with the terms of other lease agreements that the Company has entered into with unrelated third parties for use of the aircraft. During both of the years ended December 31, 2024 and 2023, the Company received less than \$0.1 million pursuant to this related party lease arrangement.

20. Reportable Segment Information

The Hotel Franchising & Management reportable segment includes the Company's hotel franchising operations which consists of its 22 brands and brand extensions and the hotel management operations of 13 hotels (inclusive of four owned hotels). The 22 brands and brand extensions and hotel management operations are aggregated together within this reportable segment because they have similar economic characteristics, types of customers, distribution channels, and regulatory business environments. The revenues from the hotel franchising and management business include royalty fees, initial franchise fees and relicensing fees, cost reimbursement revenues, platform and procurement services fees revenue, base and incentive management fees, and other hotel franchising and management-related revenue. The Company provides certain services under its franchise and management agreements which result in direct and indirect reimbursements. The cost reimbursement revenues received from the franchisees are included in Hotel Franchising & Management revenues and are offset by the related expenses in order to calculate Hotel Franchising & Management operating income. The equity in the earnings or losses from the hotel franchising-related investment in affiliates is allocated to the Hotel Franchising & Management reportable segment.

The Company evaluates its Hotel Franchising & Management reportable segment based primarily on the operating income of the segment without allocating corporate expenses or indirect general and administrative expenses. The Corporate & Other column includes the operations of the Company's owned hotels.

Intersegment Eliminations to revenues is the elimination of Hotel Franchising & Management revenue which includes royalty fees, management and cost reimbursement fees charged to our owned hotels against the franchise and management fee expense that is recognized by our owned hotels in Corporate & Other operating income (loss).

Our President and Chief Executive Officer, who is our chief operating decision maker (CODM), utilizes budgeted and forecasted financial information as well as industry metrics, such as RevPar, Occupancy, and ADR, to assess the performance and to make resource allocation decisions. The CODM does not use assets by operating segment when assessing the performance or when making operating segment resource allocation decisions and therefore, assets by segment are not disclosed below.

The following tables presents the financial information for the Company's segments:

(in thousands)	For the Year Ended December 31, 2024			
	Hotel Franchising & Management	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	\$ 1,470,592	\$ 126,450	\$ (12,203)	\$ 1,584,839
Other Segment Items ⁽¹⁾	866,514	223,473	(12,203)	1,077,784
Depreciation and amortization	19,779	23,503	—	43,282
Operating income (loss)	584,299	(120,526)	—	463,773
Reconciliation of segment profit or loss:				
Interest expense				87,131
Interest income				(8,646)
Loss on extinguishment of debt				331
Other loss				1,641
Equity in net gain of affiliates				(12,329)
Income before income taxes				\$ 395,645

(in thousands)	For the Year Ended December 31, 2023			
	Hotel Franchising & Management	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	\$ 1,444,394	\$ 110,854	\$ (11,083)	\$ 1,544,165
Other Segment Items ⁽¹⁾	916,680	223,881	(11,083)	1,129,478
Depreciation and amortization	19,183	20,476	—	39,659
Operating income (loss)	508,531	(133,503)	—	375,028
Reconciliation of segment profit or loss:				
Interest expense				63,780
Interest income				(7,764)
Gain on extinguishment of debt				(4,416)
Other gain				(10,649)
Equity in net gain of affiliates				(2,879)
Income before income taxes				\$ 336,956

(in thousands)	For the Year Ended December 31, 2022			
	Hotel Franchising & Management	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	\$ 1,298,521	\$ 108,879	\$ (5,451)	\$ 1,401,949
Other Segment Items ⁽¹⁾	732,681	165,693	(5,451)	892,923
Depreciation and amortization	12,935	17,490	—	30,425
Operating income (loss)	552,905	(74,304)	—	478,601
Reconciliation of segment profit or loss:				
Interest expense				43,797
Interest income				(7,288)
Loss (gain) on extinguishment of debt				—
Other loss				7,018
Equity in net gain of affiliates				(1,732)
Income before income taxes				\$ 436,806

⁽¹⁾ Other segment items for the reportable segment include selling, general and administrative expenses and other expenses from franchised and managed properties.

The results of the Company's international operations are included in the Hotel Franchising & Management reportable segment and Corporate & Other. For the years ended December 31, 2024, 2023, and 2022, the revenues generated by the international operations, including royalty fees, cost reimbursable revenues, and other revenues, were \$102.7 million, \$103.2 million, and \$70.2 million, respectively.

21. Related Party Transactions

Transactions with the Company's Largest Shareholder

Effective October 15, 1997, Choice Hotels International, Inc., which included both a franchising business and an owned hotel business, separated the businesses via a spin-off into two companies: Sunburst Hospitality Corporation (referred to hereafter as "Sunburst") and the Company. Subsequent to the spin-off, the Company's largest shareholder retained significant ownership percentages in both Sunburst and the Company. As part of the spin-off, Sunburst and the Company entered into a strategic alliance agreement (as amended, the "Strategic Alliance Agreement"). Among other things, the Strategic Alliance Agreement provided for revised royalty and system fees and the determination of liquidated damages related to the termination of Choice-branded Sunburst properties. The liquidated damage provisions extend through the life of the existing Sunburst franchise agreements.

On June 5, 2019, the Strategic Alliance Agreement was terminated and replaced with addenda to each of the five hotels under a franchise at that time. The addenda preserve certain terms from the Strategic Alliance Agreement with respect to the five hotels, including the revised royalty and system fees and liquidated damage provisions, which would also apply to new franchise agreements signed for the five hotels (as either a renewal or a change to another Choice brand not contemplated at the time of the original agreement execution). No terms were substantially modified with respect to the five hotels under franchise. In June 2019, the Company and Sunburst entered into master development agreements, which provide Sunburst the geographic exclusivity in two specified regions for the development of five WoodSpring branded hotels. For the years ended December 31, 2024 and 2023, there were nine and three new franchise agreements signed between the Company and Sunburst and its affiliates, respectively. As of December 31, 2024, Sunburst and its affiliates operated seven hotels under franchise with the Company.

For the years ended December 31, 2024, 2023, and 2022, the total franchise fees revenues, including royalty fees and marketing and reservation system fees, paid by Sunburst and its affiliates to the Company included in the consolidated financial statements was \$1.8 million, \$0.9 million, and \$0.8 million, respectively. As of December 31, 2024, there was no outstanding accounts receivable due from Sunburst and its affiliates. As of December 31, 2023, accounts receivable due from Sunburst and its affiliates was approximately \$0.1 million.

In November 2023, the Company executed a 13-month office work space agreement, beginning December 1, 2023, for family members of the Company's largest shareholder. Pursuant to this arrangement, the Company made payments of \$96 thousand and \$18 thousand during the years ended December 31, 2024 and 2023, respectively, for full repayment under the arrangement. During 2024, the Company executed a 12-month extension of the agreement, beginning January 1, 2025. Pursuant to this arrangement, the Company made payments of \$10 thousand during the year ended December 31, 2024. As of December 31, 2024, the Company had \$102 thousand of remaining payments under this arrangement.

22. Transactions with Unconsolidated Affiliates

The Company has extended loans to various unconsolidated affiliates or members of our unconsolidated affiliates. The Company had a total principal balance on these loans of \$66.2 million and \$64.5 million as of December 31, 2024 and December 31, 2023, respectively. These loans mature at various dates and bear interest at fixed or variable rates.

The Company has management fee arrangements with certain of its unconsolidated affiliates. The fees earned and the payroll costs reimbursed under these arrangements totaled \$8.5 million, \$7.9 million, and \$2.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company has entered into franchise agreements with certain of its unconsolidated affiliates. Pursuant to these franchise agreements, the Company recognized royalty fees and marketing and reservation system fees of approximately \$34.5 million, \$30.9 million, and \$27.2 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company recognized \$9.5 million and \$4.9 million of gross accounts receivables in the consolidated balance sheets from these unconsolidated affiliates as of December 31, 2024 and 2023, respectively.

23. Commitments and Contingencies

The Company is not a party to any litigation other than litigation in the ordinary course of business. The Company's management and legal counsel do not expect that the ultimate outcome of any of its current legal proceedings, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Contingencies

The Company entered into various limited payment guaranties with regards to the Company's VIEs in order to support their efforts to develop and own hotels that are franchised under the Company's brands. Under these limited payment guaranties, the Company has agreed to guarantee a portion of the outstanding debt until certain conditions are met, such as (a) the loan matures, (b) certain debt covenants are achieved, (c) the maximum amount guaranteed by the Company is paid in full, or (d) the Company, through its affiliates, ceases to be a member of the VIE. As of December 31, 2024, the maximum unrecorded exposure of the principal associated with these limited payment guaranties was \$30.1 million, plus unpaid expenses and accrued but unpaid interest. The Company believes the likelihood of having to perform under these guaranties is remote. In the event of performance, the Company has recourse for certain of the guaranties in the form of partial guaranties from third parties.

Commitments

The Company had the following outstanding commitments as of December 31, 2024:

- As part of the acquisition of Radisson Hotels Americas in August 2022, the Company entered into a long-term management arrangement, with an expiration date of July 31, 2031, to manage hotels owned by a third-party. As of December 31, 2024, the Company managed seven hotels pursuant to the long-term management arrangement. In conjunction with the management arrangement, the Company entered into a guarantee with the third-party to fund any shortfalls in the payment of the third-party owner's priority that is stipulated in the management agreement. The maximum guarantee under the agreement is \$22 million. The Company believes the future performance of the hotels is expected to be sufficient on both an annual basis and over the duration of the agreement. Accordingly, no liability was recognized as of December 31, 2024 in the consolidated balance sheets.
- The Company strategically deploys capital in the form of franchise agreement acquisition cost payments across our brands to incentivize franchise development. These payments are typically made at the commencement of construction or the hotel's opening, in accordance with agreed upon provisions in the individual franchise agreements. The timing and the amount of the franchise agreement acquisition cost payments are dependent on various factors, including the implementation of various development and brand incentive programs, the level of franchise sales, and the ability of our franchisees to complete construction or convert their hotels to one of the Company's brands.
- The Company has committed to provide financing in the form of loans or credit facilities to franchisees for brand development efforts. As of December 31, 2024, the Company had remaining commitments of up to \$6.2 million, if certain conditions are met.
- The Company's franchise agreements require the payment of franchise fees, which include marketing and reservation system fees. In accordance with the terms of our franchise agreements, the Company is obligated to use the marketing and reservation system revenues it collects from the current franchisees to provide marketing and reservation services that are appropriate to support the operation of the overall system. To the extent the revenues collected exceed the expenditures incurred, the Company has a commitment to the franchisee system to make expenditures in future years. Conversely, to the extent the expenditures incurred exceed the revenues collected, the Company has the contractual enforceable right to assess and collect such amounts from the franchisees.

In the ordinary course of business, the Company enters into numerous agreements that contain standard indemnities whereby the Company indemnifies another party for breaches of representations and warranties. Such indemnifications are granted under various agreements, including those governing (i) purchases or sales of assets or businesses, (ii) leases of real estate, (iii) licensing of trademarks, (iv) access to credit facilities, (v) issuances of debt or equity securities, and (vi) certain operating agreements. The indemnifications issued are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords in lease contracts, (iii) franchisees in licensing agreements, (iv) financial institutions in credit facility arrangements, (v) underwriters in debt or equity security issuances, and (vi) parties under certain operating agreements. In addition, these parties are also generally indemnified against any third-party claim resulting from the transaction that is contemplated in the underlying agreement. While some of these indemnities extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of the future payments that the Company could be required to make under these indemnities, nor is the Company able to develop an estimate of the maximum potential amount of the future payments that could be made under these indemnifications as the triggering events are not subject to

predictability. With respect to certain of the aforementioned indemnities, such as the indemnifications of the landlords against third-party claims for the use of real estate property leased by the Company, the Company maintains insurance coverage that mitigates any potential liability.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

The Company has a disclosure review committee whose membership includes the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), among others. The disclosure review committee's procedures are considered by the CEO and CFO in performing their evaluations of the Company's disclosure controls and procedures and in assessing the accuracy and completeness of the Company's disclosures.

Our management, with the participation of our CEO and CFO, have evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), as of the end of the period covered by this annual report as required by Rules 13a-15(b) or 15d-15(b) under the Exchange Act. Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.

An evaluation was performed under the supervision and with the participation of the Company's CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of December 31, 2024.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2024 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The management of Choice Hotels International, Inc. and its subsidiaries (together "the Company") is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on management's assessment under those criteria, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Choice Hotels International, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Choice Hotels International, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Choice Hotels International, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2024 consolidated financial statements of the Company and our report dated February 20, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia

February 20, 2025

EXHIBIT D

04/25

«PROP_CODE» - «CONTRACT_ID»
«Brand_Name»

**CHOICE HOTELS INTERNATIONAL, INC.
FRANCHISE AGREEMENT**

THIS AGREEMENT (“Agreement”) is made in Maryland, effective as of _____ (“Effective Date”), between **Choice Hotels International, Inc.**, a Delaware corporation (“we” or “us”), and «LIC_BLOCK» (“you”).

We and you agree as follows:

1. Definitions. In addition to the terms that are defined in other parts of this Agreement, the following terms shall have the indicated meanings:

a. “Brand Mark” means the trademark and trade name «**Brand_Name**»® and the logo designated by us for use in association with the Hotel (including designs, stylized letters, colors and other elements that we permit you to use at the Hotel and in advertising for the Hotel) and/or any other trademarks, trade names, trade dress, service marks or logos (whether registered or not), or any domain name, as we may require from time to time to be used in connection with the Hotel.

b. “Choice Marks” means collectively all of our trademarks and trade names, including, but not limited to, the Brand Mark, the trademarks and trade names ASCEND®, ASCEND HOTEL COLLECTION®, CAMBRIA®, CHOICE®, CHOICE HOTELS®, CLARION®, CLARION HOTEL®, CLARION HOTEL & SUITES®, CLARION INN®, CLARION INN & SUITES®, CLARION SUITES®, CLARION RESORT®, CLARION COLLECTION®, CLARION POINTE®, COMFORT®, COMFORT INN®, COMFORT INN & SUITES®, COMFORT SUITES®, COMFORT HOTEL®, COMFORT RESORT®, COUNTRY INN & SUITES® BY RADISSON, ECONO LODGE®, ECONO LODGE INN & SUITES®, EVERHOME®, EVERHOME SUITES®, MAINSTAY®, MAINSTAY SUITES®, PARK INN® BY RADISSON, PARK PLAZA®, QUALITY®, QUALITY INN®, QUALITY INN & SUITES®, QUALITY SUITES®, QUALITY HOTEL®, QUALITY RESORT®, RADISSON®, RADISSON BLU®, RADISSON INDIVIDUALS®, RADISSON COLLECTION®, RADISSON INN & SUITES™, RADISSON RED®, RODEWAY INN®, RODEWAY INN & SUITES®, SLEEP®, SLEEP INN®, SLEEP INN & SUITES®, SUBURBAN®, SUBURBAN STUDIOS®, WOODSPRING®, WOODSPRING SUITES®, and the names of our Property Management System and Reservation System, together with all related logos, trade dress, and any other additional or substituted trademarks, trade names, service marks or logos (whether registered or not) currently owned, licensed or used by us or that we later adopt, purchase or develop.

c. “Construction Start” means the date that bona fide pouring of footings for the Hotel begins at the Location in the case of a hotel to be constructed or the date that renovations begin in the case of an existing hotel that is to be Substantially Renovated. “Substantially Renovated” means as defined below.

d. “Designated Representative” means the person designated by you to represent you on all matters relating to this Agreement and to receive notices under this Agreement on your behalf. Unless you change the Designated Representative in accordance with Section 15 of this Agreement, your Designated Representative is «**LR1_NAME_FULL**» whose address is «**LR1_ADDRESS1**» «**LR1_ADDRESS2**» «**LR1_ADDRESS3**», «**LR1_CITY**», «**LR1_STATE**» «**LR1_POSTAL**» and «**LR2_NAME_FULL**» whose address is «**LR2_ADDRESS1**» «**LR2_ADDRESS2**» «**LR2_ADDRESS3**», «**LR2_CITY**», «**LR2_STATE**» «**LR2_POSTAL**».

e. "Gross Room Revenues" means all revenues from the rental, sale, in-kind exchange, use or occupancy of any of the Rentable Rooms (with no reduction for chargebacks, credit card service charges, group booking rebates, or bad debts), for whatever purpose, including cash and credit transactions, whether or not collected by you. Gross room revenues includes revenue derived from the redemption of points or rewards under any loyalty program, amounts attributable to breakfast (where the guest room rate includes breakfast), guaranteed no show revenue, early departure fees, late checkout fees, day use revenue, attrition or cancellation fees collected from unfulfilled reservations for Sleeping Rooms, proceeds from any business interruption insurance, as required by Section 12 of this Agreement, and other revenues allocable to rooms revenue under the then-current Uniform System of Accounting for the Lodging Industry or such accounting methods specified by us in the Rules and Regulations. Gross Room Revenues also includes the full market value of any Rentable Room (based on the average daily rate for a comparable room on the applicable night) that is provided at a substantial discount compared to the lowest bookable rate on the applicable night in exchange for other items, goods, services, or other consideration. It does not include sales tax, hotel occupancy tax, or any other taxes or fees that you are legally required to collect on behalf of any state or local government agency. It also does not include revenues from telephone calls, movie rentals, vending machines, room service or food and beverages sales.

f. "Hotel" means the property located at «PROP_ADDR1», «PROP_ADDR2» «PROP_CITY», «PROP_ST» «PROP_ZIP» ("Location") and includes the building, land and all improvements, structures, fixtures, amenities, equipment, furniture and related rights, privileges and properties at such Location.

g. "Hotel Supplies" means all furniture, fixtures, equipment (including, without limitation, computers, printers, telephones and facsimile machines), signs, amenities and other supplies used in the construction, renovation, maintenance and operation of the Hotel.

h. "Meeting Rooms" means the total number of meeting, conference and/or banquet or similar rooms generally available for rent in the Hotel, subject to change only in accordance with Section 8, below.

i. "Opening Date" means the date that you begin to rent any portion of the Rentable Rooms under this Agreement with our authorization pursuant to Section 6(s)(5) and as further defined in Section 6(s)(6).

j. "Other Choice Brand Hotels" means hotels other than the Hotel that are authorized by us to use the Choice Marks, our System, and our Intellectual Property (as defined in Section 7).

k. "Property Management System" means the then-current version of the automated system that we will license to you on a non-exclusive basis to assist you to operate and manage the Hotel and to capture all data and record all transactions entered into by you and the Hotel in connection with the operation of the Hotel, including all transactions relating to the Rentable Rooms.

l. "Rentable Rooms" means the Sleeping Rooms and the Meeting Rooms, collectively.

m. "Reservation System" means the then-current methods and automated systems that we use (including our call centers and any and all related telecommunications systems, e-commerce tools and techniques, websites or mobile applications, tablet reservation applications, interfaces with global distribution systems (including travel agencies), interfaces with other internet reservations sites (such as online travel agencies), call-forwarding or call-transfer programs and techniques or similar tools or methods used by us as modified from time to time) to take, hold, honor, and report advance reservations that are made in connection with the use of the Rentable Rooms at the Hotel and at the Other Choice Brand Hotels.

n. "Rules and Regulations" means our then-current brand rules and regulations, as updated and/or modified by us in our discretion from time to time (and any supplements) and brand guidelines (including any manuals or policies that we may make available), which may contain, among other things, our standards and requirements for constructing, equipping, furnishing, supplying, operating, maintaining and marketing the Hotel. The Rules and Regulations shall apply to all hotels operating under the Brand Mark.

o. “Sleeping Rooms” means the number «**ROOM_CNT**», which is and shall be the total number of rentable sleeping rooms in the Hotel, subject to change only in accordance with Section 8, below.

p. “Substantially Renovated” means the existing building is to be re-constructed on the interior in all areas (public spaces, guestrooms, and bathrooms) down to the concrete or stud walls (or drywall, if in good condition), including replacement of all (or substantially all) floors and ceilings.

q. “System” means our then-current concepts and methods for providing hotel accommodations with a high standard of service, courtesy and cleanliness using the Choice Marks and any trade secrets and includes our Property Management System and Reservation System, our loyalty program, our business referral, gift card and credit card agreements, this Agreement, the Rules and Regulations, and those identifying brand characteristics as we may from time to time reasonably designate.

2. Grant of License. Subject to your compliance with all of your obligations under this Agreement, we grant to you a non-exclusive, limited, revocable license to use (without the right to sublicense) our System and the Brand Mark to operate the Hotel during the Term. You do not have the right to use any of the Choice Marks other than the Brand Mark in connection with the operation of the Hotel, except as expressly authorized by us in writing. We, for ourselves and our affiliates, retain all rights and discretion with respect to the Brand Mark and the System, including, but not limited to, those specified in Section 19(b).

3. Term. The term of this Agreement (“Term”) begins on the date both you and we sign this Agreement and ends on the date that is 20 years after the Opening Date. You have no right or option to renew this Agreement or extend the Term.

4. Fees and Reports.

a. Affiliation Fee. By no later than the date you sign this Agreement, you will pay us an affiliation fee of «**AFFIL_FEE**».00 (“Affiliation Fee”), which is non-refundable except as provided in this Section 4(a). The Affiliation Fee is fully earned upon our receipt, whether or not you open the Hotel. If we do not sign this Agreement for any reason, any monies that you have paid to us towards the Affiliation Fee, less \$5,000, will be refunded to you.

b. Monthly Fees. Beginning on the Opening Date, you will pay us for each month during the Term each of the following monthly fees (collectively, “Monthly Fees”):

1. Royalty Fee. A royalty fee of 6.0% of the preceding month’s Gross Room Revenues (“Royalty Fee”) in consideration for the license granted to you in Section 2;

2. Marketing and Reservation Fee. A marketing and reservation fee of 2.5% of the preceding month’s Gross Room Revenues for the ongoing development, maintenance and upgrading of the Reservation System, and for advertising, publicity, public relations, marketing, promotional programs, website maintenance, reservations and other similar services that we will provide to you under this Agreement and for our System as further described in Section 19(h) below, as we determine in our sole discretion (collectively, the “Marketing and Reservation Fee”). The Marketing and Reservation Fee does not constitute payment for the license or right to use any computer software or computer systems, including but not limited to, the Reservation System, or for the license or right to use the Brand Mark or any other Choice Intellectual Property. You acknowledge and agree that (i) we may increase the Marketing and Reservation Fee due to cost increases attributable to inflation, increases in the costs of advertising, publicity, public relations or marketing, additional costs of implementing new or improved programs or systems, or increases in our cost of providing the Reservation System or any of the other aspects of our System, so long as the increases apply to all or most of the U.S. hotels that are authorized to use the Brand Mark; (ii) we may assess additional fees and charges for various components of the System and other services (including promotional programs and use of proprietary software) as described in this Agreement and the Rules and Regulations; and (iii) we may advance monies for the purposes described herein in an amount reasonably necessary to ensure the provision of such services whether or not sufficient Marketing

and Reservation Fees are then available and subsequently obtain reimbursement of such advances by utilizing future Marketing and Reservation Fees or through the fee increases described above, provided that such increases shall be limited to the amount needed to recover the previous monies advanced; and

3. Other Fees and Commissions. Such other fees and commissions described in the Rules and Regulations which are reasonably charged by us in connection with the rights and obligations granted under this Agreement.

c. Payments and Reports. Beginning on the Opening Date, within 3 days after the end of each calendar month during the Term, you will send us a statement on a form to be determined by us showing the Gross Room Revenues, occupancy and other related information that we request for the immediately preceding month or, in the alternative, at our election, we will gather the Gross Room Revenues, occupancy and other related information through any automated information reporting systems we establish. In the event we elect to have you send us a statement of the Gross Room Revenues, you will certify that your reports are true and accurate. If we elect to have you send us a statement of the Gross Room Revenues, and you do not send us the required reports on time, we will estimate your Gross Room Revenues for interim billing purposes, and you must pay us a late charge of 1.5% of your previous month's Monthly Fees. If we elect to gather the Gross Room Revenues through our automated reporting systems, and we are unable for whatever reason to obtain an accurate report of the Gross Room Revenues, we will estimate your Gross Room Revenues for interim billing purposes. Interim bills will be considered accurate until we receive any late monthly reports or acquire accurate information through our automated reporting systems, as appropriate. We will bill you for the Monthly Fees (and interest or other penalty, if any) due under this Agreement each month, and you will pay us those amounts by the 25th day of the same month. You agree that timely payment of the Monthly Fees and any other amounts and fees due to us is of the essence for the purposes of this Agreement. You also agree that we may apply payments that you make in any order we determine regardless of any contrary language you may indicate. You agree that you will participate in computerized or automated information reporting programs and make all payments via electronic fund transfer programs that we adopt for use by hotels that are authorized to use our System. If we adopt electronic fund transfers or centralized payment processing programs, you agree to make the necessary arrangements with your bank to participate in such programs and you agree to purchase computer hardware, computer software and related telephone or other network services reasonably required in order to properly participate in these programs. We also have the right to require you to pay all amounts due to us and/or our affiliates by electronic fund transfer, pre-authorized auto-draft arrangement ("EFT"), or such other method as we may specify from time to time.

d. Hotel Data. You will, in a manner and form satisfactory to us and utilizing accounting and reporting standards as reasonably required by us, prepare on a current basis (and preserve for no less than 7 years), complete and accurate records concerning Gross Room Revenues and all financial, operating, marketing, and other data collected by us or a third party on aspects of the Hotel specified by us from time to time ("Hotel Data") and maintain an accounting system which fully and accurately reflects all financial aspects of the Hotel and its business. The Hotel Data includes, but is not limited to, all bank statements, federal tax returns, state tax returns, local occupancy tax returns, daily revenue reports, monthly and annual revenue summary reports, maid logs, guest registration folios, guest complaints, guest satisfaction survey results, any other operating reports or contracts regarding the occupancy of guest and meeting rooms, and complete annual financial statements (profit and loss statements, balance sheets and cash flow statements). The Hotel Data will be maintained at the Hotel, or, if you notify us in writing, at an alternate location suitable for inspection by us. All Hotel Data must be kept separate and apart from all other data. Nothing in the foregoing shall limit us from reviewing Hotel Data that is older than 7 years or from recovering amounts owed to us from any period of time.

e. Financial Statements and Audit. If we request in writing, you will send us copies of the Hotel Data and financial statements certified by you as true and accurate (including a profit and loss statement, balance sheet, cash flow statement, or such other financial data or reports as we may request, in a form satisfactory to us) for the Hotel for the prior fiscal year (or other time period), and you will have the Gross Room Revenues or other monies due hereunder computed and certified as accurate by a certified public accountant. During the Term and for 7 years afterward, we and our authorized representatives will have

the right to verify information required under this Agreement by requesting, receiving, inspecting, copying and auditing the Hotel Data and any and all records or documents related to the Hotel Data wherever they may be located. If any inspection or audit discloses a deficiency in any payments due hereunder, you must pay us all deficiencies plus interest at the rate indicated in Section 4(f), below. If the deficiency in any payment is willful or exceeds 5% of the correct amount, you will also immediately pay to us the entire cost of the inspection and audit, including travel, lodging, meals, salaries, professional fees and other expenses of the inspecting or auditing personnel.

f. Profit and Loss Statement. On or before the 5th day of each calendar month, you shall submit to us a profit and loss statement (in such form and detail as we may require, which may include submitting such data via a third party platform or vendor that we may designate) reflecting the computation of all amounts then due under Section 4 of this Agreement, provided that, if fees will become due under this Agreement more frequently than monthly, upon notice to you, we may require reports to be submitted more frequently. The statement shall include information for the preceding month as to Gross Room Revenue, other revenues, expenses, occupancy and room rates data, reservation data, and such other information as we may require. Any report required to be submitted hereunder not actually received by us on or before the date the related payment was due shall be deemed overdue unless postmarked at least 5 days prior to the date it was due.

g. Interest. You will pay us interest on all charges, costs, fees and amounts due under this Agreement but not paid on time at the rate of 1.5% per month, but not more than the maximum interest rate permitted by applicable law.

5. Our Duties. We will during the Term:

- a. Rules and Regulations. Make available to you an electronic copy of the Rules and Regulations;
- b. Quality Assurance. Administer quality assurance programs as described in the Rules and Regulations that may include periodic visits to the Hotel (by us or authorized third parties) and/or guest satisfaction surveys and guest reviews to evaluate your compliance with this Agreement and the Rules and Regulations and advise you of any defaults and on changes that you must make at your expense to the Hotel or its operations to comply with this Agreement or the Rules and Regulations;
- c. System Services. (i) Allow you to use the Property Management System and the Reservation System, (ii) provide marketing services, such as national, international and regional advertising, promotional programs, publicity, marketing research, and other related marketing activities, that we reasonably determine are appropriate for the promotion of the Hotel, our System and the Other Choice Brand Hotels; and (iii) periodically make available to the traveling public a directory or other listing of all hotels which are in good standing and that are authorized to use our System, which may be provided in an electronic format, including on the Internet, in our sole discretion. You acknowledge and agree that we may combine the services that we will provide to you in clauses (i), (ii) and (iii), above, with other hotels that are authorized to use the Brand Mark and/or our System, or other hotels that we or our affiliates operate in our sole, but reasonable, discretion, including those associated with any of the Choice Marks. You also acknowledge and agree that we will not be obligated to permit or assist in making reservations for the Hotel for any dates following the scheduled date of expiration or termination of this Agreement, or during any period in which your rights are suspended under Section 10(c) of this Agreement; and
- d. Consultation. Make available to you, at our discretion, additional consultation and services to assist you to construct, renovate, maintain, operate, and/or market the Hotel on the same basis as provided to other hotels that are authorized to use our System under the Brand Mark; we reserve the right to charge you reasonable fees that we may establish in advance or on a project-by-project basis for such consultation and services. Any guidance, recommendations, or advice provided to you during such consultation shall be deemed suggestions only, and the decision to follow any such guidance, recommendations, or advice will be made by you in your sole discretion.

6. Your Duties. Without limitation to anything else in this Agreement, at your expense, you

will during the Term:

a. Compliance with Rules and Regulations. Comply with the requirements of this Agreement and the Rules and Regulations, which you acknowledge we may modify and/or update in our sole discretion from time to time, and not disclose this Agreement or the Rules and Regulations (including any copies of the Rules and Regulations that are no longer the then-current version) to anyone except your authorized employees (or the employees of your management company, if authorized by us), or your attorneys, accountants, or lenders, or on an as-needed basis;

b. Good Repair; Safe and Secure. Construct, renovate, operate, furnish, maintain and advertise the Hotel according to this Agreement and the Rules and Regulations; undertake all repairs, cleaning, redecoration, repainting, and replacement of obsolete or outdated Hotel Supplies; take such other corrective action as is necessary to maintain the Hotel interior and exterior, including any parking areas and food and beverage facilities, in a clean, sound, and attractive condition and good repair at all times; and operate the Hotel in a safe and secure manner that optimizes public health and safety. You are solely responsible for determining and addressing all safety concerns relating to the condition of the Hotel and surrounding areas;

c. Ethical Standards; Performance. Establish and maintain a high ethical and moral standard in connection with your operation of the Hotel and not allow or sponsor any activity at the Hotel that could reasonably be determined to negatively impact the Brand Mark, the Choice Marks, our System, the Other Choice Brand Hotels or our business reputation; operate the Hotel in a professional manner that meets or exceeds the generally accepted standards of performance of leading hotel operators in the industry, including any and all communications and interactions with employees and agents of Choice; refrain from disparaging or encouraging others to disparage Choice or its officers, directors, or employees, or otherwise making derogatory comments or statements, orally or in writing, concerning Choice's or its officers', directors', or employees' character or business practices intending to harm Choice's or such individual's goodwill, reputation or standing;

d. Compliance with Laws; Limited Use. Comply with all local, state, and federal laws, rules, regulations and agency orders, and obtain all required permits and licenses, applicable to you, your employees, or the construction, renovation, operation, maintenance or promotion of the Hotel (including, but not limited to, all labor and employment laws), and not permit the Hotel to be used for any purpose or activity that is unlawful or that is not contemplated by this Agreement or the Rules and Regulations;

e. Training. Comply with our training requirements by ensuring that you and the Hotel's general manager(s) attend (at the times required by us) our then-current training programs, including our annual convention for hotels authorized to use the System ("Training Programs") and pay the cost of tuition, living expenses, and travel expenses associated with attendance at the Training Programs by you and the Hotel's general manager(s) and other attendees. You understand and agree that you will be solely responsible for training your employees in the operation of the Hotel;

f. Signage. Obtain and display prominently at the Hotel our approved interior and exterior signage in compliance with the Rules and Regulations, which may be modified from time to time in our sole discretion, and maintain the signage in a clean and attractive condition, and in good working order at all times. You must procure applicable insurance and must ensure the safe and proper installation of all required signage from our Qualified Vendor or a vendor we have approved;

g. Property Management and Reservation Systems. Use the Property Management System (and the equipment, networks, software and procedures (including hardware and software refresh requirements) that are described in the Rules and Regulations) to operate and manage the Hotel and in connection with all guest transactions (including all transactions relating to the Rentable Rooms), and use our Reservation System to accept, hold, honor and track all reservations for the Rentable Rooms. You understand and agree that your use of the Property Management System is governed by a separate agreement, as we may modify and/or update from time to time ("ChoiceAdvantage Software Terms of Use"), which ChoiceAdvantage Software Terms of Use are expressly incorporated herein by reference and made a part

of this Agreement, and you agree that you will abide by such ChoiceAdvantage Software Terms of Use and pay all applicable fees described in the Rules and Regulations. You also acknowledge and agree that we and you have ownership rights in the data used or generated by the Property Management System or the Reservation System;

h. Evaluation. Allow us (or any third party authorized by us) to enter the Hotel at any reasonable time to evaluate your compliance with this Agreement, the Rules and Regulations, and any quality assurance program we administer either directly or through an authorized third party. During such visit, you will assist us (or the authorized third party) in such manner as is required for us (or the authorized third party) to conduct our evaluation and, subject to availability, provide us (or the authorized third party) with one free Sleeping Room for one night. In addition, you agree that we (or the authorized third party) may evaluate your compliance with this Agreement, the Rules and Regulations, and any quality assurance program we administer, remotely and/or through data obtained from guest satisfaction surveys or programs. You agree to take at your expense all steps necessary to correct any deficiencies identified in our evaluation within the time periods that we reasonably specify;

i. Rate Information. Upon our request, and in the manner and format we specify, send us a written description of your Hotel and its then-current rates so that we may include this information in directories and other listings and information that we periodically make available to the public. If you do not send us changes to the information that you provide to us by the deadlines that we indicate, you will honor the rates and descriptive information on record at the time of the deadlines;

j. Promotional Programs. Participate in and honor the terms of any loyalty, discount or promotional program and pay all applicable fees or charges associated with such programs (including any room discounts, rewards programs, frequent traveler programs, photographic or virtual tour programs or gift card programs that are applicable to the Hotel or Other Choice Brand Hotels) that we offer to the public on your behalf and any room rate quoted to any guest at the time the guest makes an advance reservation. You agree that you will take all action necessary (including the supply to us of all information and the purchase of any supplies, equipment or services) to participate in any loyalty, discount or promotional programs, and that you will grant to and obtain for us all necessary consents and rights in and to any photographs, video and/or other marketing materials that we may require in order to reasonably undertake such promotional programs on behalf of the Hotel, and/or some or all of the Other Choice Brand Hotels;

k. Travel Agent Commissions. Promptly pay all travel agent commissions and global or other distribution system charges due from you in connection with the Hotel whether payable by you directly or collected by us on behalf of others, and abide by the Rules and Regulations related to travel agent and global distribution system procedures;

l. System Referrals. Use your best efforts to maximize and increase the business of the Hotel, and if you are unable to accommodate a potential guest, refer the guest to Other Choice Brand Hotels that are near to the Hotel, if any;

m. ADA Certification. Ensure that the Hotel complies with the requirements of the Americans with Disabilities Act ("ADA"). Prior to the Opening Date, you will provide to us a certification from your architect, your general contractor, a consulting architect or you, on a form satisfactory to us, that the Hotel is in compliance with all applicable provisions of the ADA. The Hotel may not open, use the Brand Mark or our System until this certification is properly completed and delivered to us;

n. Franchise Association. Join and maintain membership in a franchise association or body designated by us for hotels that are authorized to use the Brand Mark or other designated Choice Marks ("Franchise Association"), and pay monthly Franchise Association dues to us (or our designee) in an amount we reasonably require. You acknowledge and agree that the purpose of any Franchise Association created, sponsored, or endorsed by us will be to, among other things, but without limitation: affect a high-level relationship among all franchisees, and between individual franchisees and us, for the purpose of mutual advantage and cooperation; encourage a high performance level and cooperative action among all franchisees; advance new ideas, discuss System-wide issues and focus attention on various matters as

they relate to a significant number of franchisees; encourage an exchange of operational and promotional ideas; and make appropriate recommendations to us to assure that our plans and policies enhance our mutual interests. However, you acknowledge and agree that we are not required to obtain the consent of any Franchise Association on these or any other matters and that the function of the Franchise Association is advisory only and not binding on us or others;

o. Renovations. Undertake, at our written request, and at your sole expense, remodeling, renovations, and modifications to existing improvements, necessary to modernize and conform the Hotel to the Rules and Regulations or other requirements of our System ("Renovations") and sign a property improvement plan or other writing that we prepare to document your obligation to complete such Renovations. Within 90 days after receipt of our written request that your Hotel undergo Renovations, you will submit to us for our review and approval, complete and professional drawings and plans for such Renovations before beginning any work to complete the Renovations. You will complete the required Renovations within the time reasonably specified by us in our written request. You acknowledge and agree that the obligations described in this Section 6(o) are in addition to your ongoing obligations to comply with Section 6(b) and Section 6(d);

p. Identifying Information. Send us, before the Opening Date (and any time there is a change in any of the information), the following, as appropriate: (i) the legal name and business type (corporation, limited liability company, limited partnership, etc.) of the Hotel's operating entity; (ii) its federal TIN (taxpayer identifying number); (iii) its state income tax account number(s); (iv) its state payroll tax (withholding and unemployment tax) account number(s); (v) its state sales tax and occupancy tax account number(s); (vi) its local (county and city) occupancy tax account number(s); and (vii) any other information we reasonably request;

q. Guest Complaints. Participate in, and pay all charges in connection with all required guest complaint resolution programs and ratings and review policies, which we may modify from time to time, as specified in the Rules and Regulations;

r. Construction and Substantial Renovation Related Duties. If the Hotel has yet to be constructed or if the Hotel is to be Substantially Renovated:

1. Site Control. Obtain ownership or control over the Hotel within **9 months** after the Effective Date, and provide us by or before that deadline a site plan and such evidence of site control as we may reasonably request, including, but not limited to, a fully executed purchase and sale agreement or deed of trust (or warranty deed) or, if the Hotel is to be leased, an executed lease agreement giving you possession for the entire Term;

2. Architectural and Design Plans. Ensure that your Preliminary Plans (as defined below) for the Hotel satisfy the Rules and Regulations and the then-current prototype design specifications for hotels that are authorized to use the Brand Mark and provide a copy of your Preliminary Plans to us for our review and approval at least **6 months** before the Construction Start Deadline (as defined below). "Preliminary Plans" means drawings and design plans that, in accordance with the American Institute of Architects best practices, provide clear direction regarding the design intent for the size and character of the entire project, including the following preliminary drawings: civil plans; architectural floor and roof plans; concept building sections and elevations; conceptual structural, mechanical, electrical, and plumbing plans; unique conditions that are site specific; room type matrix and gross square footage of each guest room; estimations of area tabulation, construction type for budget, and cost estimation. You will provide to us final working drawings and final architectural designs for the Hotel for our review and approval at least **3 months** before the Construction Start Deadline ("Final Plans"). We agree to provide you with written notice of our review and determination of the Final Plans within 30 calendar days after the date we have received the Final Plans and agree that if we fail to provide you notice in accordance with this Section 6(r)(2), the Final Plans are deemed to be approved by us. If Construction Start does not commence by the Construction Start Deadline, then we have the right to require you to resubmit Final Plans for approval prior to Construction Start;

3. Construction Start Timing and Extensions. Cause Construction Start to occur within **18 months** after the Effective Date (the "Construction Start Deadline"), and within 5 days after Construction Start, inform us in writing that Construction Start has occurred and provide us with such evidence as we may reasonably request by or before that deadline. If you do not cause Construction Start to occur by the Construction Start Deadline, you may request, prior to the Construction Start Deadline, an additional 3 months for Construction Start. We are not obligated to extend the Construction Start Deadline. If we agree to extend the time for Construction Start beyond the original Construction Start Deadline, we may condition the same on any terms we determine, and you will pay us an extension fee of \$5,000 for each 3-month extension that we grant to you;

4. Completion. Continue Hotel construction (or renovation) in accordance with the Preliminary and Final Plans, after Construction Start, without unreasonable interruption, until the Hotel is ready for our inspection. You must complete Hotel construction (or renovation), including furnishing, equipping, and preparing for opening, by the Opening Deadline (as defined in Section 6(s)(6));

5. Progress Reports. Send us, when we request during construction (or renovation), reports showing the progress made toward completing Hotel construction (or renovation); and

6. Reporting of Construction Costs. Within 90 days after Opening the Hotel to the public, you will, in a manner and form satisfactory to us, provide us with complete and accurate information on the Construction Costs (defined below) incurred by you. "Construction Costs" shall mean: land acquisition costs; building costs; material, labor costs and other related variables; furniture, fixtures, equipment expenses; exterior signage costs; and permits, licenses and governmental fees; and such other construction-related information that we may reasonably request.

s. Opening. Prior to the Opening Date:

1. Use of Brand Mark. Use the Brand Mark only as permitted in Section 7(c) of this Agreement;

2. Cooperation/Inspection. Cooperate with us, and require your architect, engineer, contractors and subcontractors to cooperate with us, and allow us to inspect the Location and the Hotel to determine whether construction (or renovation) satisfies the Rules and Regulations, the then-current prototype design specifications for hotels that are authorized to use the Brand Mark, and the Preliminary and Final Plans and/or the property improvement plan set forth in Attachment A (if applicable);

3. Hotel Supplies. Order, purchase and/or lease and install all Hotel Supplies, related equipment, supplies and other required items to operate the Hotel;

4. Advertising. Advertise the Hotel locally, at your expense and in a manner meeting our specifications; and

5. Opening Authorization. Notify us in writing at least 30 days before the Opening Date so that we can inspect, and if we reasonably determine it to be appropriate, authorize you to begin operating the Hotel under the Brand Mark and this Agreement. You will not begin operation of the Hotel using the Brand Mark or our System until you have received our specific written authorization to do so; and

6. Opening Deadline. Ensure that the Opening Date occurs within **12 months** after the Construction Start Deadline (if the Hotel has yet to be constructed or if the Hotel is to be Substantially Renovated), or the BES Deadline (if set forth in Attachment A) ("Opening Deadline").

t. Sources of Products and Services. Ensure that all products and services sold or offered for sale at the Hotel, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Hotel, meet our standards and specifications. You must also purchase all products and services that we designate in the Rules and Regulations solely from suppliers (including manufacturers, distributors and other sources) approved by us (collectively, "Qualified Vendors"), which demonstrate, to our continuing

reasonable satisfaction, the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in writing. We reserve the right to require you to purchase any or all approved products or services solely from us or our designated affiliate, and who may profit from such purchases. We also reserve the right to receive a rebate or other benefit from Qualified Vendors based on purchases by you and other franchisees. If you desire to purchase designated products or services from a party other than a Qualified Vendor, you must submit to us a written request to approve the proposed supplier, together with such information as we may reasonably require. Among the criteria that we consider is the financial stability of the supplier, whether the product or service meets our standards and specifications, and whether the product or service is of use to our franchisees. Our complete written criteria are available for review upon your request. Where applicable, the proposed supplier must submit product samples and specifications to us. We will use our best efforts to notify the proposed supplier within 90 days after we receive all required information and samples, although a longer period may be required for certain products or services due to their cost or importance to the brand or their financial impact on our franchisees. We may revoke our approval of particular products or Qualified Vendors when we determine, in our sole discretion, that such products or suppliers no longer meet our standards or specifications. By entering into this Agreement, you consent to Choice sharing your contact information with Qualified Vendors who provide services to franchisees under the Brand Mark. If such contact information is deemed "personal information" under state or federal law, and you do not want us to share this information, you agree to contact us.

u. Confidential Information. Maintain the absolute confidentiality of the Confidential Information (as defined below) during and after the term of this Agreement. You agree that you: (i) will not use the Confidential Information in any capacity or business or purpose other than what is explicitly authorized under the terms of this Agreement; (ii) will not make unauthorized copies of any Confidential Information disclosed in written form or enter Confidential Information into artificial intelligence tools; and (iii) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information. You shall divulge such Confidential Information only to such of your employees, attorneys, accountants, agents, lenders, or prospective purchasers of the Hotel as must have access to it in order to operate, loan money in connection with, or purchase the Hotel. "Confidential Information" includes the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, Rules and Regulations, systems, costs and financial information that we communicate to you or that you otherwise acquire in operating the Hotel under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

v. Management Company. Engage a professional hotel management company ("Management Company") before the Construction Start and retain such Management Company to operate and manage the Property during the Term of the Agreement. Your selection of the Management Company will be subject to our prior written consent. We may refuse to approve any proposed management company which, in our reasonable judgment, is not financially capable or responsible, is inexperienced or unqualified in managerial skills or operational capacity or capability, or is otherwise unable to adhere fully to the obligations and requirements of this Agreement. We may also withhold our approval if the proposed management company does not provide us with all information that we may reasonably request in order to reach such decision. It is understood that confidential information and materials are, in the normal course of business, imparted to you and your managers, and we will be under no obligation to approve a proposed management company or replacement management company that is a franchisor or owner, or is affiliated or associated with the franchisor or owner, of a hotel or other lodging industry trade name that is competitive with us, regardless of the number of hotels operating under such trade name. Our consent of a Management Company selected by you does not constitute an endorsement, recommendation, or validation of such management company, and we provide no guaranty or assurance that such management company will be successful. Our consent is revocable at any time in our sole discretion. When we have approved in principle the management company nominated by you, you shall have the right to negotiate and execute a management agreement with such management company for the management and operation of the Hotel, subject to the terms, conditions, and obligations of this Agreement. Prior to such manager's assuming rights thereunder, the management agreement shall be submitted to us for our written approval, which shall not to be unreasonably withheld. Such management agreement shall include provisions providing that (a) the

manager shall have the authority and responsibility for the day-to-day management of the Hotel, (b) the Hotel will be operated during the term of the management agreement in such a manner as shall not detract from or modify the requirements of this Agreement or otherwise adversely affect the operation and management of the Hotel, (c) that the manager shall accept, abide by, and be subject to all of our rules, regulations, inspections, and requirements, including those set forth in this Agreement, and (d) that if there is a conflict between the management agreement and the terms of this Agreement, then this Agreement shall govern and control. Upon 30 days written notice, we may require you to replace your then-current Management Company with a replacement Management Company and we approve in writing. Moreover, you agree to include an express provision that provides us with the right to require you to replace the Management Company, on the same terms as stated in the preceding sentence, in any hotel management company agreement you execute during the Term of this Agreement in connection with the Hotel.

7. Intellectual Property.

a. No Ownership Rights. You acknowledge and agree that except as expressly permitted by this Agreement or any ChoiceAdvantage Software Terms of Use, you do not have any right, title or interest in and to the Brand Mark or the Choice Marks, Rules and Regulations, System, our then current concept and method for providing hotel accommodations using any of the Choice Marks, Property Management System, Reservation System, trade secrets or business methods (collectively, "Intellectual Property") and you will not contest our rights in and to such Intellectual Property or to current or future derivations of or improvements made to the Intellectual Property, nor our right to register our rights in the Intellectual Property or to grant to others the right to use the Intellectual Property or any other intellectual property that we own. You understand that the Intellectual Property will remain our property, and that your use of any portion of the Intellectual Property inures to our benefit. You also agree that you will not sub-license the Intellectual Property rights we have granted to you under this Agreement, to any other person or entity, and you will not use such Intellectual Property for any purpose other than in connection with the Hotel in accordance with the terms of this Agreement. You agree to assign and you do hereby assign any and all rights you or any other party working on your behalf may have or develop in the Intellectual Property at no cost to us. You acknowledge and agree that all rights to our Intellectual Property that have not been granted to you in this Agreement will remain ours.

b. Limited Use; Web Sites. You acknowledge and agree that you will not include the Brand Mark (or any other Choice Marks), any words that constitute a portion of the Brand Mark (or any other Choice Marks), words that describe the Brand Mark (or any other Choice Marks), any portion of the names of our Property Management System or Reservation System, or anything confusingly similar to these marks or words ("Choice-Related Words") in your name or the name of any of your affiliates, whether a partnership, corporation, limited liability company, joint venture or any other type of business organization, or as (or incorporated in) the name and/or design of any other building, business or business activity. You will not establish, or operate a previously established, web site on the internet (or on any other network, wireless or otherwise) using any domain name (or other identifying characteristics) that contains any of the Choice-Related Words, or any other portion of our Intellectual Property or anything similar to our Intellectual Property or which does not comply with our then-current domain name policy or our property website or mobile guidelines, internet distribution policy, or such similar policies or regulations adopted by us from time to time and made available to you. You acknowledge and agree that the restrictions on your use of the Choice-Related Words will survive the expiration or termination of this Agreement and that we retain the right to pre-approve your use of linking and framing between your internet (or other network) web pages and all other web sites. We have the right to determine and condition the content and use of online or electronic media associated with any of the Choice Marks. You may not participate in any website or other electronic media (including social media) that markets goods and services under the Choice Marks unless it is first approved in writing by us.

c. Limited Use of Brand Mark. After the Effective Date but before the Opening Date, you may make the following limited use of the Brand Mark:

1. Temporary Signs. No earlier than 90 days prior to the Opening Date, use the Brand Mark on a temporary sign, meeting our standards, at the Location advising the general public that a hotel

authorized to use the Brand Mark is under construction;

2. Local Media. No earlier than 90 days prior to the Opening Date, use the Brand Mark to promote the Hotel construction and opening in the local media;

3. Supplies. No earlier than 90 days prior to the Opening Date, purchase operating supplies and equipment bearing the Brand Mark required for Hotel operation; and

4. Permanent Signs. No earlier than 30 days before the Opening Date and only with our written consent, install permanent Hotel signs meeting our standards bearing the Brand Mark and the designated logo.

d. Permitted Registration. If you are required by law to register any of our Intellectual Property, your registration application must specify that you will use our Intellectual Property: (i) only at the Hotel and in advertising for the Hotel; (ii) only during the Term; and (iii) without claiming any rights in and to the Intellectual Property during or after the Term.

e. Notice of Suit; Injunctive Relief; Survival. You will promptly notify us of any suit filed or demand or claim made against you challenging the validity of our Intellectual Property ("IP Claim"). Following the receipt of such notice from you and using our attorneys, we agree to defend you against any IP Claim, and to defend and indemnify you against your loss, cost or expense related to such IP Claim, except where such IP Claim arose because you used our Intellectual Property in violation of our domain name policy, property website guidelines, internet distribution policy, this Agreement, the ChoiceAdvantage Software Terms of Use, or the Rules and Regulations. You will not settle or compromise any IP Claim without our prior written consent, and you agree to cooperate with us in defending against any such IP Claim. In connection with such IP Claim, you acknowledge and agree that if at any time during the Term you do not immediately discontinue the use of our Intellectual Property (including the Brand Mark) or the Choice-Related Words following our notice to you to discontinue such use, we will seek injunctive and equitable relief for your infringement (or use of the Choice-Related Words) and, in that event, you waive, to the maximum extent permitted by law, any requirement for any bond for the issuance of any injunction, and if a bond is required, you agree that it will not exceed \$1,000. The provisions of this Section 7 will survive the expiration or termination of this Agreement.

f. Changes to Brand Mark. You agree and acknowledge that we have the right, in our sole discretion, to modify, add to, or discontinue use of the Brand Mark, or to substitute different proprietary marks, for use in identifying the System and/or the Hotel. You shall promptly comply with such changes, revisions and/or substitutions, and bear all the costs of modifying your interior and exterior signage, advertising materials, interior graphics and any other items which bear the Brand Mark to conform therewith.

8. Change in Sleeping Room Count. You may change the Sleeping Rooms by 5% or less by constructing additional (or removing) Sleeping Rooms, but only after providing prior written notice to us. If you wish to change the Sleeping Rooms by more than 5% by constructing additional (or removing) Sleeping Rooms or if you wish to make substantial alterations to the Hotel, you may not do so without our prior written consent, which may be conditioned on, among other things, our inspection of the Hotel and the applicable rooms. If we consent to your expansion of the Hotel or to substantial alterations to the Hotel, you must send us your construction plans and pay us an expansion fee for each addition to the number of Sleeping Rooms equal to the then-current per-room charge for hotels that are permitted to use the Brand Mark, but the expansion fee will be not less than \$1,000. We will add any additional Sleeping Rooms or Meeting Rooms that you construct to the Rentable Rooms (or delete any Sleeping Rooms or Meeting Rooms that you remove from the Rentable Rooms), and you will include revenues from the additional Sleeping Rooms and any additional Meeting Rooms to calculate the Gross Room Revenues for determining the Monthly Fees due under this Agreement.

9. Assignment.

a. Our Assignment. We may sell or assign all or part of our rights or obligations under this Agreement to any person or legal entity without having to provide prior notice to you or seek your prior consent. Any such sale or assignment will inure to the benefit of any assignee or other successor.

b. Your Assignment. Your rights and duties under this Agreement are personal to you. We entered into this Agreement and granted the rights outlined in this Agreement to you in reliance on the business skill, financial capacity and personal character of you and your principal owners. You may not sell, assign, transfer, lease, or otherwise encumber any direct or indirect interest that you have in the Hotel, in you, or in any rights or obligations under this Agreement without giving us at least 15 days prior written notice and obtaining our prior written consent, which will not be unreasonably withheld or delayed. Furthermore, if a Controlling Interest (as defined in Section 9(d)) of the originally approved ownership of the Hotel is being transferred or if you are conveying the Hotel or 50% or more of the undivided interest in the Hotel, you and the transferee must comply with all reasonable conditions we require before we will approve of such transfer, including, but not limited to, (i) the transferee signing our then-current form of the franchise agreement for hotels that are authorized to use the Brand Mark, (ii) the transferee signing a property improvement plan or other writing that we prepare to document the transferee's obligations to complete required Renovations (as defined in Section 6(o)), (iii) all of transferee's owners signing our then-current form of personal guaranty agreement; and (iv) payment of a re-licensing fee equal to the then-current affiliation fee we charge for new franchisees authorized to use the Brand Mark. We reserve the right to withhold our consent to any transfer if the Hotel fails to comply with our then-current brand image and standards or the transferee fails to demonstrate to our satisfaction that it meets our educational, managerial and business standards, possesses a good moral character, business reputation and credit rating, has the experience, aptitude and ability to operate the Hotel, and has adequate financial resources and capital to operate the Hotel. So long as you promptly provide us with written notice, our consent is not required for the following: (1) a mortgage, deed of trust or other encumbrance, pledge or other grant of security interest in any direct or indirect interests in you or the Hotel to an unrelated and unaffiliated third party lender who is in the business of commercial lending or unrelated and unaffiliated bona fide third party preferred equity provider; or (2) the sale, assignment or transfer by you of securities in a publicly-traded corporation or entity that individually, or in the aggregate with other sales or transfers by you, constitute the sale or transfer of less than 5% of the outstanding capital stock or other equity interests in you or the Hotel. If you assign or transfer the Hotel or any rights granted to you or your obligations under this Agreement without our written consent, you breach this Agreement and we may terminate this Agreement pursuant to Section 10(b)(2)(d).

c. Transfer due to Death or Mental Incompetence; Transfer to Close Family Member. If you, or any natural person with an ownership interest in you, dies or becomes mentally incompetent, the executor, administrator, or personal representative of that person must transfer that person's ownership interest in you or the Hotel (within 12 months after death or determination of mental incompetence) in accordance with Section 9(b) to one or more of the remaining persons in your entity (if applicable) or to heirs of the deceased person that we approve. If you wish to transfer your ownership interest in the Hotel to a Close Family Member that Close Family Member must demonstrate to us that he or she has both the financial ability and experience necessary to operate the Hotel as required by Section 9(b) before we will approve a transfer. For purposes of this Agreement, "Close Family Member" shall mean your adult spouse, parent, child, sibling, grandchild, or grandparent. No additional fees will be payable for any transfers of an ownership interest in the Hotel due to death or determination of mental incompetence. However, if you wish to transfer your ownership interest in the Hotel to a Close Family Member, an application fee (not to exceed \$7,500) will be due to us, which will be fully refundable if we do not approve the transfer. Our approval(s) under this Section 9(c) will not be unreasonably withheld or delayed.

d. Controlling Interest. For purposes of this Agreement, "Controlling Interest" includes your interest if you are an individual and you own 50% or more ownership interest in the Hotel, any general partner's interest in a partnership entity, 50% or more of the voting stock of a corporate entity, 50% or more of the ownership interests in a limited liability company, or a 50% or more undivided interest in the Hotel.

10. Default and Termination.

a. Termination By You. If we default in our material obligations under this Agreement, you may terminate this Agreement only if you first give us written notice of the defaults and of your intention to terminate this Agreement and we have not cured those defaults within 60 days after receiving your written notice. With regard to any defaults which are not reasonably capable of being cured within 60 days, the cure period shall be extended for a reasonable additional period of time provided that we have promptly commenced to cure or cause to be cured such default, and thereafter we diligently pursue our efforts in that regard.

b. Termination By Us.

1. Termination with Notice and Opportunity to Cure. If you default in your material obligations under this Agreement, we may terminate this Agreement, effective on the date stated in our notice (or the earliest date permitted by applicable law) as follows:

(a) Non-Payment of Fees. If you do not pay us the Monthly Fees or any other fees, charges and amounts due under this Agreement (including travel agent commissions and global distribution system fees) or file required monthly reports of Gross Room Revenues, within 10 days of our written notice of default to you; or

(b) Other Breach. If you do not cure fully any other breach of your obligations or warranties under this Agreement, or any other agreement between you and us or our affiliates, within 30 days of our written notice of default to you (or such longer period we designate in our sole discretion).

(c) Cure Periods. You acknowledge and agree that we may, in our sole discretion, extend the time period for you to cure any default but are under no obligation to do so, and any such extension shall not constitute a waiver of the cure periods set forth in this Agreement.

2. Immediate Termination Effective on Notice. Upon written notice to you, we may terminate this Agreement immediately, without giving you an opportunity to cure the default, if:

(a) Imminent Threat. There is an imminent threat or danger to public health or the safety of persons or property resulting from the construction, renovation, maintenance, or operation of your Hotel;

(b) Abandonment; Loss of Possession; Failure to Open. Subject to Section 14 of this Agreement, you stop operating the Hotel using the Brand Mark or according to the requirements of our System or this Agreement for any period of time, you abandon the Hotel or you attempt to abandon or cease to operate the Hotel, you temporarily or permanently lose the right to possess the Hotel (including, without limitation, due to the appointment of a receiver or an event of condemnation), you lose the right to operate the Hotel, you fail to open the Hotel using the Brand Mark or in accordance with this Agreement, or you lose the right to transact business in the jurisdiction in which the Hotel is located;

(c) Criminal Behavior. You (or a beneficial owner of you) are charged with or plead guilty to a felony, a fraud, a crime or offense involving moral turpitude or any other crime or offense that we reasonably believe is likely to have an adverse effect on the Brand Mark, the Choice Marks, our System, the Other Choice Brand Hotels, our business, our goodwill, our Intellectual Property, or our interest in this Agreement or any other instrument or agreement that we may have entered with you;

(d) Transfer. You (or a beneficial owner of you) transfer or purport to transfer any rights or obligations under this Agreement, any Controlling Interest in you, your interest in the Hotel, or a Controlling Interest in the Hotel without our prior written consent, except as otherwise permitted under Section 9(b) or 9(c) hereof or you enter into any agreement to sell, or sell, or purport or attempt to sell the real property upon which the Hotel is situated;

(e) False Records. You maintain false books or records, send us false reports, or make any materially false statement in your franchise application or any other document you are required to

submit to us;

(f) Bankruptcy. You file a petition in bankruptcy, become insolvent, make a general assignment for the benefit of creditors, or are unable to pay your debts to creditors on a timely basis;

(g) Insurance. You do not buy, maintain or send us evidence of insurance as required by this Agreement, or if we opt to procure, on your behalf, insurance required by this Agreement and you fail to reimburse us as we require under Section 12(f);

(h) Multiple Defaults. We send you 2 or more written notices of default under this Agreement for the same or a similar cause or reason in any consecutive 12 month period during the Term, whether or not cured;

(i) Construction. You do not (i) begin construction or renovation of the Hotel on or before the date required by Section 6(r)(3) of this Agreement, (ii) submit Preliminary and Final Plans to us for our approval prior to the Construction Start Deadline, and in accordance with Section 6(r)(2), or (iii) once begun, continue, without unreasonable interruptions, the construction or renovation of the Hotel;

(j) Opening Deadline. You fail to open the Hotel by the Opening Deadline in accordance with Section 6(s)(6);

(k) Property Improvement Deadline. You fail to complete required improvements and/or repairs to upgrade the Hotel by the deadline(s) set forth in a property improvement plan;

(l) Goodwill. You engage in conduct that impairs the image, identity, value or goodwill associated with the Brand Mark (or any other Choice Marks) or the System;

(m) Confidential Information. You make a material unauthorized disclosure of Confidential Information; or

(n) Other Agreements. You or your affiliate (or a beneficial owner of you or your affiliate) materially breaches any other instrument or agreement with us or our affiliates, or any mortgage, deed of trust or lease covering the Hotel, unless cured within any applicable notice or grace periods contained in such document.

c. Suspension of Franchise Rights. If you breach any material obligation required by this Agreement or are in default hereunder, we may, after 10 days from our written notice of default (or longer time required by law) for financial defaults, or after 30 days from our written notice of default (or longer time required by law) for non-financial defaults, or immediately in the case of a breach under Section 10(b)(2), above: (i) suspend any or all services that we (or our authorized representative) provide to you in connection with our System including your access to our Central Reservations System; or (ii) suspend your right to use our Intellectual Property. In addition, while the default remains uncured, you will have no rights under the Fair Franchising Policy (as defined in Section 19(b)). In our sole discretion, we may reinstate the suspended System services or the right to use our Intellectual Property if you cure your default before this Agreement terminates and pay us the then-current reinstatement fee (as established in the Rules and Regulations). If we suspend System services or your right to use our Intellectual Property, we may use other remedies, including termination of this Agreement, after the appropriate time to cure, if any, has lapsed

d. Our Remedies.

1. No System Services. If this Agreement expires or is terminated, we will cease to provide you with any services in connection with our System, which will include removal of the Hotel from any directories, websites, and other distribution channels, cessation of promotion programs and advertising, and cessation of your right to use our Intellectual Property. In addition, we may notify guests holding reservations that the Hotel is no longer authorized to use the Brand Mark, use our Intellectual Property or receive services in connection with our System, and we may relocate such guests upon their request.

2. Liquidated Damages – Post-Opening Termination. If we terminate this Agreement pursuant to Section 10(b), or if you terminate or purport to terminate this Agreement or if you cease operations of the Hotel for any reason, except pursuant to Section 3 or Section 10(a), after the Opening Date, you will pay us, within 30 days after termination, as liquidated damages for unrealized Royalty Fees and not as a penalty for the premature termination of this Agreement, an amount equal to the product of (i) the average monthly Gross Room Revenues during the prior 12 full calendar months (or such shorter time that the Hotel has been open), multiplied by (ii) the maximum Royalty Fee payable under Section 4(b)(1), multiplied by (iii) the number of months (including partial months, which will be prorated) between the date of termination and the next date that you could have terminated this Agreement under Section 3, if applicable, not to exceed 60 months. However, the product of (i) multiplied by (ii) will not be less than the product of \$70.00 multiplied by the number of contractually approved Sleeping Rooms.

3. Liquidated Damages – Pre-Opening Termination. If we terminate this Agreement pursuant to Section 10(b), or if you terminate or purport to terminate this Agreement for any reason, except pursuant to Section 3 or Section 10(a), prior to the Hotel opening with our authorization pursuant to Section 6(s)(5), you will pay us, within 30 days after the termination, as liquidated damages for unrealized Royalty Fees and not as a penalty for the premature termination of this Agreement, an amount equal to the product of (i) the number of contractually approved Sleeping Rooms, multiplied by (ii) \$70.00, multiplied by (iii) 36 months.

4. Reasonable Estimate. You acknowledge and agree that the injury to us caused by your breach of this Agreement and its termination is difficult or impossible to accurately estimate, and that the methods of calculating liquidated damages in Sections 10(d)(2), 10(d)(3), and 11(a) are reasonable estimates of our probable loss of our Royalty Fees resulting from your breach of this Agreement and its termination. Payment of liquidated damages by you does not affect your obligation to pay us all Monthly Fees and other fees and amounts due to us that accrued before the termination of this Agreement nor does it affect your continuing indemnification obligations pursuant to Section 13 of this Agreement. Any other losses or damages caused by the early termination of this Agreement are subject to any other remedy available under law, in equity, or under the terms of this Agreement.

e. Evidence of Breach. If the validity of the termination of this Agreement is disputed, we may introduce evidence of a breach of this Agreement or evidence of any claim associated with the Hotel, including any facilities that are managed by others at the Hotel, whether or not stated in the default or termination notice.

11. Obligations on Termination. On termination or expiration of this Agreement for any reason, you must, at your expense:

a. Intellectual Property. Immediately discontinue all use of our Intellectual Property, refrain from using the Brand Mark to identify the Hotel and cease to use the Choice-Related Words. If you do not immediately discontinue use of our Intellectual Property (including the Brand Mark) or use of the Choice-Related Words following the expiration or termination of this Agreement, you will pay us, as liquidated damages and not as a penalty, the sum of \$2,500 for each day following the expiration or termination of this Agreement that you continue to use our Intellectual Property (including the Brand Mark) or the Choice-Related Words, and we will have the right to seek injunctive and equitable relief for your infringement (or use of the Choice-Related Words) and, in that event, you waive, to the maximum extent permitted by law, any requirement for any bond for the issuance of any injunction, and if a bond is required, you agree that it will not exceed \$1,000;

b. Registration. Cancel any assumed name or similar registration containing our Intellectual Property (including the Brand Mark) or any variation or portion of our Intellectual Property (including the Brand Mark) or the Choice-Related Words, discontinue all use of any web sites or other electronic media (including social media) that markets goods and services under the Choice Marks and furnish us with reasonable evidence showing that you complied with these obligations within 30 days after termination or expiration of this Agreement;

c. Payment. Promptly pay all sums owed to us and our subsidiaries or affiliates, and all damages, costs, and expenses, including reasonable attorneys' fees, that we incur, either before or following the expiration or termination of this Agreement, as a result of your default, including all outstanding Monthly Fees, any liquidated damages due under this Agreement, and any costs and expenses we incur to obtain injunctive relief or other remedies for the enforcement of any portion of this Agreement; and

d. Return or Destroy Materials. Immediately return to us, or at our option, destroy all originals and copies of any materials that we have provided to you relating to our System and your operation of the Hotel, including all copies of any manuals, the Rules and Regulations and any data stored in or generated by our Property Management System and Reservation System. Except for your copy of this Agreement and other documents that you reasonably need to comply with applicable laws, you may not retain any material that we provided to you during the Term.

12. Insurance.

a. Pre-Opening Coverage. You must purchase by Construction Start and maintain until the Opening Date, at your expense, directly or through your general contractor, the types and amounts of insurance coverage as we may require in the Rules and Regulations or otherwise in writing, including, but not limited to:

1. General Liability. Commercial General Liability Insurance (including automobile liability, bodily injury and property damage) protecting you and naming us and our affiliates and subsidiaries, our and their respective officers, directors, agents and employees as Additional Insureds (as defined in Section 12(c)) from and against all types of liabilities, including personal injury and property damage, together with the costs of defense and/or adjustments arising out of the operations to construct or renovate the Hotel. The insurance must include coverage for contractual liability, explosion, collapse and underground property damage hazard liability, personal injury liability, products and completed operations liability, owner's and contractor's protective liability, and independent contractor's liability and must be accompanied by waivers of subrogation in our favor and the favor of our affiliates and subsidiaries, the officers, directors, agents and employers of us, our affiliates and subsidiaries.

2. Builder's Risk. All-risk builder's risk coverage to insure the Hotel buildings under construction or renovation to 100% of their replacement cost value, protecting you, us and the Additional Insureds, and a workers' compensation policy as required by statute.

b. Post-Opening Coverage. Beginning no later than the Opening Date and for the rest of the Term, you must purchase and maintain, at your expense, the types and amounts of insurance coverage as we may require in the Rules and Regulations or otherwise in writing, including, but not limited to:

1. Physical Damage Coverage. All-risk physical damage coverage, insuring the Hotel and its contents for its full replacement cost. If the Hotel is damaged or destroyed, and unless a mortgagee requires otherwise, the proceeds of any insurance will be used to repair or restore the Hotel in accordance with your plans that we approve. Your insurance must contain a waiver of subrogation in our favor and the favor of our affiliates and subsidiaries, the officers, directors, agents and employees of us, our affiliates and subsidiaries.

2. General Liability; Automobile. Commercial Automobile and Commercial General Liability Insurance policies written on an occurrence form protecting you and the Additional Insureds (as defined in Section 12(c)) from and against all manner of liability. The coverage described in the preceding sentence is primary to any coverage that we maintain and must include Contractual, Products and Completed Operations, Independent Contractors, Personal Injury, Property Damage, Bodily Injury and Host Liquor Liability coverage (if applicable), together with the costs and expenses of the defense and/or adjustment of injury or damage, without exception, from or in any way related to any operation or activity conducted under this Agreement and/or of the Hotel, including adjacent areas like swimming pools, parking lots, restaurants, and bars. Your Automobile Liability Policy must cover owned, hired and non-owned vehicles used in the

operation of the Hotel. The policies described in this Section 12(b)(2) must cover lawsuits or actions brought anywhere in the world. These policies must provide limits per location and per occurrence as required in the Rules and Regulations and must be accompanied by a waiver of subrogation in favor of the Additional Insureds. You may meet the required total minimum limits through a combination of primary and umbrella policies. If alcoholic beverages are sold at the Hotel (whether or not you own the establishment that sells the alcohol), you must purchase and maintain Dram Shop/Liquor Liability Insurance with such limits as required in the Rules and Regulations.

3. Workers' Compensation. Statutory Workers Compensation and Employers Liability insurance with minimum Employers Liability limits per accident and per disease as required in the Rules and Regulations.

4. Business Interruption. Business interruption insurance which shall provide for coverage of a minimum of three (3) months in the event the Hotel is not operational at any time during the Term. Your business interruption insurance policy must name us as a specific loss payee.

5. Cyber Liability. Cyber Liability insurance providing minimum coverage as required by the Rules and Regulations.

6. Other Insurance. Pollution Legal Liability insurance covering bodily injury, property damage, cleanup costs and defense costs arising from, or associated with, a pollution condition at a covered location. In addition, Employment Practices Liability insurance, including coverage for third-party violation claims and prior acts.

c. Additional Insured Requirement. You must also obtain and attach an endorsement for all commercial automobile, commercial general and umbrella policies used to meet the requirements in Sections 12(a) and 12(b) adding us, our affiliates and subsidiaries, our and their respective officers, directors, agents, partners and employees, as additional insureds ("Additional Insureds").

d. Rating; Primary Coverage; Notice of Change. You must place your insurance with insurance companies reasonably acceptable to us and with an A.M. Best Rating of A-, VI or better. All insurance, commercial automobile, commercial general liability, umbrella and dram shop/liquor liability (if applicable), that you purchase must be specifically endorsed to provide that the coverage will be primary and that any insurance carried by Additional Insureds will be excess and non-contributory. We may reasonably change the insurance coverage requirements set forth in this Section 12 during the Term by giving you at least 30 days' notice of the change. You must comply with our directions, at your expense, and deliver to us evidence of your compliance before the change becomes effective.

e. Certificates of Insurance. You must send us, by no later than ten (10) days prior to Construction Start and/or the Opening Date, as applicable under Sections 12(a) and 12(b), certificates of insurance, endorsements, declarations and/or other documents requested by us, indicating your property code, the Hotel name and address, and proof that you have purchased the required insurance coverage and the Additional Insureds endorsement has been accepted by your insurance carrier. You must also provide us with evidence of renewal before the expiration date of each insurance policy. You are responsible for providing us with 30 days' advance written notice if the certificate of insurance by the insurer has been canceled, reduced in coverage, or otherwise altered. Acceptance by Choice of an improper certificate of insurance shall not constitute a waiver, release or modification of any of the insurance coverage and endorsements required under this Agreement.

f. Procurement of Insurance. If you, for any reason, fail to procure or provide us with evidence that you maintain at least the minimum insurance required by Section 12(a) or 12(b), as applicable (or as designated by us from time to time in the Rules and Regulations) together with the endorsement required by Section 12(c), you acknowledge and agree that we will have the immediate right and authority, but not the obligation, to procure such insurance on your behalf, and charge you the cost of the insurance and, at our option, a reasonable penalty. You agree that you will reimburse us for the cost of such insurance and for any reasonable out-of-pocket costs that we incur should we elect to obtain such insurance within 30

days of receipt of our notice that such costs are due and payable to us. The foregoing shall not limit our right to terminate this Agreement pursuant to Section 10(b)(2)(g).

g. No Waiver of Obligations. Your purchase and maintenance of insurance and your performance of your obligations under this Agreement are in addition to your obligation to indemnify us. If applicable, you should obtain additional insurance coverage since we do not require insurance against all potentially insurable risks, such as Employment Practices Liability insurance; if you do, for your protection, you should name us as an Additional Insured on this additional coverage.

13. Indemnification. To the fullest extent permitted by law, you must defend, indemnify and hold harmless us, our affiliates and subsidiaries, our and their respective officers, directors, agents, partners and employees (each, an "Indemnified Party") from and against any claim, loss, cost, damage, expense judgment and liability, including, but not limited to, employment related liability and environmental liability (a "Claim"), including reasonable attorneys' fees (whether or not a lawsuit has been filed) and any court costs, resulting in whole or in part from any damage or loss, including personal injury, of any nature, connected with the Hotel construction, renovation or operation, or any facilities that are managed by others in the Hotel, or out of, or as a result of, in whole or in part your (or your agent's or employee's) error, omission, act or failure, even where negligence of an Indemnified Party is alleged, except to the extent that the loss, costs, damage, expense or liability is solely and proximately caused by the negligence of an Indemnified Party. Notwithstanding the foregoing, if we are required by a court of law to contribute to any Claim, the amount of our contribution will be calculated by applying principles of comparative negligence where a Claim was jointly caused by your negligence and by our negligence. You must reimburse us for all amounts we reasonably spend, including attorneys' fees and court costs, to protect the Indemnified Parties from, or to remedy, your defaults under this Agreement or claims arising out of your operation of the Hotel. We will have the sole and exclusive control (including the right to be represented by attorneys of our choosing) over the defense of any Claims against an Indemnified Party and over their settlement, compromise or other disposition. This provision will be deemed divisible, such that if it is in any way (or to any extent) determined to be invalid or unenforceable, it will be deemed modified so as to be valid and enforceable and to be in full force and effect to the fullest extent permitted by law. This provision will survive the expiration or termination of this Agreement.

14. Casualty. If the Hotel is damaged by fire, natural disaster or other casualty, you must promptly and properly repair the damage. If the damage or repair requires closing the Hotel, you must immediately notify us, begin reconstruction within 6 months after that closing; reopen the Hotel for continuous business operation in accordance with the Rules and Regulations as soon as practicable (but in any event within 12 months after the Hotel closing), and send us at least 30 days' prior written notice of the date of reopening. Upon your written request, and so long as you are in compliance with this Section 14, we will extend the Term of this Agreement by the number of days between the date of the original closing of the Hotel and the date of reopening. If insurance proceeds are not available or are insufficient to repair or rebuild the Hotel and if you provide us with reasonable evidence that such proceeds are not available to you within 6 months after the original closing of the Hotel, and provided that you are not in default at the time of casualty and are not the cause of the insurance proceeds not being available, then we will terminate this Agreement in accordance with its terms without penalty to either party.

15. Notices. All notices required or permitted under this Agreement must be in writing, must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized delivery or courier service that allows tracking of packages or letters, to us at **Choice Hotels International, Inc., 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852, Attention: General Counsel**, or at such other address we require upon written notice to you, and to you at the Designated Representative's address set forth in Section 1 of this Agreement. You authorize the Designated Representative to submit written notices to us or receive our written notices to you as your agent. Any notice by registered or certified mail or by delivery or courier service is deemed given and received at the date and time of sending. You may change the Designated Representative and/or the Designated Representative's address by written notice to us.

16. Attorneys' Fees. Attorneys' fees must be paid according to the terms of this Section 16 and as

may be applicable, Section 13 of this Agreement. The prevailing party (as determined by the court or arbitrator) in any arbitration or claim filed to enforce the terms of this Agreement will recover from the other party reasonable fees of its attorneys calculated as the lesser of (1) the attorney's hourly rate multiplied by the number of hours worked (less any discounts provided to the party), or (2) the amount owed under the contractual payment arrangement between the party and its attorneys, along with any attorney costs and expenses, court costs, arbitration costs, arbitrator fees, the reasonable costs of necessary expert witnesses, and the reasonable travel costs (including food and lodging) of the prevailing party's witnesses in the proceeding. If such a claim seeks, in whole or in part, attorneys' fees under Section 13, that provision will control. Any judgment or arbitration award for fees or other amounts owed to us to enforce our rights under Section 4, Section 10(d) or Section 21 of this Agreement will bear interest at the rate referred to in Section 4(f) until paid.

17. Taxes, Permits; Notice of Legal Actions.

a. Taxes. You must pay when due all taxes related to the Hotel that may be levied or assessed by any federal, state, or local taxing authority, and all other indebtedness related to the Hotel. You shall comply with all federal, state, and local tax laws. You shall pay all property taxes imposed on your property when they are due. You shall be responsible for all state and local sales and transaction taxes that are imposed on, or measured by, the gross receipts paid to Choice pursuant to this Agreement.

b. Permits. You must timely obtain and maintain all permits, certificates and licenses necessary for the construction, renovation, operation and maintenance of the Hotel, including licenses to do business, fictitious name registration and sales tax permits, health and sanitation permits, and ratings and fire clearances. You must send us, within 10 days of your receipt, copies of all inspection reports, warnings, certificates, and ratings, received from any governmental entity.

c. Notice of Suit. You must notify us in writing and provide us with copies, within 5 days of your receipt, of any actual or threatened criminal or civil action, suit, proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality affecting you or the Hotel.

18. Approvals and Waivers.

a. Approvals. Our approvals and consents will not be effective unless signed by one of our duly-authorized representatives. We may withhold our consent in our reasonable discretion or at any time when you are in breach of any obligation under this Agreement.

b. Reliance; No Liability. Except as otherwise expressly stated in this Agreement (including any addenda or amendments), we make no warranties or guarantees on which you may rely. We assume no liability or obligation to you by providing any waiver, approval, consent, suggestion to you, or by reason of any delay or denial of any request that you make to us.

c. No Waiver/Forbearance. Failure to exercise any power or to insist on strict compliance with any obligation or condition under this Agreement is not a waiver of any future right to demand exact compliance with any of the terms in this Agreement. Waiver of any particular default or extension of any cure period will not affect or impair a party's rights with respect to any later default of the same, similar, or a different nature. No delay, forbearance, or omission to exercise any power or right of a party following any breach or default of any of the terms, sections, or covenants of this Agreement by the defaulting party, will affect or impair the rights of the party not in default.

19. Acknowledgments.

a. No Warranty or Guarantee. You acknowledge and agree that you have conducted an independent investigation of the benefits of signing this Agreement, and you understand that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent on your ability as an independent businessperson. We have not made, and you acknowledge

that you have not received from us or our agents, any representations, projection, warranty or guarantee, express or implied, as to the profitability or other potential success of the business venture contemplated by this Agreement.

b. Limited Rights. You acknowledge and agree that this Agreement and the limited rights to use the Intellectual Property granted to you in accordance with this Agreement relate only to the Hotel and the Location. Except as may be specifically set forth in Section 2, this Agreement does not grant you any protected area, market or territorial rights. Subject to the terms of our then-current version of the fair franchising policy, which we may amend, change or substitute from time to time ("Fair Franchising Policy"): (i) we may own, operate, or franchise other hotels and/or allow such hotels to use our Intellectual Property (including the Brand Mark), at any other location, either separately or combined; and (ii) we, and any of our affiliates and other franchisees may now or in the future engage in transient lodging or related business activities that may compete with the Hotel.

c. Control; No Duty; Independent Contractor. You acknowledge and agree that you are solely responsible for exercising ordinary, day-to-day business control over the Hotel, including all personnel and employment related matters and decisions and pricing of rooms and other services at the Hotel, regardless of any advice or consultation received from us. This includes, but is not limited to, hiring and firing employees, supervising and controlling employees' work schedules and conditions of employment, determining employees' rate and method of payment, and maintaining employees' employment records. Neither this Agreement nor the Rules and Regulations create a fiduciary or joint employer relationship between you and us or between your employees and us. You are an independent contractor. Nothing in this Agreement or the Rules and Regulations makes, or is intended to make, either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other (except that you agree that we may act as your agent when making reservations for your Hotel).

d. No Right to Contract; No Third Party Obligations; Truthfulness. You acknowledge and agree that you are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and we shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action. You acknowledge and agree that you will not represent in any proposed financing agreement or to any proposed lender or participant in a public or private investment offering that we or any of our affiliates is, or will, become responsible for your obligations under the financing agreement, nor that we are, or will be, participating in any private or public investment offering. Before you distribute a prospectus of your intended private or public offering, you must send us a copy for our prior written approval, not to be unreasonably withheld, of references made to us in the prospectus. You warrant the truth and completeness of all your statements in your application and the content of all other documents that you send to us as part of the application process and that you are required to submit to us under this Agreement.

e. Disclosure. You acknowledge that you received from us the Franchise Disclosure Document required by the Federal Trade Commission and by the applicable state(s) in which you live and where the Hotel is located at least 14 days before you signed this Agreement or paid to us any consideration for the hotel franchise.

f. Ownership. You warrant that you are the true owner of, and record holder of title to, the Hotel, or that you are currently leasing the Hotel under a lease that allows you the right to enter into this Agreement. If you are a corporation, limited liability company, partnership, or other entity, all owners of the entity, including any subsequent person or entity that becomes an owner at any time after the Effective Date, shall sign our then-current form of personal guaranty agreement, unless expressly waived by us in our sole discretion.

g. Data Security. You acknowledge and agree that we and you each own the rights in and to any data captured by the Property Management System or Reservation System ("Guest Data") and that we may use Guest Data in any reasonable manner that we determine. You also acknowledge and agree that you are obligated to comply with all information security and data privacy standards and requirements contained in the Rules and Regulations and all applicable federal and state laws, regulations, and standards

relating to information security and data privacy, including, without limitation, the Payment Card Industry Data Security Standard ("PCI DSS"). You must secure all Guest Data against loss or theft and against unauthorized or unintended access, disclosure, copying, use or modification. You agree to notify us in writing as soon as practicable (and at least within 24 hours) of any known, suspected, or alleged security breach of Guest Data in your possession or custody or under your control. You also acknowledge and agree that you are obligated to indemnify us from and against any Claim resulting from any such data security breach pursuant to Section 13 of this Agreement. Without limiting the foregoing, to the extent we possess or otherwise provide services that allow for the storage, processing, or transmittal of Guest Data as defined by the PCI DSS ("Services"), or to the extent we could impact the security of the Guest Data environment, we will remain in compliance with the applicable PCI DSS requirements with respect to those Services. We will also remain aware of changes to the PCI DSS and implement all procedures and practices as may be reasonably necessary for the Services to remain in compliance with the PCI DSS, in each case at our sole cost and expense.

h. Marketing and Reservation Fee. You acknowledge and agree that we may use the Marketing and Reservation Fee to meet any or all costs incident to providing the Hotel (and all Other Choice Brand Hotels) with marketing and advertising services and the Reservation System, and that such costs may include certain of our overhead expenses that are reasonably allocated to provide such services. You further agree that we have the absolute and unilateral right to determine, when, how and what portion of the Marketing and Reservation Fee may be used for (i) marketing purposes, including the right to purchase and pay for marketing services, product research and development, production materials, ad slicks, brochures, videotapes, radio and television commercials, media advertising (internet, television, radio, cable, magazines, newspapers and other print), services provided by advertising agencies, market research, trade shows, conventions, promotions, research and design, public relations, and loyalty programs, (ii) the development, operation and maintenance of the Reservation System, and (iii) the cost of personnel, accounting services, travel expenses, office space, overhead costs, administrative costs, computers, other equipment, furniture, salaries and fringe benefits, development, design and maintenance of internet web-pages and websites, including internet service provider costs, network costs, and for other similar costs that we reasonably deem to be appropriate. You also acknowledge that other franchisees authorized to use our System may not contribute the same percentage or total amount that you must pay to us as the Marketing and Reservation Fee. You further acknowledge and agree that we are not obligated, in expending the Marketing and Reservation Fee, to make expenditures for your Hotel or Brand Mark which are equivalent or proportionate to your contribution.

i. ChoiceAdvantage Software Terms of Use. You acknowledge and agree that your right to use the Property Management System will be governed by the ChoiceAdvantage Software Terms of Use that are provided to you in an online format which you agree to review periodically. You acknowledge and agree that the ChoiceAdvantage Software Terms of Use are specifically incorporated as part of this Agreement and you will comply with the terms and conditions of the then-current ChoiceAdvantage Software Terms of Use. You agree that you, the Hotel's general manager, or any other authorized employee of the Hotel ("Authorized User") may accept and agree on behalf of you to the terms and conditions of the ChoiceAdvantage Software Terms of Use. You also acknowledge and agree that we have the right, in our sole discretion, to modify, add or remove any terms or conditions of the ChoiceAdvantage Software Terms of Use. Changes to the ChoiceAdvantage Software Terms of Use will be posted online and will be immediately effective. You agree that use by an Authorized User of the Property Management System after we post any such changes will indicate that you accept and agree to the ChoiceAdvantage Software Terms of Use, as modified.

j. No Liability. You acknowledge and agree that we will not assume liability for, or be deemed liable as a result of, any act or omission of yours relating to the construction, renovation, operation, maintenance or promotion of the Hotel or for any claim or judgment arising from such act or omission.

k. Anti-Terrorism / Anti-Bribery Laws. You individually represent and warrant to us that neither you (including your directors and officers, senior management and shareholders (or other persons) having a controlling interest in you), nor any affiliates or funding sources are (a) owned or controlled by, or acting on behalf of, the government of any country that is subject to an embargo imposed by the United States

government; or (b) an entity or individual ("Person") identified by any government or legal authority under applicable laws as a Person with whom dealings and transactions by us are prohibited or restricted, including Persons designated on the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Other Blocked Persons (including known terrorists and narcotics and human traffickers). You will promptly notify us in writing upon the occurrence of any event which would render the foregoing representations and warranties incorrect. You further represent and warrant to us that you, including persons having a controlling interest in you, are not in violation of any anti-money laundering laws, anti-terrorism, anti-bribery, trade sanctions or other laws or embargoes, including without limitation the U.S. Patriot Act and the U.S. Foreign Corrupt Practices Act and related regulations and executive orders. You represent and warrant that you are qualified to do business in the United States, have the authority to execute this Agreement, and are eligible under applicable United States laws to carry out the obligations under this Agreement and any subsequent assumption of your rights and obligations under this Agreement.

I. Child Protection Code of Conduct. We are a member of "The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism" (www.thecode.org) ("The Code"), which is an industry-driven responsible tourism initiative with a mission to provide awareness, tools, and support to the tourism industry in order to prevent the sexual exploitation of children. You agree to support the principles of The Code and to take all reasonable steps at the Hotel, including the training of staff, to recognize and prevent all forms of human trafficking.

20. Miscellaneous.

a. Severability. If any section of this Agreement is held to be illegal, invalid or unenforceable, both parties agree that (i) the section will be removed; (ii) this Agreement will be understood and enforced as if the illegal, invalid, or unenforceable section had never been in this Agreement; and (iii) the remaining sections will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable section or by its removal. A section similar to the removed section will be automatically added as a part of this Agreement to the maximum extent enforceable.

b. No Third Party Beneficiaries. Except as otherwise expressly provided in this Agreement, nothing in this Agreement is intended, nor will anything in this Agreement be deemed, to confer on any person or legal entity other than us or you, or our respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

c. Headings. All captions and headings in this Agreement are intended solely for the convenience of the parties and do not affect the meaning or construction of any section.

d. References. All references to the masculine, neuter, or singular, include the masculine, feminine, neuter, or plural. The word "include" and its derivatives are not to be construed as terms of limitation. If "you" consists of more than one person or entity, your acknowledgments, promises, covenants, agreements, and obligations made or undertaken in this Agreement are jointly and severally undertaken by each of you.

e. Counterparts. If this Agreement is executed in multiple counterparts, each executed copy is an original.

f. Governing Law. This Agreement becomes valid and effective only when we have signed it, and it will be interpreted under the substantive laws of Maryland, not including its conflict of laws provision or such provisions of any other jurisdiction; except that nothing herein shall be construed to establish independently your right to pursue claims under Maryland's Franchise Registration and Disclosure Law.

g. Cumulative Rights and Remedies. Rights and remedies stated in this Agreement are cumulative and not exclusive of any other right or remedy.

h. Attachments/Addenda. All attachments, addenda and amendments to this Agreement are

incorporated into and a part of this Agreement. Any addenda or amendments to this Agreement will not be effective unless signed by one of our duly-authorized representatives and by you. All duly-executed addenda and/or amendments are incorporated into and will become a part of this Agreement.

i. Survival. Those of your obligations and our obligations under this Agreement which expressly or by their nature survive the expiration or earlier termination of this Agreement will survive such expiration or termination, including, but not limited to, Sections 7, 10(d), 11, 13, 16, 17, 18, 19, 20, 21, 22, 23 and 24.

j. Seal. This Agreement is a contract under seal and is intended by the parties to be a specialty under Maryland law.

k. Electronic Signatures. The parties hereby acknowledge and agree that electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called "pdf" format shall be legal and binding and shall have the same full force and effect as if an original of this Agreement had been signed and delivered by hand. You and we both (i) intend to be bound by the signatures (whether original, faxed or electronic) on any document sent by electronic means, (ii) are aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature.

l. Force Majeure. If either party is delayed or prevented from the performance of any act required under this Agreement by reason of acts of war, acts of terrorism, acts of God, strikes or lockouts, inability to procure materials or a substitute thereof of equal or better quality, restrictive governmental laws or regulations, natural disaster, unusual delay in transportation, pandemic, or any other substantially similar event completely without the party's fault and beyond the party's control, the performance of that act will be extended for a period equivalent to the period of the delay; provided, however, the party experiencing the delay must exercise all reasonable efforts to remedy the cause of delay or cause preventing performance, and further provided, that this provision will not apply to any payment obligations of the party experiencing such delay.

21. Arbitration. Except for our claims against you for indemnification or actions seeking to enjoin you from using any of our Intellectual Property (including the Brand Mark) or the Choice-Related Words in violation of this Agreement or any other related agreements (including the ChoiceAdvantage Software Terms of Use), any controversy or claim arising out of or relating to this Agreement or any other related agreements, or the breach of this Agreement or any other related agreements, including any claim that this Agreement or any part of this Agreement or any related agreements is invalid, illegal, or otherwise voidable or void, as well as any claim that we violated any laws in connection with the offering, granting, execution or enforcement of this Agreement or any related agreements and any claim for declaratory relief, will be sent to final and binding arbitration in the state of Maryland before either the American Arbitration Association, J.A.M.S., or National Arbitration Forum in accordance with the Commercial Arbitration Rules of the American Arbitration Association, including its rules for emergency measures of protection, except to the extent that the Commercial Arbitration Rules of the American Arbitration Association may be interpreted to require you or us to produce documents, witnesses, or information at a time other than at a hearing on the claim without our mutual consent. In the event more than one demand for arbitration is filed in connection with this Agreement or any related agreements, the demand filed with the American Arbitration Association, J.A.M.S., or National Arbitration Forum office having jurisdiction over Maryland proceedings shall take precedence, and any other demand shall be withdrawn and presented in the Maryland filing. The arbitrator will apply the substantive laws of Maryland, without reference to its conflict of laws provision, except that nothing herein shall be construed to establish independently your right to pursue claims under Maryland's Franchise Registration and Disclosure Law. Judgment on the arbitration award may be entered in any court having jurisdiction. If any party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party, notwithstanding its failure to appear. Any arbitration will be conducted at our headquarters office in Maryland and the parties agree that any state laws attempting to prohibit arbitration in Maryland are pre-empted by the Federal Arbitration Act. Nothing in this Section 21 will be construed as requiring you or us to make a claim in arbitration before

exercising any rights you or we may have to give notice of default or termination in accordance with the terms of this Agreement or any related agreements.

22. NO CLASS ACTIONS. NEITHER YOU NOR WE SHALL SEEK TO LITIGATE OR ARBITRATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY, ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO ARBITRATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN US AND YOU AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, US OR YOU, UNLESS BOTH WE AND YOU CONSENT IN WRITING. WE HAVE THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. YOU AGREE AND ACKNOWLEDGE THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN YOU AND US OR ANY AFFILIATE OF OURS WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION.

23. WAIVER OF JURY TRIAL. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER.

24. INTEGRATION. THIS AGREEMENT, ALL OF ITS ATTACHMENTS, AND ANY AGREEMENT SPECIFICALLY MADE A PART OF THIS AGREEMENT PURSUANT TO THE TERMS HEREOF, CONTAIN THE COMPLETE UNDERSTANDING OF THE PARTIES AND REPLACE ANY PREVIOUS WRITTEN OR ORAL AGREEMENT ON THE SAME SUBJECT MATTER.

ATTACHMENT A

PROPERTY IMPROVEMENT PLAN

[For existing hotels converting to use the Brand Mark]

ATTACHMENT B
RIDER TO THE FRANCHISE AGREEMENT
[Other Modifications to the Franchise Agreement]

Attachment B

We and you agree to be bound by the terms and conditions of this Agreement, including all Attachments, by setting the hands and seals of our duly authorized and empowered representatives on this Agreement, effective as of the Effective Date.

Choice Hotels International, Inc.,
a Delaware corporation

By: _____ (Seal)
Name: Christopher J. Wallace
Title: Vice President and Assistant General Counsel

«LIC_BLOCK»

«FRANCHISEE»

By: _____ (Seal)
Name:
Title:

Date: _____

PLEASE INITIAL THE ATTACHED SCHEDULE A

Schedule A – for Individuals

By initialing this Schedule A that is attached to the Franchise Agreement, you certify that the information provided below is true and accurate. The following represents the names and percentages owned of the individual owners of the Hotel.

Name of Individual Hotel Owner Percentage owned

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

_____%
(type or print)

INITIAL HERE _____

Schedule A – Entity Ownership Breakdown

By initialing this Schedule A that is attached to the Franchise Agreement, you certify that the information provided below is true and accurate. The following represents the names and percentages owned of «FRANCHISEE».

<u>Name of member/shareholder/partner</u>	<u>Percentage owned</u>
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%

INITIAL HERE _____

Schedule A – Entity Ownership Breakdown

By initialing this Schedule A that is attached to the Franchise Agreement, you certify that the information provided below is true and accurate. The following represents the names and percentages owned of

_____.

<u>Name of member/shareholder/partner</u>	<u>Percentage owned</u>
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%
_____ (type or print)	_____%

INITIAL HERE _____

GUARANTY

This Guaranty ("Guaranty") is made as of _____, by **(name of guarantors)** ("each, individually a Guarantor"), in favor of and for the benefit of Choice Hotels International, Inc., a Delaware corporation ("Choice"). In consideration of and as an inducement to Choice to execute a Franchise Agreement by and between Choice and «LIC_BLOCK» ("Franchisee"), Guarantor agrees as follows:

1. Guarantor unconditionally warrants to Choice and its successor and assigns that all of Franchisee's representations and warranties in (a) any application submitted by Franchisee to Choice; and (b) the Franchise Agreement are true, accurate and complete as of the time made as of the date of this Guaranty.

2. Guarantor personally and unconditionally guarantees that all of Franchisee's obligations under the Franchise Agreement, as amended, and all related agreements will be punctually paid and performed.

3. Guarantor agrees that the obligations of Guarantor under this Guaranty shall not be reduced, limited, terminated, discharged, impaired or otherwise affected by: (a) the occurrence or continuance of a default under the Franchise Agreement or any related agreement; (b) any assignment of the Franchise Agreement; (c) any modification or amendment of, or waiver or consent or other action taken with respect to the Franchise Agreement or any related agreement; (d) the voluntary or involuntary liquidation, sale or other disposition of Franchisee's assets, or the receivership, insolvency, bankruptcy, reorganization or similar proceedings affecting Franchisee or its assets or the release or discharge of Franchisee from any of its obligations under the Franchise Agreement; or (e) any change of circumstances, whether or not foreseeable, and whether or not any such change does or might vary the risk of Guarantor hereunder. Any failure by Choice to exercise any power or right or to insist upon Guarantor's compliance with any term under this Guaranty shall not constitute a waiver of Choice's right to demand full compliance with any term of this Guaranty.

4. Guarantor unconditionally and irrevocably waives notice of acceptance of this Guaranty, presentment, demand, diligence, protest and notice of dishonor or of any other kind to which Guarantor otherwise might be entitled under applicable law.

5. Guarantor agrees to promptly pay all sums owed to Choice and its subsidiaries or affiliates, and all damages, costs, and expenses, including reasonable attorneys' fees, that Choice or its subsidiaries or affiliates incur as a result of any default under this Guaranty, the Franchise Agreement, or any related Agreement, including all outstanding fees, any liquidated damages due under the Franchise Agreement, and any costs and expenses that Choice or its subsidiaries or affiliates incur to obtain injunctive relief for the enforcement of any portion of this Guaranty, the Franchise Agreement, or any related Agreement.

6. If more than one person or entity has signed this Guaranty as a Guarantor, the liability of each such Guarantor shall be joint, several and primary. Each Guarantor shall be bound by his/her/its/their signature block below, and such Guarantor's obligations hereunder are not contingent on any other Guarantor being bound hereby.

7. All notices required or permitted under this Guaranty must be in writing, must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized courier service, to Choice at **Choice Hotels International, Inc., 1 Choice Hotels Circle, 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852, Attention: General Counsel**, and to Guarantor at the address set forth below. Any notice by registered or certified mail or by courier service is deemed given and received at the date and time of sending. Guarantor may change its address only by written notice to Choice, and Choice may change our address by written notice to Guarantor.

8. This Guaranty will be interpreted under the substantive laws of Maryland, not including its conflict of laws provision or such provisions of any other jurisdiction.

9. Except for our claims for indemnification or actions seeking to enjoin you the use of any of our Intellectual Property or the Choice-Related Words in violation of the Franchise Agreement, any controversy or claim founded upon or arising out of or relating to this Guaranty, the Franchise Agreement, or any related Agreement, or to the breach of this Guaranty, the Franchise Agreement, or any related Agreement, will be sent to final and binding arbitration before either the American Arbitration Association, J.A.M.S., or National Arbitration Forum in accordance with the Commercial Arbitration Rules of the American Arbitration Association, including its rules for emergency measures of protection, except to the extent that the Commercial Rules of the American Arbitration Association may be interpreted to require you or us to produce documents, witnesses, or information at a time other than at a hearing on the claim without our mutual consent. In the event more than one demand for arbitration is filed in connection with this Guaranty, the Franchise Agreement, or any related Agreement, the demand filed with the American Arbitration Association, J.A.M.S., or National Arbitration Forum office having jurisdiction over Maryland proceedings shall take precedence, and any other demand shall be withdrawn and presented in the Maryland filing. The arbitrator will apply the substantive laws of Maryland, without reference to its conflict of laws provision, except that nothing herein shall be construed to establish independently a right to pursue claims under Maryland's Franchise Registration and Disclosure Law. Judgment on the arbitration award may be entered in any court having jurisdiction. If any party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party, notwithstanding its failure to appear. Any arbitration will be conducted at Choice's headquarters office in Maryland. Nothing in this Section will be construed as requiring you or us to make a claim in arbitration before exercising any rights Choice or Guarantor may have to give notice of default or termination in accordance with the terms of this Guaranty.

IN WITNESS WHEREOF, the undersigned have set his/her/its/their hands and seals on the date noted above.

Add all Guarantors (entities & people individually), Individually, Jointly and Severally

(name of entity)

By: _____ L.S.

Name:

Title:

Social Security No. _____

Date: _____

Address: _____

, Individually

_____ L.S.

Social Security No. _____

Date: _____

Address: _____

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE
CALIFORNIA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement (the “Agreement”) pertains to franchises sold in the State of California. If and to the extent that the California Franchise Investment Law (“California Franchise Investment Law” or “Law”) applies to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)).

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

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Maryland with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with 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 a franchise agreement restricting venue to a forum outside the State of California.

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

No statement, questionnaire, or acknowledgement 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.

[Signature page follows.]

The parties to this Addendum agree to be bound by the terms of this Addendum as of the effective date of the Agreement as evidenced by their signatures below.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE
HAWAII FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement (the "Agreement") pertains to franchises sold in the State of Hawaii. If and to the extent that the Hawaii Franchise Investment Law ("Hawaii Franchise Investment Law" or "Law") applies to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. No statement, questionnaire, or acknowledgement 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.

2. Section 24 of the Franchise Agreement is amended to add the following:

NOTHING IN THIS AGREEMENT OR IN ANY RELATED AGREEMENT, HOWEVER, IS
INTENDED TO DISCLAIM THE REPRESENTATIONS WE MADE IN THE FRANCHISE
DISCLOSURE DOCUMENT WE FURNISHED TO YOU.

The parties to this Addendum agree to be bound by the terms of this Addendum as of the effective date of the Agreement as evidenced by their signatures below.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE
ILLINOIS FRANCHISE DISCLOSURE ACT

This Addendum to the Franchise Agreement (the "Agreement") pertains to franchises sold in the State of Illinois. If and to the extent that the Illinois Franchise Disclosure Act ("Illinois Franchise Disclosure Act" or "Act") applies to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. Illinois law governs the Franchise Agreement.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
4. Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.
5. 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.

The parties to this Addendum agree to be bound by the terms of this Addendum as of the effective date of the Agreement as evidenced by their signatures below.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE
MARYLAND FRANCHISE DISCLOSURE ACT

This Addendum to the Franchise Agreement (the "Agreement") pertains to franchises sold in the State of Maryland. If and to the extent that the Maryland Franchise Disclosure Act ("Maryland Franchise Disclosure Act" or "Act") applies to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. 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.

2. Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

5. 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.

6. Sections 19(a) and 19(e) of the Franchise Agreement are deleted in their entirety.

The parties to this Addendum agree to be bound by the terms of this Addendum as of the effective date of the Agreement as evidenced by their signatures below.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO
THE MINNESOTA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement (the "Agreement") pertains to franchises sold in the State of Minnesota. If and to the extent that the Minnesota Franchise Disclosure laws apply to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

2. The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

3. Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

4. With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

5. According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

6. Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

7. The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

8. Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

9. The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

10. Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

11. 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.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

ADDENDUM TO THE FRANCHISE AGREEMENT FOR NEW YORK

This Addendum to the Franchise Agreement (the "Agreement") pertains to franchises sold in the State of New York. If and to the extent that the New York General Business Law regarding franchises applies to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.
2. Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.
3. The New York Franchise Law shall govern any claim arising under that law.
4. 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.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

ADDENDUM TO THE FRANCHISE AGREEMENT FOR
NORTH DAKOTA

This Addendum to the Franchise Agreement (the "Agreement") pertains to franchises sold in the State of North Dakota. If and to the extent that the North Dakota franchise statutes and regulations apply to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

2. Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

3. The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

4. The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

5. The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

6. The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

7. The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

8. The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

9. The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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.

The parties to this Addendum agree to be bound by the terms of this Addendum as of the effective date of the Agreement as evidenced by their signatures below.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement (the "Agreement") pertains to franchises sold in the State of Rhode Island. If and to the extent that the Rhode Island franchise statutes and regulations apply to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. If Section 20(f) or 20(a) of the Agreement is inconsistent with § 19-28.1.-14 of the Rhode Island Franchise Investment Act, which states that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside the state of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act, then said Rhode Island law will apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement (the "Agreement") pertains to franchises sold in the Commonwealth of Virginia. If and to the extent that the Virginia franchise statutes and regulations apply to the Agreement, the following provisions supersede anything to the contrary in the Agreement:

1. Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

"According 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."

2. 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.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

Washington Addendum Franchise Agreement,
Franchisee Compliance Questionnaire, and Related Agreements

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. 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.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition 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 noncompetition 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. 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.

16. Questionnaires and Acknowledgments. 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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned does hereby acknowledge receipt of this addendum. Dated this _____ day of _____ 20____.

Franchisor

Franchisee

ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Agreement pertains to franchises sold in the State of Wisconsin. If and to the extent that the Wisconsin franchise statutes and regulations apply to this Agreement, the following provisions supersede anything to the contrary in the Franchise Agreement:

1. To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

Witness:

Choice Hotels International, Inc.,
a Delaware corporation

Name:
Title:
Date:

By: _____ L.S.
Name:
Title:
Date:

EXHIBIT E

[LOGO]

CHOICE HOTELS INTERNATIONAL, INC.

[BRAND]

MASTER DEVELOPMENT AGREEMENT

[DEVELOPER]

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MASTER DEVELOPMENT AGREEMENT

This Master Development Agreement (this “MDA”) is entered into by and between **CHOICE HOTELS INTERNATIONAL INC.**, a Delaware corporation (“Choice”) and _____, a _____ (“Developer”) (each a “Party”, collectively the “Parties”) effective as of _____, 20____ (the “Effective Date”).

RECITALS

- A. Capitalized terms not defined in the body of this MDA have the meanings set forth in **Exhibit C** (“Definitions”) attached hereto and incorporated herein by reference.
- B. Choice and Choice’s Affiliates own and operate the System and the Proprietary Marks.
- C. Developer wishes to develop newly constructed hotels (each a “Hotel” and collectively the “Hotels”) branded as **[BRAND]** (each a “System Property” and collectively the “System Properties”) with each System Property subject to a separate Franchise Agreement.
- D. Choice wishes to grant Developer the exclusive right to develop, open, and operate a minimum of _____ () System Properties within the _____ () geographically defined areas set forth on **Exhibit A** (each an “Exclusive Territory”, and together “Exclusive Territories”) and enter into Franchise Agreements for each System Property developed by Developer or its Affiliate, pursuant to the terms and conditions of this MDA during the Term.

NOW, THEREFORE, in consideration of the promises in this MDA and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Developer and Choice agree as follows:

1. GRANT

- 1.1 Grant. Subject to the terms of this MDA, Choice hereby grants Developer the exclusive right to develop, open, and operate System Properties in the Exclusive Territories with the number of System Properties per Exclusive Territory set forth in **Exhibit A** (the “Development Schedule”). Developer may assign its rights to submit an Application and enter into a Franchise Agreement for the development of any System Property to an Affiliate as set forth in Section 4.1 and Section 4.2.
- 1.2 Exclusivity. Except as provided in Section 1.3 and Section 1.4, so long as Developer continues to meet the development thresholds set forth in the Development Schedule, neither Choice nor any of Choice’s Affiliates will operate or allow any third party to operate any System Property in an Exclusive Territory until the earlier of (i) the last date to open a System Property under the Development Schedule for such Exclusive Territory, or (ii) the date Developer signs the minimum number of Franchise Agreements required under the Development Schedule for such Exclusive Territory, or (iii) the end of the Term.
- 1.3 Exclusivity Exceptions. The exclusivity set forth in Section 1.2 does not apply to the System Properties listed as “Exclusivity Exceptions” in **Exhibit B**, which consists of System Properties that are either open for business or under development with pending Applications or executed franchise agreements as of the Effective Date of this MDA, nor does the exclusivity set forth in Section 1.2 apply to (a) the relicensing of any System

Property listed as an Exclusivity Exception, or (b) the licensing of any System Property at any location inside the Exclusive Territory that replaces a System Property listed as an Exclusivity Exception which has departed or which is scheduled to depart the System;

- 1.4 Reserved Rights. Choice and Choice's Affiliates reserve the right to own, operate, franchise, or otherwise allow any person to own or operate (i) System Properties and other Affiliate System Hotels at any location outside the Exclusive Territories; and (ii) Affiliate System Hotels at any location inside the Exclusive Territory.
- 1.5 Not a Franchise Agreement. The System Properties developed under this MDA shall be established and operated pursuant to a separate Franchise Agreement (each, a "**Franchise Agreement**") as provided in Section 4.2. This MDA is not a Franchise Agreement. The right of Developer or an Affiliate to use the Proprietary Marks and System will arise solely out of, and be limited as set forth in, an applicable Franchise Agreement for each System Property.
- 1.6 Permitted Assignment. From time to time, Choice may request Developer's consent to permit a different Choice franchisee to develop a System Property within one of the Exclusive Territories during the exclusive development period. If Developer provides such consent, in writing, Choice agrees to credit the third party franchisee's executed franchise agreement towards Developer's Development Schedule obligations in the Exclusive Territory. Once the third party's franchise agreement is fully executed, at Developer's option, Choice will either refund Developer its prepaid \$50,000 affiliation fee or credit such fee towards a future System Property. However, Choice will not refund the affiliation fee or provide a credit if there is a relicensing of either this MDA or a System Property.

2. TERM

- 2.1 Term. This MDA commences on the Effective Date and, unless otherwise terminated pursuant to the terms provided herein or extended upon mutual agreement of the Parties hereto, expires on the date that is the earlier of (i) the last date to open a System Property under the Development Schedule, as it may be extended in accordance with the terms of this MDA, or (ii) the date Developer signs the minimum number of Franchise Agreements required under the Development Schedule (the "**Term**").

3. RIGHTS DEPOSIT

- 3.1 Deposit. On or before the Effective Date of this MDA, Developer will deposit _____ Dollars (\$_____) with Choice (the "**Rights Deposit**"), which shall be credited to Developer as set forth in Section 4.1 or reimbursed to Developer as set forth in Section 1.6. The Rights Deposit is fully earned and non-refundable when both Developer and Choice sign this Agreement whether or not you enter into all Franchise Agreements pursuant to the Development Schedule.

4. OBLIGATIONS OF THE PARTIES

- 4.1 Development Schedule. Developer or an Affiliate must submit an Application (the "**Application**") for a Franchise Agreement for each System Property that Developer or such Affiliate intends to develop under this MDA. Choice will process each Application according to Choice's then-current standards for approval of Franchise Agreements. Choice will not

unreasonably withhold, condition or delay its approval of any Application. Upon written approval of the Application by Choice, and full execution of a Franchise Agreement by Choice and Developer or an Affiliate, Choice will credit fifty thousand dollars (\$50,000) of the Rights Deposit against the Affiliation Fee (the “**Affiliation Fee**”) associated with each Franchise Agreement. Franchise Agreements must be executed by the deadline set forth in the Development Schedule.

4.2 Franchise Agreements. Each Franchise Agreement will be on Choice’s then-current form, provided that:

- 4.2.1. The Royalty Fee will be six percent (6%) of Room Revenue, for the duration of the Term;
- 4.2.2. The Marketing and Reservation Fee will be two and one-half percent (2.5%) of Room Revenue for the duration of the Term (subject to adjustment in accordance with the Franchise Agreement);
- 4.2.3. The Affiliation Fee of fifty thousand dollars (\$50,000) will be credited from the Rights Deposit after approval of each Application and execution of each Franchise Agreement.

4.3 Failure to Meet the Development Schedule. If Developer (i) fails to execute the minimum number of Franchise Agreements required under the Development Schedule, or (ii) fails to commence construction on or open a System Property in accordance with the deadlines set forth in the Franchise Agreement, then Developer will forfeit such Exclusive Territory and such portion of the Rights Deposit not previously credited against Affiliation Fees equal to \$50,000 multiplied by the remaining number of System Properties specifically allocated to the applicable Exclusive Territory.

- 4.3.1. Notwithstanding the foregoing, if an Application is under review by Choice, then the corresponding Development Schedule for the applicable Exclusive Territory shall be extended until the Application is either approved or denied by Choice.
- 4.3.2. The termination with respect to one Exclusive Territory shall not terminate Developer’s right to develop System Properties allocated to any other Exclusive Territory that has not been terminated.

4.4 Legal Compliance. In developing System Properties and otherwise performing Developer’s obligations under this MDA, Developer must strictly comply with all applicable Laws. Developer will notify Choice promptly and in writing if Developer reasonably believes that any obligation under this MDA or any provision of the System violates any Law.

4.5 Development of Additional Hotels During Term. During the Term, Developer may, but is not obligated to, enter into Franchise Agreements for additional System Properties outside of the Exclusive Territories, subject to Choice’s standard franchise application and approval procedures. If Choice permits Developer to develop System Properties in areas other than the Exclusive Territories, such franchise agreements will not count toward Developer’s development obligations under this MDA.

5. DEFAULT AND TERMINATION

- 5.1 Immediate Termination by Choice. Choice may terminate this MDA immediately, without giving Developer an opportunity to cure the default, effective upon Choice's delivery of written notice to Developer (or such later date as required by Law), without the need to obtain the authorization of any third party or any arbitral, judicial or administrative resolution and without liability to Developer, if:
- 5.1.1. Developer commences any case, proceeding or other action seeking Developer's reorganization, arrangement, adjustment, liquidation, dissolution or composition or of Developer's debts under any Laws relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for Developer or for all or any substantial part of Developer's property;
 - 5.1.2. Any case, proceeding or other action against Developer is commenced seeking to have an order for relief entered against Developer as debtor, or seeking Developer's reorganization, arrangement, adjustment, liquidation, dissolution or composition or of Developer's debts under any Laws relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for Developer or for all or any substantial part of Developer's property, and such case, proceeding or other action: (i) results in the entry of any order for relief against Developer which is not fully stayed within seven (7) days after entry, or (ii) remains undismissed for a period of forty-five (45) days after entry;
 - 5.1.3. Developer breaches Section 9.8 (Corrupt Practices) or Section 9.9 (Sanctioned Persons);
 - 5.1.4. Developer or any of its members is, or Choice discovers that Developer or any of its members has been, convicted of a felony; or
 - 5.1.5. Developer knowingly submits false reports or other information of a material nature to Choice.
- 5.2 Termination After Opportunity to Cure. Choice may terminate this MDA, effective on the date stated in Choice's written notice (or the earliest date permitted by Law), without the need to obtain the authorization of any third party or any arbitral, judicial or administrative resolution and without liability to Developer, if:
- 5.2.1. Developer fails to pay Choice any fees or other amounts when due under this MDA, and does not cure that default within ten (10) days after Choice delivers written notice of default to Developer; or
 - 5.2.2. Subject to Choice's immediate right to terminate in Section 5.1, Developer fails to comply with any other provision of this MDA or Laws and does not cure that default within thirty (30) days after Choice delivers written notice of default to Developer.

- 5.3 Reduction or Elimination of Developer Rights. In lieu of termination, Choice may reduce or eliminate all or only certain of Developer's rights under this MDA (including, but not limited to, reducing the size of the Exclusive Territory; reducing the number of System Properties to be developed under the Development Schedule; or limiting Developer's exclusivity).
- 5.4 Costs and Attorneys' Fees. In addition to other available remedies, if Choice terminates this MDA as a result of Developer's default, Developer must pay Choice all of Choice's associated costs and expenses, including attorneys' fees.
- 5.5 No Cross-Default. A default under this MDA does not constitute a default under any Franchise Agreement.

6. TRANSFERS

- 6.1 Transfer by Choice. Choice may, in its reasonable discretion, transfer this MDA, all or any part of Choice's rights, duties or obligations under this MDA, to an entity (i) that is sufficiently capitalized; (ii) that is experienced and qualified to act as franchisor of the System; and (iii) who expressly assumes Choice's obligations. Such a Transfer will constitute a release and novation and Choice will not have any further obligations under this MDA.
- 6.2 Transfer By Developer. Developer may transfer this MDA, all or any part of Developer's rights, duties or obligations under this MDA (including any pledge of this MDA to any mortgage lender), to any Person who is approved by Choice. Choice's approval will not be unreasonably withheld, delayed, or conditioned, but will require, among other things, that the transferee entity (i) is sufficiently capitalized; (ii) is experienced and qualified to act as a developer hereunder; and (iii) expressly assumes Developer's obligations hereunder. Such a Transfer will cause such transferee to take over all of Developer's rights under this MDA and Developer will have no further obligations hereunder. Choice has the right to require payment of its then-current transfer fee.

7. RELATIONSHIP OF THE PARTIES

- 7.1 The business relationship between Choice and Developer is defined entirely by this MDA. This MDA does not create a franchise, partnership, joint venture, affiliate, agency, fiduciary, or employment relationship. Developer acknowledges that Choice does not (a) direct, supervise, manage, dictate, control, nor have the right to control Developer's labor or employment matters nor (b) have the right to set any terms or conditions of employment for Developer's employees.

8. GOVERNING LAW, COSTS OF ENFORCEMENT, WAIVERS

- 8.1 Governing Law. This MDA shall be governed by and construed in accordance with the laws of the state of Maryland and the reference to such laws shall not, by the application of conflict of law rules, or otherwise require the application of the laws in force in any jurisdiction other than the state of Maryland; except that nothing herein shall be construed to establish independently a right to pursue claims under Maryland's Franchise Registration and Disclosure Law.

- 8.2 Arbitration. Except for actions/claims seeking an injunction or equitable relief, any other controversy or claim arising out of or relating to this MDA, or the breach of this MDA, including any claim that this MDA or any part of this MDA is invalid, illegal, or otherwise voidable or void, will be sent to final and binding arbitration before the American Arbitration Association in accordance with the Commercial Arbitration Rules of the American Arbitration Association, including its rules for emergency measures of protection, except to the extent that the Commercial Rules of the American Arbitration Association may be interpreted to require Choice or Developer to produce documents, witnesses, or information at a time other than at a hearing on the claim without the mutual consent of the parties. In the event more than one demand for arbitration is filed in connection with this MDA, the demand filed with the American Arbitration Association office having jurisdiction over Maryland proceedings shall take precedence, and any other demand shall be withdrawn and presented in the Maryland filing. Judgment on the arbitration award may be entered in any court having jurisdiction. If any Party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party, notwithstanding its failure to appear. Any arbitration will be conducted at Choice's headquarters office in Maryland. Nothing in this Section 8.2 will be construed as requiring Choice to make a claim in arbitration before exercising any rights Choice may have to give notice of default or termination in accordance with the terms of this MDA.
- 8.3 Venue. Any Claim brought by any Party against the other in any forum or court, whether federal or state, which is not subject to arbitration under Section 8.2, shall be brought within the judicial district in which Choice's U.S. principal place of business is at the time the action or proceeding is initiated, and both Parties consent to personal jurisdiction in that forum.
- 8.4 Cost. Except as set forth in Section 8.8, each Party shall bear the cost of their respective legal counsel and other costs related to the various agreements and transactions contemplated by this MDA.
- 8.5 WAIVER OF PUNITIVE DAMAGES. THE PARTIES EACH WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR SIMILAR DAMAGES AGAINST EACH OTHER.
- 8.6 WAIVER OF JURY TRIAL. THE PARTIES EACH WAIVE TRIAL BY JURY OF ANY ACTION OR PROCEEDING, AT LAW OR IN EQUITY, BROUGHT AGAINST EACH OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN THE ACTION OR PROCEEDING.
- 8.7 NO CLASS ACTIONS. NEITHER DEVELOPER NOR CHOICE SHALL SEEK TO LITIGATE OR ARBITRATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY, ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT. YOU AGREE AND ACKNOWLEDGE THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN YOU AND US OR ANY AFFILIATE OF OURS WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION.
- 8.8 Arbitration/Enforcement Costs. If either Party shall initiate a legal proceeding to enforce its rights hereunder, the prevailing party in such legal proceeding shall be entitled to recover

from the other Party all costs, expenses and reasonable legal fees incurred in connection with such proceeding.

9. MISCELLANEOUS

- 9.1 Entire Agreement. This MDA, together with any agreements to be executed and delivered pursuant to this MDA, constitutes the entire agreement between the Parties with respect to the subject matter of this MDA and supersedes all prior understandings and writings between them. This MDA may not be modified except by an instrument in writing executed and delivered by both Parties.
- 9.2 Confidentiality. Choice and Developer each agree to keep confidential the terms of this MDA and shall not disclose (and shall direct their respective agents not to disclose) the terms of this MDA or any discussions or negotiations in relation to this MDA, except as may be required by applicable law or regulatory authority. This Section 9.2 shall survive the termination of this MDA.
- 9.3 Severability. If any provision of this MDA is determined to be void, illegal, or unenforceable under the law, all other provisions of this MDA shall continue in full force and effect, and the Parties will negotiate in good faith to replace the void, illegal or unenforceable provision with a valid, legal and enforceable provision that corresponds as close as possible to the spirit and purpose of the void, illegal, or unenforceable provision.
- 9.4 Interpretation. Section headings are for convenience and are not to be used to interpret the Sections to which they refer. All Exhibits and Schedules to this MDA are incorporated by reference. Words indicating the singular include the plural and *vice versa* as the context may require. References to days, months and years are all calendar references.
- 9.5 No Third-Party Beneficiary. There are no third-party beneficiaries to this MDA.
- 9.6 Waiver. No waiver by a party of any provision, or the breach of any provision, of this MDA shall be effective unless it is contained in a written instrument duly executed by the Party granting the waiver. Such waiver shall affect only the matter specifically identified in the instrument granting the waiver and shall not extend to any other matter, provision or breach. The failure of a Party to give notice to any other Party or to take any other steps in exercising any right, or in respect of the breach or non-fulfillment of any provision of this MDA, shall not operate as a waiver of that right, breach or provision nor shall any single or partial exercise of any right preclude any other or future exercise of that right or the exercise of any other right, whether in law or in equity or otherwise.
- 9.7 Notices. All notices, requests or other communications required or permitted under this MDA shall be delivered in writing, either in person, by facsimile or email, overnight courier or by United States first-class mail. Postage prepaid, addressed, if to the Parties at the addresses set forth below, or to such other address as the Parties may specify by written notice. Notice shall be deemed given, delivered and received on: (a) the actual date of personal delivery (including delivery by overnight courier), or on the first Business Day thereafter if the delivery is not on a Business Day; (b) the date of a machine generated confirmation of a completed facsimile or email transmission (or on the first Business Day

thereafter if the transmission is not on a Business Day); or (c) three (3) days after deposit in the United States Mail as set forth above.

Notices to Choice:

Choice Hotels International Inc.
915 Meeting Street, Suite 600
North Bethesda, Maryland 20852
Attn: General Counsel

Notices to Developer:

Attn: _____

9.8 Corrupt Practices. Neither Party, nor any person acting for or on behalf of such Party, shall, and each Party acknowledges that the other Party will not: (a) make any expenditure for any unlawful purposes in the performance of its obligations under this MDA or in connection with its activities in relation thereto; or (b) bribe or offer to bribe any government official, any political party or official thereof, or any candidate for political office, for the purpose of influencing any action or decision of such person in their official capacity or any Government Entity of any jurisdiction, or for any other reason, or any third party. Each Party, and any person acting on behalf of such Party, shall comply with all applicable Anti-Corruption Laws and anti-money laundering laws and regulations in connection with the performance of this MDA (including construction, development, opening and operation of any System Property).

9.9 Sanctioned Persons. The Parties represent and warrant to each other that as of the Effective Date, and the Parties covenant throughout the Term, that the Parties, the Parties' directors, officers, shareholders, managers, and members are not (and will not be) and are not (and will not be) owned or controlled by, or acting on behalf of, any Sanctioned Persons. The Parties will notify each other in writing immediately upon the occurrence of any event which would render the foregoing representation, warranty and covenant incorrect.

9.10 Developer's Representations and Warranties. Developer represents and warrants to Choice as of the Effective Date as follows:

9.10.1. **DISCLOSURE.** DEVELOPER ACKNOWLEDGES THAT DEVELOPER HAS RECEIVED FROM CHOICE A FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY FEDERAL OR STATE LAW AT LEAST FOURTEEN (14) DAYS BEFORE DEVELOPER HAS EXECUTED THIS MDA OR PAID ANY CONSIDERATION TO CHOICE.

9.10.2. **INDEPENDENT INVESTIGATION.** DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED HEREUNDER, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS MDA INVOLVES BUSINESS RISKS, AND THAT DEVELOPER'S SUCCESS WILL BE LARGELY DEPENDENT UPON DEVELOPER'S

ABILITY AS INDEPENDENT BUSINESSPERSONS. CHOICE EXPRESSLY DISCLAIMS THE MAKING OF, AND DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS MDA

9.10.3 **SYSTEM PROPERTY SITES.** DEVELOPER ACKNOWLEDGES THAT IT SHALL POSSESS ULTIMATE RESPONSIBILITY FOR THE DECISION OF ANY SITE THAT DEVELOPER CHOOSES TO DEVELOP. DEVELOPER ALSO ACKNOWLEDGES THAT CHOICE HAS GIVEN NO REPRESENTATION, PROMISE, OR GUARANTEE OF DEVELOPER'S SUCCESS IN GENERAL OR IN ANY EXCLUSIVE TERRITORY AND THAT DEVELOPER SHALL BE SOLELY RESPONSIBLE FOR ITS OWN SUCCESS IN GENERAL AND IN ANY EXCLUSIVE TERRITORY.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this MDA as of the Effective Date.

CHOICE HOTELS INTERNATIONAL, INC.,
a Delaware corporation

_____,
a _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT A

EXCLUSIVE TERRITORIES AND DEVELOPMENT SCHEDULE

1. Exclusive Territory. As used in this MDA, the “**Exclusive Territories**” consist of _____
(_____) geographically defined areas with the right to develop the number of System Properties per
Exclusive Territory, all as set forth in the table below:

Exclusive Territories	System Properties per Exclusive Territories
	Minimum of _____ System Properties
	Minimum of _____ System Properties
Total	Minimum of _____ System Properties

2. Development Schedule: Developer shall develop and open a minimum of _____ (____)
System Properties within the Exclusive Territories pursuant to the below schedule and the terms
of the Franchise Agreements:

Deadline	Cumulative Number of Executed Franchise Agreements in _____ Territory	Cumulative Number of Executed Franchise Agreements in _____ Territory	Cumulative Number of Executed Franchise Agreements in _____ Territory
First (1 st) Anniversary of the Effective Date			
Second (2 nd) Anniversary of the Effective Date			
Third (3 rd) Anniversary of the Effective Date			

EXHIBIT B
EXCLUSIVITY EXCEPTIONS

Exceptions: The exclusivity granted in Section 1.2 of the MDA does not apply to the following locations and properties in the Exclusive Territories, which may be modified by Choice consistent with Section 1.2 (i.e., any System Property open and operating, in development with a pending Application, subject to an executed franchise agreement as of the Effective Date, or with a Replacement System Property).

EXHIBIT C DEFINITIONS

The following capitalized terms will have the meanings set forth after each term:

“Affiliate” means with respect to a person (including any legal person), (i) a person (including any legal person) that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person; and (ii) any parent, spouse, lineal descendent or adopted child of such person, any spouse or adopted child of any such descendant or any child of such spouse, the executors, administrators, conservators, or personal representatives of any such person or any person referred to in this clause (ii) and any person which, directly or indirectly, is owned or controlled by one or more of the persons referred to in this clause (ii).

“Affiliate System Hotels” means Hotels under another franchise system or chain owned and operated by Choice or its Affiliates under another name, trade name, service mark, trademark, logo, emblem, or other indication of origin other than the Proprietary Marks.

“Affiliation Fees” means the fee of Fifty Thousand Dollars (\$50,000) due upon execution and delivery of the Application and Franchise Agreement as provided in Article 4.

“Anti-Corruption Laws” means the (i) the United Nations Convention Against Corruption; (ii) the U.S. Foreign Corrupt Practice Act, available in many languages a, 15 U.S.C. § 78m, 78dd-1, 78dd-2, and 78dd-3; (iii) the Organization For Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (and related implementing legislation); (iv) the relevant common law or legislation from time to time in force in England and Wales, including the Public Bodies Corrupt Practices Act 1889 and the Prevention of Corruption Act 1906 as supplemented by the Prevention of Corruption Act 1916 and the Anti-Terrorism, Crime and Security Act 2001, the Criminal Law Act 1977, and The Bribery Act 2010; and (v) any anti-bribery or anti-corruption provisions in the criminal, anti-competition, anti-bribery and/or anti-corruption laws of the jurisdiction in which Developer operates; together with any amending, consolidating or successor legislation or case law which has effect from time to time in the relevant jurisdiction.

“Application” means Developer’s application to enter into a Franchise Agreement for a proposed Site for approval by Choice.

“Brand” means the brand name of the System Properties.

“Choice Marks” means collectively all of the trademarks and trade names, including, but not limited to, the Brand Mark, the trademarks and trade names ASCEND®, CAMBRIA®, COMFORT INN®, COMFORT SUITES®, CLARION®, CLARION POINTE®, QUALITY®, SLEEP INN®, MAINSTAY SUITES®, SUBURBAN EXTENDED STAY HOTEL®, WOODSPRING SUITES®, ECONO LODGE®, RODEWAY INN®, and the names of Choice’s Property management System and Reservation System, together with all related logos, trade dress, and any other additional or substituted trademarks, trade names, service marks or logos (whether registered or not), that are currently owned, licensed or used by Choice or its Affiliates or that Choice or its Affiliates later adopt, purchase or develop.

“Control” (and any form thereof, such as **“controlling”** or **“controlled”**) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, or of

the power to veto major policy decisions of an entity, whether through the ownership of voting securities, by contract, or otherwise.

“Development Schedule” means the deadlines set forth in **Exhibit A** to this MDA.

“Effective Date” has the meaning defined in the preamble to this MDA.

“Franchise Agreement” means an agreement to be entered into by Developer and Choice Hotels International Inc. to operate as a Franchisee under the Proprietary Marks.

“Franchise Disclosure Document” means that certain document that Choice provides to prospective franchisees of System Properties as required by the trade regulation rule of the Federal Trade Commission entitled “Disclosure Requirements and Prohibitions Concerning Franchising” and as Choice may update from time to time.

“Government or Government Entity” means: (i) any agency, instrumentality, subdivision or other body of any national, regional, local or other government; (ii) any commercial or similar entities owned or controlled by such government, including any state-owned and state-operated companies; (iii) any political party; and (iv) any public international organization.

“Hotel” means each hotel located at a Site that Developer develops pursuant to this MDA. The Hotel includes all structures, facilities, appurtenances, guest rooms, meeting facilities, supplies, entrances, exits, and parking areas located on the Site or any other real property that Choice approves for Hotel expansion, signage, or other facilities.

“Laws” means all public laws, statutes, ordinances, orders, rules, regulations, permits, licenses, certificates, authorizations, directions and requirements of all Governments and Government Entities having jurisdiction over the Hotel, Site or over Developer to operate the Hotel, which, now or hereafter, may apply to the construction, renovation, completion, equipping, opening and operation of the Hotel, including Title III of the Americans with Disabilities Act, 42 U.S.C. § 12181, et seq., and 28 C.F.R. Part 36.

“Marketing and Reservation Fee” means the continuing Marketing and Reservation Fee set forth in Section 4.2.2.

“Master Development Agreement” or **“MDA”** means this Master Development Agreement, including any Exhibits, attachments and addenda.

“Metropolitan Statistical Area” is a geographic area defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of a Metropolitan Statistical Area requires the presence of an urbanized area with a total population of at least 50,000.

“Party” or **“Parties”** means Developer or Choice when referred to individually, and collectively when referred to in plural.

“Person(s)” means a natural person or entity.

“Proprietary Marks” means the name set forth in Recital C of this MDA, and such names and other trade names, service marks, trademarks, logos, emblems, or other indication of origin as are now or hereafter designated by Choice as part of the System.

“Rights Deposit” means the amount set forth in Section 3.1, which is the product of the Affiliation Fee of fifty thousand dollars (\$50,000) multiplied by the number of System Properties to be developed pursuant to the Development Schedule. The Rights Deposit shall be credited towards the Affiliation Fee upon approval of each Application and execution of each Franchise Agreement in accordance with Section 4.1.

“Room Revenue” means revenues attributable to or payable for the use or occupancy of the guestrooms at the Site, including barter and credit transactions (before commissions and discounts for credit cards), whether or not collected, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of rooms, and proceeds for guaranteed no-show revenue and other cancellation fees which are collected, but excluding sales taxes, room taxes or other taxes collected by Developer from customers for transmittal to appropriate taxing authorities. Room Revenue shall also exclude revenue derived from vending, laundry exchange, and laundry machines. Room Revenue shall be accounted for in accordance with the Uniform System of Accounts for The Lodging Industry, Eleventh Revised Edition, 2014 (the **“2014 11th Edition”**), as published by the Hotel Association of New York City, Inc., except as otherwise provided in the accounting procedures set forth in the Standards; subject, however, to the right of Choice to designate any subsequent edition or to designate a reasonable alternative accounting system if, the 2014 11th Edition is no longer recognized as the authoritative lodging accommodations accounting practice.

“Royalty Fee” means the continuing royalty fee set forth in Section 4.2.1.

“Sanctioned Person” means: (a) the government of any country that is subject to an embargo imposed by the United States government or United Kingdom government; (b) in the event of entities, any Person located in, or organized under, the laws of any country that is subject to an embargo imposed by the United States government or United Kingdom government; (c) in the event of individuals, any Person that ordinarily reside in any country that is subject to an embargo imposed by the United States government or United Kingdom government; or (d) any Person identified from time to time by any government or legal authority under applicable laws as a Person with whom dealings and transactions by Choice and/or its Affiliates are prohibited or restricted, including Persons designated on the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Other Blocked Persons (including terrorists and narcotics traffickers), any Person designated on the United Kingdom government’s asset freeze lists and similar restricted party listings, including those maintained by other governments pursuant to applicable United Nations, European Union, regional or national trade or financial sanctions.

“Site” means the real property on which the Hotel is located or to be located, as approved by Choice.

“Standards” means Choice’s confidential Brand standards, systems, guides, programs, other requirements (including those relating to insurance), directives, specifications, design criteria, and such other information, initiatives and controls that are necessary for planning, designing, constructing, renovating, refurbishing, and operating System Properties.

“System” means the distinctive design, décor, color scheme, and furnishings; the Proprietary Marks designated to be part of the System; standards, specifications, programs and procedures for operations; programs and procedures for quality control; training and assistance; advertising, direct sales, and

promotional programs developed by Choice for the operation of a Property under the Proprietary Marks utilizing the Trade Secrets providing value-oriented, extended-stay accommodations; and may, now or in the future, include the Property Management System and Reservation System, loyalty program, business referral, gift card and credit card agreements, this MDA, the Brand Standards, and those identifying brand characteristics as Choice may from time to time reasonably designate. Choice may add, change, modify, withdraw, or otherwise revise any element of the System in its sole discretion. Choice may operate multiple franchise systems under different Proprietary Marks in which case, for purposes of this MDA, "System" only encompasses the above to the extent applicable to the franchise system being licensed hereunder to the Franchisee.

"Taxes" means all taxes (including any sales, gross receipts, value-added, goods and services, or similar taxes), levies, charges, impositions, stamp or other duties, fees, deductions, withholdings or other payments levied or assessed by any competent Government Entity.

"Term" has the meaning set forth in Section 2.1.

"Transfer" means any sale, conveyance, assignment, exchange, pledge, encumbrance, lease or other transfer or disposition, directly or indirectly, voluntarily or involuntarily, absolutely or conditionally, by operation of law or otherwise.

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Washington Master Development Agreement Addendum

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 development 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 development 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 development 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 noncompetition 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 noncompetition 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 development 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 development 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.

Sections 9.10.2 and 9.10.3 of the development agreement do not apply in Washington and are hereby deleted in their entirety.

The undersigned does hereby acknowledge receipt of this addendum. Dated this _____ day of _____ 20_____.

Franchisor

Franchisee

EXHIBIT F

choiceADVANTAGE® Software Terms of Use

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You will use a transport layer security (TLS) 1.2 or higher, JavaScript and Cookie-enabled browsers to log into your account and perform transactions. The browser(s) currently supported for accessing the Software is: Microsoft Internet Explorer 11 or higher.

To access your account information, you will be required to enter a valid username and password. You will notice that Choice does not display your password in plain text as you enter it upon log-in; this is to provide an extra level of security. After a specific period of inactivity, the Software will automatically close your session. In order to reenter the

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You will use Choice's logout feature if you will be leaving your computer for any amount of time. Logging out will ensure your session is ended, and a username and password will be required to reenter the Software and this Site. You will close your browser after you log out. This will provide one more level of security to prevent someone from entering your previous session. You will promptly notify Choice of any unauthorized disclosures of your password or other breaches of your password or the security of the Software or this Site. You must keep the Software and all data generated by the Software and this Site strictly confidential. You may not disclose it to any third parties or use it, except for your normal business purposes, as permitted under your Franchise Agreement.

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Governing Language

The parties hereto confirm that it is their wish that this Agreement, as well as all other documents relating hereto, including all notices, have been and shall be drawn up in the English language only. *Les parties aux présentes confirment leur volonté que cette convention, de même que tous les documents, y compris tout avis, qui s'y rattachent, soient rédigés en langue anglaise.*

General

The waiver by Choice of a breach or right under these Terms of Use will not constitute a waiver of any subsequent breach or right. If any provision of these Terms of Use is found to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed from the remainder of these Terms of Use, which will otherwise remain in full force and effect. Choice will not be responsible for any delay or failure to provide the Software or this Site or any associated services, in whole or in part, due to the following factors as they affect Choice, its licensors, agents or representatives or the Software or this Site: federal, state or municipal action or regulation; strikes or other labor troubles; fire; damage; delay in transportation; shortages of raw materials, labor, fuel or supplies; sabotage; terrorism; insurrection, riot or other acts of civil disobedience or public enemy; and failures or interruptions in Internet service or other communication failures. You may not assign your rights or obligations under these Terms of Use, in whole or in part, without the prior written consent of Choice. For the purposes of these Terms of Use, an assignment shall include any assignments resulting from a merger, a transfer of all or substantially all of your assets, a change of control, or by operation of law. In the event that Choice finds it necessary to employ legal counsel or to bring an action at law or other proceeding against you to enforce any of the provisions of these Terms of Use, you agree to pay Choice, in addition to any damages for which you may be responsible, all reasonable attorneys' and witness' fees and expenses incurred by Choice. The obligations with respect to Copyrights, Confidentiality, Software Use and Site Access, Limitation of Liability, Indemnification, Termination, Governing Law, and these General provisions survive termination of your right of access to and use of the Software and this Site.

Reservation of Rights

Any rights not expressly granted to you herein are reserved to Choice and its licensors.

Entire Agreement

You acknowledge and agree that these Terms of Use, your Franchise Agreement and the applicable Rules and Regulations that accompany your Franchise Agreement (and, for Canadian franchisees, your choiceADVANTAGE Technology Services Agreement) are the complete and exclusive agreement between Choice and you relating to the Software and this Site, superseding all other agreements, proposals and communications (oral or written) related to the Software or this Site, including, without limitation, any prior Technology Services Agreement and Software

License in effect between Choice and you In the event of any conflict or ambiguity between these Terms of Use, your Franchise Agreement or and the applicable Rules and Regulations that accompany your Franchise Agreement, these Terms of Use shall control.

Address of Choice

choiceADVANTAGE.com
Choice Hotels International, Inc.
915 Meeting Street, Suite 600
North Bethesda, Maryland 20852
<http://www.choicehotels.com>

EXHIBIT G

Choice ResConnect Reservations Services Program — Terms of Use

(Revised February 2025)

Thank You for Your interest in Choice Hotels International, Inc. ("Choice") Choice ResConnect Reservations Services Program (the "Program"). To enroll one or more of Your hotel properties in the Program, please review the terms below that will govern Your participation in and use of the Program ("Terms of Use"), You will repeat this process for each property You intend to enroll in the Program.

Terms of Use

By providing your acknowledgment on the ChoiceNow request "ResConnect Enrollment / Modification", You are confirming that You are either (1) an authorized franchisee in good standing with Choice or its subsidiaries or affiliated companies ("**Franchisee**"), or (2) the hotel's general manager or another authorized employee of the Franchisee (in each case, an "**Authorized Representative**"), and You accept and agree to these Terms of Use on behalf of Yourself and/or the Franchisee for Your participation in the Program for the specific hotel property You identify on the Choice ResConnect Enrollment form (the "Hotel Terms of Use shall govern Your participation in and use of the Program and shall be binding on You and Your employees and contractors. Choice has the right to and may, in its sole discretion and from time to time, modify, add or remove any of the provisions, rights or obligations in these Terms of Use without notice or liability to You. We will post any changes we make to the Terms of Use on this Choice ResConnect page, once posted, the changes will be effective immediately. You agree to review these Terms of Use from time to time. By Your participation in the Program after Choice posts any changes to the Terms of Use, You accept and agree to the Terms of Use, as modified.

As used in these Terms of Use, the terms "You" and "Your" shall mean you, as the person accepting these Terms of Use, the Franchisee, or any and all Authorized Representatives as applicable by the context used herein. Additionally, "we" or "us" or "our" shall mean Choice.

1. The Program.

Subject to these Terms of Use, Choice will make available to Your Hotel the Service described below.

Service Option:

Choice ResConnect

Choice will provide Your Hotel with its own unique Choice ResConnect Number. Choice will substitute Your Hotel's published primary toll-number (the "Main Number") with a designated Choice ResConnect Number for organic internet search results, and listings on the Choice Mobile App, ChoiceHotels.com and Choice reservation systems. This means that Incoming Calls can be made using the designated Choice ResConnect Number. You must retain Your Hotel's Main Number and keep it operational throughout the course of Your participation in the Program.

Incoming Calls on Your Choice ResConnect Number will be routed to an automated "interactive voice response" system (IVR) with a message specific to Your Hotel. The caller will be prompted to choose either "reservations" or "all other inquiries," or a third option of your choice if required. If the caller chooses the "reservations" option to book a new reservation, then the call will be forwarded to our Reservation Center and You will be charged the standard fee detailed in Section 3. If the caller chooses the "all other inquiries" option, then the caller will be routed to Your Hotel's front desk agent and no fee will apply. If you would also like to implement a third option on the IVR, calls will be transferred to a designated telephone number of your choice and no fee will apply. Choice retains the right to modify Your ResConnect IVR without notice.

2. Obligations and Representations

Once You accept these Terms of Use, You will be enrolled in the Program and You will receive an e-mail confirmation including the Choice ResConnect Technical Requirements & Hotel Questionnaire. You represent and warrant that the Hotel Questionnaire You submit is and will be complete and accurate. You agree to notify Choice promptly of any changes to the information You provide in the Hotel Questionnaire. If You wish to enroll additional Hotels in the Program, You must accept these Terms of Use and complete a separate Hotel Questionnaire for each Hotel.

Choice ResConnect representatives have access to all your local negotiated rate plans through our reservation system. This includes rate plans You have loaded as Property Direct. It is Your responsibility to ensure every locally negotiated rate plan has a loaded rate description.

To enable the full functionality of the Program, You may be required to take additional actions, such as providing us with certain information, directions, and preferences. You can submit your hotel Questionnaire on ChoiceNow detailing the requirements and requests if necessary. If You fail to satisfy the enrollment requirements and our requests, You may impair Your Hotel's ability to implement/participate in the Program.

You agree to follow all operation instructions and the requirements of the Program as may be set forth in the Rules and Regulations that accompany Your franchise agreement with Choice (the "**Franchise Agreement**") and which may apply to the Program.

3. Fees — Program Fees vary by segment

Core: Comfort, Country, Clarion, Sleep, Quality

You will pay Choice a fee of 3.5% of the monthly Gross Room Revenue booked by the Program. We have the right to increase the Fee at any time upon providing notice to You. The Fee is due and payable by You to us for each reservation that is booked by the Program. If You are not able to meet the needs of the caller or do not have room inventory available for the dates requested, the Reservation Center sales agent may cross-sell the caller to another hotel property within the Choice franchise system. We will invoice You monthly for the Fees and other amounts due under these Terms of Use and You must pay each invoice in full by the first day of the month following the month in which the invoice is issued. Choice reserves the right to suspend Your participation in and use of the Program if You fail to pay any invoice in a timely manner. Fees do not include any taxes. You are solely responsible for paying taxes applicable to Your participation in and use of the Program, which may include sales tax, gross receipts tax, use tax, transaction privilege tax or other taxes.

Upscale: Ascend, Cambria, Park Plaza, Radisson, Radisson Blu, Radisson Red, Radisson Individuals, Radisson Collection:

You will pay Choice a fee of 3.0% of monthly Gross Room Revenue booked by the Program. We have the right to increase the Fee at any time upon providing notice to You. The Fee is due and payable by You to us for each reservation that is booked by the Program. If You do not have room inventory available for the dates requested, the Reservation Center sales agent may cross-sell the caller to another hotel property within the Choice franchise system. We will invoice You monthly for the Fees and other amounts due under these Terms of Use and You must pay each invoice in full by the first day of the month following the month in which the invoice is issued. Choice reserves the right to suspend Your participation in and use of the Program if You fail to pay any invoice in a timely manner. Fees do not include any taxes. You are solely responsible for paying taxes applicable to Your participation in and use of the Program, which may include sales tax, gross receipts tax, use tax, transaction privilege tax, or other taxes.

Extended Stay and Economy: Mainstay, Suburban, Everhome, WoodSpring, Econo Lodge, Rodeway, Park Inn

You will pay Choice a fee of \$3.00 USD per call that is forwarded from your hotel or through the Choice ResConnect system to our CRS under the Service . (the "Fee"). We have the right to increase the Fee at any time upon providing notice to You. The Fee is due and payable by You to us for each call that is forwarded to the Reservation Center, regardless of whether the forwarded call results in a booking. If You do not have room inventory available for the dates requested, the Reservation Center sales agent may cross-sell the caller to another hotel property within the Choice franchise system. We will invoice You monthly for the Fees and other amounts due under these Terms of Use and You must pay each invoice in full by the first day of the month following the month in which the invoice is issued. Choice reserves the right to suspend Your participation in and use of the Program if You fail to pay any invoice in a timely manner. Fees do not include any taxes. You are solely responsible for paying taxes applicable to Your participation in and use of the Program, which may include sales tax, gross receipts tax, use tax, transaction privilege tax, or other taxes.

4. Term and Termination

The initial term for Your participation in the Program is six (6) months (the “Initial Term”). Your Hotel must remain enrolled in the Program for at least six (6) months and You may not cancel before the end of the Initial Term except as detailed below. After the Initial Term, You will continue to be enrolled until either party provides the other with thirty (30) days advance written notice of an intent to terminate. If You wish to take Your Hotel out of the Program early, You may do so by notifying us and paying an early exit fee of \$500 for each month remaining in the Initial Term (plus a pro rata share for the remaining portion of the current month).

Default and Termination

Non-payment. We may terminate Your participation in the Program upon five (5) days written notice if You fail to timely pay any amounts due to Choice as a result of Your participation in the Program.

Franchise Agreement Default, Termination or Expiration. We may terminate Your participation in the Program immediately upon any default under the Program or Your Franchise Agreement and Your participation in and use of the Program will automatically terminate upon the expiration (or earlier termination) of the Franchise Agreement.

Removal of Choice ResConnect Number Published Listings Your removal of the Choice ResConnect Number from any or one of the following channels (or any other channel in which we list Your ResConnect Number) constitutes a breach of these Terms of Use for which we may terminate immediately Your participation in the Program: organic internet search, Choice Mobile App, ChoiceHotels.com and Choice Reservations systems.

Additional Remedies. In addition to any damages to which it may be entitled, Choice will be entitled to reimbursement of all costs relating to the breach of the Terms of Use, including reasonable attorneys' and witness' fees. If, because of Your breach of the Terms of Use, we terminate Your participation in the Program during the first six months after Your enrollment, we will charge You the early exit fee. Your breach of these Terms of Use may also cause irreparable harm to Choice. You agree that damages may be an inadequate remedy and, therefore, in addition to its rights and remedies otherwise available at law, Choice will be entitled to equitable relief, including both a preliminary and permanent injunction, if such a breach occurs. You waive any requirement for the posting of a bond or other security if Choice seeks such an injunction.

5. Limitation of Liability

You expressly understand and agree that neither Choice, its licensors, nor related parties shall be liable for any indirect, punitive, consequential, incidental or special damages of any kind resulting from these terms, access to or any use of, or inability to use or access, or reliance on, or functioning of, the Program, regardless of the basis upon which liability is claimed, even if Choice has been advised of the possibility of such loss of damage. In no event shall Choice's liability for damages, regardless of the form of action, exceed the fees You actually paid in the six (6) months immediately preceding Your claim.

6. No Warranty

Choice provides the Program "as is" and without warranties of any kind, either express or implied, except to the extent that any warranties implied by law cannot be validly waived or disclaimed. The disclaimed warranties, to the extent allowed by law, include but are not limited to the implied warranties of merchantability, non-infringement of intellectual property, and fitness for a particular purpose.

Choice makes no warranty that the Program will meet Your requirements or that it will be uninterrupted, timely, secure, or error-free; nor does Choice make any warranty as to the results that may be obtained from Your participation in or use of the Program or as to the accuracy or reliability of any information obtained through Your participation in or use of the Program.

Choice shall be not responsible for any problems or technical malfunction of any telephone network or lines, computer online systems, servers, internet access providers, computer equipment, software, or any combination thereof including any injury or damage to Your or any other person's computer or networks as a result of using the Program. Choice makes no representations or warranties express or implied, with respect to the information received by or through Your participation in or use of the Program, including any representations or warranties as to the accuracy, completeness or timeliness of the information obtained by or through Your participation in or use of the Program.

7. Indemnity

You agree, at Your expense, to indemnify, defend and hold Choice, as well as its officers, directors, employees, agents, subsidiaries, affiliates, distributors, franchisees, licensors and licensees harmless from and against any judgments, losses, deficiencies, damages, liabilities, costs, and expenses (including reasonable attorneys' and witness' fees and expenses) incurred in connection with or arising from any claim, demand, suit, action, or proceeding arising out of Your breach of these Terms of Use or in connection with Your participation in or use of the Program or any product or service related to the Program. Choice reserves the right to assume the exclusive defense and control of any matter subject to indemnification by You, which shall not excuse Your indemnity obligations.

8. Trademarks

You acknowledge that Choice Hotels International®, Choice Hotels® and the trademarks associated with our brands are the sole property of Choice and are registered in the U.S. Patent and Trademark Office and other trademark offices around the world. Any use of these trademarks by You requires the prior express written consent of Choice.

9. Governing Law

Choice creates and controls the Program in the State of Maryland, U.S.A. Accordingly, these Terms of Use are governed by the laws of the United States and Maryland law, except the Maryland Uniform Computer Information Transactions Act, which is expressly disclaimed, and without regard to Maryland conflicts of law principles. Any controversy or claim arising out of or relating to these Terms of Use or relating to Your participation in or use of the Program and the materials related to the Program shall be resolved in a Maryland court. You agree that, regardless of any statute or law to the contrary, any claim or cause of action

You may have against Choice arising out of or related to these Terms of Use must be filed within one (1) year after such claim or cause of action arises or this claim or cause of action will be forever barred.

For Canadian franchisees: These Terms of Use are governed exclusively by the laws of the Province in which your hotel is located, without regard to its conflicts of law principles. Any controversy or claim arising out of or relating to these Terms of Use or relating to the use of the Program and the material contained in the Program shall be resolved in a court in such Province, in a city selected by Choice, and you expressly waive the right to file a lawsuit or proceeding in any other jurisdiction.

10. General

The waiver by Choice of a breach or right under these Terms of Use will not constitute a waiver of any subsequent breach or right. If any provision of these Terms of Use is found to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed from the remainder of these Terms of Use, which will otherwise remain in full force and effect. Choice will not be responsible for any delay or failure of the Program or any associated services, in whole or in part, due to the following factors as they affect Choice, its licensors, agents or representatives, or the Program: federal, state or municipal action or regulation; strikes or other labor troubles; fire; damage; delay in transportation; shortages of raw materials, labor, fuel or supplies; sabotage; insurrection, riot or other acts of civil disobedience or public enemy; and failures or interruptions in Internet service, networks or other communication failures. You may not assign Your rights under these Terms of Use, in whole or in part, without the prior written consent of Choice. If Choice finds it necessary to employ legal counsel or to bring an action at law or other proceeding against You to enforce any of the provisions of these Terms of Use, You agree to pay Choice, in addition to any damages for which You may be responsible, all reasonable attorneys' and witness' fees and expenses incurred by Choice, if Choice prevails in such action or proceeding. Your obligations under these Terms of Use will survive termination of Your participation in, right to access, and use of the Program. Any rights not expressly granted to You herein are reserved to Choice and its licensors. You acknowledge and agree that these Terms of Use are the complete and exclusive agreement between Choice and You relating to the Program, superseding all other agreements, proposals, and communications (oral or written) related to the Program.

11. Notices

Notices to Choice can be sent via email ResConnect@choicehotels.com.

EXHIBIT H

Promissory Note

Issuance Date: _____

Maturity Date: _____

\$ _____ «PROP_CITY», «PROP_ST»

FOR VALUE RECEIVED, each of the undersigned (collectively, "Maker"), jointly and severally, hereby promises to pay to the order of Choice Hotels International, Inc. ("Holder") the principal sum of _____ and 00/100 Dollars (\$ _____) ("Principal Amount") as provided for herein.:

1. **Franchise Agreement**. Maker and Holder are parties to a franchise agreement dated _____ (as may be amended or supplemented from time to time, the "Franchise Agreement"). The parties have agreed upon certain conditions pursuant to which Holder will make a loan to Maker pursuant to a promissory note in substantially similar form to this promissory note ("Note"). Capitalized terms used but not defined herein will have the meaning set forth in the Franchise Agreement.

2. **Payment**. Unless otherwise accelerated pursuant to Section 3, this Note matures on the Maturity Date, at which time the entire Principal Amount will be due and payable in full.

3. **Default**. The occurrence of any one or more of the following events shall constitute a "Default": (1) Maker's failure to observe or perform any covenant, condition or agreement under the terms of this Note; (2) if any representation or warranty made in connection with this Note is in Holder's opinion, false, misleading or incorrect in any material respect; (3) if for any reason, the Franchise Agreement terminates or is otherwise rendered ineffective prior to the Maturity Date; (4) the occurrence of any event(s) or existence of any situation that, after providing for any applicable notice/cure rights set forth in the Franchise Agreement, would provide Holder with a right to terminate the Franchise Agreement; (5) if all or any portion of the premises to which the Franchise Agreement applies ("Premises"), any interest in the Premises (including an ownership interest in any entity that owns the Premises), or any interest in this Note is transferred, leased, or conveyed, other than as security for a debt or other obligation, whether done by a direct or indirect method, or should Maker enter into any contractual arrangement to transfer or convey the Premises, any interest in the Premises (including an ownership interest in any entity that owns the Premises), any part of this Note, or any interest in this Note other than as security for a debt; and (6) the death of any Maker or the filing of any insolvency or bankruptcy proceeding by or against any Maker or the appointment of a receiver for any Maker or any Maker's assets. If a Default occurs, the entire Principal Amount will be due and payable in full within fifteen (15) days after Maker's receipt of a written Notice of Default from Holder.

4. **Interest**. If the Principal Amount, or any portion thereof, is not paid on or before the Maturity Date (or such earlier date required by Section 3), this Note will bear interest from the date on which funds are due until paid in full at the annual rate of eighteen percent (18%). The maximum interest rate in California is 10% annually. Interest will be computed on the basis of a 360-day year and charged for the actual number of days elapsed in each interest calculation period. Nothing in this Note will be construed or operate to require Maker to pay interest at a greater rate than the maximum allowed by law. Should any interest or other charges paid or payable by Maker under this Note result in the computation or earning of interest in excess of the maximum allowed by law, then all excess interest charges are waived by Holder, and any such excess interest received by Holder will be automatically credited against the Principal Amount, and any such remaining excess received by Holder that exceeds the Principal Amount will be credited by Holder against Royalty Fees payable to Holder pursuant to the Franchise Agreement.

5. **Confession of Judgment**. Upon the occurrence of a Default, Maker hereby irrevocably authorizes and empowers any attorney or clerk of any court of record in the United States or elsewhere to appear for and, with or without declaration filed, confess judgment against Maker in favor of Holder or an assignee or successor of Holder, of the Note, at any time, for the full or total Principal Amount under this Note, together with all indebtedness provided for therein, with interest, costs of suit, and reasonable attorneys' fees; and the undersigned expressly releases all errors, waives all stay of execution, rights of inquisition and extension upon any levy upon real estate and all exemption of property from levy and sale upon any execution hereon; and Maker expressly agrees to condemnation and expressly relinquishes all rights to benefits or exemptions under any

and all exemption laws now in force or which may hereafter be enacted. Maker acknowledges and agrees that Maker is voluntarily, knowingly, and intelligently giving up its right to notice and hearing prior to the entry of judgment, is granting Holder, or Holder's assignee or successor, the right to confess judgment against Maker and is freely waiving its due process rights. Maker further consents to immediate execution on the judgment and waives all right of appeal, ratifying and confirming all that the attorney or clerk may do by virtue of this Note.

6. General.

No failure or delay by Holder to insist on the strict performance of any term of this Note or to exercise any right, power or remedy upon the occurrence of a Default or any other breach of this Note, is a waiver of any term or agreement or of any breach, or will preclude Holder from exercising any right, power or remedy at any later time unless in writing. If Holder accepts any payment after its due date, this act will not be a waiver of Holder's right to receive timely payment of all other amounts or to declare a default for the failure to make any other payment when due.

If Holder or any future holder of this Note assigns its rights under this Note, the term "Holder" as used in this Note will refer to such then-current assignee. This Note is not assignable by Maker.

If any provision (or any part of any provision) in this Note is for any reason held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability will not affect any other provision (or remaining part of the affected provision) of this Note, and this Note will be construed as if the invalid, illegal or unenforceable provision (or part of this Note) had never been contained in this Note but only to the extent it is invalid, illegal or unenforceable.

This Note shall be governed by and construed in accordance with the laws of the State of Maryland.

Negotiable and payable at the office of: CHOICE HOTELS INTERNATIONAL, INC., 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852, Attention: Billing Department.

In Witness Whereof, Maker acknowledges and agrees to the terms of this Note as evidenced by its signature under seal as of the day and year first above written.

EXHIBIT I

EXHIBIT I.A. - Capital Support Incentive Promissory Note

INCENTIVE PROMISSORY NOTE

\$ _____

City, State

Date: _____

FOR VALUE RECEIVED, each of the undersigned (collectively, "Maker"), jointly and severally hereby promises to pay to the order of Choice Hotels International, Inc. ("Holder") the principal sum of _____ And 00/100 Dollars (\$ _____) (the "Principal Amount"), or such lesser amount as shall then equal the outstanding Principal Amount hereof on the terms and conditions set forth hereinafter, together with interest thereon, as provided for herein. Holder will lend **Franchisee Name** ("Franchisee"), which is a Maker under this Incentive Promissory Note, the Principal Amount upon the completion of the payment conditions set forth in this Note. Capitalized terms used but not defined herein will have the meaning ascribed to such terms in the Franchise Agreement (defined below).

1. Background and Certain Definitions. Maker, Holder and Franchisee are parties to a franchise agreement dated ____/____/____, (as may be amended or supplemented from time to time, the "Franchise Agreement"), which Franchise Agreement, among other items, states that Holder will make a loan to Franchisee pursuant to a promissory note in substantially similar form to this promissory note (the "Note"). Holder will lend Franchisee an amount equal to _____ shortly after completion of the following payment conditions: (i) occurrence of the Opening Date on or before the Opening Deadline; (ii) Holder's receipt of evidence that Franchisee is the deedholder of the Hotel; and (iii) Holder's receipt of evidence that the ownership of Franchisee continues to match the ownership reflected in Schedule A of the Franchise Agreement.

2. Interest.

2.1 This Note will bear interest from the date on which funds are advanced to Maker (the "Distribution Date") until paid in full at the annual rate of Prime plus two percent (prime plus 2%) (the "Rate of Interest"). "Prime" initially refers to the prime rate quoted by the Wall Street Journal Prime Rate as of the Distribution Date, and during the period in which all or any portion of the Principal Amount remains outstanding, shall adjust from time to time as the rate quoted by the Wall Street Journal adjusts. Rate of Interest will be computed on the basis of a 360-day year and charged for the actual number of days elapsed in each interest calculation period. The maximum interest rate in California is 10% annually.

2.2 Nothing in this Note will be construed or operate to require Maker to pay interest at a greater rate than the maximum allowed by law. Should any interest or other charges paid or payable by Maker under this Note result in the computation or earning of interest in excess of the maximum allowed by law, then all excess interest charges are waived by Holder, and any such excess interest received by Holder will be automatically credited against the Principal Amount, and any such remaining excess received by Holder that exceeds the Principal Amount will be credited by Holder against Royalty Fees payable to Holder pursuant to the Franchise Agreement.

3. Use of Proceeds. Maker agrees that the entire proceeds of this Note will be used solely for purposes related to the construction and operation of a **Brand** hotel pursuant to the Franchise Agreement.

4. Payment.

4.1 Unless otherwise accelerated pursuant to Section 5.2, this Note matures _____ (____) years from the Opening Date (the "Maturity Date"), at which time the entire Principal Amount, all accrued and unpaid interest on this Note and all other sums due under this Note will be due and payable in full.

4.2 Notwithstanding the foregoing, no payments (of either the Principal Amount or any associated interest) will be due or payable under this Note unless and until a Default (as defined in Section 5.1 hereof) occurs. If no Default (i) has occurred before the Maturity Date, or (ii) is occurring on the Maturity Date, then the entire Principal Amount and all accrued interest will be waived and forgiven by Holder as of the Maturity Date.

4.3 As of each anniversary of the Opening Date, unless a Default has occurred, the loan balance shall automatically be reduced by: (a) 1/12th of the Principal Amount (the "Forgiven Amount"), and (b) all accrued interest on the Forgiven Amount.

4.4 Payments on this Note shall be made in lawful currency of the United States of America to Holder, at the address set forth in Section 6.3 of this Note or such other address as Holder may designate by written notice to Maker.

5. Default.

5.1 The occurrence of any one or more of the following events shall constitute a "Default": (1) Maker's failure to observe or perform any covenant, condition or agreement under the terms of this Note or under the terms of any documents signed in connection with this Note, if any, (including, but not limited to, any commitment, loan agreement, stock pledge agreement or guaranty) or any other note or other obligation payable by Maker to Holder; (2) if any representation or warranty made in connection with this Note or in any report, opinion, schedule or certification with this Note or later submitted to Holder is in Holder's opinion, false, misleading or incorrect in any material respect; (3) if for any reason, the Franchise Agreement terminates or is otherwise rendered ineffective prior to the Maturity Date; (4) the occurrence of any event(s) or existence of any situation that, after providing for any applicable notice/cure rights set forth in the Franchise Agreement, would provide Holder with a right to terminate the Franchise Agreement; (5) if all or any portion of the premises to which the Franchise Agreement applies (the "Premises"), any interest in the Premises (including an ownership interest in any entity that owns the Premises), or any interest in this Note is transferred, leased, or conveyed, other than as security for a debt or other obligation, whether done by a direct or indirect method, or should Franchisee enter into any contractual arrangement to transfer or convey the Premises, any interest in the Premises (including an ownership interest in any entity that owns the Premises), any part of this Note, or any interest in this Note other than as security for a debt, unless, within 30 days of such transfer, Holder enters into a new **Brand** franchise agreement with the transferee for the Premises, and the transferee assumes all of Maker's obligations under this Note and executes Holder's then-current form of Assumption of Promissory Note; and (6) the filing of any insolvency or bankruptcy proceeding by or against any Maker or the appointment of a receiver for any Maker or any Maker's assets.

5.2 If a Default occurs, at Holder's option, the Default Payment Amount (as defined below) will immediately become due and payable by Maker to Holder without notice to Maker or any other person or entity. The "Default Payment Amount" means the sum of: (a) the original Principal Amount less an amount equal to the product resulting from multiplying the original Principal Amount by a fraction, the numerator of which is the number of full calendar years that have elapsed since the Opening Date, and the denominator of which is ten (10) (the amount resulting from this calculation is referred to as the "Amount Due"); plus (b) interest on the Amount Due calculated from the Distribution Date at the Rate of Interest.

5.3 Interest will accrue on the Default Payment Amount at the Rate of Interest until the Default Payment Amount has been paid in full; provided, that if such Default Payment Amount has not been paid in full by the date that is fifteen (15) days after the date such amount became due and payable, interest will begin to accrue at a default annual rate equal to Prime plus seven percent (prime plus 7%). The maximum interest rate in California is 10% annually.

5.4 The following provisions are applicable upon the occurrence of a Default: (A) Maker will pay Holder all expenses, costs and attorneys' fees that Holder incurs in connection with Holder's collection of any monies due under this Note or for the enforcement of any right under this Note or under any other agreement related to the loan evidenced by this Note, and (B) Holder may exercise any or all other rights,

powers and remedies provided for in any instrument, document or agreement now or later evidencing security or otherwise relating to the loan evidenced by this Note or now or later existing at law or in equity or by statute or otherwise.

5.5 CONFESSION OF JUDGMENT. Upon the occurrence of a Default, Maker hereby irrevocably authorizes and empowers any attorney or clerk of any court of record in the United States or elsewhere to appear for and, with or without declaration filed, confess judgment against Maker in favor of Holder or an assignee or successor of Holder, of the Note, at any time, for the full or total Default Payment Amount under this Note, together with all indebtedness provided for therein, with interest, costs of suit, and reasonable attorneys' fees; and the undersigned expressly releases all errors, waives all stay of execution, rights of inquisition and extension upon any levy upon real estate and all exemption of property from levy and sale upon any execution hereon; and Maker expressly agrees to condemnation and expressly relinquishes all rights to benefits or exemptions under any and all exemption laws now in force or which may hereafter be enacted. Maker acknowledges and agrees that Maker is voluntarily, knowingly, and intelligently giving up its right to notice and hearing prior to the entry of judgment, is granting Holder, or Holder's assignee or successor, the right to confess judgment against Maker and is freely waiving its due process rights. Maker further consents to immediate execution on the judgment and waives all right of appeal, ratifying and confirming all that the attorney or clerk may do by virtue of this Note.

5.6 Maker waives demand, presentment for payment, protest and notice of dishonor and agrees that at any time and from time to time and with or without consideration, Holder may, without notice to or further consent of Maker and without in any manner releasing, lessening, or affecting the obligations of any of them: (1) release, surrender, waive, add, substitute, settle, exchange, compromise, modify, extend, or grant indulgences with respect to (a) this Note, (b) all or any part of any collateral or security for this Note, and (c) Maker or any of them; and (2) grant any extension or other postponements of the time of payment of this Note.

6. General.

6.1 Cumulative Rights. Each right, power and remedy of Holder as provided for in this Note or now or hereafter existing at law or in equity or by statute or otherwise is cumulative and concurrent and is in addition to every other right, power or remedy, and Holder's exercise or beginning of exercise of any one or more of these rights, powers or remedies will not preclude Holder's simultaneous or later exercise of any or all these other rights, powers or remedies.

6.2 No Waiver; Application of Payment. No failure or delay by Holder to insist on the strict performance of any term of this Note or to exercise any right, power or remedy upon the occurrence of a Default or any other breach of this Note, is a waiver of any term or agreement or of any breach, or preclude Holder from exercising any right, power or remedy at any later time unless in writing. If Holder accepts any payment after its due date, this act will not be a waiver of Holder's right to receive timely payment of all other amounts or to declare a default for the failure to make any other payment when due. Any partial payments under this Note may be applied to pay interest, the Principal Amount, the Amount Due or costs as Holder, in its sole discretion determines.

6.3 Notices. All notices required under this Note must be in writing, must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized courier service, to Holder at **Choice Hotels International, Inc., 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852, Attention: General Counsel**, and to Maker at the Designated Representative's address identified in the Franchise Agreement. Either Holder or Maker may change the applicable address to which such notices are to be sent by written notice to the other party; provided, that Maker may only change the Designated Representative by written notice to Holder delivered in compliance with the Franchise Agreement. Maker authorizes the Designated Representative to receive Holder's written notices to Maker as its agent. Any notice by registered or certified mail or by reputable national courier service is deemed given and received at the date and time of sending.

6.4 Severability. If any provision (or any part of any provision) in this Note is for any reason held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability will not affect any other provision (or remaining part of the affected provision) of this Note, and this Note will be construed as if the invalid, illegal or unenforceable provision (or part of this Note) had never been contained in this Note but only to the extent it is invalid, illegal or unenforceable.

6.5 Assignment. If Holder or any future holder of this Note assigns its rights under this Note, the term "Holder" as used in this Note will refer to such then-current assignee.

6.6 Choice of Law. This Note is a contract made under, and for all purposes will be construed in accordance with, the internal laws and judicial decisions of the State of Maryland. Maker and Holder agree that any dispute arising out of this Note is subject to the jurisdiction of both the state and federal courts in the State of Maryland. For that purpose, Maker submits to the jurisdiction of the state and federal courts of the State of Maryland. Maker further agrees to accept service of process out of any of the before-mentioned courts in any dispute by registered, certified mail or international courier service addressed to Maker.

6.7. Confidentiality. You agree to keep the provisions of this Note in strict confidence and will not disclose them to any persons other than your directors, officers, partners, employees, agents and advisors that have a need to know. Any unauthorized disclosure is a Default under this Note as defined in Section 5.1 hereto.

6.8 Integration. This document embodies the entire agreement of the parties with respect to this Note. There are no restrictions, promises, representations, warranties, or undertakings other than those expressly set forth or referred to in this document. This document supersedes all prior agreements and understandings between the parties with the respect to this Note.

6.9 Waiver of Trial by Jury. **THE MAKER AND THE HOLDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE MAKER AND THE HOLDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE.**

[Remainder of this page intentionally left blank]

In Witness Whereof, Maker acknowledges and agrees to the terms of this Note as evidenced by its signature under seal as of the day and year first above written.

EXHIBIT I.B. - Incentive Promissory Note

INCENTIVE PROMISSORY NOTE

\$ _____

City, State

Date: _____

FOR VALUE RECEIVED, each of the undersigned (collectively, "Maker"), jointly and severally hereby promises to pay to the order of Choice Hotels International, Inc. ("Holder") the principal sum of _____ Dollars (\$_____) (the "Principal Amount"), or such lesser amount as shall then equal the outstanding Principal Amount hereof on the terms and conditions set forth hereinafter, together with interest thereon, as provided for herein. Pursuant to the terms of the Franchise Agreement (defined below), Holder will lend Maker the sum of \$_____ upon the occurrence of the Opening Date, as defined in the Franchise Agreement. Capitalized terms used but not defined herein will have the meaning ascribed to such terms in the Franchise Agreement.

1. Background and Certain Definitions. Maker and Holder are parties to a franchise agreement dated _____, (as may be amended or supplemented from time to time, the "Franchise Agreement"), which Franchise Agreement, among other items, set forth certain conditions pursuant to which Holder will make a loan to Maker pursuant to a promissory note in substantially similar form to this promissory note (the "Note").

2. Interest.

2.1 This Note will bear interest from the date on which funds are advanced to Maker (the "Distribution Date") until paid in full at the annual rate of Prime plus two percent (2%) (the "Rate of Interest"). "Prime" initially refers to the prime rate quoted by the Wall Street Journal Prime Rate as of the Distribution Date, and during the period in which all or any portion of the Principal Amount remains outstanding, shall adjust from time to time as the rate quoted by the Wall Street Journal adjusts. Rate of Interest will be computed on the basis of a 360-day year and charged for the actual number of days elapsed in each interest calculation period. The maximum interest rate in California is 10% annually.

2.2 Nothing in this Note will be construed or operate to require Maker to pay interest at a greater rate than the maximum allowed by law. Should any interest or other charges paid or payable by Maker under this Note result in the computation or earning of interest in excess of the maximum allowed by law, then all excess interest charges are waived by Holder, and any such excess interest received by Holder will be automatically credited against the Principal Amount, and any such remaining excess received by Holder that exceeds the Principal Amount will be credited by Holder against Royalty Fees payable to Holder pursuant to the Franchise Agreement.

3. Use of Proceeds. Maker agrees that the entire proceeds of this Note will be used solely for purposes related to the operation of a «Brand_Name» hotel pursuant to the Franchise Agreement.

4. Payment.

4.1 Unless otherwise accelerated pursuant to Section 5.2, this Note matures one hundred and twenty (120) months from the Opening Date (the "Maturity Date"), at which time the entire Principal Amount, all accrued and unpaid interest on this Note and all other sums due under this Note will be due and payable in full.

4.2 Notwithstanding the foregoing, no payments (of either the Principal Amount or any associated interest) will be due or payable under this Note unless and until a Default (as defined in Section 5.1 hereof) occurs. If no Default (i) has occurred before the Maturity Date, or (ii) is occurring on the Maturity Date, then the entire Principal Amount and all accrued interest will be waived and forgiven by Holder as of the Maturity Date.

4.3 As of each anniversary of the Opening Date, unless a Default has occurred, the loan balance shall automatically be reduced by: (a) 1/10th of the Principal Amount (the "Forgiven Amount"), and (b) all accrued interest on the Forgiven Amount.

4.4 Payments on this Note shall be made in lawful currency of the United States of America to Holder, at the address set forth in Section 6.3 of this Note or such other address as Holder may designate by written notice to Maker.

5. Default.

5.1 The occurrence of any one or more of the following events shall constitute a "Default": (1) Maker's failure to observe or perform any covenant, condition or agreement under the terms of this Note or under the terms of any documents signed in connection with this Note, if any, (including, but not limited to, any commitment, loan agreement, stock pledge agreement or guaranty) or any other note or other obligation payable by Maker to Holder; (2) if any representation or warranty made in connection with this Note or in any report, opinion, schedule or certification with this Note or later submitted to Holder is in Holder's opinion, false, misleading or incorrect in any material respect; (3) if for any reason, the Franchise Agreement terminates or is otherwise rendered ineffective; (4) the occurrence of any event(s) or existence of any situation that, after providing for any applicable notice/cure rights set forth in the Franchise Agreement, would provide Holder with a right to terminate the Franchise Agreement; (5) if all or any portion of the premises to which the Franchise Agreement applies (the "Premises"), any interest in the Premises (including an ownership interest in any entity that owns the Premises), or any interest in this Note is transferred, leased, or conveyed, other than as security for a debt or other obligation, whether done by a direct or indirect method, or should Maker enter into any contractual arrangement to transfer or convey the Premises, any interest in the Premises (including an ownership interest in any entity that owns the Premises), any part of this Note, or any interest in this Note other than as security for a debt, unless, within 30 days of such transfer, Holder enters into a new «**Brand_Name**» franchise agreement with the transferee for the Premises, and the transferee assumes all of Maker's obligations under this Note and executes Holder's then-current form of Assumption of Promissory Note; (6) the filing of any insolvency or bankruptcy proceeding by or against any Maker or the appointment of a receiver for any Maker or any Maker's assets; and (7) the death of any Maker unless (i) within 30 days upon death of a Maker, Holder is notified of such death, and (ii) within 60 days of said notification, this Note is transferred to and assumed by a new individual within Maker's family, that Holder approves in its sole discretion, by executing Holder's then-current form of Assumption of Promissory Note.

5.2 If a Default occurs, at Holder's option, the Default Payment Amount (as defined below) will immediately become due and payable by Maker to Holder without notice to Maker or any other person or entity. The "Default Payment Amount" means the sum of: (a) the original Principal Amount less an amount equal to the product resulting from multiplying the original Principal Amount by a fraction, the numerator of which is the number of full calendar months that have elapsed since the Opening Date, and the denominator of which is one hundred twenty (120) (the amount resulting from this calculation is referred to as the "Amount Due"); plus (b) interest on the Amount Due calculated from the Distribution Date at the Rate of Interest.

5.3 Interest will accrue on the Default Payment Amount at the Rate of Interest until the Default Payment Amount has been paid in full; provided, that if such Default Payment Amount has not been paid in full by the date that is fifteen (15) days after the date such amount became due and payable, interest will begin to accrue at a default annual rate equal to Prime plus seven percent (prime plus 7%). The maximum interest rate in California is 10% annually.

5.4 The following provisions are applicable upon the occurrence of a Default: (A) Maker will pay Holder all expenses, costs and attorneys' fees that Holder incurs in connection with Holder's collection of any monies due under this Note or for the enforcement of any right under this Note or under any other agreement related to the loan evidenced by this Note, and (B) Holder may exercise any or all other rights, powers and remedies provided for in any instrument, document or agreement now or later evidencing security or otherwise relating to the loan evidenced by this Note or now or later existing at law or in equity or by statute or otherwise.

5.5 CONFESSION OF JUDGMENT. Upon the occurrence of a Default, Maker hereby irrevocably authorizes and empowers any attorney or clerk of any court of record in the United States or elsewhere to appear for and, with or without declaration filed, confess judgment against Maker in favor of Holder or an assignee or successor of Holder, of the Note, at any time, for the full or total Default Payment Amount under this Note, together with all indebtedness provided for therein, with interest, costs of suit, and reasonable attorneys' fees; and the undersigned expressly releases all errors, waives all stay of execution, rights of inquisition and extension upon any levy upon real estate and all exemption of property from levy and sale upon any execution hereon; and Maker expressly agrees to condemnation and expressly relinquishes all rights to benefits or exemptions under any and all exemption laws now in force or which may hereafter be enacted. Maker acknowledges and agrees that Maker is voluntarily, knowingly, and intelligently giving up its right to notice and hearing prior to the entry of judgment, is granting Holder, or Holder's assignee or successor, the right to confess judgment against Maker and is freely waiving its due process rights. Maker further consents to immediate execution on the judgment and waives all right of appeal, ratifying and confirming all that the attorney or clerk may do by virtue of this Note.

5.6 Maker waives demand, presentment for payment, protest and notice of dishonor and agrees that at any time and from time to time and with or without consideration, Holder may, without notice to or further consent of Maker and without in any manner releasing, lessening, or affecting the obligations of any of them: (1) release, surrender, waive, add, substitute, settle, exchange, compromise, modify, extend, or grant indulgences with respect to (a) this Note, (b) all or any part of any collateral or security for this Note, and (c) Maker or any of them; and (2) grant any extension or other postponements of the time of payment of this Note.

6. General.

6.1 Cumulative Rights. Each right, power and remedy of Holder as provided for in this Note or now or hereafter existing at law or in equity or by statute or otherwise is cumulative and concurrent and is in addition to every other right, power or remedy, and Holder's exercise or beginning of exercise of any one or more of these rights, powers or remedies will not preclude Holder's simultaneous or later exercise of any or all these other rights, powers or remedies.

6.2 No Waiver; Application of Payment. No failure or delay by Holder to insist on the strict performance of any term of this Note or to exercise any right, power or remedy upon the occurrence of a Default or any other breach of this Note, is a waiver of any term or agreement or of any breach, or preclude Holder from exercising any right, power or remedy at any later time unless in writing. If Holder accepts any payment after its due date, this act will not be a waiver of Holder's right to receive timely payment of all other amounts or to declare a default for the failure to make any other payment when due. Any partial payments under this Note may be applied to pay interest, the Principal Amount, the Amount Due or costs as Holder, in its sole discretion determines.

6.3 Notices. All notices required under this Note must be in writing, must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized courier service, to Holder at **Choice Hotels International, Inc., 915 Meeting Street, Suite 600, North Bethesda, Maryland 20852**, and to Maker at the Designated Representative's address identified in the Franchise Agreement. Either Holder or Maker may change the applicable address to which such notices are to be sent by written notice to the other party; provided, that Maker may only change the Designated Representative by written notice to Holder delivered in compliance with the Franchise Agreement. Maker authorizes the Designated Representative to receive Holder's written notices to Maker as its agent. Any notice by registered or certified mail or by reputable national courier service is deemed given and received at the date and time of sending.

6.4 Severability. If any provision (or any part of any provision) in this Note is for any reason held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability will not affect any other provision (or remaining part of the affected provision) of this Note, and this Note will be construed as if the invalid, illegal or unenforceable provision (or part of this Note) had never been contained in this Note but only to the extent it is invalid, illegal or unenforceable.

6.5 Assignment. If Holder or any future holder of this Note assigns its rights under this Note, the term "Holder" as used in this Note will refer to such then-current assignee.

6.6 Choice of Law. This Note is a contract made under, and for all purposes will be construed in accordance with, the internal laws and judicial decisions of the State of Maryland. Maker and Holder agree that any dispute arising out of this Note is subject to the jurisdiction of both the state and federal courts in the State of Maryland. For that purpose, Maker submits to the jurisdiction of the state and federal courts of the State of Maryland. Maker further agrees to accept service of process out of any of the before-mentioned courts in any dispute by registered, certified mail or international courier service addressed to Maker.

6.7. Confidentiality. You agree to keep the provisions of this Note in strict confidence and will not disclose them to any persons other than your directors, officers, partners, employees, agents and advisors that have a need to know. Any unauthorized disclosure is a Default under this Note as defined in Section 5.1 hereto.

6.8 Waiver of Trial by Jury. **THE MAKER AND THE HOLDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE MAKER AND THE HOLDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE.**

In Witness Whereof, Maker acknowledges and agrees to the terms of this Note as evidenced by its signature under seal as of the day and year first above written.

EXHIBIT J



Your Application for Financing is Approved

Finance Agreement

Prepared On March 6, 2017

Prepared For
Customer Name
Address
City, State, Zip Code

Financing Provided By
Ascentium Capital LLC
23970 HWY 59 N
Kingwood TX 77339

Enclosed is your Finance agreement. The below instructions will help you complete your documents:

- Include a copy of your driver's license (all signors).
- Include a copy of your business check payable to Ascentium Capital LLC for the below invoice amount. Please write your agreement number on the memo line. This check copy will be used to initiate payment via ACH/EFT withdrawal. Do not mail the original check.
- Return completed cover page and documents by Email to VSR@AscentiumCapital.com or by Fax to 1-866-846-3680.

Please Complete Signor Information for _____

Cell Phone:		Home Phone:	832-766-7224
Email:			
Federal Tax ID:			
Equipment Location: (Please update if incorrect)	 Updated address:		

INVOICE AMOUNT	INVOICE DETAILS
\$	Advanced Payment Amount
\$	Processing Fee(s)
\$0.00	Less Money Received
\$	TOTAL AMOUNT DUE AT SIGNING

Ascentium Capital greatly appreciates your business. If you have any questions, please contact me.

Phone:
Email: .



AUTHORIZATION TO PERFORM VERBAL VERIFICATION

Ascentium Capital LLC
23970 HWY 59 N
Kingwood, TX 77339-1535
AscentiumCapital.com

Agreement No. _____

The undersigned hereby authorizes Ascentium Capital LLC to perform a verbal verification accepting the terms and conditions of the above-referenced Agreement and confirming the identification and condition of the Collateral or Equipment subject thereto.

The undersigned agrees that a facsimile or other image of this Authorization to Perform Verbal Verification, as executed, shall be deemed the equivalent of the originally executed copy for all purposes.

Person(s) Authorized to Provide Verbal Verification:

Name: _____ Title: _____ Phone: _____

Name: _____ Title: _____ Phone: _____

Name: _____ Title: _____ Phone: _____

CUSTOMER: _____

Signature: _____

Printed Name: _____

Title: _____ Date: _____



EQUIPMENT FINANCE AGREEMENT

No. _____

Ascentium Capital LLC
23970 HWY 59 N
Kingwood, TX 77339-1535
AscentiumCapital.com

DEBTOR:	ADDRESS	TERM:
PAYMENT SCHEDULE: _____ @ \$ _____		
COLLATERAL: Items of personal property as generally described herein which Ascentium Capital LLC ("Secured Party") and Debtor agree that a more detailed description of the property being financed shall be maintained by us among our books and records in whatever more detailed description of the property financed is received from the supplier of such property and, absent manifest error, such detailed description shall be considered incorporated into this Equipment Finance Agreement and shall be provided to Debtor promptly upon request.		
Personal Property Description: _____		
1. Definitions: The words "you" and "your" refer to the DEBTOR, its successors and permitted assigns, as shown above. The words "we", "us" and "our" refer to the SECURED PARTY, its successors and assigns.		
2. Acceptance; Representations & Warranties: We agree to lend to you, and you agree to borrow from us, an amount for the financing of the Collateral. This Equipment Finance Agreement (this "Agreement") has an interim term ("Interim Term") and an initial term ("Initial Term"). The foregoing, collectively, the "Term". The Interim Term starts on the date of the funding of the loan evidenced by this Agreement. The Initial Term starts on the billing date specified by us in our sole discretion (the "Commencement Date"). We shall have no obligations under this Agreement whatsoever until we accept and sign this Agreement at our office and the satisfaction in our sole discretion of all conditions we may specify including our receipt of all documents we specify. You represent and warrant to us that all information conveyed to us in connection with this Agreement and all related documents whether by you, a guarantor, the supplier or any other person, is true, accurate, complete and not misleading. If you are an entity, the person executing this Agreement on your behalf represents to us that they are authorized to do so, making this Agreement the valid and binding act of the entity.		
3. Security Interest: You hereby grant to us a security interest under the Uniform Commercial Code ("UCC") in the Collateral and all accessories and additions thereto and replacements thereof and all proceeds and products of the foregoing. Such security interest is granted to secure payment and performance by you of your obligations hereunder. All amounts received from you under this Agreement shall be applied towards your obligations to us as we determine.		
4. Payments: You promise to pay us the number of payments shown above, each in the amount shown above, commencing on the Commencement Date and continuing on the same day of each month thereafter during the Initial Term (each a "Payment", and each day a Payment is due hereunder a "Payment Date"), without need of an invoice, together with all other amounts due from time to time by you hereunder. The total initial payment shall be paid upon your execution of this Agreement. If the contemplated transaction is not consummated, the total initial payment may be retained by us as partial compensation for costs and expenses incurred by us in preparation for the transaction. The amount of each Payment is based upon the total estimated cost of the Collateral, or the portion thereof being purchased with the proceeds of the loan evidenced hereby, you have provided to us and which is set forth above. If the final cost of the Collateral (or the portion being purchased) we pay the supplier is higher or lower than that estimate, we will adjust the amount of each Payment proportionately higher or lower than the Payment amount specified above. You also agree to pay, when invoiced, an amount equal to 1/30 th of the Payment amount for each day from and including the date we fund the loan evidenced by this Agreement, to but excluding the first Payment Date. Following the first Payment Date, the Term shall continue without interruption for the number of months indicated above. YOUR OBLIGATION TO MAKE PAYMENTS AND PAY OTHER AMOUNTS DUE HEREUNDER IS ABSOLUTE AND UNCONDITIONAL AND NOT SUBJECT TO ABATEMENT, REDUCTION OR SET-OFF FOR ANY REASON WHATSOEVER. THIS IS A NON-CANCELABLE AGREEMENT: THIS AGREEMENT, THE TERMS OF WHICH HAVE BEEN FREELY NEGOTIATED BY EACH PARTY, IS ALSO SUBJECT TO THE TERMS AND CONDITIONS ON THE FOLLOWING PAGE WHICH IS MADE PART HEREOF AND WHICH DEBTOR AND SECURED PARTY ACKNOWLEDGE THEY HAVE READ AND ACCEPTED.		
5. DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES: THERE ARE NO WARRANTIES BY OR ON BEHALF OF SECURED PARTY AND NEITHER THE SUPPLIER NOR ANY OTHER PARTY IS SECURED PARTY'S AGENT. DEBTOR ACKNOWLEDGES AND AGREES: (A) SECURED PARTY MAKES NO WARRANTIES WHETHER EXPRESS OR IMPLIED AS TO THE CONDITION OF THE COLLATERAL, ITS MERCHANTABILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE; (B) DEBTOR ACCEPTS THE COLLATERAL "AS IS" AND WITH ALL FAULTS; (C) DEBTOR AGREES THAT THE COLLATERAL WILL BE USED SOLELY FOR COMMERCIAL OR BUSINESS PURPOSES; (D) IF THE COLLATERAL IS UNSATISFACTORY FOR ANY REASON DEBTOR'S ONLY REMEDY, IF ANY, SHALL BE AGAINST THE SUPPLIER OR MANUFACTURER OF THE COLLATERAL AND NOT AGAINST SECURED PARTY; (E) DEBTOR SHALL HAVE NO REMEDY FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST SECURED PARTY, ALL OF THE SAME BEING DISCLAIMED AND WAIVED; AND (F) NO DEFECT, DAMAGE OR UNFITNESS OF THE COLLATERAL SHALL RELIEVE DEBTOR OF THE OBLIGATION TO MAKE PAYMENTS OR RELIEVE DEBTOR OF ANY OTHER OBLIGATION UNDER THIS AGREEMENT.		
6. Location; Maintenance; Installation; Insurance: You agree to maintain records showing the location of each item of Collateral. You shall report each location to us upon our request and shall not change the location of the Collateral without our advance written consent. You are responsible for installing and keeping the Collateral in good working order. You shall not make any alterations, additions or improvements to the Collateral which detracts from its economic value or functional utility. If the Collateral is damaged or lost, you agree to continue making scheduled Payments unless we have received the Casualty Value pursuant to Section 11. You agree to keep the Collateral insured against loss during the Term and to have us named as loss payee in such coverage amounts as we may specify from time to time, from anyone who is acceptable to us. You agree to provide us with a certificate of insurance acceptable to us upon our request and if at any time you fail to deliver to us a valid certificate of insurance reflecting such insurance as being in effect, then we will have the right, but no obligation, to have such insurance protecting us placed for the Term at your expense; and if so placed, we will add to the Payments and you will pay us our costs of obtaining such insurance and any customary charges or fees of ours.		
7. Taxes and Fees; Indemnification: You agree to pay when due and to indemnify and hold us harmless from all taxes, fees, fines, interest and penalties, including, without limitation, personal property or documentary stamp taxes, ("Taxes") relating to the use or ownership of the Collateral or to this Agreement now or hereafter imposed, levied or assessed by any taxing authority. We may in our sole discretion, elect to pay any such Taxes directly to a taxing authority and if so you agree to reimburse us on our demand for any such Taxes paid on your behalf together with any filing or processing fee charged by us. If any taxing authority requires any Taxes to be paid in advance, and we pay such Taxes, we may increase the cost of the Collateral we are financing by such amount as described in Section 4 above thereby increasing the amount of each Payment to reflect the payment of such Taxes. You also agree to pay us and reimburse us for all costs and expenses in documenting and servicing this Agreement. You agree to indemnify and hold us harmless from any suits, claims, losses or damages we suffer in any way relating to the use or ownership of the Collateral. Your obligations under this Section 7 shall survive the expiration or earlier termination of this Agreement. You agree to pay us fees in an amount in effect from time to time in connection with the documentation of the Agreement and any site inspection or lien search we deem necessary. You agree that all such fees and any insurance we obtain pursuant to the last sentence of Section 6 may not only cover our costs they may also include a profit.		
8. Personal Property: The Collateral will be and shall remain personal property and, if requested by us, you will obtain real property waivers satisfactory to us. You shall keep the Collateral free from any and all liens and encumbrances other than those in our favor. You shall give us immediate notice of any attachment or other judicial process, liens or encumbrances affecting the Collateral. You hereby irrevocably authorize us and appoint us as your attorney-in-fact with the power to execute and to file this Agreement and any financing statement(s) or security agreement(s) with respect to the Collateral. If your signature on any financing statement or similar document is required by law, you shall execute such supplemental instruments and financing statements we deem to be necessary and advisable and shall otherwise cooperate to defend and perfect our interest in the Collateral by filing or otherwise. You also agree to pay us on demand filing and registration fees prescribed by the UCC or other law. Any Collateral that is subject to title or registration laws shall be titled and registered as directed by us.		
9. Default; Remedies; Late Charges: If any one of the following events occur with respect to you or any Guarantor, you will be in default: (i) you fail to pay any Payment or other amount due under this Agreement, when due, (ii) you breach or fail to perform any of your other covenants and promises under this Agreement, (iii) you become insolvent, any action under the United States Bankruptcy Code is filed by or against you, make an assignment for the benefit of creditors, admit your inability to pay your debts as they become due, or if you terminate your entity existence or take any actions regarding the cessation or winding up of your business affairs. If you are in default, at our election, we can accelerate and require that you pay, as reasonable liquidated damages for loss of bargain, the "Accelerated Balance". The Accelerated Balance will be equal to the total of: (i) accrued and unpaid amounts then due under this Agreement, and (ii) the remaining Payments discounted to their then present value at 3% per annum. We can also pursue any of the remedies available to us under the UCC or any other law. In the event we seek to take possession of any part of the Collateral, you irrevocably waive to the fullest extent permitted by law any bonds, surety or security required by statute, court rule or otherwise as an incident of such possession. You agree to pay our reasonable attorneys' fees and actual costs incurred by us in enforcing our rights hereunder including repossession, storage, refurbishment and sale of the Collateral and collection costs, and all non-sufficient funds charges and similar charges. If any part of a payment is late, you agree to pay us upon our demand the following, or if less, the maximum amount allowed under applicable law: (x) a late charge equal to the greater of 10% of the payment or \$25.00, (y) a charge of \$30.00 for each check returned for any reason or if any ACH debit charge is not honored and (z) if we have had to perform collection activities in connection with such late payment, our specified collection charges then in effect. The foregoing will not be construed as interest but as reimbursement to us to cover administrative and overhead expenses related to the processing and collection of the late payment.		

10. Assignment; Inspection: YOU HAVE NO RIGHT TO SELL, TRANSFER, ASSIGN, LEASE OR ENCUMBER THE COLLATERAL OR THIS AGREEMENT. We may sell, transfer, assign or encumber this Agreement, in whole or in part, without notice to you or your consent. You agree that if we sell, transfer, assign or encumber this Agreement, the assignee will have the rights and benefits that we assign to the assignee and will not have to perform any of our obligations. You agree that the rights of the assignee will not be subject to any claims, defenses or set-offs that you may have against us. We and our agents and representatives shall have the right at any time during regular business hours to inspect the Collateral and for that purpose to have access to the location of the Collateral.			
11. Risk of Loss: You assume and shall bear the entire risk of loss, theft, damage and destruction of the Collateral from any cause whatsoever, and no loss, theft, damage or destruction of the Collateral shall relieve you of the obligation to make Payments or any other obligation under this Agreement. You shall promptly notify us in writing of such loss, theft, damage or destruction. If damage of any kind occurs to any item of Collateral, you, at our option, shall at your expense (a) place the Collateral in good repair, condition or working order, or (b) if the Collateral cannot be repaired or is lost, stolen or suffers a constructive loss under an insurance policy covering the Collateral, pay to us the "Casualty Value." The Casualty Value will be equal to the total of (i) accrued and unpaid amounts then due and owing, and (ii) the remaining Payments discounted to present value at 3%, in both cases as of the date the Casualty Value is received by us.			
12. Choice of Law; Waiver of Jury Trial: Subject to the following sentence, this Agreement shall be governed by, construed, interpreted and enforced in accordance with the laws of the state of California. If any amount contracted for, charged or received in connection with this Agreement constitutes interest or regulated time-price differential governed by, not exempt from, and in excess of amounts lawfully permitted, under California law (the "Subject Amount"), then (i) if the law of state in which Debtor resides (as indicated in Debtor's address above; the "Debtor's State") would permit the lawful contracting for, charging or receipt of any part of the Subject Amount, then the parties agree that the law of Debtor's State shall govern as to the contracting for, charging and receipt of such interest or regulated time-price differential and (ii) if clause (i) preceding is not applicable, Secured Party shall make any necessary adjustments so as to eliminate such excess. Debtor agrees to provide Secured Party advance written notice and an opportunity to cure pursuant to the preceding sentence any contract, charge or receipt claimed by Debtor to be unlawful; and Secured Party may calculate maximum lawful amounts by amortizing, prorating, allocating reallocating, discounting, treating months as equal intervals, and spreading in each case to the fullest extent permitted by applicable law. You consent to the non-exclusive jurisdiction of the federal and state courts located in the state of California in any action or proceeding relating to this Agreement, YOU WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH ACTION OR PROCEEDING, AND YOU WAIVE ANY RIGHT TO ASSERT THIS IS AN INCONVENIENT FORUM.			
13. Miscellaneous: During the Term, you agree to provide us with all financial statements and copies of tax returns we may request. If we supply you with labels, you shall label any and all Collateral and shall keep the same affixed in a prominent place. If any provision hereof or any remedy herein provided is found to be invalid under any applicable law, the remaining provisions hereof, shall be given effect in accordance with the manifest intent hereof. The parties agree that each Payment includes interest. You agree that a waiver of breach will not be a waiver of any other subsequent breach, and that any delay or failure to enforce our rights under this Agreement does not prevent us from enforcing any rights at a later time. YOU AGREE THAT WE WILL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES FOR ANY DEFAULT BY US UNDER THIS AGREEMENT. Section headings are for convenience and are not a part of this Agreement. You agree that by providing us with an email address or telephone number for a cellular or other wireless device, you expressly consent to receiving communications including email, voice and text messages from us or our affiliates or assigns at that email address or telephone number, and this express consent applies to each such email address or telephone number that you provide to us now or in the future and permits such communications regardless of their purpose. These calls and messages may incur access fees from your internet or wireless provider. You agree that the original of this Agreement may be electronically duplicated and a copy hereof may be introduced in lieu of the original thereof and without further foundation. The parties hereto expressly waive the secondary evidence rule. You agree that this Agreement will be binding upon your successors, permitted assigns, heirs and legal representatives. You authorize us to complete any blank in this instrument or in any document executed or delivered in connection herewith that contemplates a date by inserting a date deemed appropriate by us. Time is of the essence with respect to your obligations hereunder. No term or provision of this Agreement may be amended, altered, waived or discharged except by a written instrument signed by both parties to this Agreement. Any formal notice given pursuant to this Agreement shall be deemed given 2 business days after being placed with the U.S. Postal Service, postage prepaid, addressed to the Debtor at its address set forth above, or to Secured Party at 23970 Hwy 59 N, Kingwood, TX 77339-1535, or such other address as a party may designate by written notice to the other. If Debtor constitutes more than one person, you agree that the liability of each such person hereunder is joint and several. Any restrictive endorsement on any check you give us in payment of any amount due hereunder shall be void. You may not prepay this Agreement without our prior written consent. A facsimile or other copy of this Agreement, as executed, shall be deemed the equivalent of the originally executed copy for all purposes. All amounts payable hereunder by you if not paid when due shall accrue interest at a rate of interest of 1.5% per month or the highest rate allowed by applicable law if less, from the due date thereof until received by us in cash and shall be payable on demand. This Agreement may be executed in separate counterparts which together shall constitute one and the same instrument. You agree this Agreement may be signed electronically pursuant to the Electronic Signatures in Global and National Commerce Act and other applicable law.			
By signing below Debtor hereby irrevocably accepts the Collateral under this Agreement and irrevocably authorizes Secured Party to pay the supplier on behalf of the Debtor. The person executing this Agreement is authorized to do so, making this Agreement the valid and binding act of the Debtor.			
Debtor Name:		Accepted By:	Ascentium Capital LLC
By: 		By:	
Printed Name and Title:		Printed Name and Title:	Bryan Wheeler, Senior Vice President
GUARANTY: The undersigned ("you", "your", jointly and severally if more than one) unconditionally guarantees to Secured Party and its assigns the prompt payment and performance when due of all of the obligations of the Debtor under the Agreement and all related documents executed by the Debtor in connection with it (collectively with the Agreement, the "Agreements"). We shall not be obligated to proceed against the Debtor, the property being financed under the Agreements or enforce any other remedy before proceeding against you to enforce this Guaranty. Notwithstanding any changes made to the Agreements in the course of our dealings with the Debtor, this Guaranty will remain in effect with respect to the Agreements as so changed even if you are not notified of the changes and will remain in effect even if the Agreements or any of them are no longer enforceable against the Debtor. You waive all presentments, demand for performance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty and all other notices to which you may have a right. You agree to pay us all the expenses incurred by us in enforcing this Guaranty. You may not assign this Guaranty without our written consent. This Guaranty shall be governed by, construed, interpreted and enforced in accordance with the laws of the state of California without reference to its principles of conflicts of laws. You consent to the non-exclusive jurisdiction of the federal and state courts located in the state of California in any action to enforce this Guaranty and you waive any right to assert this is an inconvenient forum. You consent to us conducting a credit evaluation of you from all sources, periodically updating it and sharing the results with others. This Guaranty may be executed in separate counterparts which together shall constitute one and the same instrument.			
Guarantor Signature: 		Printed Name:	
Guarantor Signature:		Printed Name:	
AUTHORIZATION FOR ACH PAYMENTS: Debtor authorizes Secured Party or Secured Party's successors and assigns to automatically initiate and make debit entry charges to Debtor's bank account indicated below for the payment of all amounts owed by you from time to time under the Agreement. This Authorization is to remain in effect during the Term of the Agreement Agreement. Any incorrect charge will be corrected upon notification to us, by either a credit or debit to Debtor's account.			
Bank Name:		Account Holder Name:	
Account No:		ABA No.:	
Authorized Signature: 		Printed Name and Title:	



COMMENCEMENT AGREEMENT

Ascentium Capital LLC
23970 HWY 59 N
Kingwood, TX 77339-1535
AscentiumCapital.com

Agreement No. _____

Date: March 6, 2017

You, the Customer, and Ascentium Capital LLC ("we", "us", "our") have entered into the above referenced equipment lease, equipment finance agreement, secured loan or similar agreement (which may be one or more schedules to a master agreement) ("Agreement") pursuant to which we will be financing the Equipment or Collateral as defined in and described in the Agreement (in either case "Equipment") as set forth in this Commencement Agreement ("CA"). The Equipment is being delivered at various times and the vendor or vendors of the Equipment have to be paid for each item of Equipment at or before its delivery to you. You agree to commence the initial non-cancelable term of the Agreement immediately even though items of Equipment remain to be delivered to and accepted by you from one or more vendors.

NOW THEREFOR, you and we hereby agree as follows:

1. The term of the Agreement will commence on the date of this CA, with the interim term commencing on the date set forth above and the initial term commencing as provided in the Agreement. You acknowledge and agree that notwithstanding the fact that not all items of Equipment have been delivered to and accepted by you as of the date set forth above, the terms and conditions of the Agreement, including your obligation to pay all amounts of rent or debt service set forth in the Agreement, shall commence immediately and, except as otherwise specifically set forth in this CA, irrevocably.
2. You agree to inspect and accept for purposes of the Agreement all undelivered items of Equipment immediately upon their delivery to you. If, when delivered, an item of Equipment is damaged or non-conforming, you agree to cause the vendor in question to repair and/or replace any such item of Equipment and you agree to immediately accept any conforming replacement and/or repaired Equipment for all purposes under the Agreement while continuing to meet all of your payment and other obligations under the Agreement.
3. All amounts anticipated to be disbursed by us on your behalf that have not been disbursed as of the date of this CA will be deemed disbursed by us into a separate holding account for your benefit ("Account"), the contents of which shall be debited by the amount of each subsequent disbursement to vendor(s) as contemplated by this CA. To secure your obligations to us under the Agreement and this CA, you hereby grant to us a security interest in the contents of the Account and any proceeds.
4. The Agreement contemplates a pro-rata adjustment to the payments owed by you under the Agreement in the event the purchase price of the Equipment and other amounts, if any, paid by us on your behalf are higher or lower than those on which the payments set forth in the Agreement are based. Following the delivery and acceptance of all items of Equipment set forth in the Agreement, we shall make any necessary adjustments to the payments as contemplated by the Agreement. You agree that we will have no liability to you in the event we determine to terminate the funding of any vendor because we have determined, in our sole discretion, that there has been a material adverse change in your creditworthiness from that on which we based our approval of the Agreement. In any circumstance contemplated by the preceding sentence, we will continue the Agreement with the Equipment accepted by you and funded by us as of the date we determine to terminate funding the Agreement and we will reduce the amount of each payment of rent or debt service you owe under the Agreement proportionally, taking into account the higher payments made by you up to the date of that determination and any balance in the Account shall revert to us.
5. This CA sets forth the entire agreement of the parties with respect to its subject matter and it may only be amended by a written instrument executed by you and us. In the event of a conflict between this CA and the terms of the Agreement, the terms of this CA shall govern and control, provided however, except as explicitly set forth in Section 4 above, nothing set forth in this CA shall be deemed to affect your obligation to pay and perform all of your obligations as set forth in the Agreement without setoff, abatement or counterclaim. This CA shall terminate and be of no further force and effect following your acceptance and our funding of the last item of Equipment being financed under the Agreement. This CA will be governed by and construed in accordance with the laws of the jurisdiction governing the Agreement.

You agree that a facsimile or other copy of this CA, as executed, shall be deemed the equivalent of the originally executed copy for all purposes.

CUSTOMER:

SECURED PARTY:

Ascentium Capital LLC

Signature:



By:

Printed Name:

Printed Name:

Bryan Wheeler

Title:

Title:

Senior Vice President



DELIVERY AND ACCEPTANCE CERTIFICATE

Ascentium Capital LLC
23970 HWY 59 N
Kingwood, TX 77339-1535
AscentiumCapital.com

Agreement No. _____

To: Ascentium Capital LLC

The undersigned hereby certifies: (i) that all of the property which is to be leased, financed or sold, as applicable, pursuant to the rental agreement, lease agreement, equipment finance agreement, note, security agreement, loan and security agreement, conditional sale agreement or similar document referenced above (which may be one or more schedules to a master agreement) (the "Agreement") between Ascentium Capital LLC as payee, lessor, lender, secured party or seller and the undersigned as renter, lessee, debtor, buyer or other obligor (the "Equipment"), has been delivered to, and received by, the undersigned, (ii) the Equipment conforms in all respects to that ordered by the undersigned, (iii) its condition is satisfactory in all respects to the undersigned and (iv) that the Equipment is accepted by the undersigned under the Agreement in all respects, and the undersigned hereby irrevocably directs Ascentium Capital LLC to pay the equipment suppliers the purchase price of the Equipment.

The undersigned agrees that a facsimile or other copy of this Delivery and Acceptance Certificate, as executed, shall be deemed the equivalent of the originally executed copy for all purposes. By executing this Delivery and Acceptance Certificate the undersigned irrevocably acknowledges and agrees that the undersigned's non-terminable installment payment and other obligations under the Agreement have commenced.

CUSTOMER: _____

Signature: _____

Printed Name: _____

Title: _____

Date Signed: _____

Important Documents



Regarding Your Agreement Number: 000-000

Date March 5 2014
Debtor Name Example Docs LLC
Debtor Address 43RD ST
Owatonna, MN 55060

Dear Valued Customer,

Balboa Capital is pleased to be working with you to earn your business and complete the equipment financing transaction. We strive to give you the best customer service possible, so please feel free to call your Account Executive with any questions you may have.

Enclosed you will find the necessary documents to complete your equipment financing. Please complete and sign the documents as indicated and return them by one of the following options:

Return documents **via overnight mail** to the following address:

Balboa Capital Corporation
Attn: Business Center
2010 Main Street 11th Floor
Irvine, CA 92614

Be sure to follow these simple instructions when signing the documents:

1. Please ensure the Company Resolution, if applicable, is signed by an officer or other authorized representative of your company other than the person signing the agreement.
2. Please do not cross out or make any changes on the documents without first discussing such changes with your Account Executive.

Enclosed Documents:

Equipment Financing Agreement	Exhibit "A"
ACH Agreement	Request for Drivers License Copy
Company Resolution	Personal Guaranty
Disbursement Authorization	EFA PG

Please forward the above documents with the following items:

Advance Payment(s):	<u> \$0.00 </u>
Loan Fee:	<u> \$0.00 </u>
Total Amount Due:	<u> \$0.00 </u>

- **Tax ID Number:** _____
- **Email Address:** _____
- **Mobile Number:** _____
- **Fax Number:** _____
- **Tax Exemption Certificate (If available)**
- **Copy of all invoices and cancelled checks**
- **Copy of current and valid driver's license for each of the lease signors and guarantors**

Please note that you will be invoiced for standard closing costs once your equipment financing transaction has been completed including applicable prorated rent and other expenses directly related to the completion of your equipment financing.

If you have any questions, please contact your Account Executive at **Eric M. Bisson** at **949-553-3480**.

Thank you for choosing Balboa Capital Corporation for your financing needs. Balboa is here to help you get the equipment you need to help your business grow.



EQUIPMENT FINANCING AGREEMENT (Page 1 of 2)

Agreement # 000-000

Debtor Information

Business Name: Example Docs LLC	Business Address: 43RD ST Owatonna, MN 55060	Collateral Location: (if different than billing address of Debtor)
Business Phone: 9495533480	Business Tax ID#:	

Full Description Of Collateral Including Model, Serial Numbers: As delineated on Exhibit "A", attached hereto and made a part hereof.	Equipment Cost: \$100,000.00	Initial Payment (Check For This Amount Must Accompany Agreement) SECURITY DEPOSIT: \$0.00 FIRST PAYMENT: \$1,909.98 LAST PAYMENT: \$1,919.98 Loan Fee: \$0.00
Monthly Payment: \$1,909.98	Initial Payment Date:	Total Amount Due: \$0.00
Loan Term In Months: 60		

TERMS OF EQUIPMENT FINANCING AGREEMENT

Debtor and Creditor agree as follows:

1. SECURITY INTEREST: Debtor hereby grants Creditor a security under the Uniform Commercial Code in the above property (collectively the "Collateral" and individually an "Item" or "Item of Collateral"). Such security interest is granted to secure performance by Debtor if its obligations thereunder and under any other present or future agreement with Creditor. Debtor shall insure that such security interest is and shall remain a sole first lien security interest. **DEBTOR HEREBY AUTHORIZES CREDITOR TO FILE A COPY OF THIS AGREEMENT AS A FINANCING STATEMENT AND APPOINTS CREDITOR OR ITS DESIGNEE AS DEBTOR'S ATTORNEY-IN-FACT TO EXECUTE AND FILE, ON DEBTOR'S BEHALF, FINANCING STATEMENTS COVERING THE COLLATERAL.**

2. PAYMENTS: Debtor shall repay creditor the above Total of Payments in the number of monthly installments of the amount indicated above. The initial installment payment shall be deemed due as of the date indicated above and subsequent installment payments shall be due on the same day of each month thereafter until paid. A prorate portion of the installment payment based on a daily charge of one-thirtieth (1/30) of the installment payment calculated from the payment commencement date to the start of the base term shall be due and payable at the payment commencement date. All other amounts due thereunder shall be due upon Debtor's Receipt of Creditor's invoice therefor. Advance payments shall be applied to the last installment payments in reverse order until exhausted; provided that if there is a default, any payments under this agreement may be applied to Debtor's obligations to Creditor in such order as Creditor chooses. 3. NO AGENCY. DEBTOR ACKNOWLEDGES THAT NO SUPPLIER OF AN ITEM OR INTERMEDIARY NOR ANY AGENT OF EITHER THEREOF IS AN AGENT OF CREDITOR AND FURTHER THAT NONE OF SUCH PARTIES IS AUTHORIZED TO WAIVE OR ALTER ANY ITEM OR CONDITION OF THIS AGREEMENT. NO REPRESENTATION AS TO ANY MATTER BY ANY SUCH PARTY SHALL BIND CREDITOR OR AFFECT DEBTORS DUTY TO PAY THE INSTALLMENT PAYMENTS AND PERFORM ITS OTHER OBLIGATIONS THEREUNDER. 4. **NON CANCELABLE AGREEMENT**; PREPAYMENT, NO OFFSET, THIS AGREEMENT IS NON CANCELABLE BY DEBTOR FOR ANY REASON WHATSOEVER. DEBTOR MAY REPAY THE INSTALLMENT PAYMENTS ONLY IN ACCORDANCE HERewith. ALL PAYMENTS THEREUNDER ARE TO BE MADE WITHOUT OFFSET. 5. FINANCING. THIS AGREEMENT IS SOLELY A FINANCING AGREEMENT. SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS WHICH ARE PART OF THIS AGREEMENT. **CREDITOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, OR THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THAT THE EQUIPMENT IS MERCHANTABLE.** DEBTOR AGREES THAT DEBTOR HAS SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT BASED UPON DEBTOR'S OWN JUDGMENT AND DISCLAIMS ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY CREDITOR. CREDITOR DOES NOT TAKE RESPONSIBILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT. THE SUPPLIER IS NOT AN AGENT OF CREDITOR'S AND NOTHING THE SUPPLIER STATES CAN AFFECT DEBTOR'S OBLIGATION UNDER THE AGREEMENT. DEBTOR WILL CONTINUE TO MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST SUPPLIER. This agreement is effective only upon execution by an authorized officer of Creditor following Debtor's execution hereof, and upon execution Creditor shall fund the Equipment Cost/Advanced. Debtor hereby authorizes Creditor to Disburse the Equipment Cost/Advance as indicated on the attached Disbursement Authorization. Creditor reserves the right to pay the applicable portion of the Equipment Cost/Advance jointly to any party not specified in the preceding sentence with a security interest in an Item of Collateral. 6. LOCATION; INSPECTION; USE. Debtor shall keep, or, as to an item which is movable, permanently garage and not remove from the United States, as appropriate, each Item of Collateral in Debtor's possession and control at the Collateral Location or at such other location to which such Item may have been moved with the prior written consent of Creditor. Upon request, Debtor shall advise Creditor as to the exact location of an Item of Collateral. Creditor may inspect the Collateral during normal business hours and enter the premises where the Collateral may be located for such purposes. Each Item shall be used solely for commercial or business purposes and operated in a careful and proper manner in compliance with all applicable governmental requirements, all requirements of insurance policies carried hereunder and all manufacturer's instructions and warranty requirements. 7. ALTERATIONS; SECURITY INTEREST COVERAGE. Without Creditor's prior written consent, Debtor shall not make any alterations, additions or improvements to an Item of Collateral which detract from its economic value or functional utility. All additions and improvements made to an Item shall be deemed accessions thereto, and shall not be removed if removal would impair the Item's economic value or functional utility. Creditor's security interest shall cover all modifications, accessions, additions to and replacements and substitutions for the Collateral. Debtor will not make any replacements or substitutions without Creditor's prior written consent. 8. MAINTENANCE. Debtor shall maintain the Collateral in good repair, condition and working order. Debtor shall cause all repairs required to maintain the Collateral in such condition to be made promptly by qualified parties. Debtor will cause each Item of Collateral for which a service contract is generally available to be covered by such a contract which provides coverage typical as to property of the type involved and is issued by a competent servicing entity. 9. LOSS AND DAMAGE; CASUALTY VALUE. In the event of loss, theft, destruction or requisition of or damage to an Item of Collateral from any cause Debtor shall give Creditor prompt notice thereof and shall thereafter place the Item in good repair, condition and working order; provided, however, that if such Item is determined by Creditor to be lost, stolen, destroyed or damaged beyond repair or is requisitioned or suffers a constructive total loss under an insurance policy carried hereunder Debtor shall cause the Equipment to be replaced and shall immediately provide Creditor with information necessary to perfect Creditor's security interest in the replacement Equipment, or shall pay Creditor the "Casualty Value" of such Item which shall equal (a) any amounts due at the time of such payment, and (b) each future installment payment due with respect to such Item discounted at three percent (3%) per annum simple interest from the date due to the date of such payment. 10. PAYMENT OF FINANCING AGREEMENT OBLIGATIONS: Payment of the Financing Agreement Obligation shall be made by electronically withdrawing funds from the bank account on which Debtors deposit check was drawn, or any other account from which Debtor paid any obligation under this Agreement. Debtor authorizes Creditor to debit from this account on which Debtors deposit check was drawn, or any other account from which Debtor paid any obligation under this Agreement on or after the due date of Debtors monthly installment, for scheduled Financing Agreement Payments or other amounts due and owing at the time under the Financing Agreement. Debtor acknowledges that, if Creditor assigns the Financing Agreement to a third party, the assignee is authorized to debit the account on which Debtors deposit check was drawn, or any other account from which Debtor paid any obligation under this Agreement. If Debtor would prefer to authorize Creditor to debit another account, fill in the blanks provided below along with a copy of a voided check from the specified account. However, Debtor agrees that Creditor, or its assignees, has the right, but not the obligation, to electronically withdraw funds from the bank account on which Debtor's deposit check was drawn, the account specified below, or any other account from which Debtor paid any obligation under this Agreement to pay for any unpaid Financing Agreement Payment or other amounts due and owing at the time under this Agreement.

Account Number: _____ ABA / Routing Number: _____

Financial Institution Name: _____ Initials _____

SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS WHICH ARE PART OF THIS AGREEMENT.

(CREDITOR) BALBOA CAPITAL CORPORATION 2010 Main Street 11 th Floor Irvine, Ca 92614	(DEBTOR) Example Docs LLC 43RD ST Owatonna, MN 55060
By: _____ Vice President	By: _____ Name: John Johnson Title: Managing Member
Date: _____	Date: 03/05/14 Home Phone: _____

11. **TITLING.** If requested by Creditor, Debtor shall cause an Item of Collateral subject to title registration laws to be titled as directed by Creditor. Debtor shall advise Creditor promptly as to any necessary re-titling. Debtor shall cause all documents of title to be furnished Creditor within sixty (60) days of the date of any titling effected by Debtor.

12. **TAXES.** Debtor agree to pay when due all taxes (including personal property tax, fines and penalties) and fees relating to this Agreement or the Equipment. If Creditor pays any of the above for Debtor, Debtor agrees to reimburse Creditor and to pay Creditor a processing fee for each payment Creditor makes on Debtors behalf. In addition, Debtor also agrees to pay Creditor any filing fees prescribed by the Uniform Commercial Code or other law and reimburse Creditor for all costs and expenses involved in documenting and servicing this transaction. Debtor further agrees to pay Creditor an origination fee on or before the date the first payment is due. Debtor also acknowledges that in addition to the lease payments, Creditor may assess and Debtor may be required to pay additional taxes and/or fees. Such fees may not only cover Creditors costs they may also include a profit.

13. **INSURANCE.** Debtor agrees to maintain, at Debtor's expense, "Special Form" property insurance protecting the Equipment for its full replacement value, naming Creditor as a loss payee on a "Lender's Loss Payable" endorsement; and public liability insurance, in amounts acceptable to Creditor, naming Creditor as an additional insured (together "Required Insurance"). Debtor must provide Creditor satisfactory written evidence of Required Insurance within thirty (30) days of the commencement date of this Equipment Finance Agreement or of any subsequent written request. If Debtor does not do so, Creditor may obtain insurance from an insurer of Creditor's choosing in such forms and amounts as Creditor selects ("Insurance"). Insurance covers the Equipment and Creditor only and not Debtor. Debtor shall pay Creditor periodic charges for Insurance ("Insurance Charges") that include: a premium that may be higher than if Debtor maintained Required Insurance separately; a finance charge of up to the implicit rate of the Equipment Finance Agreement on any premium advances made by Creditor or Creditors agents; and billing and processing fees; each of which may generate a profit to Creditor and Creditor agents. If Debtor fails to pay billed Insurance Charges within 30 days of their due date, Creditor may pay them by applying funds paid under the Equipment Finance Agreement or debiting Debtor's account under any previously authorized automatic payment. Debtor agrees to arbitrate any dispute with Creditor or Creditor agents regarding Insurance or Insurance Charges under the rules of the American Arbitration Association in Los Angeles, California; provided however, such agreement does not authorize class action arbitration. At Creditor's election, in lieu of obtaining or continuing Insurance, Creditor may require Debtor to pay a monthly additional fee up to 2% of the Equipment Cost. This fee is not calculated with reference to additional risk and constitutes additional profit for Creditor, but represents the basis on which Creditor is willing to forbear from exercising remedies and continue this Agreement without Required Insurance. Debtor will receive no insurance coverage and will not be released from any obligations. Creditor is not selling insurance. Creditor will cease charging the additional fee or billing for Insurance 30 days after Debtor provides satisfactory proof of Required Insurance and compliance with this section.

14. **CREDITOR'S PAYMENT.** If Debtor fails to perform any of its obligations hereunder, Creditor may perform such obligation, and Debtor shall (a) reimburse Creditor the cost of such performance and (b) pay creditor the service charge contemplated in paragraph 21.

15. **INDEMNITY.** Debtor shall indemnify, defend and hold Creditor harmless against any claim, action, liability or expense, including attorneys' fees and court costs, incurred by Creditor related to this agreement. While it is not anticipated that Creditor shall have any liability for torts related to the Collateral, this indemnity covers tort proceedings including any strict liability claim, any claim under another theory related to latent or other defects and any patent, trademark or service mark infringement claim.

16. **DEFAULT.** Any of the following constitutes an event of default hereunder: (a) Debtor's failure to pay any amount hereunder, within three (3) business days of when due; (b) Debtor's default in performing any other obligation hereunder or under any agreement between Debtor and Creditor; (c) death or judicial declaration of competency of Debtor, if an individual; (d) the filing by or against Debtor of a petition under the Bankruptcy Code or under any other insolvency law or law providing for the relief of debtors, including, without limitation, a petition for reorganization, agreement or extension; (e) the making of an assignment of a substantial portion of its assets by Debtor for the benefit of creditors, appointment of a receiver or trustee for Debtor or for any Debtor's assets, institution by or against Debtor of any other type of insolvency proceeding or other proceeding contemplating settlement claims against or winding up of the affairs of Debtor, Debtor's cessation of active business affairs or the making by Debtor of a transfer of a material portion of Debtor's assets or inventory not in the ordinary course of business; (f) the occurrence of an event described in (c), (d), or (e) s to a guarantor of other surety of Debtor's obligations hereunder, (g) any misrepresentation of a material fact in connection herewith by or on behalf of Debtor; (h) Debtor's default under a lease or agreement providing financial accommodation with a third party or (i) creditor shall in good faith deem itself insecure as a result of a material adverse change in Debtor's financial condition or otherwise.

17. **REMEDIES.** Upon the occurrence of an event of default Creditor shall have the right, options, duties and remedies of a secured party, and Debtor shall have the rights and duties of a Debtor, under the Uniform Commercial Code (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and in connection therewith Creditor may: (a) declare the Casualty Value or such lesser amount as may be set by law immediately due and payable with respect to any or all Items of Collateral without notice or demand to Debtor; (b) take possession of and, if deemed appropriate, render unusable any or all Items of Collateral, without demand or notice, wherever located, without any process of law and without liability for any damages occasioned by such taking of possession including damages to contents; (c) require Debtor to assemble any or all Items of Collateral at a location in reasonable proximity to their designated location hereunder, (d) upon notice to Debtor required by law, sell or otherwise dispose of any Items of Collateral, whether or not in Creditor's possession, in a commercially reasonable manner at public or private sale and apply the net proceeds of such sale after deducting all costs of such sale, including, but not limited to, costs of transportation, repossession, storage, refurbishing, advertising and brokers fees, to the obligations of Debtor hereunder with Debtor remaining liable for any deficiency and with any excess being returned to Debtor or (e) utilize any other remedy available under the Uniform Commercial code or otherwise to Creditor.

All remedies are cumulative. Any sale may be adjourned by announcement at the time and place appointed for such sale without further published notice, and Creditor may if permitted by law

bid and become the purchaser at any such sale.

18. **LITIGATION EXPENSES.** Debtor shall pay Creditor its costs and expenses not offset as provided in paragraph 17, including repossession and attorneys' fees and court costs, incurred by Creditor in enforcing this agreement. This obligation includes the payment of such amounts whether an action is filed and whether an action which is filed is dismissed.

19. **ASSIGNMENT.** Without the prior written consent of Creditor, Debtor shall not sell, lease or create or allow any lien other than Creditor's security interest against an Item of Collateral or assign any of Debtor's obligations hereunder. Debtor's obligations are not assignable by operation of law. Consent to any of the foregoing applies only in the given instance.

Creditor may assign, pledge or otherwise transfer any of its rights **but none of its obligations** hereunder without notice to Debtor. If Debtor is given notice of any such assignment, Debtor shall acknowledge receipt thereof in writing and shall thereafter pay any amounts due hereunder as directed in the notice. The rights of an assignee to amounts due hereunder shall be free of any claim or defense Debtor may have against Creditor, and Debtor agrees not to assert against an assignee any claim or defense which Debtor may have against Creditor.

Subject to the foregoing, this agreement inures to the benefit of, and is binding upon, the heirs, legatees, personal representatives, successors and assigns of the parties.

20. **MARKINGS; PERSONAL PROPERTY.** Debtor shall mark the Collateral or its location as requested by Creditor to indicate Creditor's security interest. As between the parties the Collateral shall at all times be deemed personal. Debtor will provide Creditor any real property waivers requested by Creditor as to the real property where an Item of Collateral is or is to be located.

21. **LATE PAYMENT.** If Debtor fails to pay any amount to be paid hereunder within Three (3) days of when due, Debtor agree to pay us (a) eighteen percent (18%) of each such late payment (to the extent permitted by law) (b) amounts Creditor pays others in connection with the collection of the payment and (c) interest on such unpaid amount from the date due until paid at the lesser of eighteen percent (18%) per annum or the highest rate permitted by applicable law. No more than a single charge under subparagraph (a) will be due in any given month.

22. **SECURITY INTEREST RELEASE.** At such time as there is no outstanding obligation secured hereby (including obligations under other agreements contemplated under paragraph 1) Creditor shall provide Debtor such termination statements related to the Collateral as Debtor shall reasonably request. Debtor shall be responsible for the filing of each such termination statement.

23. **ADDITIONAL DOCUMENTS.** Debtor shall provide to Creditor such financing statements and similar documents as Creditor shall request. Debtor authorizes Creditor where permitted by law to make filings of such documents without Debtor's signature. Debtor further shall furnish Creditor (a) a fiscal year end financial statement including balance sheet and profit and loss statement within one hundred twenty (120) days of the close of each fiscal year and (b) such other information and documents not specifically mentioned herein relative to this agreement as Creditor may request. Debtor shall reimburse Creditor for all search and filing fees incurred by Creditor related hereto.

24. **NOTICES.** Notices shall be in writing, and sufficient if mailed to the party involved, United States mail first class postage prepaid, at its respective address set forth above or at such other address as such party may provide on notice in accordance herewith. Notice so given shall be effective when mailed. Debtor shall promptly notify Creditor of any change in Debtor's address.

25. **GENERAL.** This agreement constitutes the entire agreement of the parties as to the subject matter and shall not be amended, altered or changed except by a written agreement signed by the parties. Any waiver by Creditor must be in writing, and forbearance shall not constitute a waiver. Whenever the context of this agreement requires, the neuter includes the masculine or feminine and the singular includes the plural. If there is more than one Debtor named in this agreement, the liability of each shall be joint and several. The titles to the paragraphs of this agreement are solely for the convenience of the parties and are not an aid in the interpretation. This agreement shall be governed by the law of the State of California. Venue for any action related to this agreement shall be in an appropriate court in Orange County, California or the home county and state of anyone holding Creditor's interest as it may be assigned from time to time, to which Debtor consents, or in an appropriate court in another jurisdiction selected by Creditor which has jurisdiction over the parties. Any provision declared invalid shall be deemed severable from the remaining provisions which shall remain in full force and effect. Time is of the essence of this agreement. The obligations of Debtor shall survive the release of the security interest in the Collateral.

26. **DEBTOR'S WARRANTIES. DEBTOR CERTIFIES AND WARRANTS:**(a) THE FINANCIAL AND OTHER INFORMATION WHICH DEBTOR HAS SUBMITTED, OR WILL SUBMIT, TO CREDITOR IN CONNECTION WITH THIS AGREEMENT IS, OR SHALL BE AT TIME OF SUBMISSION, TRUE AND COMPLETE; (b) THIS AGREEMENT HAS BEEN DULY AUTHORIZED BY DEBTOR AND UPON EXECUTION BY DEBTOR SHALL CONSTITUTE THE LEGAL, VALID AND BINDING OBLIGATION, CONTRACT AND AGREEMENT OF DEBTOR ENFORCEABLE AGAINST DEBTOR IN ACCORDANCE WITH ITS TERMS; AND (c) EACH SHOWING PROVIDED BY DEBTOR IN CONNECTION HEREWITH MAY BE FULLY RELIED UPON BY CREDITOR NONWITHSTANDING ANY TECHNICAL DEFICIENCY IN ATTESTATION OR OTHERWISE. THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF DEBTOR WARRANTS THAT PERSON'S DUE AUTHORITY TO DO SO. DEBTOR FURTHER WARRANTS THAT EACH ITEM OF COLLATERAL SHALL AT THE TIME CREDITOR FUNDS THE TOTAL ADVANCE BE OWNED BY DEBTOR FREE AND CLEAR OF LIENS OR ENCUMBRANCES AND BE IN GOOD CONDITION AND WORKING ORDER.

27. **Counterparts and Facsimile Signatures.** If this Agreement was sent electronically, Debtor hereby warrants that this Agreement has not been altered in any way. Any alteration or revision to any part of this Agreement or any attached documents will make all alterations or revisions non-binding and void. Only one counterpart of this Agreement and of each Schedule, Addenda, or Exhibit attached hereto shall bear our ink signed signature and shall be marked "Original". To the extent that any Equipment Financing Agreement, Schedule, Addenda or Exhibit hereto constitute chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in this Agreement, Schedule, Addenda or Exhibit that bears our ink signed signature and is marked "Original".



DISBURSEMENT AUTHORIZATION

TO: Balboa Capital Corporation

The undersigned hereby certifies that all the property described below (the "Equipment"), which is to be financed for the undersigned pursuant to the Equipment Financing Agreement No. 000-000 dated as of _____, (the "Agreement") between **Balboa Capital Corporation** and the undersigned, as Debtor, has been furnished to the undersigned, that delivery and installation has been fully completed and that the Equipment is acceptable in all respects to the undersigned.

In view of the above, the undersigned hereby authorizes and requests you to pay for the Equipment in accordance with the terms of any purchase orders the undersigned may have issued for the same and/or to pay the undersigned the advance amount to the extent the undersigned has previously paid for the Equipment, as appropriate. The undersigned acknowledges that you are relying upon this executed Delivery and Acceptance Certificate in so doing. Debtor hereby authorizes Creditor to disburse the Total Advance as follows:

<u>Payee Name</u>	<u>Amount</u>
Example Vendor	\$100,000.00
_____	_____
_____	_____
_____	_____
Total Amount to be Disbursed	\$100,000.00

EQUIPMENT - SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

The undersigned recognizes that by executing this Delivery and Acceptance Certificate the undersigned's non-terminable installment payment obligation under the Agreement will commence. The undersigned reaffirms its understanding that the Agreement is solely a financing agreement and that, accordingly, you have made no express warranties as to the Equipment of any other matter and that there are no related implied warranties created by law and further that, accordingly, the undersigned's obligation to pay amounts due under the Agreement will not be affected by any problems the undersigned experiences with the Equipment or any similar or dissimilar occurrence as also set forth in the Agreement.

Date Equipment accepted by Debtor ("Acceptance Date")

(Date)

I hereby authorize _____ to orally verify my/our acceptance of the equipment subject to Equipment Finance Agreement # 000-000 in my absence

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

Debtor Name: Example Docs LLC



By: _____
Name: John Johnson
Title: Managing Member

Date: 03/05/14

EFA302



EXHIBIT 'A'
EQUIPMENT DESCRIPTION

The following invoice(s) are referenced, and hereby incorporated, for the purpose of describing the equipment subject to Equipment Financing Agreement ("Agreement") Number 000-000. By signing below, I, the debtor, acknowledge that I choose to finance the equipment listed on the invoice(s) per the payment schedule and the terms and conditions set out in the agreement, which is the governing document to this equipment financing regardless of the price and terms (if any) indicated on the invoice(s).

EQUIPMENT DESCRIPTION	INVOICE #	INVOICE DATE	VENDOR NAME

Equipment Financing Agreement Number 000-000

Debtor Name Example Docs LLC

 By: _____
Name: John Johnson
Title: Managing Member

Date: 03/05/14

Page 1 of 1

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

EFA248B



COPY OF DRIVERS LICENSE

Equipment Financing Agreement Number: 000-000

Debtor Name: Example Docs LLC

Please include a copy of your driver's license; with picture and signature, or another form of photo identification with signature.

Please provide a copy from the following individuals:

Signor John Johnson

PG 1 John Johnson

PG 2 Jane Johnson

PG 3 _____

PG 4 _____

Place copy of Driver's License(s) below:



PERSONAL GUARANTY

Equipment Financing Agreement # 000-000

THIS PERSONAL GUARANTY CREATES SPECIFIC LEGAL OBLIGATIONS. When we use the words **you** and **your** in this Personal Guaranty, we mean the **Personal Guarantor (s)** indicated below. When we use the words **we**, **us** and **our** in this Personal Guaranty, we mean **BALBOA CAPITAL CORPORATION**, its successors and assigns.

In consideration of our entering into the equipment financing agreement above ("EFA"), you unconditionally and irrevocably guarantee to us, our successors and assigns, the prompt payment and performance of any and all obligations of the Customer ("Debtor") under the EFA and any other financial transaction of any kind whatsoever, whether now existing or hereafter arising with us. You agree that this is a guaranty of payment and not of collection, and that we can proceed directly against you without first proceeding against the Debtor or against the Equipment covered by the EFA or against any collateral or security held by us. You waive all defenses and notices, including those of protest, presentment and demand. You agree that we can renew, extend or otherwise modify the terms of the EFA and you will be bound by such changes. If the Debtor defaults under the EFA, you will immediately perform all obligations of the Debtor under the EFA, including, but not limited to, paying all amounts due under the EFA. You will pay to us all expenses (including attorneys' fees) incurred by us in enforcing our rights against you or the Debtor. This is a continuing guaranty that will not be discharged or affected by your death and will bind your heirs and personal representatives. You waive any rights to seek repayment from the Debtor in the event you pay us. If more than one personal guarantor has signed this Personal Guaranty, each of you agree that your liability is joint and several. You authorize us or any of our affiliates to obtain credit bureau reports regarding your personal credit, and make other credit inquiries that we determine are necessary.

THIS PERSONAL GUARANTY IS GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. YOU CONSENT TO THE JURISDICTION OF THE COUNTY OF ORANGE IN THE STATE OF CALIFORNIA. YOU HEREBY EXPRESSLY WAIVE THE RIGHT TO TRIAL BY JURY.

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

sign

X _____

John Johnson
Name

03/05/14
Date

S. Oak Ave
Owatonna, MN 55060
Home Street Address, City, State, Zip Code

111111111
Social Security Number

Phone Number



PERSONAL GUARANTY

Equipment Financing Agreement # 000-000

THIS PERSONAL GUARANTY CREATES SPECIFIC LEGAL OBLIGATIONS. When we use the words **you** and **your** in this Personal Guaranty, we mean the **Personal Guarantor (s)** indicated below. When we use the words **we**, **us** and **our** in this Personal Guaranty, we mean **BALBOA CAPITAL CORPORATION**, its successors and assigns.

In consideration of our entering into the equipment financing agreement above ("EFA"), you unconditionally and irrevocably guarantee to us, our successors and assigns, the prompt payment and performance of any and all obligations of the Customer ("Debtor") under the EFA and any other financial transaction of any kind whatsoever, whether now existing or hereafter arising with us. You agree that this is a guaranty of payment and not of collection, and that we can proceed directly against you without first proceeding against the Debtor or against the Equipment covered by the EFA or against any collateral or security held by us. You waive all defenses and notices, including those of protest, presentment and demand. You agree that we can renew, extend or otherwise modify the terms of the EFA and you will be bound by such changes. If the Debtor defaults under the EFA, you will immediately perform all obligations of the Debtor under the EFA, including, but not limited to, paying all amounts due under the EFA. You will pay to us all expenses (including attorneys' fees) incurred by us in enforcing our rights against you or the Debtor. This is a continuing guaranty that will not be discharged or affected by your death and will bind your heirs and personal representatives. You waive any rights to seek repayment from the Debtor in the event you pay us. If more than one personal guarantor has signed this Personal Guaranty, each of you agree that your liability is joint and several. You authorize us or any of our affiliates to obtain credit bureau reports regarding your personal credit, and make other credit inquiries that we determine are necessary.

THIS PERSONAL GUARANTY IS GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. YOU CONSENT TO THE JURISDICTION OF THE COUNTY OF ORANGE IN THE STATE OF CALIFORNIA. YOU HEREBY EXPRESSLY WAIVE THE RIGHT TO TRIAL BY JURY.

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

 X _____

Jane Johnson
Name

03/05/14
Date

S. Oak Ave
Owatonna, MN 55060
Home Street Address, City, State, Zip Code

111111111
Social Security Number

Phone Number

U.S. Small Business Administration

NOTE

SBA Loan #
SBA Loan Name
Date
Loan Amount
Interest Rate
Borrower
Operating Company
Lender

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of _____ Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

~~Borrower must~~ make all payments at the place Lender designates. The payment terms for this Note are:

The interest rate on this Note will fluctuate. The initial interest rate is 6.00% per year. This initial rate is the prime rate in effect on the first business day of the month in which SBA received the loan application, plus 2.75%. The initial interest rate must remain in effect until the first change period begins unless reduced in accordance with SOP 50 10.

Borrower must pay a total of 2 payments of interest only on the disbursed principal balance beginning one month from the month this Note is dated and every month thereafter, payments must be made on the first calendar day in the months they are due.

Borrower must pay principal and interest payments of _____ every month, beginning three months from the month this Note is dated; payments must be made on the first calendar day in the months they are due.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal.

Lender and Borrower may agree to pay an additional amount into an escrow account for payment of real estate taxes and required insurance related to commercial real estate securing the loan. Any such account must comply with SOP 50 10.

The interest rate will be adjusted every calendar quarter (the "change period").

The "Prime Rate" is the prime rate in effect on the first business day of the month (as published in a national financial newspaper or website) in which SBA received the application, or any interest rate change occurs. Base Rates will be rounded to two decimal places with .004 being rounded down and .005 being rounded up.

The adjusted interest rate will be 2.75% above the Prime Rate. Lender will adjust the interest rate on the first calendar day of each change period. The change in interest rate is effective on that day whether or not Lender gives Borrower notice of the change.

The spread as identified in the Note may not be changed during the life of the Loan without the written agreement of the Borrower.

For variable rate loans, the interest rate adjustment period may not be changed without the written consent of the Borrower.

Lender must adjust the payment amount at least annually as needed to amortize principal over the remaining term of the note.

If SBA purchases the guaranteed portion of the unpaid principal balance, the interest rate becomes fixed at the rate in effect at the time of the earliest uncured payment default. If there is no uncured payment default, the rate becomes fixed at the rate in effect at the time of purchase.

LOAN PREPAYMENT:

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note. Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must:

- a. Give Lender written notice;
- b. Pay all accrued interest; and
- c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days' interest from the date lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

Subsidy Recoupment Fee. When in any one of the first three years from the date of initial disbursement Borrower voluntarily prepays more than 25% of the outstanding principal balance of the loan, Borrower must pay to Lender on behalf of SBA a prepayment fee for that year as follows:

- a. During the first year after the date on which the loan is first disbursed, 5% of the total prepayment amount;
- b. During the second year after the date on which the loan is first disbursed, 3% of the total prepayment amount; and
- c. During the third year after the date on which the loan is first disbursed, 1% of the total prepayment amount.

All remaining principal and accrued interest is due and payable 25 years and 2 months from the date of this Note.

Late Charge: If a payment on this Note is more than 10 days late, Lender may charge Borrower a late fee of up to 5% of the unpaid portion of the regularly scheduled payment.

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;

- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. STATE - SPECIFIC PROVISIONS:

None.

11. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

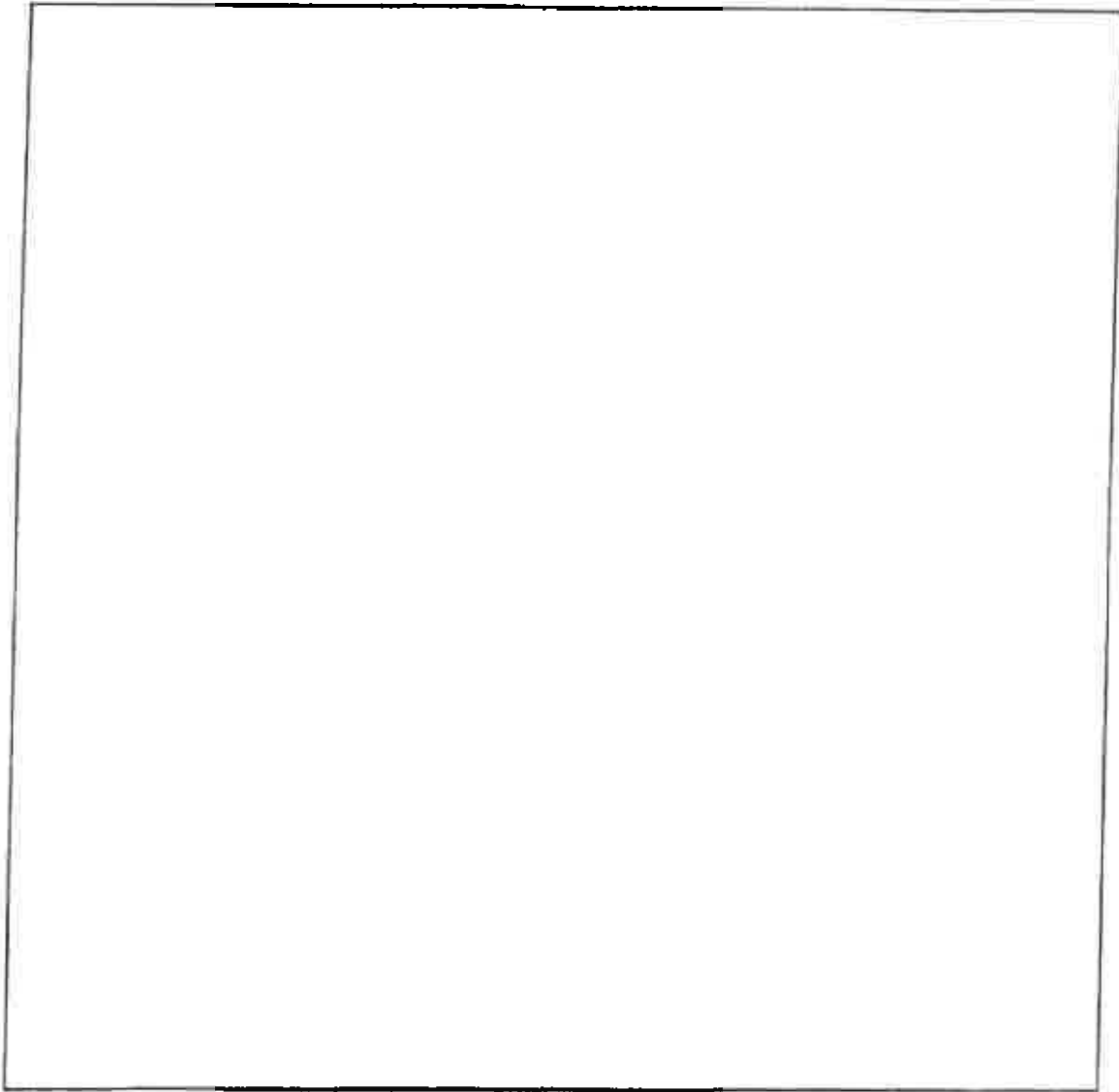
A large, empty rectangular box with a thin black border, intended for the borrower's signature. It occupies the central portion of the page below the instruction text.

EXHIBIT K

Woodspring Suites Rules and Regulations

Table of Contents (2/20/2025)

000 Preface & Introduction

100.00 Front Office Rules of Operation

101.00 Service Standards

102.00 Hours of Operation

103.00 Check-in

104.00 Guest Walk Standards

105.00 Ancillary Revenue

106.00 Guest Laundry

107.00 Smoking Policies

108.00 Vending

110.00 ADA

111.00 Interior Walk-off mats

112.00 Additional Guest Amenities

113.00 Luggage Carts

114.00 Fitness Center

115.00 Scent Program

116.00 Pets

117.00 Lobby Coffee Program

118.00 Permitted Use

201.00 Housekeeping Services

300.00 Reviews/Compliance

401.00 Uniforms

402.00 Staffing

501.00 Training

600.00 Brand Identity, Signage, & Collateral

701.00 Guest Room and Bathroom Requirements
801.00 Building Design and Furniture, Fixtures, and Equipment
901.00 Franchise Reporting Requirements
902.00 Methods of Payment
903.00 Data Integrity
904.00 Website Template
905.00 Reservation System
908.00 Hotel Naming
909.00 Marketing
910.00 Contact Center & Call Forwarding
1000.00 Technology
1100.00 Exterior Signage
1201.00 Safety & Security
1217.00 Insurance Requirements
1300 Waivers

EXHIBIT L

FAIR FRANCHISING POLICY

(Updated January 2025)

Choice Hotels International, Inc. (“Choice,” “we,” or “us”) and our franchisee(s) (“Franchisee”, “Franchisees”, or “you”) share substantial interests in the success of our brands, as well as the worldwide lodging system they comprise (“System”). Choice and its Franchisees all benefit when Choice considers System interests first when making policies. For these reasons, Choice has adopted the following guiding principles, which may be modified from time to time at our sole discretion. Any substantive changes to this policy will be conducted in consultation with our Franchisee Associations.

Mission Statement

Both Choice and our Franchisees have a responsibility to build and maintain the System. At the individual property level, it is your responsibility to represent your hotel’s brand in a manner that continually builds brand equity; and we are responsible for confirming that general System and individual brand standards are met throughout the entire Choice franchise System.

Even under the best of circumstances, however, we realize that situations can arise that may create conflict between Choice and our Franchisees. Accordingly, Choice maintains this fair franchising policy (“Fair Franchising Policy”) to help us mutually address these situations. The Fair Franchising Policy contains standards relating to the System and is available for review at any time. We also have an Ombudsperson and Vice President of Owner & Portfolio Strategy dedicated to addressing any conflicts between Choice and Franchisees in a manner that is fair and non-retaliatory to all parties concerned. We encourage you to contact any member of our Fair Franchising Department to discuss the Fair Franchising Policy or any concerns that you have regarding your relationship with Choice.

Impact

Choice and Franchisees agree that every Choice brand, each property, and the entire System benefit from strategic growth and strong brand awareness.

Impact Policy.¹ In some cases, a Franchisee may believe that a third party’s application for a new Choice franchise is too close in proximity to the Franchisee’s existing property. To address this concern, Choice has instituted an incremental impact policy (“Impact Policy”), which has been benchmarked with our competitors and tailored to carefully balance the rights of existing Franchisees with the need for growth that benefits our entire System. The Impact Policy permits a Franchisee (in good standing) to object to the grant of a same-brand franchise, if the applying franchise is within a specified radius of the existing Franchisee’s property.

Under the Impact Policy, we will notify both your designated representative and the general manager of your property: (i) by electronic mail, if we have received an application for a hotel of a different brand than your hotel, the proposed hotel is within 5 miles of your existing property, and your existing brand is covered by the Impact Policy; (ii) in writing (via express mail to the designated representative and via first-class mail to the general manager), if we have accepted an application for a same-brand hotel and the applying franchise is within a specified radius of your property; or (iii) by telephone, if you are an applicant and we have received an additional application for a same-brand hotel to be located within the Area of *Enhanced Protection* (as defined more fully in the Impact Policy) of your proposed hotel.

First opportunity to develop in franchisee’s Area of Enhanced Protection (AOEP). In addition to the

¹ As of the date of this Fair Franchising Policy, the Impact Policy applies only to the following brands: Clarion, Comfort, Econo Lodge, MainStay Suites, Quality, Rodeway Inn, and Sleep Inn.

objection rights described above, each existing franchisee in good standing with Choice will have the option of submitting an application for a new same-brand hotel within its AOEP before Choice will approve a same-brand application within that AOEP from another prospective franchisee. Specifically, Choice will permit existing franchisees to submit an application for a same-brand property within 15-calendar days of being notified of a proposed application by another prospective franchisee, and the existing franchisee will receive preference in the application for a same-brand property. In making a final decision, however, we will also consider other factors, such as site location, financing, relative strength of each application and Choice's past experience with the existing franchisee. Finally, our Franchise Development team will inform the existing franchisee of our decision before we grant final approval of an application for a same-brand hotel within that franchisee's AOEP.

Consultation. As has been our practice, we will continue to consult with our Franchisees on amendments and modifications to the Impact Policy. For more information, please refer to our **Impact Policy**, at www.choicecentral.com or call the Fair Franchising Department for a detailed explanation of our Impact Policy.

Exercise of Contractual Outs

Company Philosophy. Choice is committed to meeting the evolving needs of its guests across all of its brands and driving continued brand equity. It is imperative that each hotel delivers a top-notch, consistent experience to every guest, every time. Our brands are as strong as their weakest performer, so if a guest has a bad experience at one hotel, it adversely impacts us all and the System. Not only should each hotel be clean, in good condition and in working order, they should be modern, up-to-date, and competitive within their markets. Choice's contractual out evaluation process was created to ensure that we all meet these objectives.

Contractual Out Evaluation Process. For some brands the franchise agreement may include a mutual right to terminate the franchise agreement on the 5th, 10th, or 15th anniversary of the Opening Date by providing advance written notice.² Choice reviews every active property prior to these anniversaries and evaluates the following aspects of the hotel:

- How well does the hotel meet guest expectations as measured by Guest Insight System ("GIS") scores and customer complaints?
- How do the hotel's GIS scores and guest complaints compare to other hotels within its brand?
- How strongly does the hotel compete in its local market as determined by Smith Travel Research (STR) reports compared to both local competitive set and tract chain scale?
- What is the hotel's historic pass/fail rate for Quality Assurance ("QA") inspections?
- Has the hotel been defaulted in the past for any reason, including but not limited to QA, After Entering System ("AES"), credit or legal reasons?
- How does the physical plant of the hotel compare to its competitive set within its market?
- How does the physical plant of the hotel compare to other hotels within its brand?
- If there are gaps between the property and its competitive set or peers, can the property be updated cost-effectively?

Risk Factors. In keeping with Choice's philosophy, we review in detail the aggregate results of these questions referenced above for each hotel. In particular, we take into account any unique aspects of the

² As of the date of this Fair Franchising Policy, there is no mutual right of termination in the standard form of franchise agreement for Woodspring. For Comfort, the standard form of franchise agreement includes a mutual right of termination on the 5th anniversary of the Opening Date for only conversion properties. For Cambria, the standard form of franchise agreement provides for a mutual right of termination on the 10th and 15th anniversary of the Opening Date. Similarly, the Mainstay and Sleep form of franchise agreements provide for the same mutual termination right but these apply only to new construction properties. For Rodeway, the standard form of franchise agreement includes an annual mutual termination right on each anniversary of the Opening Date.

hotel's market or its guest base. There is no standardized formula that is applied to every hotel and each situation is evaluated independently. Furthermore, typically Choice reserves the right under the franchise agreement to exercise its contractual out for any reason or no reason at all, subject to state law. There are certain factors, however, that place a property at greater risk that Choice typically will exercise its contractual out, including but not limited to (subject to state law):

- The property's Likelihood to Recommend ("LTR") score places it in the bottom third of its brand for the most recent 12 month period.
- The property has guest complaints per thousand ("CPT") higher than the brand average for the most recent 12 month period.
- The property has a history of shifting between passing and failing scores on QA inspections.
- The property passes its QA inspections but only minimally.
- The property performs below the tract chain scale as determined by STR.
- The physical plant of the property is outdated, worn, and/or in poor condition.

Note on Comfort Inn: To achieve the brand's goal of becoming one of the top 3 brands in the Midscale without Food & Beverage segment, all Comfort Inn properties must be held to a higher standard in terms of both guest satisfaction and physical representation. For example, the outside appearance of the hotel must meet or be able to achieve a consistent, above-average guest experience when compared to other hotels within the brand and to its national competitive set, which includes Holiday Inn Express and Fairfield Inn.

If the physical plant of a Comfort Inn property resembles economy-level competitors in the market due to its room size, lobby size, public space, corridor type (interior v. exterior), single loaded v. double loaded, or other aspects, then Choice may elect to exercise its contractual out or, if desirable, discuss the potential for the property to reposition to another Choice brand.

Management Committee. Due to the importance of these decisions and their impact on both Choice and the Franchisee, no single person at Choice has the ability to exercise a contractual out. All decisions to exercise this right are made by a Committee and must be unanimously supported by each member of that Committee. The Management Committee is comprised of representatives from:

- Fair Franchising
- Owner & Portfolio Strategy
- Legal
- Development
- Services
- Credit

Contractual Out Notification Process. Approximately eighteen (18) months prior to a contractual out, a representative from Choice will contact the Franchisee's Designated Representative if:

1. Choice is considering whether to exercise its contractual out and feels that a Product Improvement Plan ("PIP") is necessary to continue the relationship.

- The Franchisee's Designated Representative will receive a letter explaining Choice's position and the PIP process. A copy of the letter will be sent to the hotel's General Manager.
- Once the PIP is prepared, the Franchisee's Designated Representative will receive a phone call from a member of Choice's Owner & Portfolio Strategy department to discuss the scope of work to update the property. (See below)

2. Choice has decided to exercise its contractual out.

- The Franchisee's Designated Representative will receive a phone call from Choice to discuss the decision.
- If Choice is unable to reach the Franchisee's Designated Representative by phone, Choice will

send a letter notifying the hotel of its attempts to contact the Designated Representative by phone and requesting the hotel contact Choice immediately. If Choice is unsuccessful in contacting the Franchisee, then Choice will release a formal Notice of Termination letter generally twelve (12) months prior to the contractual out date. Individual franchise agreements may contain different notice periods. If that is the case, those notice periods will apply, however Choice will attempt to provide as much notice as is reasonably possible.

Please note that each Franchisee is obligated to maintain accurate contact information with Choice. If the Franchisee's Designated Representative name, address, or telephone number on file is no longer valid, then Choice cannot be held responsible for any resulting delays in reaching the Franchisee.

Product Improvement Plans. In many cases, Choice will agree to continue its relationship based on an agreed scope of work to update and refresh the property and/or additional training. These requirements will be detailed in the PIP. If Choice and the Franchisee's Designated Representative cannot finalize and execute the PIP twelve (12) months prior to the contractual out date, then Choice may issue a Notice of Termination to the Franchisee's Designated Representative.

This Notice of Termination can be rescinded if subsequent discussions result in a mutually agreeable PIP Addendum that is executed by both parties within 30 days of the Notice of Termination letter.

Options Available to Properties. There are 4 options available to properties where Choice has exercised its contractual out:

1. Reposition to Another Choice Brand

In many cases, there will be another Choice brand available in the market for the hotel to consider. There may be many financial benefits to remaining with the Choice System rather than exiting the System completely. When Choice calls the Franchisee's Designated Representative to inform them that Choice is exercising its contractual out, he or she will discuss the availability of this option.

2. Replace the Existing Hotel

Many owners prefer to replace their hotel with a newer product in their market. Please let a Choice representative know your interest in this option and the appropriate person will contact you.

3. Appeal the Decision

If a Franchisee's Designated Representative would like to appeal a contractual out decision, then a letter detailing the request and the reasons for appeal should be emailed to the contact person on the termination notice. Upon receipt of the appeal request, a confirmation email will be sent within approximately 48 hours. The Management Committee will generally review the appeal within 7-10 business days following the receipt confirmation. The Franchisee's Designated Representative will receive the results of the Committee review via email.

4. Early Termination following Choice's exercise of a window.

When Choice exercises its option to terminate a franchise agreement at a contractual out, and a franchisee in good standing wishes to leave the Choice system before the agreed-upon termination date, Choice will take special consideration, on a case-by-case basis, in reviewing a franchisee's request to discount or waive any liquidated damages that may be owed due to the early termination.

Non-retaliation. In deciding whether to exercise our contractual out, Choice will not discriminate or retaliate against a property that has requested or is in the process of requesting an impact study or has challenged some other action taken by Choice.

Marketing and Reservation Services Funds:

Consultation. Choice is committed to the practice of consulting with its applicable franchisee association(s) on certain marketing campaigns the company undertakes and generally on the use of monthly fees designated for marketing, and reservation services. The franchise associations also are consulted on changing the amounts of those fees.

Disclosure. Upon request, Choice will make available to Franchisees its unaudited financial statements for those portions of Marketing and Reservation fees that are designated for marketing and reservation services purposes. Choice has no obligation to separate incomes or expenditures between Choice brands. Moreover, as a public company, Choice will continue to report its Marketing and Reservation fees (including marketing and reservations fees) in accordance with GAAP (generally accepted accounting principles) on its income statements, which are reviewed and published quarterly.

Corporate Ethics:

Ethical Conduct. Choice expects all Choice associates, franchisees and vendors to practice “good faith and fair dealing” in all business matters. All Choice associates are subject to a corporate ethics policy that mandates certain standards of conduct. In addition, your franchise agreement contains provisions that require you to operate your franchise in a manner that does not negatively impact Choice and the brand or violate any laws.

Termination for Cause:

Liquidated Damages. For most brands, if the standard franchise agreement is terminated before the end of its term, we have generally capped both pre-opening and post-opening liquidated damages at 36 months of historical royalty fees (membership fees for Ascend properties) and the formula applicable to each brand.³ The collection of liquidated damages is to account for Choice’s future lost royalty fees. Individual franchise agreements may contain different terms, and your agreement will control the amount of liquidated damages you will have to pay.

Extraordinary Circumstances. If you encounter extraordinary, unforeseen circumstances (such as the death of franchisee, environmental issues, permanent disabilities, etc.) that affect your ability to operate your franchise in good standing, it is your responsibility to contact us in a timely manner to work towards possible resolutions. In these instances, we will attempt in good faith to find a mutually acceptable resolution to the particular situation.

Transfers:

Family Transfer.⁴ If you wish to transfer your franchise to a close adult family member (e.g., current spouse, parent, child, sibling, grandchild or grandparent) (“Close Family Member”), that Close Family Member must demonstrate to us that he or she has both the financial ability and experience necessary to operate your franchise in accordance with Choice standards before we will approve a transfer, among other requirements. If the transfer to a Close Family Member occurs outside of circumstances involving death and/or mental incapacity, you must pay an application fee (not to exceed \$7,500), which will be fully refunded if we do not approve the transfer. The terms of your franchise agreement may differ and, in that case, the terms of your agreement may override the family transfer provision described above.

³ Typically, 60 months of historical royalty fees for Cambria. In addition, typically 60 months historical royalty fees for Post-Opening liquidated damages for Suburban and MainStay Hotels.

⁴ Ascend Membership Agreements allow a transfer to a close family member for estate planning purposes and does not include a transfer to a Close Family Member based on death and mental incapacity.

Supplier Options:

Vendor Exclusivity. Our Procurement Services Department maintains a list of “Qualified Vendors” of products and services for our franchisees. Certain Qualified Vendors are designated in the Rules and Regulations as exclusive suppliers. Unless required by the Rules and Regulations, you do not have to purchase products that otherwise meet brand standards from Qualified Vendors. We frequently solicit feedback from the elected members of our franchisee associations before implementing new brand standards or vendor requirements. Additionally, for most products and services, we attempt to identify 3 or more vendors who are capable of meeting our brand standards.

Building Brand Equity:

Quality Assurance Reviews. Our entire System benefits from positive brand equity. Building brand equity begins at the local level with how you operate your hotel and also includes Brand Standards or Rules and Regulations that we communicate to you in order to ensure that each of our hotels is meeting or exceeding customer expectations.

Brand Standards or Rules and Regulations, as applicable, change from time to time to reflect changing customer trends and in response to our competition. Where applicable, we will consult with the various brand associations regarding significant changes contemplated for the Brand Standards/Rules and Regulations before implementation, and we will provide our franchisees with a reasonable period to absorb such changes financially.

In addition, each of us has an obligation to your guests to require that your hotel meets or exceeds our brand-specific performance and quality standards. In that regard, we will continue to apply our Quality Assurance process in a fair and impartial manner. If at any time you wish to dispute your Quality Assurance scores, you may make an appeal to the Brand Standards & Compliance.

Database Information:

Prohibited Uses. We have agreed not to share individual, hotel-specific property reservation data for the sole purpose of selling new franchises.

Dispute Resolution:

There are two mechanisms for handling disputes. The first is an informal process, and the second is through arbitration.

Informal Process. We have found that certain disputes with our franchisees can be handled locally or through our established organizational structure. Our Ombudsperson and Vice President of Owner & Portfolio Strategy both provide a retribution-free outlet for our franchisees to share their concerns regarding fairness.

Arbitration. The terms of the franchise agreement (which control) generally require all franchise disputes to be resolved by submitting the claim to binding arbitration before the American Arbitration Association or alternative arbitration groups.

EXHIBIT M

List of U.S. Franchisees - Those Operating and Franchisees Who Signed Franchise Agreements as of December 31, 2024

Franchisee	Hotel Address	Hotel City	Hotel State	Zip Code	Contact phone number
SPI WSS Madison LLC	120 Brazelton Circle	Madison	Alabama	35758	(214) 397-0175
MEHULKUMAR PATEL	5579 Holmes Ave	Huntsville	Alabama	35816	4233131477
Tucson WS Investors, LLC	1420 E Tucson Marketplace Blvd.	Tucson	Arizona	85713	
SSH/BG Edge Hotel Operations II, LLC	24275 N 23rd Ave	Phoenix	Arizona	85085	8167562331
SSH/BG Edge Hotel Operations IV LLC	404 E Baseline Road	Mesa	Arizona		8167562331
ServiceStar Hospitality VII LLC	605 N 99th Avenue	Tolleson	Arizona	85353	8167562331
ServiceStar Hospitality V LLC	2050 E Germann Road	Chandler	Arizona	85286	8167562331
ServiceStar Hospitality X LLC	7650 South Power Road	Gilbert	Arizona	85297	8165202233
AMENA COLTON, LLC	2050 W Valley Boulevard	Colton	California	92324	6238780258
Lennox Bakersfield LLC	8311 E Brundage Lane	Bakersfield	California	93307	(214) 397-0175
PREET BHATHAL	8740 Spectrum Park Way	Bakersfield	California	93308	6614440543
Gold Coast Properties CA 1, LLC	2370 Tuscany Street	Corona	California	92881	3059348353
Gold Coast Properties CA 3, LLC	24455 Hemlock Ave	Moreno Valley	California	92557	7867013584
Gold Coast properties CA 5, LLC	8827 Artesia Blvd	Bellflower	California	90706	7867013584
WIN, LP	42525 Jackson St	Indio	California	92203	5623077281
CNL Littleton, LLC	5260 S Santa Fe Drive	Littleton	Colorado	80120	3162609088
ServiceStar Hospitality VI LLC	847 SE Frontage Road	Fort Collins	Colorado	80524	7025292840
BSREP II WS HOTEL EXPANSION TRS SUB, LLC	121 Edgeview Drive	Broomfield	Colorado	80021	
Warner Row, LLC	659 Market Street	Grand Junction	Colorado	81505	(214) 397-0175
BG Edge Hotel Property III LLC	1328 Republic Drive	Colorado Springs	Colorado	80921	8167562331
SSH/BG Edge Hotel Operations I, LLC	16125 Washington Street	Thornton	Colorado	80023	(816) 520-2233
Commerce City Extended Stay Hotel LLC	4902 E 63rd Avenue	Commerce City	Colorado	80022	9795956716
ServiceStar Hospitality VIII LLC	7009 9th Street	Greeley	Colorado	80634	7025292840
ServiceStar Hospitality XV LLC	6843 S. Potomac Street	Centennial	Colorado	80112	7025292840
Liberty WS Tampa Veterans LLLP	9310 Anderson Road	Tampa	Florida	33634	3214411850
GOLD COAST PREMIER PROPERTIES, LLC	16055 SW 117th Ave	Miami	Florida	33177	3059348353
BAYONET POINT HOTEL, LLC	12407 US Highway 19 North	Hudson	Florida	34667	7278469500
GOLD COAST PREMIER PROPERTIES VII, LLC	2600 Tamiami Trail East	Naples	Florida	34112	3059348353
Sandpiper Orlando Clermont, LLC	16311 FL-50	Clermont	Florida	34711	8042826157

Gold Coast Premier Properties IV, LLC	3786 White Lake Boulevard	Naples	Florida	34117	3059348353
Sandpiper Orlando Clarcona, LLC	4125 Clarcona Ocoee Road	Orlando	Florida	32810	8042826157
Gold Coast Premier Properties V, LLC	3660 Red Road	Miramar	Florida	33025	3059348353
GOLD COAST PREMIER PROPERTIES VI, LLC	6350 Okeechobee Blvd	West Palm Beach	Florida	33417	3059348353
GOLD COAST PREMIER PROPERTIES III, LLC	5751 Madison Avenue	Tamarac	Florida	33321	3059348353
Gold Coast Premier Properties II, LLC	7500 NW 41st Street	Miami	Florida	33166	3059348353
WOODSPRING DAYTONA, LLC	2910 W. International Speedway Blvd.	Daytona Beach	Florida	32124	4232826582
Gold Coast Premier Properties VIII, LLC	7376 Stone River Road	Bradenton	Florida		3059348353
RS Orlando LLC	11781 International Dr.	Orlando	Florida	32821	(214) 397-0175
WS DAVENPORT, LLC	702 Champions Drive	Davenport	Florida	33897	4073705100
JACKSONVILLE WSS, LLC	8341 Dames Point Crossing Blvd	Jacksonville	Florida	32277	2142151203
WSS SANDFORD, LLC	171 Hickman Drive	Sanford	Florida	32771	4073705100
VP INCOME PROPERTIES, LLC	5505 SW 41st Boulevard	Gainesville	Florida	32608	
DEA Jacksonville, LLC; Lennox Jacksonville, LLC; Jacksonville WSS Partners, LLC	3425 Saland Way	Jacksonville	Florida	32246	(214) 397-0175
Gold Coast Premier Properties IX, LLC	2800 Cypress Ridge Boulevard	Wesley Chapel	Florida	33544	3059348353
Gold Coast Premier Properties X, LLC	7125 Bonneval Road	Jacksonville	Florida	32256	3059348353
CONCORD WP COL CAMPFIELD LLC	11250 Lamb Tail Lane	Jacksonville Panama City	Florida	32256	9194552890
WSS Panama City Beach LLC	9801 Front Beach Road	Beach	Florida	32407	9723854182
CITRUS HOSPITALITY LLC	123 South Seminole Avenue	Inverness	Florida	34452	3527953111
Park Silver Orlando LLC	6025 Sand Lake Vista Drive	Orlando	Florida	32819	3015923891
Concord WP COL Orange Park LLC	1539 Wells Rd	Orange Park	Florida	32073	9194552890
DI DEVELOPMENT, LLC	11600 SW Village Pkwy	Port St. Lucie	Florida	34987	7658602784
LIBERTY WS ROCKLEDGE, LLC,	720 Barnes Blvd	Rockledge	Florida	32955	3214411850
Sunshine Fund Port Orange, LLC	5840 Journeys End Way	Port Orange	Florida	32127	4079658797
CONCORD WP COL FT. MYERS LLC	1915 Colonial Boulevard	Fort Myers	Florida	33907	9194552890
ServiceStar Hospitality XIV LLC,	8973 Pine Forest Rd.	Pensacola	Florida	32534	7025292840
1801 VICTORY, LLC	1801 Victory Drive Bldg. #1	Columbus	Georgia	31901	(785) 825-2111
Woodmont Lodging Acquisitions LLC	5323 New Jessup Highway	Brunswick	Georgia	31523	3016850990
THDP PARTNERS, LLC	69 Diplomat Parkway	Newnan	Georgia	30265	4044776800
SPI Savannah, LLC	122 Godley Station Blvd South	Pooler	Georgia	31322	(214) 397-0175
MACON VALUED PARTNERS II, LLC	4949 Harrison Road	Macon	Georgia	31206	4232826582

MACON VALUED PARTNERS, LLC	2000 Bowman Road	Macon	Georgia	31210	4232826582
PARADOR INVESTMENTS, LLC	625 Industrial Boulevard	Mcdonough	Georgia	30253	
MOUNTAIN VIEW HOSPITALITY, LLC	2000 West Iris Drive	Conyers	Georgia	30013	
BHAVIKA, LLC	3567 Highway 138 SE	Stockbridge	Georgia	30281	9739530593
CCF PARTNERS LAKELAND, LLC	4912 Augusta Road	Garden City	Georgia	31408	
RIVERWATCH VP, LLC	2995 Riverwatch Parkway	Augusta	Georgia	30907	4232826582
NOLAND VP, LLC	2115 Noland Connector	Augusta	Georgia	30909	4232826582
Parkway & 17 Hotel Partners, LLC	115 Woodspring Drive	Savannah	Georgia	31405	
COUNCIL BLUFFS VP INVESTORS, LC	3541 14th Avenue	Council Bluffs	Iowa	51501	
GURU KRUPA LLC	1525 Metro East Drive	Pleasant Hill	Iowa	50327	
GURU KRUPA LLC	6703 SE Bellagio Drive	Ankeny	Iowa	50021	
CWP Franchise Holdco II LLC	5315 Elmore Circle	Davenport	Iowa	52807	2018355224
GURU KRUPPA LLC	7255 Lake Drive	West Des Moines	Iowa	50266	5152593040
Meridian Hotel Holdings, LLC	1262 S Rackham Way	Meridian	Idaho	83642	4259747078
HP WS-V ADDISON, LLC	991 E Lake Street	Addison	Illinois	60101	5745320985
NWI-CHICAGO VALPLACE DEVELOPER, LLC	951 N. Frontage Road	Darien (Chicago)	Illinois	60561	
J.M. COX, JR.	1212 West Anthony	Champaign	Illinois	61821	
HP VP-I ROMEOVILLE, LLC	1093 Windham Parkway	Romeoville	Illinois	60446-1651	
HP WS-III TINLEY PARK, LLC	18636 West Creek Drive	Tinley Park	Illinois	60477	
HP WS-IV CAROL STREAM, LLC	1160 North Gary Ave	Carol Stream	Illinois	60188	
HP WS-VII BURBANK, LLC	5001 W 79th Street	Burbank	Illinois	60459	
HP WS-VIII ELGIN, LLC	2225 Point Boulevard	Elgin	Illinois	60123	
HP WS-IX GURNEE LLC	5742 Northridge Drive	Gurnee	Illinois	60031	5745320985
HP WS-X DOWNERS GROVE LLC	2751 Ogden Ave	Downers Grove	Illinois	60515	5745320985
HP WSS DEVELOPER III, LLC	1980 Kelley Court	Libertyville	Illinois	60048	5745320985
HP-WS XI ROCKFORD, LLC,	4101 Galleria Dr.	Loves Park	Illinois	61111	5745320985
HP WS-VI MERRILLVILLE, LLC	1500 East 83rd Avenue	Merrillville	Indiana	46410	
AMISH PATEL AND DIPAL PATEL	8301 Bash Street	Indianapolis	Indiana	46250	4239338666
EVANSVILLE VP, LLC	8221 Stahl Road	Evansville	Indiana	47715	4232826582
CLARKSVILLE VP INVESTORS, LLC	1811 Independence Court	Clarksville	Indiana	47129	3163346404
TGC Whitestown, LLC	6007 Perry Worth Road	Whitestown	Indiana	46075	316-680-0934
SANDPIPER FORT WAYNE, LLC	2850 Dupont Commerce Court	Ft. Wayne	Indiana	46825	8047752200
KENTUCKY AVENUE HOTEL GROUP LLC	4545 Kentucky Ave	Indianapolis	Indiana	46221	
DC HOSPITALITY-LENEXA, LLC	14700 W. 112th Street	Lenexa	Kansas	66215	9087073888

DC HOSPITALITY-MISSION, LLC	6950 Foxridge Drive	Mission	Kansas	66202	(646) 283-2746
TOPEKA VP INVESTORS LLC	1801 SW Westport Road	Topeka	Kansas	66604	3163346404
JCVF INVESTORS, LLC	311 E Ash Street	Junction City	Kansas	66441	3163346404
CNL LOUISVILLE, LLC	1201 Kentucky Mills Drive	Louisville	Kentucky	40299	
LEXINGTON EXTENDED STAY, LLC	2370 Lake Park Road	Lexington	Kentucky	40502	4232826582
VP LOUISVILLE LLC	10400 Brookridge Village	Louisville	Kentucky	40291	
ServiceStar Hospitality XII LLC	175 Orange Court	Bowling Green	Kentucky	42104	7025292840
Warner Louisiana, LLC	3202 N Power Centre Parkway	Lake Charles	Louisiana	70615	(214) 397-0175
Monroe WSS LLC	230 Blanchard Street	West Monroe	Louisiana	71291	9723854182
Sandpiper Harrell's Ferry, LLC	11544 N. Harrell's Ferry Road	Baton Rouge	Louisiana	70816	8047752200
Sandpiper Airline Highway, LLC	8382 Airline Highway	Baton Rouge	Louisiana	70815	8047752200
Warner Louisiana, LLC	200 Hugh Wallis Road	Lafayette	Louisiana	70508	(214) 397-0175
SULPHUR HOTEL PARTNERS, LLC	2580 Calcasieu Industrial Dr.	Sulphur	Louisiana	70665	3188611994
Sandpiper Greenbelt, LLC	7480 Greenway Center Drive	Greenbelt	Maryland	20770	8047752200
SANDPIPER ARENA DRIVE, LLC	1603 Brightseat Drive	Hyattsville	Maryland	20785	8047752200
Sandpiper White Marsh, LLC	4985 Mercantile Road	White Marsh	Maryland	21236	8047752200
SANDPIPER ANDREWS, LLC	6010 Allentown Road	Camp Springs	Maryland	20746	8047752200
SANDPIPER FREDERICK, LLC	341 Ballenger Center Drive	Frederick	Maryland	21703	8047752200
CONCORD WP COL FARMINGTON LLC	22100 Haggerty Road	Farmington Hills	Michigan	48335	9194552890
CONCORD WP COL MADISON LLC	32400 Stephenson Highway	Madison Heights	Michigan	48071	9194552890
SPIH HOLLAND, LLC	2630 Van Ommen Drive	Holland	Michigan	49424	(214) 397-0175
Concord WP COL Wixom LLC	49850 Grand River Ave	Wixom	Michigan	48393	9194552890
Concord WP COL Sterling Heights LLC	36553 Van Dyke Ave	Sterling Heights	Michigan	48312	9194552890
Concord WP COL Kentwood LLC	3090 Lake Eastbrook Blvd.	Grand Rapids	Michigan	49512	9194552890
Concord WP COL East Lansing LLC	3225 West Rd.	East Lansing	Michigan	48823	9194552890
Concord WP COL Dearborn LLC	240 Town Center Drive	Dearborn	Michigan	48126	9194552890
LENNOX ARNOLD, LLC	888 Arnold Commons Dr.	Arnold	Missouri	63010	(214) 397-0175
LENNOX ST. CHARLES, LLC	2100 Old Hwy 94 S.	Saint Charles	Missouri	63303	(214) 397-0175
LIBERTY VP INVESTORS, L.C.	1911 Industrial Drive	Liberty	Missouri	64068	3163346404
Tremont WSS LP	5255 NW 63rd St.	Kansas City	Missouri	64151	8165202233
Pearl Lodging Group, LLC	2 Mac and Bones Drive	Pearl	Mississippi	39208	6014884657
SSH/RH Hotel Operations I LLC	3035 Stockyard Rd.	Missoula	Montana	59808	2145223300
Rimrock Billings Operations, LLC	4750 King Ave East	Billings	Montana	59101	904-240-1388
EPKON, LLC	1010 Sue Lane	Shelby	North Carolina	28152	9197577462

DC HOSPITALITY APEX LLC	901 Lufkin Rd.	Apex	North Carolina	27539	(646) 283-2746
DC HOSPITALITY GASTONIA LLC	1830 Wren Turnpike	Gastonia	North Carolina	28052	(646) 283-2746
MM VAIBHAVLAXMI, LLC	142 Cleveland Crossing Drive	Garner	North Carolina	27529	9197731110
SANDPIPER ASHEVILLE, LLC	40 Monte Vista Road	Asheville	North Carolina	28806	8047752200
SANDPIPER RALEIGH, LLC	8840 Wadford Drive	Raleigh	North Carolina	27616	8047752200
LHF I Charlotte Belgate, LLC	7007 MacFarlane Blvd	Charlotte	North Carolina	28262	3214411850
CONCORD WP COL CONCORD, LLC	7845 Commons Park Circle	Concord	North Carolina	28027	9194552890
Concord WP COL Morrisville, LLC	610 Airport Boulevard	Morrisville	North Carolina	27560	9194552890
Concord WP COL Greensboro LLC	505 Hickory Ridge Drive	Greensboro	North Carolina	27409	9194552890
Concord WP COL Winston-Salem Margaret, LLC	1908 Margaret Street	Winston Salem	North Carolina	27103	9194552890
FVP HOTEL PARTNERS, LLC	1090 35th Street North	Fargo	North Dakota	58102	3204936272
Williston WS, LLC	121 Wells Street W	Williston	North Dakota	58801	3186800188
Lennox Lincoln, LLC	2050 Fletcher	Lincoln	Nebraska	68521	(214) 397-0175
BELLEVUE VP INVESTORS, LLC	2703 Samson Way	Bellevue	Nebraska	68123	3163346404
DC HOSPITALITY LINDEN URBAN RENEWAL, LLC	1920 East Linden Avenue	Linden	New Jersey	07036	(646) 283-2746
DC HOSPITALITY GROUP, LLC	1830 Frontage Rd.	Cherry Hill	New Jersey	08034	9087073888
DC HOSPITALITY GROUP, LLC	2991 Hamilton Boulevard	South Plainfield Monmouth	New Jersey	07080	(646) 283-2746
RYENNE, LLC	3962 US 1	Junction	New Jersey	08852	0
ALBUQUERQUE WSS, LLC	13001 Central AV NE	Albuquerque	New Mexico	87123	9723854182
HOBBS VP INVESTORS, LLC	5100 N Lovington Highway	Hobbs	New Mexico	88240	3163346404
Tiger Hotel Term TRS Sub LLC	140 Salomon Court	Sparks	Nevada	89434	(980) 345-1784
4591 INVESTMENTS LLC	145 Bellwood Drive	Rochester	New York	14606	8562981301607
NEW ERA COLUMBUS II, LLC	2305 North Wilson Road	Columbus	Ohio	43228	3169284051
SANDPIPER FAIRFIELD, LLC	6725 Fairfield Business Ctr.	Fairfield	Ohio	45014-5492	8047752200
SANDPIPER EASTON, LLC	4202 Transit Drive	Columbus	Ohio	43230	8047752200
VP COLUMBUS II LLC	3205 Centerpoint Dr.	Grove City	Ohio	43123	3169284051
SANDPIPER COLUMBUS, LLC	375 Hutchinson Ave 4105 Hamilton Square	Columbus	Ohio	43235	8047752200
VP COLUMBUS II, LLC	Boulevard	Groveport	Ohio	43125	0
RAINMAKER HOLDINGS IV LLC,	7373 Miller Lane	Dayton	Ohio	45414	8593680087
RHV, LLC	1788 Indian Wood Circle	Maumee	Ohio	43537	8593680087
CNL - TULSA, LLC	3415 South Sheridan Road	Tulsa	Oklahoma	74145	0

CNTL 2, LLC	11000 E 45th St.	Tulsa	Oklahoma	74146	0
POSH HOTEL OPERATIONS I LLC	4050 Woodhaven Road	Philadelphia	Pennsylvania	19154	6107304064
Wilkes Barre WSS LLC	350 Bear Creek Boulevard	Wilkes Barre	Pennsylvania	18702	7025292840
CHERRY TREE, LLC	4016 Christian Springs Road	Bethlehem	Pennsylvania	18020-9451	913-777-8123
POSH PROPERTIES NO. 39, PAXTON, LLC	6351 Chelton Avenue	Harrisburg	Pennsylvania	17112	6107304064
JALAN, LLC	5518 Oakview Drive	Allentown	Pennsylvania	18106	0
TATAMY9, LLC	300 Trolley Line Drive	Easton	Pennsylvania	18045	6102179781 864-706-9686 (Vinny)
VIREN PATEL	64 Orchard Park Drive	Greenville	South Carolina	29615	
GREENVILLE VALUED PARTNERS II, LLC	255 Frontage Road	Duncan	South Carolina	29334	4232826582
GREENVILLE VALUED PARTNERS III, LLC	3025 Grandview Drive	Simpsonville	South Carolina	29680	4232826582
GREENVILLE VALUED PARTNERS, LLC	116 Chalmers Road	Greenville	South Carolina	29605	4232826582
COLUMBIA VALUED PARTNERS, LLC	931 Spears Creek Court	Elgin	South Carolina	29045-29405-	4232826582
TGC Charleston, LLC	4475 Leeds Place West	North Charleston	South Carolina	8402	3162609088
Gold Coast Properties SC 1, LLC	3471 Highway 21	Fort Mill	South Carolina	29715	3059348353
KHAN VP SIOUX FALLS, LLC	1109 S. Lyons Avenue	Sioux Falls	South Dakota	57106	6056423003
DC HOSPITALITY-LEBANON LLC	205 Eastgate Court	Lebanon	Tennessee	37090	(646) 283-2746
DC HOSPITALITY - MURFREESBORO, LLC	157 John R Rice Blvd	Murfreesboro	Tennessee	37129	9087073888
Precision Hospitality Group, LLC	7710 Lee Highway	Chattanooga	Tennessee	37421	
BOONES CREEK VP, LLC	135 Pinnacle Drive	Johnson City	Tennessee	37615	4232826582
VP2 MUSIC CITY, LLC	122 Liberty Lane	Madison	Tennessee	37115	5054747531
Nashville Airport Hotel, LLC	515 Metroplex Drive	Nashville	Tennessee	37211	3162609088
WCP EXTENDED STAY, LLC	675 Kennedy Lane	Clarksville	Tennessee	37040	8047752200
Concord WP COL Knoxville LLC	320 N. Gallaher View Rd.	Knoxville	Tennessee	37923	9194552890
WP Concord COL Hermitage LLC	1415 Princeton Place	Hermitage	Tennessee	37076	9194552890
Concord WP COL Smyrna, LLC	945 Colonade Drive	Smyrna	Tennessee	37167	9194552890
T3CP WS BROWNSVILLE, LLC	995 Media Luna Road	Brownsville	Texas	78520	8322284497
T3CP WS HARLINGEN, LLC	3905 S. Expressway 77/83	Harlingen	Texas	78550	8322284497
T3CP WS Pharr, LLC	1207 W. Expressway 83	Pharr	Texas	78577	8322284497
Warner Dallas, LLC	6801 K Avenue	Plano	Texas	75074	(214) 397-0175
NEW ERA FW, LLC	12745 N. Freeway	Fort Worth	Texas	76177	3169284051
DC GUEST WACO LLC	705 N Interstate 35	Waco	Texas	76705	(646) 283-2746
Warner ROW, LLC	2551 I-45 North	Conroe	Texas	77304	(214) 397-0175
Warner Houston 2, LLC	14900 N. Freeway	Houston	Texas	77090	(214) 397-0175

Warner Dallas, LLC	3401 N Central Expressway	Mckinney	Texas	75071	(214) 397-0175
Warner Houston 2, LLC	1506 West Fairmont Parkway	La Porte	Texas	77571	(214) 397-0175
LENNOX FT. SAM, LLC	6922 IH 35 North	San Antonio	Texas	78218	(214) 397-0175
DC GUEST - ZARZAMORA, LLC	7958 Interstate 35 Access Rd	San Antonio	Texas	78224	9087073888
Warner Dallas, LLC	4505 N I-35	Denton	Texas	76207	(214) 397-0175
Warner ROW, LLC	1026 S. Padre Island Drive	Corpus Christi	Texas	78416	(214) 397-0175
Warner Row, LLC	4601 I-40 East	Amarillo	Texas	79104	(214) 397-0175
Squires Group 2	18929 Tomball Parkway	Houston	Texas	77070	(214) 397-0175
Squires Group 2	5959 W. Sam Houston South Pkwy	Houston	Texas	77072	(214) 397-0175
CAMTOD SAN ANGELO, LLC	4013 W. Houston Harte Expwy	San Angelo	Texas	76901-75701-	
SPIH TYLER, LLC	3210 S. Southwest Loop 323	Tyler	Texas	9203	(214) 397-0175
Warner ROW, LLC	620 N. Earl Rudder Freeway	Bryan	Texas	77802	(214) 397-0175
WSGTX HOTEL, LLC	904 Rockmoor Drive 380 West Lyndon B Johnson Fwy	Georgetown	Texas	78628	0
Lennox Las Colinas LLC		Irving	Texas	75063	(214) 397-0175
KILLEEN VP INVESTORS, LLC	501 E. Central Texas Expwy	Killeen	Texas	76541	3163346404
WCP TERI ROAD, LLC	4911 S IH 35	Austin	Texas	78744	8047752200
Warner ROW, LLC	4266 Oil Belt Lane	Abilene	Texas	79605	(214) 397-0175
WCP AUSTIN PARTNERS, LLC	11105 N Interstate 35 Frontage	Austin	Texas	78753	2147399455
WS Suites Lake Jackson Texas LP	618 East Highway 332	Lake Jackson	Texas	77566	0
WCP HOLDINGS, LLC-SERIES A	4712 West Loop 250 North	Midland	Texas	79707	2147399455
WCP HOLDINGS, LLC	7051 Tres Hermanas Boulevard	Odessa	Texas	79765-77094-	8047752200
Warner Houston 1, LLC	121 Baker Road	Houston	Texas	1217	(214) 397-0175
WCP REGENT LIVE OAK, LLC	13598 N. I-35	San Antonio	Texas	78233	2147399455
NEW ERA SA III, LLC	5534 University Heights Blvd.	San Antonio	Texas	78249	3169284051
NEW ERA SA, LLC	2619 N Loop 1604 E	San Antonio	Texas	78232	0
ROCKWALL WSS, LLC	1040 East I-30	Rockwall	Texas	75087	2142151203
FOSSIL CREEK WSS, LLC	3501 NE Loop 820	Ft. Worth	Texas	76137	2142151203
FOREST HILL WSS, LLC	4101 California Parkway East	Forest Hill	Texas	76119	2142151203
EL PASO WSS, LLC	12215 Gateway Blvd W	El Paso	Texas	79936	2142151203
TROPHY CLUB WSS, LLC	306 Trophy Branch Dr.	Southlake	Texas	76092	2142151203
Warner Houston 2, LLC	4624 E Freeway	Baytown	Texas	77520	(214) 397-0175
Squires Group 2	13150 Cityscape Ave	Houston	Texas	77047	

Warner Dallas, LLC	4250 Mapleshade Lane	Plano	Texas	75093	(214) 397-0175
NEW ERA SA II, LLC	7335 NW Loop 410	San Antonio	Texas	78245	3169284051
Squires Group 2	5350 W. Sam Houston Pkwy North	Houston	Texas	77041	(214) 397-0175
Warner Houston 2, LLC	18028 Hwy 59 N	Humble	Texas	77396	(214) 397-0175
Warner Houston 2, LLC	11444 32nd Avenue N	Texas City	Texas	77591	(214) 397-0175
CNL Cedar Park, LLC	5210 183A Toll Road	Cedar Park	Texas	78613	3162609088
BSREP II WS HOTEL EXPANSION TRS SUB LLC	1201 Louis Henna Blvd	Round Rock	Texas	78664	0
Mirage Hospitality, LLC	11160 Gulf Freeway	Houston	Texas	77034	8324522414
Wills Capital Partners, L.P.	8110 US 290E	Austin	Texas	78754	2147399455
WSS WACO LLC	2320 Creekview Drive	Waco	Texas	76711	9723854182
ServiceStar Hospitality XIII LLC	1478 West 14000 South	Bluffdale	Utah	84065	7025292840
SANDPIPER HOSPITALITY, LLC	255 Jennick Drive	Colonial Heights	Virginia	23834	8047752200
SANDPIPER FREDERICKSBURG, LLC	1455 Carl D Silver Parkway	Fredericksburg	Virginia	22401	8047752200
SANDPIPER QUANTICO, LLC	1006 Corporate Drive	Stafford	Virginia	22554	8047752200
SANDPIPER WEST RICHMOND, LLC	6900 West Broad Street	Richmond	Virginia	23230	8047752200
SANDPIPER MANASSAS LLC	10910 Balls Ford Road	Manassas	Virginia	20109	8047752200
SANDPIPER KEMPSVILLE, LLC	137 Kempsville Road	Chesapeake	Virginia	23320	8047752200
Sandpiper Virginia Beach LLC	4800 Alicia Drive	Virginia Beach	Virginia	23462	8047752200
Sandpiper Greenbrier, LLC.	1708 Sentinel Drive	Chesapeake	Virginia	23320	8047752200
WS Two, LLC	310 Border Street	Lynchburg	Virginia	24502	7577772454
WS Three, LLC	3812 Peters Creek Road	Roanoke	Virginia	24019	7576711700333
HP WS Ashland LLC	11530 Lakeridge Pkwy	Ashland	Virginia	23005	5745320985
WS FIVE, LLC	4615 Williamsburg Rd. 2420 George Washington Memorial Highway	Henrico	Virginia	23231	7576711700333
WS Seven, LLC	1370 Tapteal Drive	Yorktown	Virginia	23693	7576711700333
SPI Richland, LLC	200 NE 104th Avenue	Richland	Washington	99352	(214) 397-0175
SPI Vancouver, LLC	15637 West Valley Highway	Vancouver	Washington	98664	(214) 397-0175
SPI Tukwila, LLC	7707 Broadway	Tukwila	Washington	98188	(214) 397-0175
CITY CENTRE HOTEL HOLDINGS, LLC	7045 180th Avenue Northeast	Everett	Washington	98203	
SPI Redmond, LLC	11329 Pacific Highway SW	Redmond	Washington	98052	(214) 397-0175
LAKEWOOD HOTEL HOLDINGS, LLC	3903 Martin Way E	Lakewood	Washington	98499	4259747078
Olympia Hotel Holdings II LLC	12355 West Park Place	Olympia	Washington	98506	4259747078
NEW ERA DEVELOPMENT GROUP, LLC		Milwaukee	Wisconsin	53224	3169284051

Franchisees who have signed Franchise Agreements for Hotels that were not yet operational as of as of December 31, 2024

[illegible]

ServiceStar Hospitality, LLC	8231 East Prentice Avenue	Greenwood Village	Colorado	80111	7025292840
ServiceStar Hospitality, LLC	8231 East Prentice Avenue	Greenwood Village	Colorado	80111	7025292840
ServiceStar Hospitality, LLC	8231 East Prentice Avenue	Greenwood Village	Colorado	80111	7025292840
ServiceStar Hospitality, LLC	8231 East Prentice Avenue	Greenwood Village	Colorado	80111	7025292840
ServiceStar Hospitality, LLC	8231 East Prentice Avenue	Greenwood Village	Colorado	80111	7025292840
ServiceStar Hospitality, LLC	8231 East Prentice Avenue	Greenwood Village	Colorado	80111	7025292840
Cross Key LLC	1877 South Federal Highway Suite 202	Boca Raton	Florida	33432	5613618140232
Rimrock FWB Operations, LLC	343 NW Cole Terrace Suite 201	Lake City	Florida	32055	904-240-1388
Rimrock Hospitality Montana, LLC	343 NW Cole Terrace Suite 201	Lake City	Florida	32055	904-240-1388
Gold Coast Properties CA 4, LLC	16115 SW 117 Ave. Unit A7	Miami	Florida	33177	3059348353
Gold Coast Properties CT 1, LLC	16115 SW 117 Ave. Unit A7	Miami	Florida	33177	3059348353
Gold Coast Premier Properties XIII, LLC	16115 SW 117 Ave. Unit A7	Miami	Florida	33177	3059348353
Homestead Commerce Center LLC	14011 Southwest 20th Street	Miami	Florida	33175	786-485-4174
Gold Coast Properties NC 1, LLC	16115 SW 117 Ave. Unit A7	Miami	Florida	33177	3059348353
Gold Coast Properties NJ 2, LLC	16115 SW 117 Ave. Unit A7	Miami	Florida	33177	3059348353
Gold Coast Properties RI 1, LLC	16115 SW 117 Ave. Unit A7	Miami	Florida	33177	3059348353
Liberty Development LLC	824 Highland Ave	Orlando	Florida	32803	3214411850
Liberty Investment Properties, Inc.	824 Highland Ave	Orlando	Florida	32803	3214411850
LIBERTY WS GREENVILLE, LLC	824 Highland Ave	Orlando	Florida	32803	3214411850
Sunshine Fund I LP	807 Dashwood Court	Winter Green	Florida	34787	4079658797
Sunshine Fund LP I	807 Dashwood Court	Winter Green	Florida	34787	4079658797
Noble Hospitality Fund V LP, LLC	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000
TURNSTONE GROUP, LLC	1170 Peachtree St NE, Suite 1150	Atlanta	Georgia	30309	4044776800
NF V ES-W Ellenton Op Co, LLC	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000
Turnstone Group, LLC	1170 Peachtree St NE, Suite 1150	Atlanta	Georgia	30309	4044776800
TURNSTONE GROUP, LLC	1170 Peachtree St NE, Suite 1150	Atlanta	Georgia	30309	4044776800
TURNSTONE GROUP, LLC	1170 Peachtree St NE, Suite 1150	Atlanta	Georgia	30309	4044776800
TURNSTONE GROUP, LLC	1170 Peachtree St NE, Suite 1150	Atlanta	Georgia	30309	4044776800
NF V Acquisitions, LLC	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000
NF V ES-W Sumter Op Co, LLC,	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000
NF V ES-W Irmo Op Co, LLC,	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000
NF V ES-W Anderson Op Co, LLC,	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000
NF V Acquisitions, LLC	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000

NF V ES-W Beaufort Op Co, LLC	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000
Noble Hospitality Fund V LP, LLC	3424 Peachtree Rd. Suite 2000	Atlanta	Georgia	30326	4044191000
Vanraj Real Estate, LLC	3575 Trowbridge Drive	Cumming	Georgia	30040	4707728266
CENTRAL FLORIDA HOSPITALITY SERVICES LLC	900 Old Dawson Village Road #120	Dawsonville	Georgia	30534	0
DI DEVELOPMENT, LLC	900 Old Dawson Village Road #120	Dawsonville	Georgia	30534	7658602784
DI Development LLC	900 Old Dawson Village Road #120	Dawsonville	Georgia	30534	7658602784
DI DEVELOPMENT, LLC	900 Old Dawson Village Road #120	Dawsonville	Georgia	30534	7658602784
Margie Hospitality LLC,		Dunwoody	Georgia		6786971442
NNH Investment LLC		Dunwoody	Georgia		6786971442
NNH Investment LLC		Dunwoody	Georgia		6786971442
Piyush Patel, Arjun Patel, Samrat Patel & Anurag Paregi	1615 Jamestown Avenue	Evans	Georgia	30809	706-731-9697
PHMI DEVELOPMENT ENCORE LLC	390 Lakeshore Cove	Fort Oglethorpe	Georgia	30742	4233131477
PHMI Development LLC	390 Lakeshore Cove	Fort Oglethorpe	Georgia	30742	4233131477
Mehulkumar Patel & Lavina Patel	418 Alamar Street	Fort Oglethorpe	Georgia	30742	4233131477
PHMI Development LLC	418 Alamar Street	Fort Oglethorpe	Georgia	30742	4233131477
PHMI DEVELOPMENT ENCORE LLC	390 Lakeshore Cove	Fort Oglethorpe	Georgia	30742	4233131477
PHMI DEVELOPMENT ENCORE LLC	390 Lakeshore Cove	Fort Oglethorpe	Georgia	30742	4233131477
WS SUGARLOAF LLC	390 Lakeshore Cove	Fort Oglethorpe	Georgia	30742	4233131477
Mehulkumar Patel & Lavina Patel	418 Alamar Street	Fort Oglethorpe	Georgia	30742	4233131477
PHMI DEVELOPMENT ENCORE LLC	390 Lakeshore Cove	Fort Oglethorpe	Georgia	30742	4233131477
RPRF Suites Dublin, LLC	3810 Heritage Walk	Milton	Georgia	30009	4045148575
RPRF Suites Dublin, LLC	3810 Heritage Walk	Milton	Georgia	30009	4045148575
Bhaagya Investments LLC	714 Wyndham Way	Pooler	Georgia	31322	9129012223
Prakash Patel, Nishant Randerwala and Nisha Patel	4494 US Hwy 17	Richmond Hill	Georgia	31324	9129211010
Anil Patel	35 Hobson Way	Rome	Georgia	30161	7062320021
Anil Patel	35 Hobson Way	Rome	Georgia	30161	7062320021
VY Prominence Point LLC	2085 Parkside Lane	Roswell	Georgia	30076	6784880260

Techwood Lodging LLC	211 Savannah Ave	Statesboro	Georgia	30458	9125364103
3658 Buford Hwy LLC	3154 Lawrenceville	Suwanee	Georgia	30024	0
Sohum Hotels Indy West, LLC	1307 South High School Road	Indianapolis	Indiana	46241	317-514-1262
HP WS - XIII Elkhart, LLC	6370 AmeriPlex Drive, Suite 110	Portage	Indiana	46368	5745320985
HP WSP-I WASHINGTON, LLC	6370 AmeriPlex Drive, Suite 110	Portage	Indiana	46368	5745320985
Pittsburgh WSS Developer I, LLC	6370 AmeriPlex Drive, Suite 110	Portage	Indiana	46368	5745320985
Shree Sai Ram, LLC	5050 Merle Hay Rd	Johnston	Iowa	50131	5152593040
TGC Rogers, LLC	713 Cavalcade Lane	Andover	Kansas	67002	3162609088
NS Holdings, LLC	713 Cavalcade Lane	Andover	Kansas	67002	3162609088
NS Holdings, LLC	713 Cavalcade Lane	Andover	Kansas	67002	3162609088
NS Holdings, LLC	713 Cavalcade Lane	Andover	Kansas	67002	3162609088
DCM Realty, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
DCM Realty, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
WS California Ceres, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
WS California Developer, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
WS California Developer, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
Timber Ridge Residences, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
WS California Developer, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
WS California Developer, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
WS California Developer, LLC	15212 Perry Street	Overland Park	Kansas	66221	9135226474
BSREP II WS HOTEL EXPANSION TRS SUB LLC	BSREP II WS Hotel Expansion TRS Sub LLC c/o Brookwood Hotels 8918 W. 21st Street North Suite 200, #316	Wichita	Kansas	67205	0
New Era Development Group, LLC NEW ERA DEVELOPMENT GROUP, LLC	2150 N Meridian	Wichita	Kansas	67203	3169284051
New Era Development Group, LLC	2150 N Meridian	Wichita	Kansas	67203	3169284051
Amit Patel and Ameet Patel	130 S. 4th Street	Danville	Kentucky	40422	8592090389
Pradipkumar Patel, Tarunkumar Patel, and Kunal Patel	3176 Maria Drive	Lexington	Kentucky	40516	(913) 908-9973
Pradipkumar Patel, Tarunkumar Patel, and Kunal Patel	3176 Maria Drive	Lexington	Kentucky	40516	(913) 908-9973
Pradipkumar Patel, Tarunkumar Patel, and Kunal Patel	3176 Maria Drive	Lexington	Kentucky	40516	(913) 908-9973
KENTUCKY ZINC, LLC	222 East Witherspoon Street	Louisville	Kentucky	40202	5027441465

KENTUCKY ZINC, LLC	222 East Witherspoon Street	Louisville	Kentucky	40202	5027441465
Kentucky Nickel Investment, LLC	222 East Witherspoon Street	Louisville	Kentucky	40202	5027441465
Shardulsinh Sayania and Vikramsinh Sayania	3232 Lexington Lakes Avenue	Baton Rouge	Louisiana	70810	3372552514
Hiren Zaveri	3608 W Prien Lake Road	Lake Charles	Louisiana	70605	337-499-8510
Jiten Patel & Jacob Self	405 Thomas Road	West Monroe	Louisiana	71292	3182374768
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Wilmington, LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development, LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development, LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development LLC	8171 Maple Boulevard, Suite 380	Fulton	Maryland	20759	3015923891
Park Silver Development, LLC		Silver Spring	Maryland		3015923800
Park Silver Development, LLC		Silver Spring	Maryland		3015923800
Park Silver Development, LLC		Silver Spring	Maryland		3015923800
Mahavir Patel, Et Al.	42 Stillman Road	Lynnfield	Massachusetts	01940	3392933490
Manjulaben S. Patel, Manorema Patel, Nimesha Patel, et al	115 West Jackson St., Suite 2D	Ridgeland	Mississippi	39157	6014884657
BG Edge, LLC	4420 Madison Ave Suite 104	Kansas City	Missouri	64111	8167562331
WSS St. Peters Poe, LLC	4420 Madison Ave Suite 104	Kansas City	Missouri	64111	8167562331
Genesis Realty & Development, LLC	4420 Madison Ave Suite 104	Kansas City	Missouri	64111	8167562331
Genesis Realty & Development, LLC	4220 Madison Ave	Kansas City	Missouri	64111	8167562331
Amar Patel and Sudhirkumar Patel	Rama, LLC 1163 Whitmoor Dr.	St. Charles	Missouri	63304	3055056293
Mitchell Development & Investments LLC	1315 8th Ave North	Great Falls	Montana	59401	4067614400
Falls Hospitality LLC	1315 8th Ave North	Great Falls	Montana	59401	4067614400
NORTH BARNETT HOSPITALITY, LLC	1315 8th Ave North	Great Falls	Montana	59401	4067614400
DCD CAPITAL LLC	1200 Route 22 East, Suite 2000	Bridgewater	New Jersey	08807	9082954002

DCD CAPITAL LLC	1200 Route 22 East, Suite 2000	Bridgewater	New Jersey	08807	9082954002
DCD CAPITAL LLC	1200 Route 22 East, Suite 2000	Bridgewater	New Jersey	08807	9082954002
Vanara Properties LLC	103 Carnegie Center suite 345 Princeton, New Jersey 08540	Princeton,	New Jersey	08540	8562981301607
Vanara Properties LLC	103 Carnegie Center suite 345 Princeton, New Jersey 08540	Princeton,	New Jersey	08540	8562981301607
Vanara Properties LLC	103 Carnegie Center suite 345 Princeton, New Jersey 08540	Princeton,	New Jersey	08540	8562981301607
4591 INVESTMENTS LLC	103 Carnegie Center suite 345 Princeton, New Jersey 08540	Princeton,	New Jersey	08540	8562981301607
Rathnaker Patlola	103 Carnegie Center suite 345 Princeton, New Jersey 08540	Princeton,	New Jersey	08540	8562981301607
Rathnaker Patlola	103 Carnegie Center suite 345 Princeton, New Jersey 08540	Princeton,	New Jersey	08540	8562981301607
Rathnaker Patlola	103 Carnegie Center suite 345 Princeton, New Jersey 08540	Princeton,	New Jersey	08540	8562981301607
Rathnaker Patlola	103 Carnegie Center suite 345 Princeton, New Jersey 08540	Princeton,	New Jersey	08540	8562981301607
Walter Barela and Brian Resendez	6407 Menaul Boulevard Northeast	Albuquerque	New Mexico	87110	505-550-6040
DEC Development, LLC	51 Fifth Ave #10-c	New York	New York	10003	(646) 283-2746
Jett Mehta	950 Panorama Trail South	Rochester	New York	14625	585.766.4615
Jett Mehta	950 Panorama Trail South	Rochester	New York	14625	585.766.4615
Jett Mehta	950 Panorama Trail South	Rochester	New York	14625	585.766.4615
Anvaya Hotels RDU LLC	1841 Amberly Ledge Way	Cary	North Carolina	27519	8034797649
SAI AND AUM INC.	5301 Equipment Drive	Charlotte	North Carolina	28262	7045969390
The Orange Group LLC	999 Ravenswood Rd NE	Concord	North Carolina	28025	0
Concord WP COL GP Holdings II LLC	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890
Concord WP COL GP Holdings II LLC	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890
DANBROOK PROPERTIES LLC	5112 Glen Forest Dr	Raleigh	North Carolina	27612	9193953094
Concord WP COL Charlotte, LLC	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890
Concord WP COL GP Holdings II LLC	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890
CONCORD WP COL CHARLOTTE-NORTHLAKE LLC,	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890

Concord WP COL GP Holdings II LLC	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890
Concord WP COL GP Holdings II LLC	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890
Concord WP COL GP Holdings II LLC	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890
Concord WP COL GP Holdings II LLC	11410 Common Oaks Drive	Raleigh	North Carolina	27614	9194552890
New S&M Investments LLC	130 Arrowhead Blvd	Hebron	Ohio	43025	6145950221
Vana Partners LLC	55 Scollard Street, Suite 1403	Toronto	Ontario	M5R0A1	6032770286
OREGON WS ONE LLC,	12909 SW 68th Parkway, Suite 430	Tigard	Oregon	97223	1231231234
JBH Property Acquisitions LLC	12909 SW 68th Parkway, Suite 430	Tigard	Oregon	97223	1231231234
Joseph Posh	2216 Willow Park Road	Bethlehem	Pennsylvania	18020	6107304064
Joseph Posh	2216 Willow Park Road	Bethlehem	Pennsylvania	18020	6107304064
Posh Hospitality Development LLC	2216 Willow Park Road	Bethlehem	Pennsylvania	18020	6107304064
Posh Hospitality Development LLC	2216 Willow Park Road	Bethlehem	Pennsylvania	18020	6107304064
SL Carlisle, LLC	2401 Park Drive	Harrisburg	Pennsylvania	17110	(856) 234-9391
Joseph Posh	2216 Willow Park Road	Wilkes Barre	Pennsylvania	18020	6107304064
Viren Patel, Mitesh Bhula, Vinny Patel, Nilesch Patel	372 Abby Circle	Greenville	South Carolina	29607	8137877270 864-706-9686
VIREN PATEL	372 Abby Circle	Greenville	South Carolina	29607	(Vinny) 864-706-9686
VIREN PATEL	372 Abby Circle	Greenville	South Carolina	29607	(Vinny)
WS Florence LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
WS Baton Rouge LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
WS Gonzales LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
WS Murfreesboro LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
WS Clarksville, LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
WS Gallatin LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
Athena Investments LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
Athena Investments LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
Athena Investments LLC	6000 Murray Lane	Brentwood	Tennessee	37027	6153913919
Precision III LLC,	7638 Lee Highway	Chattanooga	Tennessee	37421	4239338666
Amish Patel and Dipal Patel	7638 Lee Highway	Chattanooga	Tennessee	37421	4239338666
Amish Patel	7638 Lee Highway	Chattanooga	Tennessee	37421	4239338666
Amish Patel	5910 Tennessee 153	Chattanooga	Tennessee	37343	423-933-8666

Edward W Collier Jr	2179 South Berrys Chapel Road	Franklin	Tennessee	37069	985-969-4499
Unaka Developers, LLC	2304 Silverdale Drive Suite 200	Johnson City	Tennessee	37601	4232826582
Monilkumar Patel, Dinesh Patel, et al	4601 Bradford Lane	Kingsport	Tennessee	37663	4234430059
RAMA OAK RIDGE, LLC,	10323 Clover Ridge Lane	Knoxville	Tennessee	37931	6159737429
Mitul Ratan	800 Six Flags Dr.	Arlington	Texas	76011	214-395-3786
NXTGen Group Investments, LLC	12379 Pebble View Drive	Conroe	Texas	77304	9136028470
Clark East and Dean Haws	18401 Sandy Cove Drive	Houston	Texas	77058	832-430-9240
Clark East and Dean Haws	18401 Sandy Cove Drive	Houston	Texas	77058	832-430-9240
Clark East	18401 Sandy Cove Drive	Houston	Texas	77058	832-430-9240
Mayur Patel & Vishal Patel	2509 Amelia Island Path	Southlake	Texas	76092	4195604843
Augusta Partners LLC	11401 McCabe's Grant Terrace	Henrico	Virginia	23233	8048142905
Artha Petersburg LLC	130 Wagner Road	Petersburg	Virginia	23805	(804) 526-1484
USI Hospitality Boise LLC	113 Cherry Street Suite 20273	Seattle	Washington	98104	206-310-4303
PNJD Inc.	3035 Canyon View Court	Walla Walla	Washington	99362	5417209089
WSS Onalaska LLC	2202 Rowling Rd	De Pere	Wisconsin	54115	7152077397
AV Wisconsin Developers, Inc.	2202 Rowling Rd	De Pere	Wisconsin	54115	7152077397
AV Wisconsin Developers, Inc.	2202 Rowling Rd	De Pere	Wisconsin	54115	7152077397
AV Wisconsin Developers, Inc.	2202 Rowling Rd	De Pere	Wisconsin	54115	7152077397

EXHIBIT N

Franchisees that left the System during Fiscal Year Ending December 31, 2024

Franchisee	Licensee Rep Address	Licensee Rep City	Licensee Rep State	Licensee Rep Zip Code	Contact Phone Number
Terrapin Memphis Investment, LLC	601 Rio Grande Place #117	Aspen	Colorado	81611	4153885436
TERRAPIN MEMPHIS INVESTMENTS, LLC	601 Rio Grande Place #117	Aspen	Colorado	81611	4153885436
DC HOSPITALITY ALCOA, LLC	NO ADDRESS	Lebanon	Tennessee	37090	9087073888
SUMMIT PECOS LLC	2414 Pistachio Drive	Irving	Texas	75063	2157043475

EXHIBIT O



March 18, 2024

Lender Name
Lender Address
Lender Address
Attention: Lender contact name/title

Re: **«Contract_Brand» «Contract_Product» «Contract_Legal_Sec_Name»**
(«Contract_Property» - «Contract_Contract_ID»)
«Contract_Property_Address_for_ChoiceMap» (the "Hotel")

Dear Lender:

Choice Hotels International, Inc. ("Franchisor") and **«Customer_Customer_Name»** ("Franchisee") are parties to a Franchise Agreement dated **«Contract_EffectiveExecution_Date»** (as amended, the "Franchise Agreement"). The Franchise Agreement permits Franchisee to operate the Hotel as a **«Contract_Brand» «Contract_Product»®** hotel.

As of the date of this letter agreement, the Franchise Agreement is in full force and effect, Franchisee is in good standing with Franchisor, and Franchisor has not issued a notice of default under the Franchise Agreement which has not been cured; and to the best of Franchisor's knowledge and belief, Franchisee is not currently in default of the Franchise Agreement. "Franchisor's knowledge" means the actual knowledge of obvious Hotel development, construction, and operational matters regularly reviewed by company employees who have given their attention to such matters in the ordinary course of business and does not include any investigation by those employees or others of other matters or beyond their usual and customary reviews of the Hotel, nor does it include constructive notice of matters or information located in public or Hotel records. "Default" means matters which have been the subject of an actual notice of default under the Franchise Agreement and does not include matters which are or may be in process, under discussion, or otherwise addressed.

_____ ("Lender") and Franchisee have informed Franchisor that Lender has issued a commitment to loan funds (the "Loan") to Franchisee to be used for the direct benefit of the Hotel and secured by the Hotel.

Lender and Franchisee have requested that Franchisor enter into this letter agreement (the "Comfort Letter") and have submitted the nonrefundable current processing fee. The undersigned parties agree as follows:

1. Opportunity to Cure Defaults.

(a) **Notice and Cure Period.** Franchisor will copy Lender on any notice of default or termination issued to Franchisee under the Franchise Agreement. To the extent any default is curable, Lender shall have the right, but not the obligation, to cure the default within a cure period of fifteen (15) calendar days for monetary defaults or forty-five (45) days for non-monetary defaults beyond the expiration of the cure period, if any, given to Franchisee ("Lender's Cure Period"). For non-monetary default, Lender must provide notice to Franchisor of Lender's intended method to cure the non-monetary default.

(b) Non-Monetary Default Requiring Possession to Cure. In the event of a non-monetary default, Lender must obtain Franchisor's prior written consent to apply for the right to acquire the Hotel (the "Acquisition"). Lender must provide notice to Franchisor in accordance with Section 1(a) of this Comfort Letter, and has, upon request, one hundred eighty (180) calendar days ("Additional Period") commencing at the expiration of Lender's Cure Period to complete the Acquisition, through foreclosure or other appropriate proceedings. To request the Additional Period, Lender must: (i) notify Franchisor no later than the date it commences proceedings (or promptly after action is stayed or enjoined) that Lender wants the Additional Period; (ii) commence proceedings within Lender's Cure Period and diligently prosecutes such proceedings to completion; and (iii) comply with the obligations of Franchisee under the Franchise Agreement not being performed by Franchisee during the Additional Period, including payment of all monetary obligations but excluding those obligations that can only be performed by Franchisee or which Lender cannot perform without ownership of the Hotel. If requested by Lender, Franchisor may extend the Additional Period, at Franchisor's determination taking into consideration the period of time that may be necessary to complete the foreclosure or other proceeding in the applicable jurisdiction and any period of time during which such action has been stayed or enjoined. If Lender fails to timely request the Additional Period, Lender acknowledges that the Franchise Agreement terminates pursuant to Franchisor's notice of default and termination.

(c) Foreclosure. If Lender commences a foreclosure or other proceeding intended to result in the Acquisition but Franchisor has not issued a default notice to Franchisee or Lender has cured Franchisee's default during Lender's Cure Period, Lender may exercise the rights under this Comfort Letter if Lender (i) notifies Franchisor of its proceeding as required by this Comfort Letter and confirms its intention to proceed under the terms of this Comfort Letter and (ii) subsequently completes its Acquisition within one hundred eighty (180) calendar days of the date Lender commenced its proceeding (as such one hundred eighty (180) day period may be extended by Franchisor in its determination if requested by Lender, which determination shall take into consideration the period of time required to complete a foreclosure in the applicable jurisdiction, and any period of time in which Lender's action has been stayed or enjoined). Lender must also comply with the obligations in Paragraph 1(b)(iii) while the Acquisition is pending. Franchisor acknowledges and agrees that an Acquisition shall not be deemed a sale or lease of the Hotel under the Franchise Agreement, nor a violation of any control or transfer provisions of the Franchise Agreement, and shall not be subject to any right of first refusal or right of first offer contained in the Franchise Agreement.

(d) Franchisor's Rights to Terminate Franchise Agreement. Notwithstanding any other provision of this Comfort Letter, and without limiting Franchisor's right to terminate the Franchise Agreement, Franchisor may terminate the Franchise Agreement if any of the following occur: (i) Franchisee's default or any subsequent default, in the sole opinion of Franchisor, damages the image or reputation of Franchisor or any brand name owned and/or licensed by Franchisor; (ii) Franchisor is required to terminate the Franchise Agreement by court order or action of any trustee in bankruptcy or debtor in possession of the Hotel; (iii) the Additional Period expires without other arrangements, satisfactory to Franchisor in its sole discretion, having been entered into between Franchisor and Lender; or (iv), as applicable, Franchisor has the right to terminate the Franchise Agreement without cause under Section 3 of the Franchise Agreement.

(e) Expiration of Franchise Agreement. Nothing in this Comfort Letter will extend the Franchise Agreement beyond its stated Term.

2. Elections Upon Lender Acquisition.

(a) Election Not to Operate. If Lender completes its Acquisition before the expiration of the applicable time periods set forth in Paragraph 1, Lender may elect not to continue operating the Hotel under the terms of the Franchise Agreement. In such event, Lender must give written notice to Franchisor within thirty (30) calendar days after the Acquisition of its election not to operate. Upon receipt by Franchisor of such notice, Franchisor shall terminate the Franchise Agreement in accordance with the terms thereof. Upon such termination of the Franchise Agreement pursuant to this Paragraph, Lender shall not be liable

for any termination fees or liquidated damages for early termination. Lender shall be solely liable for all fees and obligations of Franchisee that accrued during the time period from the date of the Acquisition through the date of Lender's notice not to operate, and Lender shall be responsible for complying with the de-identification obligations contained in the Franchise Agreement.

(b) Election to Operate. If Lender completes its Acquisition before the expiration of the applicable time periods set forth in Paragraph 1 and Lender elects to continue operating the Hotel as a **«Contract_Brand» «Contract_Product»** hotel, Lender may, by notice and payment to Franchisor of an affiliation fee in the amount of \$15,000 by no later than thirty (30) days after the Acquisition and, enter into a new franchise agreement on Franchisor's then-current form. Lender and Franchisor will execute the new franchise agreement within thirty (30) days of Lender's Acquisition. Such franchise agreement shall be dated as of the later of (i) the date that Lender acquired the Hotel or (ii) the date that we sign the new franchise agreement.

The conditions contained in the Section 9 transfer provisions of the Franchise Agreement relevant to a new franchisee as determined appropriate by Franchisor shall apply with respect to the transfer to Lender, including but not limited to submission by Lender of its ownership structure, evidence of ADA compliance and evidence of insurance. Any renovation requirements imposed by Franchisor will not exceed those which Franchisor could have imposed had Franchisee remained as the Franchisee under the Franchise Agreement. Lender must diligently cure all defaults which it could not cure before the Acquisition under the terms of Paragraph 1(b), except for personal and non-curable defaults as defined below, within the time period determined by Franchisor based on the nature of the default and/or the condition of the Hotel at the time of Lender's Acquisition. The term "personal and non-curable defaults" as used in this Paragraph shall mean such defaults that (i) occurred before the date of Lender's Acquisition; (ii) are non-curable; (iii) are purely personal to Franchisee (e.g., failure to provide adequate notice or past failure to maintain Franchisee's company status); and (iv) are unrelated to the operation of the Hotel. However, Lender shall not be liable for any termination fees or liquidated damages.

3. Receivership. If a receiver is appointed by court order to operate the Hotel, and Lender desires the Hotel to continue to be operated as a **«Contract_Brand» «Contract_Product»** hotel, Lender may, by notice and payment to Franchisor of a non-refundable \$7,500 administrative fee within thirty (30) days of receiver's appointment and subject to Paragraph 2(b) above, elect to have receiver enter into an assumption of the franchise agreement on Franchisor's then-current form. The receiver must execute an assumption of the Franchise Agreement within thirty (30) days of receiver's appointment. Before Franchisor approves such assumption of the Franchise Agreement pursuant to this Paragraph 3, (i) Franchisor, Lender and receiver must reach agreement concerning the cure of any quality, service or other deficiencies in Franchisee's prior performance of its obligations under the Franchise Agreement, including any deficiencies under any other agreements with Franchisor and/or its affiliates relating to the Hotel but excluding liquidated damages; (ii) receiver must enter into an assumption of the Franchise Agreement containing all terms required by Franchisor, which will be dated as of receiver's possession date; and (iii) receiver must specifically be authorized by court order to operate the Hotel and enter into and comply with the agreements referenced in subsection (ii) above.

4. Notifications to Franchisor. Lender agrees to notify Franchisor: (i) contemporaneously with commencement of foreclosure proceedings regarding the Hotel; (ii) contemporaneously with the filing of any petition for appointment of a receiver, to obtain the entry of an order for relief, or take any action under federal or state bankruptcy laws or similar laws with regard to the Hotel; (iii) contemporaneously with the acceptance of a deed for the Hotel in lieu of foreclosure; and (iv) promptly, after taking ownership, possession or control of the Hotel, directly or indirectly, in any manner. Lender's notice to Franchisor must identify the court in which any such action referred to in subsection (i) or subsection (ii) is or will be filed. Lender shall promptly notify Franchisor in writing of the commencement by another party of foreclosure proceedings or the filing of an action for the appointment of a receiver or petition for relief under state or federal bankruptcy laws after Lender receives notice of commencement of such proceedings.

5. **No Consent to Assignment of Franchise Agreement.** Lender and Franchisee acknowledge and agree that any current and any future collateral assignment, pledge, grant of a security interest or other transfer to Lender or its Affiliates of any interest in the Franchise Agreement: (i) has not been and will not be consented to by Franchisor; (ii) does not and will not affect Franchisor's rights under the Franchise Agreement; (iii) does not and will not grant Lender or any person gaining ownership or possession of the Hotel any rights under the Franchise Agreement or with respect to the license granted thereunder, including the right to operate the Hotel as a «**Contract_Brand**» «**Contract_Product**» hotel; and (iv) is and will be limited by the terms and conditions of this Comfort Letter. If the Hotel is acquired by anyone other than Lender neither Lender nor Franchisee will have the right or authority to sell, convey, assign or in any manner transfer any rights under this Comfort Letter or under the Franchise Agreement without the prior written consent of Franchisor. Lender's only rights with respect to the Franchise Agreement and the license granted thereunder, including the right to operate the Hotel as a «**Contract_Brand**» «**Contract_Product**» hotel, are stated in this Comfort Letter.

6. **Subsequent Sale.** Any subsequent sale, assignment or transfer of the Hotel by Lender to a third party who desires to continue to operate the Hotel as a «**Contract_Brand**» «**Contract_Product**» Hotel must be in accordance with the transfer and assignment provisions of the Franchise Agreement, which require, among other things, submission of a relicensing application, payment of an affiliation fee, and payment of all amounts due to Franchisor. Franchisor will require the transfer applicant to sign the then-current form of franchise agreement, which will include a new property improvement plan.

7. **No Claims.** Franchisor may discuss with Lender or its designee the status of the Hotel, the Franchise Agreement, the terms of any agreement contemplated by this Comfort Letter and any of the matters to which Lender is entitled to notice. Franchisor and its respective owners, affiliates, agents, employees, officers, directors, successors, assigns and representatives ("Released Persons") shall not be liable to any person for taking any action or providing any information required or contemplated by this Comfort Letter ("Comfort Letter Acts") and Franchisee, on behalf of itself and its owners, affiliates, agents, officers, directors, employees, representatives, successors and assigns, hereby releases the Released Persons of and from any and all actions, causes of action, suits, claims, demands, contingencies, debts, accounts and judgments whatsoever, at law or in equity, for any Comfort Letter Acts.

8. **Notices.** All notices required under this Comfort Letter shall be in writing, sent by certified mail, return receipt requested, or by Federal Express or other national express delivery service and addressed, if to Lender, to:

Lender name
Lender address
Lender address
Attention: Lender contact/title

if to Franchisee, to:

«Customer_Customer_Name»
«Licensee_Rep_Account_Billing_Address_Li»
«Licensee_Rep_Account_Billing_Address_Li1»
«Licensee_Rep_Account_Billing_Address_Li2»
«Licensee_Rep_Account_City», «Licensee_Rep_Account_StateProvince»
«Licensee_Rep_Account_ZipPostal_Code»
Attention: «Licensee_Rep_Contact»

If to Franchisor, to:

Choice Hotels International, Inc.
915 Meeting Street, Suite 600

North Bethesda, Maryland 20852
Attention: Legal Department

Any notice sent pursuant to this Comfort Letter shall be deemed to be given three (3) days after mailing or on the next business day after such notice is deposited with a national express delivery service.

9. Franchisee Estoppel and Release. As consideration for this Comfort Letter relating to the Loan, Franchisee hereby:

(a) certifies to Franchisor that the Franchise Agreement is in full force and effect, and no default, claim, breach, offset, defense to full and strict enforcement, waiver, or estoppel (collectively, a "**Claim**"), or condition that could with passage of time, giving notice or otherwise become a Claim, currently exists or has existed against Franchisor under the Franchise Agreement;

(b) agrees that this Comfort Letter will remain in full force and effect in favor of Lender with respect to the Loan, as the Loan may periodically be modified, amended, extended, supplemented, or restated;

(c) agrees that this Comfort Letter was provided to Lender at Franchisee's request; and

(d) fully and forever releases, discharges, and agrees to indemnify, defend, and hold harmless Franchisor, its predecessors, successors and assigns and each of their respective former and present officers, employees, directors, shareholders, partners, members, parents, subsidiaries, affiliates, alter egos, representatives, agents, and attorneys (collectively, the "Released Parties"), from any and all Claims, demands, liens, actions, agreements, suits, causes of action, obligations, controversies, debts, costs, attorney's fees, expenses, damages, judgments, orders, and liabilities of whatever kind or nature in law, equity, or otherwise, whether now known or suspected which have, may or do exist ("Released Claims"), based on any facts, events, or omissions occurring before the execution of this Comfort Letter which arise out of, concern, pertain, or relate in any way to the subject matter of this Comfort Letter. Franchisee acknowledges that it may hereafter discover Claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true, with respect to the matters released by this Comfort Letter. Nevertheless, Franchisee fully and finally settles and releases all such matters, and all Claims relative thereto, which do now exist, may exist or have existed between the Released Parties and Franchisee.

10. Lender Estoppel and Release. As consideration for this Comfort Letter relating to the Loan, Lender hereby:

(a) certifies to Franchisor that Lender is not a Sanctioned Person. "Sanctioned Person" means any person or entity (including financial institutions) who is: (i) or is 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"); (ii) located in, organized under the laws of or ordinarily resident in Sanctioned Countries; and/or (iii) identified by any government or legal authority under applicable Trade Restrictions as a person with whom dealings and transactions by Lender 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;

(b) agrees that this Comfort Letter shall remain in full force and effect in favor of Lender with respect to the Loan, as the Loan may periodically be modified, amended, extended, supplemented or restated; and

(c) fully and forever releases and discharges the Released Parties from any and all Released Claims by or through Lender based on any facts, events, or omissions occurring before the execution of this Comfort Letter which arise out of, concern, pertain, or relate in any way to this Comfort Letter.

11. No Representations or Warranties. In no event shall this Comfort Letter or any other circumstances surrounding the provision of financing by Lender be construed to involve: (i) any representation by Franchisor that Franchisor endorses, approves, recommends or otherwise concurs in the financing; (ii) any guarantee or assurance by Franchisor that Franchisee or any other party to the Loan will be able to repay the Loan in accordance with its terms; (iii) any endorsement, approval, recommendation or concurrence in any financial projections submitted to Lender in connection with the Loan; or (iv) any endorsement, approval or recommendation of Franchisee's character or reputation. Franchisor's representation in the second paragraph of this Comfort Letter regarding the status of the Franchise Agreement pertains to the status of the Franchise Agreement as of the date of this Comfort Letter only. As a result, Lender acknowledges that Franchisor makes no representation that it has or has not issued any default notice after the date hereof, and Lender is not relying on any such representation (or absence of a representation) in making any decision or representation or warranty in connection with any material modification, securitization, or sale of the Loan.

12. Replacement Comfort Letter. Franchisor will issue a replacement comfort letter, substantially similar in form to Franchisor's then current comfort letter and then current fee if Lender (a)(i) appoints a third-party loan servicing agent to service the Loan, (ii) transfers the Loan to a successor mortgagee that is a financial institution in the business of routinely financing real estate transactions, or (iii) designates a trustee of a trust established in connection with the securitization of the Loan, provided that such transferee, designee, or appointee is not a Competitor, an affiliate of a Competitor, or a Person as defined in Section 19(k) of the Franchise Agreement (the "Anti-Terrorism/Anti-Bribery Laws"), and is not an affiliate of Franchisee, and (b) Franchisor receives a written request to issue a replacement comfort letter within sixty (60) days of the date of such appointment or transfer, setting forth the name, address of the entity for which the replacement comfort letter is requested, the name, address, telephone number and email address for the contact person for such entity, and the date of such appointment or transfer.

"Competitor" means an individual person who directly, or indirectly through an affiliate, owns or controls a hotel brand (or brands) and brands hotels through branded management, licensing and/or franchising (or similar means) for at least ten (10) hotels; provided, however, that a financial investor (such as an investment bank, private equity fund, pension fund, hedge fund or similar institution or any investor therein) shall not be deemed a competitor solely because of its financial investment in any competitor so long as either such financing investor is a passive investor or such financial investor is not actively involved in the day-to-day business operations of the brand and an appropriate and sufficient barrier is established to prevent such financial investor from receiving any confidential information of Franchisee, as applicable. In addition, a bank or other institutional lender that provides commercial financing to a competitor shall not be deemed a competitor solely because in the ordinary course of business it has financed a competitor, whether or not such financing results in, or has the potential to result in, such lender having control of a competitor as a result of the enforcement of remedies in the applicable financing documents, provided that such lender does not assume active management of the day to day operations of such competitor. Franchisor reserves the right to require representations and warranties or certifications that the conditions in this Paragraph are satisfied prior to issuing any replacement comfort letter. Any such replacement comfort letter shall supersede and replace this Comfort Letter.

13. Possession of the Hotel. If Lender owns, controls or possesses the Hotel after termination of the Franchise Agreement for any reason and Lender has not entered into a franchise agreement with Franchisor pursuant to Paragraph 2(b) herein, Lender will (i) upon Franchisor's request immediately perform the requirements of the Franchise Agreement with respect to de-identifying the Hotel as a «**Contract_Brand**» «**Contract_Product**» hotel and (ii) indemnify, defend and hold harmless Franchisor and its affiliates from and against any loss, claim or other liability of any kind arising from or in connection

with the operation of the Hotel as a «**Contract_Brand**» «**Contract_Product**» hotel during such ownership, control or possession. Lender's obligations under this Paragraph shall survive termination of this Comfort Letter, and nothing herein shall limit Franchisor's rights to seek legal redress for any unauthorized use of Franchisor's trademarks, service marks, or systems.

14. Termination. This Comfort Letter shall terminate and Lender shall have no rights hereunder if:

- (i) Lender has been taken over in any manner by any state or federal agency or is in a receivership, conservatorship, reorganization, or liquidation, or Lender or any of its officers or directors has entered into or is subject to a cease and desist order or any other formal or informal written agreement with a federal or state regulatory agency;
- (ii) Lender no longer holds a valid first mortgage or security deed for the Hotel unless (a) Lender has acquired the Hotel by foreclosure, deed in lieu of foreclosure, or any other exercise of its rights as a secured lender, in which case Lender will have the rights stated in Paragraph 2 for the period stated in such Paragraph, or (b) there has been a securitization or transfer of the Loan, in which case Lender will have the rights stated in Paragraph 12 for the period stated in such Paragraph;
- (iii) the Franchise Agreement has expired or the Franchisee has exercised its right to terminate;
- (iv) the Franchise Agreement has been terminated, unless such a termination is the result of the timely exercise of Lender's rights under Paragraph 2 or Paragraph 3, in which case this comfort letter will terminate on the exercise or expiration of such rights, but in no event later than forty-five (45) days after such termination of the Franchise Agreement; or
- (v) Lender breaches this Comfort Letter.

15. Confidentiality. You agree to keep the grant of modifications contained in the Comfort Letter in strict confidence and to not disclose them to any persons other than your directors, officers, partners, employees, agents and advisors who have a need to know for the sole purpose of the servicing, sale, administration, or securitization of the Loan. Any unauthorized disclosure is a default under the terms of the Comfort Letter, and we may, at our option, immediately terminate the Comfort Letter upon notice to you. The modifications outlined in this Comfort Letter are for the Hotel only and do not indicate that other hotels owned by you or by others will receive similar modifications. You acknowledge and agree that nothing in the Comfort Letter prohibits us from disclosing the terms of the Comfort Letter to any vendors, lenders, or other third parties as we determine in our reasonable discretion.

16. Final Agreement. Except as otherwise expressly set forth, this Comfort Letter is the final integration of the agreements between the parties with respect to the matters covered by it and supersedes any prior understanding or agreement, oral or written, with respect to the matters covered by the Comfort Letter.

17. Effectiveness. Franchisor shall have no obligations hereunder unless Lender and Franchisee have executed and delivered to the other parties this Comfort Letter, which may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which shall constitute, collectively, one and the same letter agreement. Delivery of an executed signature page to this Comfort Letter by electronic transmission is as effective as delivery of an original signed counterpart. This Comfort Letter is effective as of the date the Franchisor signs the letter agreement. Franchisor's offer to enter into this Comfort Letter will be automatically withdrawn if (i) Franchisor does not receive signed copies from lender and Franchisee within 30 days of the date on page 1 herein, or (ii) Franchisor does not receive proof of the date of Loan closing within 60 days of the date on page 1 herein.

Very truly yours,

CHOICE HOTELS INTERNATIONAL, INC.

By: _____
Name: Iris Figueroa Rosario
Title: Senior Counsel

Date: _____

(signatures continue on following page)

FRANCHISEE:

«Customer_Customer_Name»

By: _____

Name: _____

Title: _____

Date: _____

LENDER:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT P

THIS CONSTRUCTION ADVISORY SERVICES AGREEMENT (this “Agreement”) is made and entered into as of the date last written below, by and between _____, a _____ (“Franchisee” or “you”) and Choice Hotels International, Inc., a Delaware corporation (“Franchisor”, “Choice”, “we”, “us” or “our”).

W I T N E S S E T H:

WHEREAS, you have entered into a Franchise Agreement with us, whereby you have agreed to construct and operate a _____ hotel property (“Property”); and

WHEREAS, you have acquired and/or intend to acquire real property for the construction of the Property at the location set forth in Attachment A and desire that we provide the services described herein for the purpose of assisting you in the construction of the Property;

NOW, THEREFORE, in consideration of the covenants and premises herein contained, and for other good and valuable consideration received, it is hereby agreed as follows:

1. Construction Advisory Services. Subject to the terms and conditions of this Agreement, you hereby engage us to provide certain advisory services to you with respect to the construction of the Property (“Construction Advisory Services”) on land that you now or hereafter have under contract for building the Property at the location set forth in Attachment A. You agree that we shall act solely as an advisor for purposes of assisting you in your construction of the Property. The Construction Advisory Services to be performed, to the extent required and to the extent requested by you, are described in Attachment A. Additional services may be provided at an additional cost, as the parties may mutually agree. Notwithstanding the foregoing, in accordance with the provisions of Section 13 hereof, we may at any time discontinue performing services for any construction project, including a construction project for which construction has begun, and may do so for any reason whatsoever. In such event, we shall make available to you our file with respect to such construction project and refund any pro rata amount paid by you for services not yet performed (at the rate of \$4,000 per visit).

2. Fees. You will pay us **\$20,000** in one lump sum payment on the date you Commence Construction (as defined in the Franchise Agreement). You acknowledge and agree that such fee has been fully earned and is nonrefundable (except as expressly set forth herein) in consideration of expenses incurred, rights granted, services rendered, and other valuable consideration, the receipt and sufficiency of which is acknowledged by you. If you request and we agree in writing to conduct any additional site visits, you will pay us **\$4,000** for each additional site visit we perform at the Property. Such payment is due to us in one lump sum payment upon the completion of any additional site visit, as solely determined by us. For the sake of clarity, an “additional site visit” means any site visit performed by us after our fifth site visit is completed at the Property in accordance with Attachment A. All such fees are due and payable within five (5) calendar days of the date billed to you.

3. Personnel. We shall select such personnel as we reasonably believe may be necessary to perform the services required hereunder and shall be solely responsible for deciding their qualifications, time in field, the amount of deployed resources, and similar logistical decisions.

4. Architectural, Engineering and Other Professional Services. This Agreement does not entitle you to any architectural, engineering, or other licensed professional services and you expressly acknowledge that we do not provide architectural, engineering or other licensed professional services, or hold ourselves out as a provider of any such services. We will not provide any certification services. You shall engage your own architects and engineers to handle all matters requiring such services at your sole cost and expense. You shall also engage the architect and engineer of your selection to prepare site

drawings and building plans. Upon request, we may provide you a list of professional advisors such as architects, engineers, structural engineers, general and subcontractors, and other personnel from time to time. The selection of any approved professionals, contractors or vendors shall be solely your responsibility.

5. Pre-Construction Advisory Services. You are solely responsible for acquiring the land and site for construction and for taking all actions necessary to obtain a building permit for the construction of the Property. You are also solely responsible for obtaining any required permits and the costs thereof. We will review your architect's plans and drawings for compliance with the Franchise Agreement and will review the general contractor's proposed construction schedule for feasibility.

6. No Warranty. You acknowledge that we make no express or implied warranties regarding (i) the proper performance by the architects, engineers, general contractor or subcontractors of their contractual obligations, (ii) the compliance with applicable zoning, building code, or similar laws, (iii) adequacy of the physical plant to perform its intended purpose, or (iv) the future business success of any Property. You understand that the construction of the Property will not guarantee success of the business, which will depend on many factors under your control, and we are engaged solely to assist you in completing the construction of the Property.

7. Communications. You shall designate a representative who shall be authorized to make all decisions on your behalf and receive the our reports; execute construction and other contracts in favor of you; and to act for and on behalf of you ("Designated Representative"). Your Designated Representative shall be the official Choice liaison with Franchisee. We may rely completely on communications and instructions from the Designated Representative. We shall communicate with the Designated Representative regarding the construction and the performance of the construction advisory services exclusively through its written reports and shall provide all information due you hereunder to the Designated Representative. The person set forth in Attachment A shall be designated the initial Designated Representative and may thereafter be replaced only by the written instructions of you. In order to avoid confusion and miscommunication, we shall not take any instructions or direction from any person other than the Designated Representative and shall not be obligated to deliver or communicate any information to any person other than the Designated Representative.

8. Entire Agreement, Modifications. This Agreement, together with the other documents contemplated hereby, represents the entire understanding and agreement of the parties hereto with respect to the subject matter hereof, supersedes all prior negotiations between such parties, and cannot be amended, supplemented, or changed orally but only by an agreement in writing signed by the party or parties against whom enforcement is sought and making specific reference to this Agreement.

9. Assignment and Succession. Except as expressly set forth herein, this Agreement may not be assigned by either party without the prior written consent of the other and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10. Governing Law. This Agreement becomes valid and effective only when we have signed it, and it will be interpreted under the substantive laws of Maryland, not including its conflicts of laws provision or such provisions of any jurisdiction.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when taken together, shall be deemed to be the same instrument.

12. Section and Paragraph Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13. Termination. This Agreement may not be terminated by you unless we shall have been grossly negligent in the performances of our services. We may terminate this Agreement for any reason upon 10 days prior written notice to you. Upon termination, you will be obligated to pay all fees and costs due and owing to us under this Agreement. Upon full payment of sums due, we shall deliver to you a copy of the file of the construction project and the work we have performed for you.

14. Obligations Under Franchise Agreement. The parties acknowledge that the you have executed one or more agreements with us that require you to obtain a development site and to commence construction within a period specified therein. You acknowledge that the assistance provided you hereunder by us does not relieve, absolve, mitigate or otherwise alter or amend your obligations under any agreement with us, nor will our failure to render services hereunder or otherwise perform our obligations result in any extension of time by us to you to meet your obligations under such agreements. Provided, however, that any reports regarding construction which you are obligated to provide us will be produced by us as part of the construction advisory services provided hereunder, including the "final inspection" report.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date last written below.

CHOICE HOTELS INTERNATIONAL, INC.

"FRANCHISEE"

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ATTACHMENT A

PROPERTY ADDRESS

DESIGNATED REPRESENTATIVE

Name: _____

Address: _____

Phone: _____

CONSTRUCTION ADVISORY SERVICES

Site Visits Included in Base Fee (\$20,000)

- A. Site Inspection/Slab on grade/Pre Construction Meeting – prior to pouring slab
- B. Framing – during the 2nd/3rd floor install
- C. Pre-drywall – prior to production drywall
- D. Finishes and Trim – MEP, Paint, Cabinet and Trim
- E. Final Construction Inspection – prior to POR (pre-opening review)

Total Site Visits: 5 – timing to be coordinated with you

*Site visits are typically one day. If occasion warrants additional days on site, you are responsible for our travel costs.

Additional Site Visits (\$4,000)

If you request and we agree in writing to conduct any additional site visits, you will pay us **\$4,000** for each additional site visit we perform at the Property.

EXHIBIT Q

FRANCHISE DISCLOSURE ACKNOWLEDGMENT FORM

Do not sign this Acknowledgment Form if you are a California, Maryland, or Washington resident or the franchise is located (or to be located) in either California, Maryland, or Washington. If any California franchisee completes this Acknowledgment Form, it is against California public policy and it will be void and unenforceable, and Choice Hotels International, Inc. will destroy, disregard and will not rely on this Acknowledgment Form.

Choice Hotels International, Inc. ("Choice") and you are preparing to enter into a Franchise Agreement for a hotel operating under the Choice system. The purpose of this Acknowledgment Form is to confirm that you are making an informed investment decision and to determine whether any improper statements or promises were made to you that Choice has not authorized. Please review each of the following acknowledgments carefully and provide your initials to indicate your understanding of, and agreement with, the statements made.

1. You acknowledge and agree that you received a copy of the Franchise Disclosure Document at least 14 calendar days before you signed any agreement with Choice or made any payment to Choice.

Initial _____

2. You acknowledge and agree that you received and personally reviewed the Franchise Agreement and each of its attachments.

Initial _____

3. You acknowledge and agree that you consulted an attorney before signing the Franchise Agreement, or that you voluntarily declined to do so.

Initial _____

4. You acknowledge and agree that you understand the risks of operating a hotel under the Choice system and understand that the success or failure of your business will depend in large part upon on a number of factors, including your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, the overall economy, and other economic and business factors.

Initial _____

5. You acknowledge and agree that no Choice employee or representative has made any oral, written or visual claim or representation concerning the revenues, profits or earnings of a hotel (or hotels) operating in the Choice system that is different from or inconsistent with the information contained in the Franchise Disclosure Document.

Initial _____

6. You acknowledge and agree that no Choice employee or representative has made any oral, written or visual promise or guaranty regarding the amount of money you may earn, the amount of revenue a hotel operating under the Choice system may generate, or the likelihood of your success.

Initial _____

7. You acknowledge and agree that no Choice employee or representative has made any oral, written or visual statement or promise concerning the advertising, marketing, training, support service or other assistance that Choice will furnish to you that is different from or inconsistent with the information contained in the Franchise Disclosure Document.

Initial _____

8. If the Franchisee is a corporation, partnership, limited liability or other entity, you acknowledge and agree that (a) you have the authority to bind the entity for purposes of this Acknowledgment Form, and (b) you have discussed this Acknowledgment Form with all principal owners and have obtained their oral or written agreement with the statements made in this Acknowledgment Form.

Initial _____

9. You understand that this Acknowledgment Form is important to Choice and that we are relying on the accuracy and truthfulness of your acknowledgments as a condition of signing the Franchise Agreement.

Initial _____

This Acknowledgment Form is not intended to disclaim any representations made in the Franchise Disclosure Document that was furnished to you. This Acknowledgment Form is not intended nor will it act as a release, estoppel, or waiver of any liability incurred under the Illinois Franchise Disclosure Act or the Maryland Franchise Registration and Disclosure Law.

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EXHIBIT R

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:

State	Effective Date
California	Pending
Hawaii	See Separate FDD
Illinois	Pending
Indiana	April 2, 2025
Maryland	April 10, 2025
Michigan	April 1, 2025
Minnesota	Pending
New York	Pending
North Dakota	April 3, 2025
Rhode Island	April 23, 2025
South Dakota	April 1, 2025
Virginia	Pending
Washington	May 12, 2025
Wisconsin	April 1, 2025

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.

RECEIPT

This WoodSpring Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this WoodSpring Disclosure Document and all agreements carefully.

If Choice Hotels International, Inc. ("Choice") offers you a franchise, it must provide this WoodSpring Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Choice or an affiliate in connection with the proposed franchise sale.

New York requires that Choice gives you this WoodSpring Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Choice gives you this WoodSpring Disclosure Document at the earlier of 10 business days before the execution of any binding franchise agreement or the payment of any consideration.

If Choice does not deliver this WoodSpring 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 state agency listed in Exhibit B.

Franchise Seller(s): Ron Burgett and/or: _____,
Choice Hotels International, Inc.
915 Meeting Street, Suite 600
North Bethesda, Maryland 20852
301.592.5000

Issuance Date: April 1, 2025

We authorize the respective agents and/or state agencies identified in Exhibit B to receive service of process for us. This WoodSpring Disclosure Document is for use in all states and the District of Columbia (see state Effective Dates at the beginning of this document).

I have received a Woodspring Disclosure Document dated April 1, 2025 that included the following Exhibits: (A) State-Specific Addenda Pages; (B) Regulatory Authorities; Registered Agents for Service of Process; (C) Financial Statements; (D) Franchise Agreement, Personal Guaranty and State Addenda; (E) Master Development Agreement; (F) choiceADVANTAGE® Software Terms of Use; (G) ResConnect Terms of Use; (H) Promissory Note; (I) Incentive Promissory Note; (J) Lender Documents; (K) Rules and Regulations Table of Contents; (L) Fair Franchising Policy; (M) List of Franchisees; (N) List of Former Franchisees; (O) Comfort Letter; (P) Construction Services Advisory Agreement; (Q) Franchise Disclosure Acknowledgment Form; and (R) State Effective Dates and Receipt Page.

Location in which you are interested: _____(City, State)

Date Received: _____

ENTITY: Entity Name: _____
Print Name: _____
Title: _____
Signature: _____

INDIVIDUALS: All persons signing a Franchise Agreement must sign Receipt (Owners, Partners, Members)

Signature: _____ Signature: _____

Name: _____ Name: _____

Franchisee's Copy

RECEIPT

This WoodSpring Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this WoodSpring Disclosure Document and all agreements carefully.

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Location in which you are interested: _____ (City, State)

Date Received: _____

ENTITY: Entity Name: _____
Print Name: _____
Title: _____
Signature: _____

INDIVIDUALS: All persons signing a Franchise Agreement must sign Receipt (Owners, Partners, Members)

Signature: _____ Signature: _____

Name: _____ Name: _____