

FRANCHISE DISCLOSURE DOCUMENT

Choice Hotels International, Inc., a Delaware corporation 915 Meeting Street, Suite 600 North Bethesda, Maryland 20852
(301) 592-5000 <https://choicehotelsdevelopment.com> email: development@choicehotels.com



The membership offered is for the right to construct and operate a hotel under our name and primary business trademark “ASCEND ~~HOTEL~~ COLLECTION[®]” (“ASCEND”).

The total investment necessary to begin the operation of a newly constructed ASCEND hotel is between ~~\$8,924,896-\$23,760,460~~ \$9,395,568-\$26,096,815 assuming the ASCEND hotel contains 80 guestrooms. The total investment necessary to convert a qualified existing hotel and begin operation of an ASCEND hotel is between ~~\$402,150-\$2,778,210~~ \$410,650-\$3,000,150 assuming the ASCEND hotel contains 78 guestrooms. This includes ~~\$63,550~~ \$70,650 to ~~\$74,550~~ \$127,500 in fees 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 Mark Shalala, Senior Vice President, Upscale Brands 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~~ 2026

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 Ascend business be the only Ascend 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 an Ascend 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.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	6
ITEM 3 LITIGATION	12
ITEM 4 BANKRUPTCY	~~24~~ 22
ITEM 5 INITIAL FEES	22
ITEM 6 OTHER FEES	25
~~ITEM 6 OTHER FEES~~	~~27~~
ITEM 7 ESTIMATED INITIAL INVESTMENT	~~42~~ 40
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	~~49~~ 48
ITEM 9 FRANCHISEE'S OBLIGATIONS	~~52~~ 50
ITEM 10 FINANCING	~~54~~ 52
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	~~59~~ 56

ITEM 12	TERRITORY.....	~~73~~ <u>69</u>
ITEM 13	TRADEMARKS.....	~~74~~ <u>70</u>
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	~~75~~ <u>72</u>
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	~~76~~ <u>72</u>
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	~~76~~ <u>73</u>
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	~~77~~ <u>73</u>
ITEM 18	PUBLIC FIGURES.....	~~81~~ <u>77</u>
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS.....	~~81~~ <u>77</u>
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION.....	~~84~~ <u>81</u>
ITEM 21	FINANCIAL STATEMENTS.....	~~84~~ <u>81</u>
ITEM 22	CONTRACTS.....	~~93~~ <u>89</u>
ITEM 23	RECEIPT.....	~~93~~ <u>89</u>

EXHIBITS

EXHIBIT A	STATE-SPECIFIC ADDENDA PAGES
EXHIBIT B	REGULATORY AUTHORITIES; REGISTERED AGENTS FOR SERVICE OF PROCESS
EXHIBIT C	FINANCIAL STATEMENTS
EXHIBIT D	MEMBERSHIP AGREEMENT, PERSONAL GUARANTY AND STATE ADDENDA
EXHIBIT E	choiceADVANTAGE® SOFTWARE TERMS OF USE
EXHIBIT F	RECONNECT TERMS OF USE
EXHIBIT G	PROMISSORY NOTE
EXHIBIT H	INCENTIVE PROMISSORY NOTE Exhibit H.A. – Capital Support Incentive Promissory Note Exhibit H.B. – Incentive Promissory Note
EXHIBIT I	LENDER DOCUMENTS
EXHIBIT J	RULES AND REGULATIONS TABLE OF CONTENTS
EXHIBIT K	FAIR FRANCHISING POLICY
EXHIBIT L	FRANCHISEE ASSOCIATION INFORMATION
EXHIBIT M	LIST OF MEMBERS
EXHIBIT N	LIST OF FORMER MEMBERS
EXHIBIT O	COMFORT LETTER
EXHIBIT P	FRANCHISE DISCLOSURE ACKNOWLEDGMENT FORM
EXHIBIT Q	STATE EFFECTIVE DATES AND RECEIPT

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” or “Member” means the person who buys the franchise or membership. “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 an ASCEND-~~HOTEL~~ COLLECTION® or ASCEND RESORT COLLECTION® member hotel (“ASCEND” or “ASCEND Marks”).

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®~~SLEEP®, 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, MAINSTAY SUITES and QUALITY INN brands; (2) *Europe & Middle East* - Andorra, 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, and CLARION brands; and (3) *Latin America & Canada* - Argentina, Aruba, Bahamas, Barbados, ~~Belize~~Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, ~~Dominica~~, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Mexico, Panama, Peru, Puerto Rico, Sint Maarten, Suriname, Trinidad and Tobago, ~~and~~ Uruguay, and U.S Virgin Islands, and these have been our ASCEND ~~HOTEL COLLECTION~~, CLARION, COMFORT, COUNTRY INN & SUITES ~~BY RADISSON~~, 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 Prior to June 2023, Radisson Hotels Canada, Inc., which is a British Columbia corporation incorporated on May 9, 2011 (“Radisson Canada”) and which Choice acquired as part of the Radisson purchase (as further described below), has conducted franchise operations for our~~ 2025, Choice (through direct or indirect subsidiaries) franchised the following brands in Canada: CAMBRIA, COUNTRY INN & SUITES® BY RADISSON, EVERHOME, MAINSTAY, PARK INN BY RADISSON, RADISSON BLU, RADISSON®, RADISSON INDIVIDUALS, SUBURBAN STUDIOS and WOODSPRING ~~brands. Previously, Choice BV conducted franchise operations in Canada for these brands. We have~~ For its other brands (ASCEND COLLECTION, COMFORT, CLARION, ECONO LODGE, QUALITY, RODEWAY INN, and SLEEP INN brands) these were franchised pursuant to 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~~ a corporation incorporated on May 21, 2008 under the laws of the Province of Ontario, pursuant to a master franchise ~~hotels in Canada under the ASCEND HOTEL COLLECTION, COMFORT, CLARION, ECONO LODGE, QUALITY, RODEWAY INN, and SLEEP INN brands agreement.~~ CHC ~~is was~~ 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~~ In July 2025, Choice acquired the remaining 50% stake in CHC from InnVest Hotels, taking full ownership to transition from a master franchising model to a direct, 100% owned model. These brands are now franchised directly by a direct or indirect subsidiary of business Choice. As of December 31, ~~2024~~2025, there were approximately ~~1,258~~1,388 Choice franchised hotels operating in these various countries.

In 2013, we established a subsidiary, SkyTouch Solutions, LLC, that ~~develops~~developed and ~~markets~~marketed cloud- based technology products, including inventory management, pricing and connectivity to third party channels, to hoteliers who do not have franchise agreements with us. Prior to the dissolution of this entity on December 31, 2025, all trademarks, assets, and liabilities were assigned to Choice.

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 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.

ASCEND~~HOTEL~~ COLLECTION Hotels.

We have franchised full-service, upscale hotels under the trademark “ASCEND COLLECTION” or “ASCEND HOTEL COLLECTION” since 2008, and under the trademark ASCEND RESORT COLLECTION since 2013 (collectively, “ASCEND or “ASCEND hotels”). From April 1, 2005 through April 30, 2008, we offered memberships for a similar concept under the CLARION COLLECTION trademark. As of December 31, ~~2024~~2025, there were three CLARION COLLECTION members.

ASCEND® member hotels are a special group of resort, historic, and boutique hotels that have a strong local identity and share a common commitment to outstanding guest service. Every ASCEND hotel is an experience unto itself, satisfying travelers’ growing desire for variety and creativity in the hotel sector. ASCEND member hotels range from historic to themed to contemporary and offer amenities, including the on-site operation of an upscale dining restaurant or are located within one city block of an upscale dining restaurant. ASCEND member hotels typically will be conversions of existing hotels; however, we will consider new construction if the proposed exterior and interior design meet the standards for an ASCEND member hotel. ASCEND member hotels retain their existing name followed by the words, “an ASCEND hotel” for local marketing and signage purposes. Neither we, nor any current affiliate or predecessor, has owned or operated an ASCEND hotel.

The information in this Disclosure Document applies to both new construction and conversion of existing hotels, except where otherwise disclosed in this Disclosure Document. The Franchise Agreement

authorizes you to use the ASCEND trade name and service marks to operate and to identify the class of hotel facility, and permits you to use the distinctive identity, trade dress, methods and system for conducting the hotel business at the franchised hotel.

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

General Market and Competition.

The market for hotel services is generally well developed but will largely depend on your hotel's location, size and type of operation (for example, resort location, hotel for frequent business travelers, etc.). Members typically seek customers and business referrals from the local community and solicit business from tour and travel groups on a regional and national level. Depending on the location of the hotel, sales may increase or decrease significantly on a seasonal basis.

Your competitors will include other chain-affiliated hotels (including our hotel brands and memberships) and independent hotels and motels in the area where your hotel is located. You may also face competition from vacation rental properties, such as VRBO and Airbnb.

Other Choice Hotels Brands.

We franchise other hotel brands under the Choice Marks as defined in Item 13. 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 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 branded hotels, our largest brand, provides a warm atmosphere and personal, helpful service, including breakfast, in-room coffee and 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 acquired the WOODSPRING SUITES brand from WoodSpring Hotels Franchise Services LLC, a Kansas limited liability company (“WHFS”) in 2018. 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.” 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.

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 trademark CAMBRIA 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 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 offers generous hospitality with touches of home seamlessly woven into its products, services, and experiences—catering to the preferences of business and leisure travelers~~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~~2025, the following Choice Brands were open and operating in the United States: ~~182~~184 ASCEND hotels; ~~67~~65 CAMBRIA hotels; ~~110~~93 CLARION hotels; 3 CLARION COLLECTION hotels; ~~71~~79 CLARION POINTE hotels; ~~1,663~~1,643 COMFORT INN, COMFORT INN & SUITES, and COMFORT SUITES hotels; ~~419~~397 COUNTRY hotels; ~~643~~599 ECONO LODGE hotels; ~~310~~ EVERHOME SUITES hotels; ~~139~~143 MAINSTAY SUITES hotels; ~~27~~14 PARK INN hotels; 0 PARK PLAZA hotels; ~~1,621~~1,566 QUALITY hotels; ~~524~~0 RADISSON hotels; ~~21~~ RADISSON BLU hotels; ~~10~~ RADISSON INDIVIDUALS ~~hotel~~ hotels; 0 RADISSON INN & SUITES hotels; 0 RADISSON RED hotels; ~~447~~432 RODEWAY INN hotels; ~~410~~402 SLEEP INN and SLEEP INN & SUITES hotels; ~~109~~114 SUBURBAN hotels; and ~~256~~284 WOODSPRING SUITES hotels. The above ~~includes~~excludes 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~~11 CAMBRIA hotels and ~~four~~15 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 member 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. [Ms. Wu has announced her intention to retire from Choice, which is expected to occur before the end of 2026.](#)

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~~ Senior Vice President, General Counsel and ~~Assistant~~ Corporate Secretary: Jeff Lobb

Mr. Lobb has been Senior Vice President, General Counsel and Corporate Secretary since March 2026. Previously, he was Deputy General Counsel since from February 2017 to March 2026 and ~~has been~~ Assistant Secretary since from September 2015 to March 2026. 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.

Chief Commercial Officer: Joshua Sloser

Mr. Sloser has been Chief Commercial Officer since September 2025. Previously, he was Senior Vice President Customer & Commercial Innovation for McDonald's from December 2023 to July 2025, and Vice President Product & Customer Experience from October 2020 to December 2023. He is based in our North Bethesda, Maryland 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: ~~Megann~~ 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~~[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 self-employed as a private consultant from August 2020 to October 2021.](#) 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, Global Sales: Kaaren Hamilton

Ms. Hamilton has served as Vice President, Global Sales since November 2025. Previously, she was AVP, Commercial at Hyatt Hotels Corporation from September 2023 to November 2025, and Vice President of Global Sales at Sonesta Hotels from August 2018 to August 2023.

Senior Vice President, Portfolio Management: ~~Patrick Kruse~~Tom Nee

~~Mr. Kruse has been~~Mr. Nee has been Senior Vice President, Portfolio Management since ~~August 2023~~January 2026. Previously, he was Senior Vice President, Foundation Development from January 2017 through January 2026. He is based in his home office in Fort Lauderdale, Florida.

Senior Director, Portfolio Management OPS: Cameron Raines

Mr. Raines has been Senior Director, ~~Owner &~~ Portfolio ~~Strategy Operations from May 2017 to~~ Management OPS since January 2026. Previously, he was Director, Strategic Retention from August 20232018 through December 2025. He is based in our North Bethesda, Maryland corporate office.

Regional Vice President, Franchise Performance: ~~Byron Bean~~Senior Director, Portfolio Management Renewals and Relicensing: Dennis Wynn

~~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~~Mr. Wynn has been Senior Director, Portfolio Management Renewals and Relicensing since January 2026. Prior to that, he served as a Vice President-Franchise Sales & Development East from September 2019 to June 2025. He is based inout of his home office ~~located in Columbia, South Carolina~~Georgia.

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~~ Managing Member of Artis Senior Living, LLC, a developer-owner-operator of assisted living residences in McLean, Virginia, since 2012. In addition, he has been Director White Oak Legacy, Inc. (f/k/a Realty Investment Company, Inc.), a real estate and investment based in Silver Spring, Maryland since from December 2005. Mr. Bainum has been through December 2016 and Chairman of the Board of Sunburst Hospitality Corporation, in Silver Spring, Maryland since November 1996 from December 2005 through June 2009.

Director: Brian B. Bainum

Mr. Bainum has been a Director since April 2019. He has been the Chairman of White Oak Enterprises in Fulton, Maryland, since January 2024, and a Member and Chairman of Artis Senior Living, LLC in McLean, Virginia since December 2022. Previously, he was a Management Consultant and Director of SunBridge Capital Management, LLC, in Chevy Chase, Maryland since from January 2017 to December 2023.

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~~ was the former President and CEO of CareFirst, Inc. from 1993 until 2006. He currently serves on the Boards of Directors of CACI International Group, in Columbia, Maryland since August 2007 and a Director of Inc., KCI Technologies, Inc., in Sparks, Maryland since December 2009 the Signal 13 Police Foundation for Baltimore City, and Caves Valley.

Director: John P. Tague

Mr. Tague has been a Director since February 2012. ~~He has been~~ Mr. Tague is the retired President, CEO and Director of Hertz Global Holdings in Naples, Florida from November 2014 to January 2017. Previously, he was Chief Executive Officer of Greatwide Logistics Services, Inc., in Dallas, Texas since, from July 2011 to October 2014.

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, ~~D.C.~~ since November 2005, and a Director of

Gogo Inc. since July 2024.

Director: Liza K. Landsman

Ms. Landsman has been a Director since October 2014. She has been the Chief ~~Customer~~Executive Officer ~~at Jet.com, Inc. of The Points Guy in Montclair~~New York, New Jersey since ~~March 2015~~April 2025. Previously, she was the Venture Partner of the New Enterprise Associates in New York, New York from April 2018 to March 2020, and General Partner from March 2020 to June 2025. Prior to that, she was the Chief Executive Officer of Stash in New York, New York from October 2022 to October 2024.

Director: Maureen M. Sullivan

Ms. Sullivan has been a Director since November 2018. She has been a Partner at the Chernin Group in New York, New York since April 2021. Previously, she was President and Chief Operating Officer at Heyday Skincare in New York, New York from September 2020 to March 2021. Prior to that, she was Chief Operating Officer of Rent the Runway, Inc. in New York, New York ~~since~~from September 2015 to March 2020.

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. Plaintiff offered to discontinue this action in exchange for a waiver of costs. The parties anticipate that the action will be dismissed imminently.

- (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)~~

(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 Licensee amended its complaint, Country and Choice filed another Motion to Dismiss the Licensee's claims, which the Minnesota Court granted on February 27, 2025. The Minnesota Court ~~heard the Motion on November 1, 2024, and the parties are waiting for~~ also awarded Choice and Country's attorneys' fees and costs in the amount of \$181,513.88 by order dated August 4, 2025. Licensee has appealed the Minnesota Court's dismissal of the case and award of attorneys' fees. Those appeals are pending before the 8th Circuit Court's decision of Appeals.

- (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](#)
[American Arbitration Association, Case No.: 01-25-0003-4509](#)

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, [and the Court granted this motion on May 9, 2025. On July 22, 2025, CS Anaheim Hotel Investments, LLC filed an arbitration demand against Choice Hotels International, Inc. in conjunction with the underlying action. On January 30, 2026, Choice filed a counterclaim for various relief, including payment of liquidated damages and the balance of the Incentive Promissory Note. A hearing has been set in this matter for March 8, 2027 through March 22, 2027.](#)

- (5) [Proulx, et al. v. Orsini Bros. Inns, Inc., et al.](#)
[Ontario Superior Court of Justice, Court File No. CV-25-00747070-00CP](#)

[On July 8, 2025, a proposed class action lawsuit was filed in the Ontario Superior Court of Justice, against multiple hotel operators including Choice Hotels Canada Inc. and Choice Hotels International, Inc., alleging that consumers were charged misleading fees during hotel stays in Niagara Falls, Ontario. The plaintiffs claim that fees such as "DMDF," "DMC," "Local Fee," "Hotel Fee," "Resort Fee," "LF&T," and "Amenity Fee" were falsely represented as taxes or government-mandated charges, but were actually discretionary fees retained by the hotels. The allegations include violations of Ontario's Consumer Protection Act, 2002, for misrepresenting the nature, purpose, and source of these fees and combining them with legitimate taxes like HST and MAT on invoices and booking pages. The plaintiffs seek certification, injunctive relief, restitution, damages including aggregate and punitive damages, and costs. The case is currently pending, and Choice Hotels intends to defend the action.](#)

- (6) [Gurpreet Kaur v. Choice Hotels International, Inc., et al.](#)
[United States District Court for the Central District of California, Case No. 5:26-cv-00090](#)

[On January 9, 2026, Plaintiff Gurpreet Kaur, in her individual capacity, filed a lawsuit against Choice Hotels and the American Arbitration Association alleging each entity owes her damages due to alleged violations of her federal civil rights and RICO. More specifically, franchisee raises four claims under \(1\) 42 U.S.C. Section 1981; \(2\) 42 U.S.C Section 1982; \(3\) 18 U.S.C. Section 1964\(c\); and \(4\) California Business & Professions Code 17200, et. Seq., broadly claiming that each law has been violated on the basis that the franchise agreement and guaranty are void and further, that her Asian-Indian descent somehow factors into each entities decision to pursue breach of contract suits. Notably, there is minimal factual background provided by the franchisee in this suit to corroborate any of these high-level, broad allegations.](#)

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~~ Marietta Hotels LLC, Saranath T. Annamalai, Venkatesh Muthukumar, and Murugan Ganesh	American Arbitration Association	~~01-24-0000-1072~~ 01-25-0000-2533	January ~~9~~ ¹⁴ , ~~2024~~ 2025
~~Mahmoud Karimi~~ Jai Ganesha LLC and Sanjay Patel	American Arbitration Association	~~01-24-0000-3042~~ 01-25-0000-2725	January ~~23~~ ¹⁶ , ~~2024~~ 2025
Kavi Lodging LLC, Dushyant Patel, Dilipkumar Desai, Kiritkumar Patel and Kayur Patel	American Arbitration Association	01-25-0000-2621	January 16, 2025
Varni Hotel LLC, Himanshu Patel, Ashish Patel, Avinas Patel, Hardik Patel, Minesh Patel and Vivekkumar Patel	American Arbitration Association	01-25-0000-3366	January 21, 2025
AM Hospitality LLC, Arvindkumar A. Mungra and Champaben A. Mungra	American Arbitration Association	01-25-0000-3386	January 21, 2025
Harikrishna LLC, Sudhir Brahmhatt and Priti Brahmhatt	American Arbitration Association	01-25-0000-3488	January 23, 2025
Nagaraju Gajulu, Raghavendra Surapujaru, Sesha Saina Reddy Alle and Venkataramana Reddy Palla	American Arbitration Association	01-25-0000-4766	January 31, 2025
~~Alec Shtromandel, Daren Herzberg, Rahul Bijlani, Kaiyi Yu and 611 Degraw, LLC~~ 115 Ave. Realty LLC and Harjinder Singh	American Arbitration Association	~~01-24-0000-4184~~ 01-25-0000-4774	January ~~30~~ ³¹ , ~~2024~~ 2025
Beaver Hospitality LLC and Mita Vagashia	United States District Court for the District of Maryland, Southern Division	8:25-cv-00312	January 31, 2025
~~Spargo~~ NY Hospitality, LLC, Thang Dac Huynh and ~~Kevin McDowell~~ Loan H. Do	~~Circuit~~ United States District Court for the District of Maryland, Southern Division	~~C15CV24000518~~ 8:25-cv-00311	January 31, ~~2024~~ 2025
Nirav Patel, Nikul Patel, Kamlesh Patel and Anand Patel	American Arbitration Association	01-25-0000-8526	February 6, 2025
~~Nikul~~ Ghanshyam Hospitality, Inc., Dakshaben Patel and ~~Harshad~~ Mayurkumar Patel	~~United States District Court for the District of~~ Circuit Court for the District of Montgomery County, Maryland, Southern Division	~~8:2024cv00310~~ C-15-CV-25-000541	~~January 31,~~ ~~2024~~ February 6, 2025
~~Dhruvit Shah, Karan Shah, Nilang Maniar and Sunil Mehta~~ Meera Hospitality LLC, Ashok Patel, Umesh Patel and Dilip Patel	American Arbitration Association	~~01-24-0000-4435~~ 01-25-0000-8952	~~January 31,~~ ~~2024~~ February 11, 2025
Shree Mahadev LLC, Satishbhai Patel, Shashikalaben Patel and Kumudben Patel	American Arbitration Association	01-25-0000-9275	February 13, 2025

SMH LLC, Amritlal, Champaneri, Naresh Champaneri, Ajay Champaneri and Rajesh Champaneri	American Arbitration Association	01-25-0001-0185	February 18, 2025
Newburg Hospitality, Dipakkumar Patel, Kajal Patel a/k/a Kajal Amin	American Arbitration Association	01-25-0001-1158	February 25, 2025
Grand Canyon Hospitality LLC, Dhan, LLC, Dhaval Patel and Dimple Patel	American Arbitration Association	01-25-0001-1665	February 28, 2025
Danish Khan, Pervez Sultan, Nadeem Malik and Syed Razzaqi	United States District Court for the District of Maryland, Southern Division	8:25-cv-00670	February 28, 2025
~~Sikander Ali Malik, Chhona Hotels, LLC~~ NYM Lodging LLC, Manshe Patel and Keyur Patel	American Arbitration Association	~~01-24-0000-4441~~ 01-25-0001-3193	~~January 31, 2024~~ March 11, 2025
Shree Ganesh Charlotte, Inc., Ravi Sheth, and Alpana Sheth	American Arbitration Association	01-25-0001-4353	March 18, 2025
Imperial Investments of Doraville, Inc., Nitesh Shah, Naren Shah and Suren Shah	American Arbitration Association	01-25-0001-4453	March 19, 2025
Sulphur Hotel Group LLC, Nimesh Zaver, Guru Nagin, a/k/a Baldev Patel, Iqbal Mohammad and Talesh Patel	American Arbitration Association	01-25-0001-4457	March 19, 2025
Lusk Hospitality LLC and Sam Momin	American Arbitration Association	01-25-0001-5841	March 27, 2025
DDD Lodging LLC, Kamaljit Singh and Sahota Enterprises, LLC	American Arbitration Association	01-25-0001-6114	March 31, 2025
Pravinkumar Patel, Ganpat Patel and Prakash Patel	American Arbitration Association	01-25-0001-6116	March 31, 2025
~~PNK-I Group Investments, Yug Anjani LLC, Sagar Kumar~~ Bhavik Patel, Jayesh Kumar, Madhu Kumar Patel, Champakbhai Patel and Mahendrakumar Viresh Patel	American Arbitration Association	~~01-24-0000-4483~~ 01-25-0001-6119	~~January 31, 2024~~ March 31, 2025
~~A & R Kirpa Hospitality, LLC and Zafar Dilbag Chandhry~~ Singh	American Arbitration Association	~~01-24-0000-4401~~ 01-25-0001-6139	~~January 31, 2024~~ March 31, 2025
Khan Hotel SD LLC and Muhammad Zubair Khan	United States District Court for the District of Maryland, Southern Division	8:25-cv-01069	April 1, 2025
~~Jagruti Patel and Sahajanand Hospitality, LLC~~ Enawala Investment LLC, Pravin Kumar and Jagruti Kumar	American Arbitration Association	~~01-24-0000-5436~~ 01-25-0001-9746	~~February 6, 2024~~ April 22, 2025
~~Kulwant Deol, Amar Thind, Harjinder Deol and~~	~~American Arbitration Association~~	~~01-24-0000-5803~~	~~February 8, 2024~~

Thatford Lodging, LLC			
Mihir Patel, Pralak Patel, Roshan SHRIJEE LLC, Ankur Patel and Lenexa Hospitality, LLC Krupa Patel	American Arbitration Association	01-24-0000-7098 01-25-0002-0065	February 13, 2024 April 24, 2025
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 Rishi Hotel LLC, Nirav Doshi Jaydeep Jariwala, Pragnesh Patel and Hirenkumar Patel	American Arbitration Association	01-24-0002-3308 01-25-0002-0890	February 22, 2024 April 29, 2025
S and D Meraki Hospitality, LLC, Dharmesh M. Vijay Patel, Hetal Patel, Kunal Patel, Timesh Dhanji and Sonal Chandi Patel	United States District Court for the District of Maryland, Southern Division American Arbitration Association	8:2024cv0060501 -25-0002-1050	February 28, 2024 April 29, 2025
Danville Hospitality, LLC, Ushakant Patel and Urvashi Patel Group, Inc. and Jacob Adigwe	American Arbitration Association	01-24-0002-4137 01-25-0002-1134	February 28, 2024 April 30, 2025
American Inn NC LLC, Biju George and Mini Biju	Circuit Court for Montgomery County, Maryland	C15CV25002093	April 30, 2025
Elite Hospitality LLC and Harshit Patel	Circuit Court for Montgomery County, Maryland	C15CV25002107	April 30, 2025
C Roc Hurl LLC, Meenesh Bhoola, Prakash Bhoola and Rajendra Jariwala	United States District Court for the District of Maryland, Southern Division	8:25-cv-01371	April 30, 2025
Enkogs1 LLC, Kembo Investments Ohio Partnership LLC, Firma Investments, Inc. and Marco O. Kozlowski	United States District Court for the District of Maryland, Southern Division	8:25-cv-01370	April 30, 2025
Uniglobal Hospitality Group LLC, Safa Alghanem and The Estate of Mohammed Hmeidan	United States District Court for the District of Minnesota	0:25-cv-01950	May 1, 2025
Charleston Hotel VI, LLC, Charleston Hotel Holdings, LLC, CRU Investments, LLC and Steven Senft Southern Hotels LLC,	American Arbitration Association	01-24-0002-4395 01-25-0002-2503	February 29, 2024 May 8, 2025
Jay Patel, Harry Patel, Praful Patel, Nipul Patel and Vipul Patel			

~~Arvind Patel, Jaydevkumar B. Patel, Bhavin Patel and Bharat Patel~~ <u>Sunil S. Mehta</u>	American Arbitration Association	~~01-24-0002-4847~~ <u>01-25-0002-3479</u>	~~March 1, 2024~~ <u>May 15, 2025</u>
<u>SI Traverse Limited Partnership</u>	<u>American Arbitration Association</u>	<u>01-25-0002-4307</u>	<u>May 20, 2025</u>
<u>Relianse Mar Best LLC and Haresh Surti</u>	<u>American Arbitration Association</u>	<u>01-25-0002-4690</u>	<u>May 22, 2025</u>
<u>Oakview Hospitality LLC and Nilesh Patel</u>	<u>American Arbitration Association</u>	<u>01-25-0002-5231</u>	<u>May 27, 2025</u>
<u>Jeffries Investments LLC, Kent Jeffries and Raeann Jeffries</u>	<u>American Arbitration Association</u>	<u>01-25-002-5239</u>	<u>May 27, 2025</u>
<u>PyrSquared Group, Inc., Pyrsquared Management Company and The George Washington L.P.</u>	<u>American Arbitration Association</u>	<u>01-25-0002-6305</u>	<u>May 30, 2025</u>
<u>SB Hospitality Palm Springs LLC and Nam Min Cho</u>	<u>American Arbitration Association</u>	<u>01-25-0002-6297</u>	<u>May 30, 2025</u>
JRC Investments, Inc., Chirag P. Patel and Popat M. Patel	~~American Arbitration Association~~ <u>United States District Court for the District of Maryland, Southern Division</u>	~~01-24-0002-9394~~ <u>8:25-cv-01731</u>	~~March 7, 2024~~ <u>May 31, 2025</u>
<u>LPS Hospitality Company, Rajes, Inc. and Pirian Sivakumar</u>	<u>United States District Court for the District of Maryland, Southern Division</u>	<u>8:25-cv-01730</u>	<u>May 31, 2025</u>
<u>Gresham Hotel LLC and Hardeep Samra</u>	<u>United States District Court for the District of Maryland, Southern Division</u>	<u>8:25-cv-01734</u>	<u>June 2, 2025</u>
~~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, Omkara Hospitality LLC, Dayabir Bath and Lal Jay Sidhu~~ <u>Patel</u>	American Arbitration Association	~~01-24-0003-3434~~ <u>01-25-002-6785</u>	~~March 26, 2024~~ <u>June 3, 2025</u>
<u>Gurdial Singh</u>	<u>American Arbitration Association</u>	<u>01-25-0002-9241</u>	<u>June 17, 2025</u>
~~Dear Management, Inc., Deep Chandawala, aka Liberty Hospitality LLC, Mohamed S. Abdul Munaf, Akil Jolly, Najeeb Vayalthrikovil and Matthew Thachil~~	American Arbitration Association	~~01-24-0003-3441~~ <u>01-25-0002-9243</u>	~~March 26, 2024~~ <u>June 17, 2025</u>
~~Deep Ghadawala, Yogesh Ghadawala, Ramesh Patel and Panna Patel~~	~~Association~~		
~~Skybridge Hospitality, Patel~~	American Arbitration	~~01-24-0003-3777~~	~~March 28,~~

~~Investments~~ LLC, ~~Pritesh~~ ~~Kaushik~~ Patel and ~~Bhupendra~~ ~~Parul~~ Patel	Association	~~01-25-0002-9627~~	~~2024~~ ~~June 18, 2025~~
~~Ganapati LLC and Mayuri B. Patel~~	~~American Arbitration Association~~	~~01-25-0002-9792~~	~~June 18, 2025~~
~~Aaradhna Hotels, Inc., Suresh Patel and Dalsukh Kumbhani~~	~~American Arbitration Association~~	~~01-25-0003-0773~~	~~June 24, 2025~~
~~G-Matss, LLC, Gaurang Jariwala and Abhishek Jariwala~~ ~~ADMJM ON2 LLC, GLI Hospitality LLC, Michael Lawsky and Douglas Gamble~~	~~American Arbitration Association~~	~~01-24-0003-3784~~ ~~01-25-0003-0651~~	~~March 28, 2024~~ ~~June 24, 2025~~
~~DBR Hospitality LLC, Devangkumar Patel, Brijeshkumar Patel, Jatinkumar Patel, Rakeshkumar Patel and Rashminkumar Patel~~	~~American Arbitration Association~~	~~01-25-0003-0941~~	~~June 26, 2025~~
~~Imran M. Zaheer and Muhammad Chaudhry, a/k/a Arif Muhammad~~	~~American Arbitration Association~~	~~01-25-0003-0958~~	~~June 26, 2025~~
~~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~~ ~~NL LLC, Thanh Nguyen and Thuy Trang Ngoc Vu~~	~~Circuit Court for Montgomery County, Maryland~~	~~C15CV24001436~~ ~~25003377~~	~~March 28, 2024~~ ~~June 29, 2025~~
~~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 ModyC Kop Harp LLC, Tejash Bhoola, Prakash Bhoola and Rajendra Jariwala	United States District Court for the District of Maryland, Southern Division	~~8:2024~~ 8:25-cv-01263-02078	~~April 30, 2024~~ June 29, 2025
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~~ and Hemlata Jariwala	~~American Arbitration Association~~ United States District Court for the District of Maryland, Southern Division	~~01-24-0004-6940~~ 8:25-cv-02080	~~April 30, 2024~~ June 29, 2025
~~Hemant Investments, LLC, Vijay Patel and Ramilaben Patel~~	~~American Arbitration Association~~	~~01-24-0005-3381~~	~~May 7, 2024~~
~~Manoj Sikka, Sonika Sikka, Savita Chaddha 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~~
~~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	American Arbitration	01-24-0005-7277	May 28, 2024
Dominic Komareddy	Association		
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 Hurp, 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., Caltex Hotel Group LLC, Dave Nimesh Zaver, Nitin Patel, Rajiv Desai, Pretexa Patel and Bhoomi Rakesh Patel	Circuit United States District Court for Montgomery County, the District of Maryland, Southern Division	C15CV24003312 8:25-cv-02076	June 27 ²⁹ , 2024 ²⁰²⁵
David Hamilton	United States District Court for the District of Maryland, Southern Division	8:25-cv-02077	June 29, 2025
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

Krishna Patel and Amit Patel	American Arbitration Association	01-24-0006-2159	June 27, 2024
Sidhsiya Investment, LLC, Ketankumar Patel, Asish Patel, Mitesh Patel, 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~~ Thakorji, Inc., ~~Dhansukh Patel, Urmila Patel, Naresh Patel and Amit Patel~~	United States District Court for the District of Maryland, Southern Division	~~8:2024~~ 8:25-cv-022-11-02079	~~July 30, 2024~~ June 29, 2025
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 ~~Sims GC Hotel, LLC, Divyank Patel, Anil Patel and Kirit Patel~~	American Arbitration Association	~~01-24-0007-0448~~ 01-25-0003-3567	July ~~30~~ 15 , 2024 2025
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~~ Lotus Sky LLC, Kunal Patel and ~~Hemant~~ Chadrakant Patel	American Arbitration Association	~~01-24-0007-2078~~ 01-25-0003-3622	~~August 8, 2024~~ July 15, 2025
~~CBURG Hotels, LLC and Surajsinh Kahor~~ Mirza Beg	American Arbitration Association	~~01-24-0007-3958~~ 01-25-0003-3779	~~August 20, 2024~~ July 15, 2025

~~RVH Investments, Inc.~~ Brandon Wamsher and Ryan P. Mullen ~~Wamsher~~	American Arbitration Association	~~01-24-0007-4190~~ 01-25-0003-3757	~~August 22, 2024~~ July 17, 2025
~~Mayfair Hotels, Inc. and Prem Patel~~ Amazing Hospitality Group LLC and Jeffrey Fleming	American Arbitration Association	~~01-24-0007-5947~~ 01-25-0003-5019	~~August 28, 2024~~ July 22, 2025
~~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~~
~~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, Milwaukee 45 Hospitality LLC, Dhaval Vaishnav~~ Perdin, Inc. , and ~~Milan~~ Andy Rathod	American Arbitration Association	~~01-24-0007-6250~~ 01-25-0003-4936	~~August 29, 2024~~ July 22, 2025
Aum Shanti Tribhuvan LLC, Kanan Patel and Jayesh Patel	American Arbitration Association	01-25-0003-5219	July 24, 2025
Meena Patel and Mukesh Patel	American Arbitration Association	01-25-0003-5221	July 24, 2025
John E. Seard, Jr.	Circuit Court for Montgomery County, Maryland	C15CV25004186	August 4, 2025
G Matss LLC, Gaurang Jariwala and Abhishek Jariwala	United States District Court for the District of Maryland, Southern Division	8:25-cv-02542	August 4, 2025
Ghotra Hospitality LLC, Paul Ghotra, Harjinder Singh, Piar Kaur, Jagit Singh and Lakhwinder Multani	United States District Court for the District of Maryland, Southern Division	8:25-cv02543	August 4, 2025
Manoj Mehta	United States District Court for the District of Maryland, Southern Division	8:25-cv-02541	August 4, 2025
Miracle Inn LLC and Li Shen	United States District Court for the District of Maryland, Southern Division	8:25-cv-02539	August 4, 2025
~~Om Sai Hospitality, Prithi Investments LLC, Pranav Patel, Keyur Patel and Chandrakant~~ Reena Patel	American Arbitration Association	~~01-24-0007-6543~~ 01-25-0003-8297	~~September 3, 2024~~ August 12, 2025
~~Anirdesh~~ Sapphire Hospitality, North LLC, Bharatkumar M. Patel Kirandeep Kaur and	American Arbitration Association	~~01-24-0007-6494~~ 01-25-0003-9247	~~September 3, 2024~~ August 14, 2025

~~Laxman M. Patel~~ Sukhjot Kaur Govind Patel and Dayal Jutaria	American Arbitration Association	01-25-0003-9253	August 14, 2025
~~Samer Sabbah~~ Jayagauri V. Solanki	American Arbitration Association	~~01-24-0007-6843~~ 01-25-0003-9894	~~September 5, 2024~~ August 19, 2025
Pinnacle Hotel Circle LP, Lall Hospitality LLC and Bharat Lall	American Arbitration Association	01-25-0004-0006	August 19, 2025
EKONGKAAR, Inc. and Vikram Chaudhary	American Arbitration Association	01-25-0004-0363	August 21, 2025
Smart Vision LLC and Virendra Amin	American Arbitration Association	01-25-0004-1203	August 26, 2025
~~Orange Hotel,~~ H2O Hospitality LLC, ~~Dharmesh Patel~~ and ~~Gopi~~ Amarkumar Patel	American Arbitration Association	~~01-24-0007-6845~~ 01-25-0004-1254	~~September 5, 2024~~ August 26, 2025
Consulting Liquidation Management, Inc. and Mohammed John Mizani	American Arbitration Association	01-25-0004-1230	August 26, 2025
Lotus Motel, Inc., Joginder Chumber and Kaushalaya	Circuit Court for Montgomery County, Maryland	C15CV25004860	September 4, 2025
Armaan Investments LLC and Hansaben Patel	United States District Court for the District of Maryland, Southern Division	8:25-cv-02906	September 4, 2025
Mahmoud Karimi	United States District Court for the District of Maryland, Southern Division	8:25-cv-02905	September 4, 2025
~~Prem Centralia,~~ A&S Hotels LLC and Sonny ~~Rachna Parmar~~ Sachar	American Arbitration Association	~~01-24-0007-8321~~ 01-25-0004-5637	September ~~17~~ , ~~2024~~ 2025
River City Hospitality LLC, Kurt Lord, Jeff Zornes and William Luchini	American Arbitration Association	01-25-0004-5690	September 9, 2025
BZ Hospitality LLC, Roger Becker and Jayson Zimmer	American Arbitration Association	01-25-0004-5964	September 11, 2025
Vanshi LLC and Pritesh Patel	American Arbitration Association	01-25-0004-5941	September 11, 2025
Evergreen Hillsboro Brookwood One LLC, Evergreen Hillsboro Brookwood LLC, Evergreen Hospitality Development Group LLC, Alkesh Patel and Kirit "Ken" Pansuria	American Arbitration Association	01-25-0004-6999	September 17, 2025
~~MK Hospitality, LLC and Muhammad Zubair Khan~~ Rudraksh Corporation and Riteshkumar Patel	American Arbitration Association	~~01-24-0007-9298~~ 01-25-0004-8087	September 24, ~~2024~~ 2025
~~Historic Breckenridge, LLC, EHS Historic Building Group, LLC, John~~ Meryde Group of Hotels LLC and Warren Miranda	American Arbitration Association	~~01-24-0007-9823~~ 01-25-0004-8242	September ~~26~~ , ~~2024~~ 2025
Pramukhpri & Adinathay LLC, Ritesh Patel, Hemali Jain and Sevanti Jain	United States District Court for the District of Minnesota	0:25-cv-03782	September 26, 2025

Greens Development, Inc.	American Arbitration Association	01-25-0004-9236	September 30, 2025
Jayesh Kumar and Madhu Kumar	American Arbitration Association	01-25-0004-9238	September 30, 2025
611 Degraw LLC, Alec Shtromandel and Daren Herzberg	United States District Court for the District of Maryland, Southern Division	8:25-cv-03247	October 3, 2025
Banyan TX LLC and Jim Peterson	United States District Court for the District of Maryland, Southern Division	8:25-cv-03272	October 3, 2025
Laurel Hotel Associates LLC and Reginald Winfield	United States District Court for the District of Maryland, Southern Division	8:25-cv-03269	October 3, 2025
Laurel Hotel Associates LLC and Reginald Winfield	United States District Court for the District of Maryland, Southern Division	8:25-cv-03271	October 3, 2025
Grambling Economic Development Corporation	American Arbitration Association	01-25-0005-0621	October 9, 2025
SBA Company, Smita Amin and Bhargav Amin	American Arbitration Association	01-25-0005-0870	October 9, 2025
Jay Ganesh LLC, Purvish Soni, Arvind Patel, Dhaval Chokshi, Rajneesh Kapur, Rammani Chapagain, and A&S Management Inc.	American Arbitration Association	01-25-0005-1334	October 14, 2025
Shrungi LLC, Nikunj Patel and Mehul Gajera	American Arbitration Association	01-25-0005-1904	October 16, 2025
New Vista Developers LLC, Jatinder Singh and Rahul Bhatt	American Arbitration Association	01-25-0005-2483	October 21, 2025
Harrods Eastbelt Ltd.	American Arbitration Association	01-25-0005-3598	October 28, 2025
Mayur Patel and Vishal Patel	American Arbitration Association	01-25-0005-4562	November 3, 2025
~~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~~			
~~Mount Shasta Hospitality, Inc., Daisy K. Sidhu and Daljit S. Sidhu~~ ~~Intown Orlando GSN, Inc., Ravi Sheth and Alpana Sheth~~	American Arbitration Association	~~01-24-0007-9850~~ 01-25-0005-4672	~~September 26, 2024~~ November 4, 2025
Midway Hotel Club LLC and Tony Dassan	American Arbitration Association	01-25-0005-5823	November 11, 2025
Vines Holdings LLC and Reginal Vines	American Arbitration Association	01-25-0005-6963	November 13, 2025
~~Pearls Hospitality, LLC, Rajnikant J. Parekh, Pradip Archarya, Shani Magia and Arun H. Magia~~ ~~RE3D LLC, RE3 Advisory Services LLC,~~	American Arbitration Association	~~01-24-0007-9826~~ 01-25-0005-6902	~~September 26, 2024~~ November 13, 2025

Douglas Hoffman and Edwin H. Hawes III			
Vines Holdings LLC and Reginal Vines	American Arbitration Association	01-25-0005-7431	November 18, 2025
Dipak Patel	American Arbitration Association	01-25-0005-7613	November 18, 2025
Francisco Nino, Olga Morin, Richardo Ramos and Ivan Fernandez	American Arbitration Association	01-25-0005-8112	November 20, 2025
Kautilya Clarion Hotel LLC, Vinita Patel, Vinod Patel and Nirav Desai	American Arbitration Association	01-25-0005-8149	November 20, 2025
Manuj Jain	American Arbitration Association	01-25-0009-1431	December 1, 2025
Heidrun Lohbeck	American Arbitration Association	01-25-0009-2285	December 4, 2025
66 EB Partners LLC, Berel Karnoil and Chana Vashovsky	American Arbitration Association	01-25-0009-3091	December 9, 2025
Lyndell Mims and Clifford Hughley, Jr.	American Arbitration Association	01-25-0009-3186	December 9, 2025
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
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 Desai & Sons Inc. and Raman Desai	American Arbitration Association	01-24-0008-1226 01-25-0009-3617	October 8, 2024 December 11, 2025
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	American	01-24-0008-3586	October 22, 2024

Singh, Harmit Singh and Ashu K. Vaid	Arbitration Association		
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~~ Harvest Development LLC and James Walter	American Arbitration Association	~~01-24-0008-9580~~ 01-25-0009-3651	December ~~311,~~ 2024 2025
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
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	United States District Court	8:2024cv03646	December 17, 2024

~~Yogesh Panchal~~	~~for the District of Maryland, Southern Division~~		
~~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~~ Mislamafrin Hospitality, Inc. and Mohammad Islam	American Arbitration Association	~~01-24-0009-2043~~ 01-25-0009-4399	December ~~17~~ ¹⁶ , ~~2024~~ ²⁰²⁵
~~Frederic E. Washington~~ Shree Super LLC, Jayesh Patel and Mohanbhai Patel	American Arbitration Association	~~01-24-0009-2202~~ 01-25-0009-4054	December ~~17~~ ¹⁶ , ~~2024~~ ²⁰²⁵
~~Ravinder Singh~~ ²⁷⁰ Development Group LLC, Summer House Hospitality and Josie Umoh	American Arbitration Association	~~01-24-0009-2045~~ 01-25-0009-3947	December 17, ~~2024~~ ²⁰²⁵

III. ~~(2)~~ACTIONS INITIATED BY CHOICE TO ENFORCE INTELLECTUAL PROPERTY RIGHTS – POST TERMINATION

~~No such actions were filed in 2024.~~

<u>Defendants</u>	<u>Venue</u>	<u>Case Number</u>	<u>Filing Date</u>
Baba Nanak Hospitality Group Corp, Hardeep Arora, and Parmeet Arora	U.S. District Court Eastern District of Wisconsin (Milwaukee)	2:25-cv-00848	June 13, 2025
INTERCONTINENTAL MANAGEMENT, LLC, Nasir Habib, Shahid Hussain, and Sohail Khan	U.S. District Court Southern District of Indiana (Indianapolis)	1:25-cv-01758	September 4, 2025
Mansfield Hotel, LLC, Gita Jasani, and Satish Patel, a/k/a as Sam Saspra	U.S. District Court Northern District of Ohio (Cleveland)	1:25-cv-02093	October 1, 2025
Siddhi Vinayak Hospitality Inc., Harsiddhi Properties LLC, Shailesh Patel, Ashish Patel, and Chirag Patel	U.S. District Court Central District of Illinois (Rock Island)	4:25-cv-04212	November 20, 2025

IV. ~~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. [DIP filed a motion to modify or partially vacate the arbitration award with regard to the apportionment of arbitration costs; we opposed the motion; the court denied it; and DIP is appealing the denial.](#)

* * *

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

You must pay us, for the rights granted to you in the ASCEND hotel membership agreement, an affiliation fee of \$525 per room, with a \$45,000 minimum. The entire affiliation fee is due no later than the time you sign the membership agreement and is non-refundable following our signing of the membership agreement. The affiliation fee helps to cover the many costs of maintaining and developing the ASCEND brand, which includes general brand support. If for any reason we do not grant you a membership or a membership agreement is not countersigned by us, the affiliation fee will be refunded to you. Financing information is in Item 10. In the past, we have agreed to reduce the affiliation fee in certain circumstances for multiple unit franchisees or members, members with larger properties, members with whom we have previously dealt, members that are departing other hotel chains or franchised systems and joining our system, and members in other special circumstances. However, we do not always negotiate the affiliation fee even for members possessing these characteristics, and we may freely choose not to negotiate with you, even if you possess some or all of these characteristics. During the 12 months ending December 31, ~~2024~~2025, the affiliation fees ranged from ~~\$10,000~~\$5,000 to ~~\$60,000~~\$47,500 for new ASCEND membership agreements.

EXTENSION FEE

If you do not begin construction within 12 months after both you and we sign the membership agreement or if you do not complete a conversion within the time required under your membership agreement, you may apply for an additional 3 months in which to begin construction or complete a conversion. 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.

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 \$8,750 and \$10,750 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. If you are required to use choiceADVANTAGE®, you may propose an alternative property management solution for our prior approval. However, such other solution may have higher costs.

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~~ \$17,150-\$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.

~~ONBOARDING~~ IMMERSION, SALES, AND HOSPITALITY LEADERSHIP TRAINING

We provide required training programs that you, your General Manager, your Director of Sales, or other key employees must complete before opening your hotel in the Choice franchise system or within 90 days of the hotel's opening, relicensing, or turnover of key leaders. Additional hotel leaders may also attend the trainings for an additional cost.

Your General Manager or Director of Sales is required to attend our 3-day Upscale Immersion Program, held at our corporate headquarters in North Bethesda, Maryland. Attendance is recommended for other key hotel leaders. The cost of the Upscale Immersion Program is \$2,450 per attendee, and does not include the cost of travel, lodging or meals. Your General Manager must also complete our Hospitality Operations Success Training (“HOST”) leadership certification. HOST is a self-paced virtual certification, consisting of online lessons, live interactive virtual workshops and exams. HOST training is recommended for Directors of Sales and other key hotel employees. The HOST fee is \$1,395 per attendee.

Some or all of the training may not be required if you, your General Manager or your Director of Sales have successfully completed the requisite training in the past 24 months for a new or existing hotel. We may adjust these requirements to align with industry trends and needs. The costs for these training programs do not include the cost of travel, lodging, or meals to attend the required training programs. We reserve the right to change components of the training programs.

Additional training will also be provided at our annual convention where an owner is required to attend. We recommend that your General Manager and Director of Sales attend. As noted in Item 6 below, you are required to attend.

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. Failure to attend within the prescribed time frame may result in a non-compliance ~~penalties~~, penalty of \$125 per month for failure to attend the Upscale Immersion training or \$250 per month for failure to attend the HOST training until compliant and/or formal default, and the failure to cure the ~~formal~~ default could result in the termination of your franchise agreement. For more detailed information on each training program, see Item 11 of this Disclosure Document.

* * *

Except as identified in this Item 5, the affiliation fee, extension fee, property management system fees and training fees 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	AMOUNT (Note 1)	DUE DATE	REMARKS
GENERAL			
Membership Fee	5% of the preceding month’s Gross Room Revenues (“GRR”) (Note 2).	Payable monthly.	
Marketing and Reservation Fee	3% of the preceding month’s GRR (Note 2).	Payable monthly.	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 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).
REWARDS, MARKETING AND DISTRIBUTION PROGRAMS			
Rewards Program Fee (Choice Privileges Loyalty Program)	4.5% - 5.5% of gross room revenue ~~and gross food and beverage revenue~~ generated by rewards program members.	Monthly (Commission invoice is transmitted each Sunday night and payment must be submitted to us no later than Friday).	This Rewards Program Fee is established by us to administer the program and reimburse hotels for reward nights. The Rewards Program Fee may vary within the stated amount range based on a hotel's participation in the Performance Based Loyalty Fee program, which measures enrollment performance over three-month periods and includes adjustments on the Rewards Program Fee based on a hotel's size and enrollment performance. The Performance Based Loyalty Fee program is subject to change, though costs will not exceed 5.5% of room revenue generated by rewards program members.
Airline Frequent Traveler Program Fee	5% of room revenue generated by airline frequent travelers.	Payable ~~Monthly~~ <u>monthl</u> <u>y</u>	This fee is established by us to administer the program and pay for airline miles awarded.
Choice Accelerate	3% of gross room revenue from consumed stays delivered from direct online channel	Payable monthly.	Choice Accelerate is the enterprise paid media program that aims to drive direct online channel

	bookings (certain exclusions and stay caps apply). Consumed stays resulting from international marketing paid and meta advertising efforts are subject to a fee of up to 10% of gross room revenue, but will not be subject to the 3% fee noted above.		bookings to your hotel through negotiated marketing arrangements, search engine optimization, social media and more.
Programs Processing Fee	\$0.12 per transaction per eligible stay for Reward Program or Choice Accelerate fees (<u>This fee is</u> not charged if the Commission Processing Fee is charged by Onyx).	Payable ~~Monthly~~<u>monthly</u>	This fee covers our administrative costs of consolidating the billing and processing disbursements for the applicable Marketing and Rewards program costs.
Third Party Distribution Fee	\$3.00 for each consumed reservation made through directly connected online travel agents, DerbySoft, ~~and DHISCO~~, <u>myRiva</u>, <u>Juniper/Roibos</u>, and <u>Katanox</u>.	Payable ~~Monthly~~<u>monthly</u>	Directly connected online travel agents include Expedia, ~~Hopper~~, and Booking.com. Connectivity solutions such as DerbySoft ~~and DHISCO~~, <u>myRiva</u>, <u>Juniper/Roibos</u> and <u>Katanox</u> are used to connect with other online travel agents, such as Agoda/Priceline, ~~Getaroom~~<u>Hopper</u>, and wholesalers, such as Hotelbeds and WebBeds and more. <u>We reserve the right to add, remove or modify new and existing connections.</u>
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	\$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.

		invoice.	
Egencia and Hopper Preferred Program	Payment of a \$5.00 per night Choice Privileges fee covering 1,000 loyalty points in addition to the payment of any applicable Expedia ~~commissions~~ or Hopper commission .	As incurred	The Egencia Preferred Program ~~offers~~ and Hopper Capital One Business Program offer your hotel the opportunity to gain priority access to ~~the more than four million business~~ travelers who book through ~~Egencia~~ their networks each year. You may opt out of this program. The Rewards Program Fees of the Choices Privileges Loyalty Program described above do not apply to these ~~Egencia~~ bookings.
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. This fee will be waived for any reservation that is billed the Choice Accelerate fee.
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 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~~	2.7% of total room	Payable	

~~Consortia~~ Global Sales Pay ~~-for-~~ Performance ~~Program~~ Programs (Note 5)	revenue from consumed business (for example, actual room sold).	~~Monthly~~ 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
Choice Privileges Elite Welcome Gift Program	Approximately \$.0050 per Choice Privileges point awarded to an Elite guest member who elects points upon arrival.	Per transaction for Choice Privileges point reimbursements.	At check-in, Choice Privileges Elite members who elects points upon arrival will be given Choice Privileges points (an amount determined by us) or a gift as required by us (such as food & beverage, a F&B credit of \$5.00 in retail value, or other items.
PROPERTY MANAGEMENT SYSTEM AND TECHNOLOGY			
~~choice~~ ADVANTAGE® ~~Support~~ Property Technology & Service Fee	~~\$519-\$855/~~ 9.70 per month, based on room count monthly, subject to a \$500 minimum and \$950 maximum	Payable monthly.	This fee includes ~~selected interfaces, the mandatory choiceADVANTAGE® remote access feature and the required credit card system,~~ interface. Additional interfaces are optional and will add \$50/month each to the support fee. ~~/CONNECT integrations and license fee, Rates Center system and license fees, compliance monitoring and reporting fees, and includes additional property services including email, RESiN integration(s)~~ are optional and will add \$0.35 per room per month to the ~~support~~ technology 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.)
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~~ <u>350.00</u> each.	As incurred	The purchase of the tablets are mandatory costs. The digital registration program 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	\$60 ~~-per month~~	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 Optimization Services (“ChoiceROCS”) (See Note 6)	~~\$1,290~~ <u>1,340</u> - ~~\$1,800~~ <u>1,900</u> 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~~<u>mandatory</u>. <u>Hotels must use ChoiceROCS during the first full year of opening, for a minimum of 12-months. Afterward, you may use another Choice-approved revenue</u>

			<u>management service provider. If certain conditions are met, we may waive the ChoiceROCS requirement.</u> During the first year, the only minimum service ~~level~~ levels available for ~~enrollment~~ ASCEND is the ~~Upscale~~ Silver service level, as further set forth in the Rules and Regulations and brand standards.
<u>Revenue Management Service (RMS) - ChoiceMAX or IDeaS G3</u> (or similar program <u>RMS</u>) (Note 6)	<u>ChoiceMAX - \$6.60 per key with ~~an annual~~ maximum fee of \$9,504.</u> <u>or</u> <u>G3 - \$7.25 per key with a maximum of 500 rooms invoiced</u>	Monthly	This program is mandatory. This software provides forecasting and pricing recommendations.
<u>RMS: ChoiceMAX or IDeaS G3</u> Training and Set Up Fee and/or reinstatement fee	~~\$2,500~~ <u>Up to \$4,500 depending on RMS</u>	At the time of ~~ChoiceMAX~~ installation	This program is mandatory. This fee covers the following: System implementation and account access, activation of competitive rate shopping services, support for proper tool setup and configuration, <u>and</u> self-paced training and job aids. In addition, you must pay this fee if you are reinstated into ChoiceMAX/ <u>G3</u> because of seasonal closures, rebranding, or for other reasons.
OTHER			
Annual Convention Registration Fee	~~\$1,600~~ <u>1,700</u> per attendee plus travel, lodging, and living expenses. We also charge a late registration fee of an additional \$500.	Annually, before Convention.	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. An owner must attend our

			annual convention. We also recommend that your General Manager attend.
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 online learning management system (including Choice University).
Additional Training Programs	Reasonable charges ranging from \$49 - \$499.	On enrollment.	You also must pay travel, lodging and living expenses for all attending employees for any additional training requested by you or required by us.
Re-Licensed Hotel Training	\$995	Within 90 days of transfer and membership agreement execution.	This training is required when a hotel changes ownership, and the new owners sign a membership 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%.
Assumption Fee	\$7,500	Upon submission of application.	This fee is applicable if we consent to a transfer of less than 50% of the equity interest in you 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 membership agreement.

Comfort Letter Fee	\$2,500 (if a Comfort Letter is needed within 1-3 days there will be a \$500 expedite fee.)	Upon request for a Comfort Letter.	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 may be required to sign this agreement as a condition of receiving a loan from your lender. Attached as Exhibit O is our current form comfort letter.
Choice Privileges “Points Accelerator” Packages	Approximately \$0.005 per Choice Privileges point awarded to guest.	Monthly for Choice Privileges point reimbursements.	At the time of booking, when booking BAR, guests have the option to purchase 1,000, 2,000 or 5,000 points in addition to their base stay points. Hotels are charged for the additional points purchased by the guest.
Transfer Fee	The then current affiliation fee or \$45,000, 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. Our consent is required for any transfer of more than 5% of the equity interests in you or the hotel. ~~If we do not sign the franchise agreement or do not consent to the transfer, we will retain a \$5,000 application fee and refund to you the remainder of the transfer fee.~~
Change of Ownership	\$3,000.	Upon submission of application	This fee is applicable for any transfer of <i>less than a 50%</i> equity interest in you or your hotel franchise.
Ascend Member-Only Pre-Registration Fee	\$250 plus travel, lodging and living expenses.	Prior to meeting (October)	All owners are required to attend this meeting. If the owner cannot attend, an owner’s designee that has decision rights for the property can attend. If you attend the Regional Franchise Meeting then you are exempt from paying this fee but are still required to attend the Ascend Members-Only

			meeting.
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 will have no obligation for any tax which is based upon our net income.

~~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.~~
OPTIONAL			
<u>Choice Hotels Owners Council (CHOC) Dues</u>	<u>\$60/month.</u>	<u>Payable monthly.</u>	<u>This fee optional and is established by a vote of CHOC members and may be changed from time to time. This fee is collected</u>

			<u>by us and used to cover CHOC's operating expenses.</u>
Sales Certification Training Program	\$500 per attendee	On enrollment	This training program is optional and is a 3-day sales workshop. Attendees must pay travel, lodging, and living expenses.
ResConnect Program (~~Formerly~~ <u>formerly</u> Call Forwarding)	3.0% of monthly Gross Room Revenue booked by our ResConnect team for your hotel. 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 rata share for the remaining portion of the current month)	Payable monthly.	This is an optional program and we may change the fee at any time upon providing prior written notice to you. Exhibit F 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.
Choice Privileges Meeting/Group Planner Point Program	\$0.005 per Choice Privileges point awarded.	Payable monthly.	Meeting organizers will be awarded 3 Choice Privileges per dollar spent on meeting related activities (meeting room rental, food and beverage, and meeting attendees' guestrooms)
Marketing Cooperative Fee	\$400 - \$2,400 annually.	Payable by December 31 st of each year.	This fee is established by the regional franchisee marketing cooperatives and varies by region and hotel size. These fees are placed in a fund for each regional marketing cooperative and used for its operating expenses. Participation in a marketing cooperative is voluntary (see Item 11).
<u>RevUp Powered by Koddi</u>	<u>Varies dependent on investment level determined by the hotel</u>	<u>Payable monthly</u>	<u>RevUp is a voluntary, third-party digital marketing program that provides a turnkey way for hotels to run localized marketing campaigns. Participating hotels can activate tactics such as metasearch, sponsored</u>

			placements, paid search, paid social, Expedia TravelAds, and more. We collect the associated fees from hotels and remit the applicable amounts to Koddi.
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.
~~choice~~ ADVANTAGE@ Quick Shop	~~\$30 monthly~~	~~Payable monthly~~	~~This is a feature to improve the process for hotels that have a side shop off the front desk to sell snacks and sundries. Available only upon request.~~
AHLA Dues	~~\$4.50~~ <u>5.25</u> /per room	Annually	This fee covers dues for membership in the American Hotel & Lodging Association. You have the opportunity to opt out of membership by January 15 of each year.
Upscale Sales Bootcamp	\$900 per attendee	On enrollment	Attendance is optional. You also must pay travel and expenses for this 2-day in-person workshop.
Upscale Sales Success Workshop	\$1,600 per attendee	On enrollment	Attendance is optional. You also must pay travel and expenses for this 3-day in-person workshop.
AAA Official Appointment	\$800 - \$1,600 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, non-compliance with the franchise agreement or the Rules and Regulations. This range of penalties

			may change from time to time.
<u>Customer Care – Guest Relations Complaints Program</u>	\$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~~ <u>program</u> fee plus our costs to resolve the matter.
Human trafficking prevention training non-compliance fee	\$500 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 A~~ <u>quarterly</u> 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.
Audit Fee	Cost of <u>each</u> inspection or audit, including travel, lodging, meals, salaries, professional fees and other expenses. We anticipate the cost will be \$1,000 - \$6,000 <u>per inspection or audit</u> .	As incurred.	Payable only if any inspection or audit <u>(including any re-inspection or re-audit)</u> discloses a deficiency in any payments due under the membership agreement. If the deficiency in any payment is willful or exceeds 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.
Revenue Reporting Late Fee	1.5% of the preceding month's Membership Fee	Payable only if you do not send us the	Immediately payable if any report is not timely

	and Marketing and Reservation Fee.	required reports on time.	submitted.
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.
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 \$90. If terminated after opening, the greater of (a) \$90 multiplied by the number of sleeping rooms, multiplied by the number of months until the expiration of the membership agreement (not to exceed 36 months); or (b) the average monthly GRR for the last 12 months, multiplied by the Membership Fee, multiplied by the number of months until the expiration of the membership agreement, if applicable (not to exceed 36 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 membership agreement.	Upon demand.	If you continue to use our intellectual property after the expiration or termination of the membership agreement, you must pay this fee to compensate us for 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. [Except for the Royalty Fee and liquidated damages, all fees are subject to change. Fee](#)

changes may reflect, among other things, inflation, increased costs or expenses, changes in third-party fees or charges that we pass through to franchisees, changes in the scope or nature of services or programs, or adjustments to remain competitive or consistent with market practices. 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 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. Gross Room Revenues do not include taxes required by law, revenues from meeting rooms, 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. This program applies to group and transient bookings within the program. Annual fee caps for group booking may apply. 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~~ and G3 are revenue management technology ~~solutions~~ solutions that provides forecasting and pricing recommendations, and includes: a Revenue Management Technology Solution; reporting and analytical tools; and revenue management support. You may choose to use either ChoiceMAX or G3 at the Hotel. 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 G3 (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, G3 and ChoiceROCS fees described in this Item 6. Monthly fees for ChoiceMAX or G3 will be billed separately from the ChoiceROCS monthly fee.

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

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT ASCEND CONVERSION HOTEL (Note 1)

TYPE OF EXPENDITURE	AMOUNT (Note 2)		METHOD OF PAYMENT	WHE N DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Affiliation Fee (Note 3)	\$525/room (\$45,000 minimum)		Lump sum	Upon application	Us
	~~Low~~	~~High~~			
Property Improvements (Note 4)	~~\$81,900~~ <u>86,800</u>	~~\$1,891,050~~ <u>2,061,200</u>	As incurred	Before openin g	Your general contractor, suppliers or Qualified Vendor
Insuranc e (Note 5)	\$2,500	\$87,500	As incurred	Before openin g	Your insurance carriers
Advertising	\$2,500	\$40,000	As incurred	Before openin g	Various advertising media
~~Hardware to operate choiceADVANTAGE property management system~~	~~\$3,800~~	~~\$10,800~~	~~Lump sum~~	~~Before opening~~	~~Us, as a part of our Brand in a Box program. See also Item 5.~~
~~choiceADVANTAGE® Software License and Systems Training Brand in a Box (Note 6)~~	~~\$8,750~~ <u>17,150</u>	~~\$10,750~~ <u>30,000</u>	Lump sum	Before openin g	Qualifie d Vendor
Permits, Licenses and Government Fees	varies	varies	As incurred	Before openin g	Your general contractor (varies by local jurisdiction)
Professional Design Services (Note 7)	\$200,00 0	\$450,000	As incurred	Before openin g	Your Architect, Interior Design & Engineering consultants
Opening Inventory of Supplies (Note 8)	\$0	~~\$129,360~~ <u>133,200</u>	As incurred	Before openin g	Your suppliers or Qualified Vendor
Immersion, Sales, Hospitality Leadership Certification Fees, and ~~Orientation Fees~~ (Note 9)	\$6,000	\$8,000	As incurred	Before openin g	Us
Mandatory On-Premise Plaque	\$200	\$750	As incurred	Before openin g	Qualifie d Vendors
Professional	\$3,500	\$5,000	As incurred	Before	Qualifie

Pre-Opening Photography				opening	Vendor
Styling & Accessorizing (Note 10)	\$8,000	\$10,000	As incurred	Before opening	Your suppliers
<u>Interior Design Waiver Fee (Note 11)</u>	<u>\$0</u>	<u>\$20,000</u>	<u>As incurred</u>	<u>Before opening</u>	<u>Us</u>
<u>Architectural Design Review & Construction Services (Note 12)</u>	<u>\$0</u>	<u>\$20,000</u>	<u>As incurred and due at the time of request</u>	<u>Before opening</u>	<u>Us</u>
Working Capital Required Before Operations Begin (Note ~~11~~13)	\$15,000	\$40,000	As incurred	Before opening	~~Us, your~~ <u>Your</u> suppliers, your employees, utilities, consultants
<u>Revenue Management Setup and Training Fee (either ChoiceMAX or IdeaS G3)</u>	<u>\$2,500</u>	<u>\$4,500</u>	<u>As incurred</u>	<u>Before opening</u>	<u>Us</u>
	<u>Low</u>	<u>High</u>			
Additional Funds for 3-Month Initial Period (Note ~~12~~15)	\$25,000	\$50,000	Monthly payment for recurring fees; as incurred for other expenses	After opening	Us, your suppliers, your employees, utilities
		<u>Low</u> <u>High</u>			
TOTAL ESTIMATED INITIAL INVESTMENT (Note ~~13~~16)	~~\$402,150~~ <u>\$410,650</u>	~~\$2,778,210~~ <u>\$3,000,150</u>			
TOTAL COST PER ROOM (Based on 78 Rooms)	~~\$5,156~~ <u>\$5,265</u>	~~\$35,618~~ <u>\$38,463</u>			

Note 1: This table is an estimate of the initial investment required to convert an existing hotel and the estimate provided is based on our experience and our brand standards. Estimates are based on a 78-guestroom hotel. The table does not include the cost of purchasing or leasing real estate, which cannot be estimated with any certainty due to variables such as location, acreage, terms and whether leased or purchased.

Note 2: Costs paid to Choice are not refundable, unless otherwise stated. Whether any costs paid to third parties are refundable will vary based on the particular third party and on where your hotel is located.

Note 3: The full affiliation fee is due no later than the time you sign the membership agreement and is non-refundable following our signing of the membership agreement.

Note 4: Renovation costs vary considerably and the estimate provided is based on a typical property improvement plan provided by us that the hotel must complete to upgrade to our standards. The costs provided includes an estimate for furniture, fixtures, and equipment that must be refurbished, replaced, or removed; however costs do not include deferred maintenance items including but not limited to parking lot, HVAC, exterior, etc. and required labor cost for improvement. Upon application, we will provide you a customized property improvement plan unique to your hotel. Your costs to upgrade the hotel to our standards may depend on local contractor and material costs in your area as well as the condition of your hotel at the time you apply for a franchise and may fall outside the

estimated range provided.

Note 5: These policies cover construction, General Liability, Cyber Liability, and Workers Compensation, including Statutory Workers Compensation and Employers Liability insurance, and must provide minimum limits per location of coverage as stated in the membership agreement.

Note 6: ~~choiceADVANTAGE~~Brand in a Box includes the cost of pre-opening items that we will order on your behalf, including pre-opening photography ranging from \$3,500-\$5,000, hardware required to operate choiceADVANTAGE® ranging from \$4,900-\$14,000, and the choiceADVANTAGE® software license and systems ~~training costs~~onboarding fee ranging from \$8,750-\$10,750. The choiceADVANTAGE® software license and onboarding fees include the costs of the initial software license, ~~systems training and~~onboarding, eLearning modules, project management and the credit card interface. Your costs may fall on the higher end of this range ~~if you choose to purchase software interface licenses or where the hotel was a previously Choice branded hotel~~depending on the number of rooms, additional interfaces and integrations you ~~pay to have the information in choiceADVANTAGE renewed or expunged~~select. The fees do not include the monthly choiceADVANTAGE® support fee to cover ongoing remote software support.

Note 7: 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 8: Opening inventory of supplies includes linen, paper supplies and housekeeping supplies that meet our system requirements.

Note 9: Immersion, Sales, and Leadership training includes the cost to attend the Upscale Immersion training, HOST Certification, and a Director of Sales Training. Our Upscale Immersion training fee is \$2,450 per attendee and covers 3 days of onboard training at our headquarters in North Bethesda, Maryland. Our Upscale HOST Certification Program fee is offered at \$1,395 per attendee and is a self-paced virtual program. The Upscale Sales Success Workshop, which will be offered a few times throughout the year at a regional location or at our headquarters in North Bethesda, Maryland is recommended for your Director of Sales or on-property leader who leads sales efforts. The fee to attend the Sales Success Workshop is \$1,600. Our Pre-Opening Training Certification fee is \$8,500 and covers 4 days of training at your hotel or at our headquarters in North Bethesda, Maryland. 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, your General Manager, or your Director of Sales have successfully completed the requisite training in the past 24 months for a new or existing hotel.

Note 10: Styling and accessorizing costs include the cost of decorative items and labor on site to install decorative items. These costs do not include consultant expenses, shipping, warehousing, or photo-styling activities.

Note 11: 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 12: 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 construction inspection fee in reviewing your request.

Note 13: We estimate that you will need this amount in working capital before the Hotel opens. The actual amount of working capital you will need depends on a variety of factors, such as the number of paid employees you hire and their rate of pay, your own management and operational skills, economic conditions, and competition.

Note 14: We based these estimates on our experience with hotel franchises and memberships, discussions with hotel businesspeople, and recent trends in pricing from other relevant companies.

Note 15: The total investment above assumes the hotel is currently open and operating at the time you apply for a franchise and has real estate, furniture, fixtures, and equipment, hotel staff, a high speed internet access solution for in-room, in-lobby, public areas, and meeting rooms, current marketing and advertising programs, and other standards to operate a hotel. If the hotel does not have a solution for high speed internet access, the cost could be \$0-\$20,000 to convert an existing hotel to our brand standards, including wiring, routers, software, server, splitters, access points, gateway, etc. In addition, your total investment may be higher if you are required to participate in our Re-Licensing Systems Training. This program is not required for all owners. The Re-Licensing Systems Training fee is \$995 and is payable only when a member hotel has changed ownership and the new owner signs a membership agreement with us. The Re-Licensing Systems Training fee covers the cost of 2 days of remote training concerning our proprietary choiceADVANTAGE property management and reservation system.

YOUR ESTIMATED INITIAL INVESTMENT FOR A NEWLY-CONSTRUCTED HOTEL

ASCEND NEW CONSTRUCTION HOTEL (Note 1)

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT (Note 2)	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Affiliation Fee (Note 3)	\$525/room (\$45,000 minimum)		Lump sum	Upon application	Us
Legal Fees	\$10,000	\$45,000	As incurred	Before opening	Your attorneys
	Low	High			
Feasibility/Market/Environmental Impact Studies (if necessary)	\$10,000	\$35,000	As incurred	Before opening	Your consultants
Permits, Licenses and Government Fees	Varies	Varies	As incurred	Before opening	Your general contractor (varies by local jurisdiction)
Professional Design Services (Note 4)	\$200,000	\$450,000	As incurred	Before opening	Your Architect, Interior Design & Engineering consultants
Construction (excluding soft costs)	~~\$7,000,000~~ <u>7,420,00</u>	~~\$20,000,000~~ <u>21,800,000</u>	As incurred	Before opening	Your general

(Note 5)	<u>0</u>			g	contractor
Insurance (Note 6)	\$45,000	\$125,000	As incurred	Before opening	Your insurance carriers
Pre-Opening Advertising	\$5,000	\$60,000	As incurred	Before opening	Various advertising media
Furniture, Fixtures & Equipment (Note 7)	~~\$1,041,86~~ <u>61,083,500</u>	~~\$2,000,000~~ <u>2,480,000</u>	As incurred	Before opening	Your suppliers or Qualified Vendor
~~Hardware to operate choiceADVANTAGE property management system~~	\$3,800	\$10,800	Lump sum	Before opening	Us, as a part of our Brand in a Box program. See also Item 5.
~~choiceADVANTAGE® Software License and Systems Training Brand in a Box (Note 8)~~	~~\$8,750~~ <u>7,150</u>	~~\$10,750~~ <u>0,000</u>	Lump sum	Before opening	Us, as a part of our Brand in a Box program. See also Item 5. <u>Qualified Vendor</u>
Opening Inventory of Supplies (Note 9)	~~\$181,280~~ <u>186,718</u>	~~\$280,160~~ <u>88,565</u>	As incurred	Before opening	Your suppliers or Qualified Vendor
Immersion, Sales, Hospitality Leadership Certification Fees, ~~and Orientation Fees~~ (Note 10)	\$6,000	\$8,000	As incurred	Upon enrollment	Us
<u>Interior Design Waiver Fee (Note 11)</u>	<u>\$0</u>	<u>\$20,000</u>	<u>As incurred</u>	<u>Before opening</u>	<u>Us</u>
	<u>Low</u>	<u>High</u>			
<u>Architectural Design Review & Construction Services (Note 12)</u>	<u>\$0</u>	<u>\$20,000</u>	<u>As incurred and due at the time of request</u>	<u>Before opening</u>	<u>Us</u>
High Speed Internet Access for in-room, in- lobby, public areas and meeting rooms (Note ~~11~~ <u>13</u>)	\$10,000	\$20,000	As incurred	Before opening	Your supplier or Qualified Vendor
	<u>Low</u>	<u>High</u>			
Mandatory On- Premise	\$200	\$750	As incurred	Before opening	Qualified Vendor

Plaque				g	
Equipment for food preparation, fitness and laundry facilities	\$136,500	\$210,000	As incurred	Before opening	Your suppliers and/or Qualified Vendor
Professional Pre-Opening Photography	\$3,500	\$5,000	As incurred	Before opening	Qualified Vendor
Styling & Accessorizing (Note ~~12~~<u>14</u>)	\$8,000	\$10,000	As incurred	Before opening	Your suppliers
<u>Revenue Management Setup and Training Fee (either ChoiceMAX or Ideas G3)</u>	<u>\$2,500</u>	<u>\$4,500</u>	<u>As incurred</u>	<u>Before opening</u>	<u>Us</u>
Working Capital Required Before Operations Begin (Note ~~13~~<u>15</u>)	\$135,000	\$295,000	As incurred	Before opening	~~Us, your~~ <u>Your</u> suppliers, your employees, utilities, consultants
Additional Funds for 3-Month Initial Period (Note ~~14~~<u>16</u>)	\$75,000	\$150,000	Monthly payment for recurring fees; as incurred for other expenses	After opening	Us, your suppliers, your employees, utilities
TOTAL ESTIMATED INITIAL INVESTMENT (Note ~~15~~<u>17</u>)	~~\$8,924,896~~ <u>9,395,568</u>	~~\$23,760,460~~ <u>26,096,815</u>			
TOTAL COST PER ROOM (Based on 80 Rooms)	~~\$111,561~~ <u>117,445</u>	~~\$297,006~~ <u>326,210</u>			

Note 1: This table is an estimate of the initial investment required to construct and open a new construction hotel and the estimate provided is based on our experience and our brand standards. Estimates are based on an 80-guestroom hotel. The table does not include the cost of purchasing or leasing real estate, which cannot be estimated with any certainty due to variables such as location, acreage, terms and whether leased or purchased.

Note 2: Costs paid to Choice are not refundable, unless otherwise stated. Whether any costs paid to third parties are refundable will vary based on the particular third party and on where your hotel is located.

Note 3: The full affiliation fee is due at the time you sign the membership agreement and is non-refundable following our signing of the membership agreement. If for any reason we do not grant you a membership or a membership agreement is not countersigned by us, the affiliation fee, less a \$2,500 application fee, will be refunded.

Note 4: Professional Design Services includes costs that 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 5: 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. 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 6: These policies cover construction, General Liability, Cyber Liability, and Workers Compensation, including Statutory Workers Compensation and Employers Liability insurance, and must provide minimum limits per location of coverage as stated in the membership agreement.

Note 7: This amount does not include taxes, shipping, or installation costs.

Note 8: choiceADVANTAGE® software license and onboarding fees include the costs of the initial software license, onboarding, 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: Opening inventory of supplies includes linen, paper supplies and housekeeping supplies that meet our system requirements. It also includes supplies required to operate the hotel’s kitchen, fitness room, guest laundry, hotel laundry, and phone system.

Note 10: Immersion, Sales, and Leadership training includes the cost to attend the Upscale Immersion training, HOST Certification, and a Director of Sales Training. Our Upscale Immersion training fee is \$2,450 per attendee and covers 3 days of onboard training at our headquarters in North Bethesda, Maryland. Our Upscale HOST Certification Program fee is offered at \$1,395 per attendee and is a self- paced virtual program. [The Upscale Sales Success Workshop, which will be offered a few times throughout the year at a regional location or at our headquarters in North Bethesda, Maryland is recommended for your Director of Sales or on-property leader who leads sales efforts. The fee to attend the Sales Success Workshop is \\$1,600.](#) 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, your General Manager, or your Director of Sales have successfully completed the requisite training in the past 24 months for a new or existing hotel.

Note 11: [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 12: [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 construction inspection fee in reviewing your request.](#)

Note 13: The estimate of \$10,000-\$20,000 is based on a wired solution for a hotel that is to be newly constructed for the hotel size indicated. This estimate includes wiring, routers, software, server, splitters, etc. A wireless solution could range from \$4,500-\$9,500 depending upon the number of

access points, wiring to the access points, gateway, etc. You must also arrange and pay for the incoming broadband service, which is typically delivered by a commercial grade T-1 or Digital Subscriber Line (“DSL”). You may purchase this from any available broadband supplier; however, we reserve the right to require a single supplier as necessary to ensure that all hotels in the Choice franchise system meet required standards as well as to promote more efficient communications between Choice and your hotel. We currently estimate that the cost will range from \$1,800-\$12,800 per year. This estimate is based on the hotel size indicated and currently includes high speed internet access (delivered by a commercial grade T-1, DSL or a Fractional T-1) and 24/7 support provided by a third party with Tier I and Tier II levels. Your costs will vary depending upon bandwidth usage and your hotel’s size and location. Although we currently permit you to purchase these services from any available source, in the future we may require you to use a designated source, as necessary to maintain overall brand standards. We currently require you to use a designated Qualified Vendor to provide your High-Speed Internet Access solution.

Note [1214](#): Styling and accessorizing costs include the cost of decorative items and labor on site to install decorative items. These costs do not include consultant expenses, shipping, warehousing, or photo-styling activities.

Note [1315](#): We estimate that you will need this amount in working capital before the Hotel opens. This includes salaries that you will need to pay to your General Manager, salespeople, and other essential personnel. The actual amount of working capital you will need depends on a variety of factors, such as the number of paid employees you hire and their rate of pay, your own management and operational skills, economic conditions, and competition. The estimate in the table does not include loan origination points. The origination points you may be charged will depend on your specific lender and will vary by the loan type you select. Our experiences estimate that origination points have ranged between 1 and 2 percent of the amount borrowed. We also have not included real estate taxes, which will vary based on location and local real estate costs.

Note [1416](#): We based these estimates on our experience with hotel franchises and memberships, discussions with hotel businesspeople, and recent trends in pricing from other relevant companies.

Note [1517](#): This table does not include land costs or real estate taxes. In addition, your total investment may be higher if you are required to participate in our Re-Licensing Systems Training. This program is not required for all owners. The Re-Licensing Systems Training fee is \$995 and is payable only when a member hotel has changed ownership and the new owner signs a membership agreement with us. The Re-Licensing Systems Training fee covers the cost of 2 days of remote training concerning our proprietary choiceADVANTAGE property management and reservation system.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must equip the hotel with furniture, fixtures and equipment, bath and bed linens, draperies, bed coverings, floor coverings, wall coverings, lighting, ice machines, telephone systems and other amenities that meet our minimum standards. We may modify our standards in writing as we determine appropriate from time to time and may add new specifications or member guidelines, in writing, including any manuals or policies regarding, among other things, our standards and requirements for construction, equipment, furnishings, supplies, maintenance and marketing that are applicable to ASCEND hotels (“Rules and Regulations”).

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 an exclusive supplier or as an approved non-exclusive preferred vendor. Unless required by the Rules and Regulations, 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 [bedding](#), computer hardware, [food and beverage products](#), [FF&E packages](#), 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 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.

You ~~must~~ display ~~at your~~ [adjacent to the primary guest entrance of the](#) hotel an ASCEND plaque ~~near the front entrance to the hotel~~. If the ASCEND plaque does not conform to the hotel’s décor, we may approve a custom sign.

ASCEND members must also display ASCEND airline code (GDS code) on all promotional literature that is intended for use in the travel trade.

Except as described in this Item 8, ASCEND hotels are not currently required to use the ASCEND trademark. In the future, we may require you to clearly display the ASCEND trademark on all hotel-related brochures, letterheads, business cards, in-room stationery, promotional literature, advertising, press releases, websites and other significant promotional items that may be viewed by existing and potential clients.

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 (Membership Agreement Section 12). These written insurance policies include, at a minimum, the following coverage during construction or complete renovation of the hotel: commercial general liability insurance (including automobile liability, bodily injury and property damage) for all types of liabilities, together with the costs of defense and/or adjustments arising out of the operations to construct the hotel, providing limits of coverage of not less than \$1,000,000 per occurrence, and including 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; all-risk builder's insurance to insure the hotel buildings under construction to 100% of their replacement cost value; and a workers' compensation policy as required by statute. During the operation of the hotel, required insurance policies include, at a minimum: all-risk physical damage coverage insuring the hotel and its contents for full replacement costs; commercial automobile (including hired and non-owned automobile) and commercial general liability insurance policies written on an occurrence form, which must include contractual, products and completed operations, independent contractors, personal injury, property damage, bodily injury and host liquor liability coverage, together with the costs and expenses of the defense and/or adjustment of injury or damage, providing limits of coverage, per location, of not less than \$5,000,000 (\$10,000,000 to \$15,000,000 ~~if the hotel has 6 or more stories~~) ~~per occurrence; cyber liability insurance coverage that provides minimum coverage of \$1,000,000 per location~~ if the hotel has 6 or more stories) per occurrence; cyber liability insurance coverage that provides minimum coverage of \$1,000,000 per location; workers' compensation and employers' liability insurance with minimum employers liability limits of \$1,000,000 bodily injury by accident (each accident); \$1,000,000 bodily injury by disease (policy limit); and \$1,000,000 bodily injury by disease (each employee), whether or not required by the state where the hotel is located; dram shop/liquor liability insurance with limits of not less than \$5,000,000 per occurrence if alcoholic beverages are sold at the hotel (whether or not you own the establishment that sells alcohol); pollution/environmental legal liability insurance \$500,000 per pollution incident/\$1,000,000 aggregate, covering bodily injury, property damage, cleanup costs and defense costs arising from, or associated with, a pollution condition at a covered location. There will be no exclusion for carbon monoxide, and affirmative coverage for Legionella and microbial matter/mold; employment practices liability insurance \$1,000,000 limit, including \$1,000,000 third party coverage; and business interruption insurance that provides coverage for a minimum of three months in the event the hotel is not operational.

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 or Rules and Regulations), 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 (Group Purchasing Organization). 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. An average of \$500.00 per month in total applicable purchases is required. Properties that fail to meet the minimum purchasing requirements may be subject to a non-compliance fee. You will automatically become a member of a cooperative buying program at no additional cost to you. If you meet other eligibility requirements, you may receive a waiver from being a member of such program by completing and sending us the electronic waiver request 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~~2025, our total revenues were about ~~\$1,584.8~~\$1,596.8 million. Of this figure, revenues attributable to required purchases by franchisees of products and services were ~~\$67.7~~\$73.8 million, or about ~~4.27~~4.62% of our total revenues in ~~2024~~2025, 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 your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Membership 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	Not Applicable	Not Applicable	Not Applicable
(b) Pre-opening purchases/leases	Terms and Conditions, Sections 5(b), (e), & (f), 6(c)	Not Applicable	Not Applicable	Items 5, 7, 8 & 11

(c) Site development & other pre-opening requirements	Terms and Conditions, Sections 5(j), 6	Not Applicable	Not Applicable	Items 5, 6, 7, 8 & 11
(d) Initial & ongoing training	Terms and Conditions, Section 5(e)	Not Applicable	Not Applicable	Items 6, 7 & 11
(e) Opening	Terms and Conditions, Sections 2(e), 6	Not Applicable	Not Applicable	Item 11
(f) Fees	Section 5, Terms and Conditions, Sections 5, 8, 9, 10(c) & (d), 12, 16	Not Applicable	Section 3	Items 5, 6, 11 & 17
(g) Compliance with Standards & Policies/Operating Manual	Terms and Conditions, Sections 2(j), 4(a) & (b), 5, 10	Not Applicable	Not Applicable	Items 8 & 11
(h) Trademarks & proprietary information	Section 2(d), Terms and Conditions, Sections 2(a), 6(d), 7	COPYRIGHTS & TRADEMARKS	Section 8	Items 13 & 14
(i) Restrictions on products/services offered	Terms and Conditions, Sections 5(b), (c) & (d)	Not Applicable	Not Applicable	Items 8 & 16
(j) Warranty & customer service requirements	Terms and Conditions, Section 5(k)	WARRANTIES	Section 6	Not Applicable
(k) Territorial development and sales quotas	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(l) Ongoing product/service purchases	Terms and Conditions, Section 5	Not Applicable	Not Applicable	Item 8
(m) Maintenance, appearance and remodeling requirements	Terms and Conditions, Sections 6, 7, 8	Not Applicable	Not Applicable	Items 6, 8 & 11
(n) Insurance	Terms and Conditions, Section 12	Not Applicable	Not Applicable	Items 6, 7 & 8
(o) Advertising	Terms and Conditions, Section 6(d)	Not Applicable	Not Applicable	Items 6, 8 & 11
(p) Indemnification	Terms and Conditions, Section 13	INDEMNIFICATION	Section 7	NONE
(q) Owner's	Not Applicable	Not Applicable	Not Applicable	Item 15

Participation/ Management/Staffing				
(r) Records and Reports	Terms and Conditions, Sections 3, 6(c), 10(b)(v), 12(e)	Not Applicable	Not Applicable	Item 6
(s) Inspections and Audits	Terms and Conditions, Sections 3, 4(b), 5(g), 6(d)	Not Applicable	Not Applicable	Items 6 & 11
(t) Transfer	Terms and Conditions, Section 9	SOFTWARE USE AND SITE ACCESS; GENERAL	Section 10	Items 6 & 17
(u) Renewal	Not Applicable	Not Applicable	Not Applicable	Item 17
(v) Post-termination obligations	Terms and Conditions, Section 11	Not Applicable	Not Applicable	Items 6 & 17
(w) Non-competition covenants	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(x) Dispute resolution	Section 7, Terms and Conditions, Sections 16, 21, 22, 23	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 H). Note payment is due in one full lump sum generally within three 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 H.A. (the “Capital Support Note”). Generally, forgiveness of the Capital Support Note will be amortized over ~~a period~~the term of ~~10 or 20 years~~the Franchise Agreement (beginning on the Opening Date of your hotel or completion of a property improvement plan) using a straight-line method, so that the Capital Support Note will be completely forgiven upon the expiration of your Franchise Agreement 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).

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 the ASCEND Marks will be \$2,500 per room in the hotel (with a maximum of \$200,000). Each Incentive will be evidenced by a 10-year forgivable incentive promissory note (see Exhibit H.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 membership agreement upon signing of the membership 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 \$100,000. Each incentive will be evidenced by a 5 year Note in the same form attached as Exhibit H.B. 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 H.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 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 and, if applicable, you and~~

~~we must agree to waive our right to terminate the membership 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 an ASCEND member operating as part of the Choice franchise system at the time of purchase; and (3) enter into a membership agreement with Choice to re-license the hotel as an ASCEND member hotel, you will be granted a 50% discount on the then-current affiliation fee due in connection with your membership agreement. Franchisees that enter into membership 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 I 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 I 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 I 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 I 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 I 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. ASCENTIUM 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 ASCENTIUM

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 ASCENTIUM 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 I for ASCENTIUM CAPITAL LLC's additional rights and remedies.

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

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 I 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 I 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.

* * *

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. (Membership Agreement, Terms and Conditions Section 6.) We take into account 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 and any pre-application property improvement plan fees that you may have paid, and no membership agreement will be signed. The length of time between the signing of a membership agreement and the opening of a newly constructed hotel may vary depending on a number of variables and circumstances. Typically, the timetable for opening a newly constructed Ascend hotel may take between 18 and 24 months. For an existing hotel to be converted to an ASCEND hotel, the timetable 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 (Membership Agreement, Terms and Conditions, Section 6(c)).

CONSTRUCTION

If the hotel is to be newly constructed or your hotel is to be completely renovated, you must submit to us your architectural plans and drawings. We will review and comment on whether your preliminary drawings, final working drawings and architectural designs for the hotel satisfy our design specifications. Our approval of your designs does not ensure that they are adequate (Membership Agreement, Terms and Conditions, Section 6(c)).

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. (Membership Agreement, Terms and Conditions Section 4(d).)

You must submit your preliminary drawings for our approval at least 6 months before Construction Start, and final working drawings and final architectural designs for the hotel for our approval at least 3 months prior to Construction Start. If Construction Start does not commence within 6 months of our written approval of your final architectural designs for the hotel, then you must resubmit final architectural designs for approval at least 60 days prior to your revised Construction Start. Our review of your architectural designs is for compliance with our membership 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 (Membership Agreement, Terms and Conditions, Section 6(c)).

You must begin construction of your hotel as required by the Membership Agreement. Within 5

days after Construction Start, notify us that the Construction Start has occurred (Membership Agreement, Terms and Conditions, Section 6(c)(ii)), 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 (Membership Agreement, Terms and Conditions, Section 6(f)). Before you order any FF&E for your hotel, you must submit your design plans for our prior approval. Our design team will review these design plans, and we reserve the right to request and require any changes to ensure compliance with the Franchise Agreement, our brand standards, or the Rules and Regulations. Your prior submission of the design plans must comply with our then-requirements, including the submission of digital renderings, materials, swatches, and samples. Your failure to abide by this requirement may result in having to order new FF&E, a revised property improvement plan, or other action, including a default of the Membership Agreement.

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. (Membership Agreement, Section 6(o)). As described in the preceding paragraph above, you must submit your design plans for our prior approval.

RULES & REGULATIONS

Upon request, you may view the current Rules and Regulations at our proprietary intranet site, ChoiceConnect. Once you become an ASCEND 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 membership standards and other requirements by issuing revisions to the Rules and Regulations and other manuals that we may publish (Membership Agreement, Terms and Conditions, Section 5(a)). As of the date of this Disclosure Document, the Rules and Regulations were a minimum of 77 pages in length. The Table of Contents for our Rules and Regulations manual is attached as Exhibit J to this Disclosure Document.

OPENING SERVICES SUPPORT

Our Opening Services department will assist you to open your hotel in the Choice franchise system. 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 and Area](#) 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). 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 membership agreement. (Membership Agreement, Terms and Conditions, Section 6(s).)

TRAINING

TRAINING PROGRAM

We will provide training, as described below (Membership Agreement, Terms and Conditions, Section 5(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:

UPSCALE IMMERSION PROGRAM (Notes 1, 2, and 3)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Choice History, Culture, Family of Brands and Identities	1	None	Choice Headquarters, Pike & Rose
Upscale Segment: Brands and Identities, Key Programs & Hallmarks	1.5	None	Choice Headquarters, Pike & Rose
Upscale Service Culture	2	None	Choice Headquarters, Pike & Rose
Reputation Management & LTR	1	None	Choice Headquarters, Pike & Rose
Food & Beverage Service	~~1.5~~ <u>1</u>	None	Choice Headquarters, Pike & Rose
QAR & Compliance	1	None	Choice Headquarters, Pike & Rose
Staffing Models and Employee Relations	2	None	Choice Headquarters, Pike & Rose
Upscale Segment Support Model	2	None	Choice Headquarters, Pike & Rose
Revenue & Profitability Programs	1.5	None	Choice Headquarters, Pike & Rose
Marketing Tools & Support	2.5	None	Choice Headquarters, Pike & Rose
Loyalty	.5	None	Choice Headquarters, Pike & Rose
Sales: Training & Resources, Group & Global Sales, RFPs, Sales & Marketing Plans Local Marketing	~~1.5~~ <u>1</u> <u>1</u>	~~None~~ None	~~Choice Headquarters, Pike & Rose~~ Choice Headquarters, Pike & Rose
Technology & Resources	2	None	Choice Headquarters, Pike & Rose
Crisis Management & PR	.5	None	Choice Headquarters, Pike & Rose
Leadership & Accountability	1.5	None	Choice Headquarters, Pike & Rose
Action Planning & Wrap Up	2	None	Choice Headquarters, Pike & Rose
TOTAL	24	0.0	

Note 1: This training is required for all new hotels, conversions and transfers to new owners, or after new on-property leaders are hired, and must be completed to our satisfaction, for their

designated representatives, as well as any corporate level executives of an approved third-party management company that are responsible for the hotel operations. On-property leaders including the General Manager are required to attend. Some or all of the training may not be required if you, your General Manager or Director of Sales have successfully completed the requisite training in the past 24 months for a new or existing hotel. The Upscale Immersion Program is held ~~monthly~~several times each year at Choice's headquarters in North Bethesda, Maryland.

Note 2: Instructional materials for the Immersion Program include handouts or electronic training materials and videos. The Upscale Immersion Program is led by a Choice University Facilitator and Upscale Area Directors. Members of other Choice Hotels International teams, (including, but not limited to: Brand Strategy and Management, Upscale Operations and Commercial teams, Choice Privileges, Global Sales, Compliance, Procurement, Distribution and Revenue Management), provide expertise during the Upscale Immersion sessions. Instructors' experience ranges from 10 years to 30+ years.

Note 3: If required, you and your designated representatives must attend within 90 days of opening in the Choice franchise system or in the event of a key leadership turnover. The cost of the training classes is \$2,450 per attendee, plus travel, lodging and meals while attending the 3-day Upscale Immersion Program at our Choice corporate headquarters in North Bethesda, Maryland. Instructional materials are included. Every time a hotel changes owners and the new owners sign a franchise agreement with Choice (known as a "re-licensing"), the new owners must attend the Upscale Immersion Program unless they have attended the Upscale Immersion Program for another hotel within the last 36 months. The Upscale Immersion Program includes information and training on critical elements of operating a hotel including information on Choice's property management systems, our proprietary intranet site, guest service, quality assurance and other important topics.

Your Area Director may require your attendance at this Upscale Immersion Program, at any time, based on less than expected results at an open and operating hotel. Attendance at the Upscale Immersion Program is mandatory. Failure to attend within the prescribed time frame may result a formal default under the franchise agreement, and failure to cure the formal default could result in the termination of your franchise agreement.

* * *

You must have a certified General Manager at your hotel. We will provide our Certified General Manager training under the HOST program, as described below.

You must have at least one hotel staff member who is in a managerial role and is present on the hotel premises operations certified by attending the HOST program. We will provide our operations certification training under the HOST program, as described below:

UPSCALE HOSPITALITY OPERATIONS SUCCESS TRAINING (HOST) - LEADERSHIP CERTIFICATION

(Note)

AGENDA	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Self-Paced Online Modules, videos, and job aids covering: 1) ~~Upscale Brand Service~~		NONE	Any location with internet

~~Expectations, Hallmarks~~<u>Brands, Brand/Corporate Programs</u> 2) ~~Upscale-specific Operations Management~~<u>Quality Assurance and Compliance</u> 3) ~~Upscale-Sales Operations~~<u>Choice Systems and Resources</u> ~~4) F&B Operations~~ <u>4) 5) Distribution and Reservations</u> <u>5) 6) Reputation Management</u> <u>6) 7) Driving Revenue</u> <u>7) 8) Profitability</u> ~~9) Choice Systems and Resources~~ <u>8) 10) Crisis/Emergency Management</u> <u>9) 11) Lodging Legal Fundamentals</u> <u>10) 12) Leadership</u>	12		access

Live Online Virtual Workshops and related activities covering: 1) Local Sales 2) Responding to Reviews 3) Online Engagement 4) Digital Presence 5) Profitability, ~~Financial Management~~ 6) Leadership 7) Housekeeping Operations 8) Maintenance Operations	12	None	Any location with internet access

AGENDA	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE JOB TRAINING	LOCATION
~~Self-Paced Online Modules, videos, and job aids covering:~~ ~~1) Upscale Brand Service Expectations, Hallmarks~~ ~~2) Upscale-specific Operations Management~~ ~~3) Upscale-Sales Operations~~		NONE	Any location with internet access

4)F&B Operations 5)Distribution 6)Reputation Management 7)Driving Revenue 8)Profitability 9)Choice Systems and Resources 10)Crisis/Emergency Management 11)Lodging Legal Fundamentals 12)Leadership	12		
Online Exams covering: 1) Hotel and Business Operations 2) Systems and Distribution 3) Sales, Revenue, and Profitability	3	None	Any location with internet access
Discipline Content (based on role)	6-8		
TOTAL	27-35		

Note 1: This training is required for all General Managers and recommended for Directors of Sales and other on-property leaders and must be completed to our satisfaction. The HOST Program is offered virtually, consisting of self-paced online lessons, live interactive virtual workshops, virtual office hours, and exams. Our Hospitality Leadership Certification Program fee is \$1,395. [A HOST-certified manager must keep their certification current each year by staying active on ChoiceU.com and fulfilling all continuing education and program requirements set by the HOST program.](#)

* * *

In addition, we will provide training Sales Certification Program, as described below:

SALES TRAINING PROGRAM (NOTES 1 AND 2)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
~~Foundations of Sales: Self-Paced Online Modules with topics to include:~~ 1)Hotel Buyers Process 2)Guest Segmentation 3)Research Tools 4)The Booking Process 5)Key Buying Criteria 6)Market Segmentation and Tracking 7)Front Desk Sales 8)Responsive Sales	2-5	None	Any location with internet access or at an open and operating Choice branded hotel
Advanced Sales: Self-Paced	12	None	Any location with internet access

Online Modules with topics to include: 1)Strategies for Selling Locally 2)The Basics of Internet Prospecting 3)Learning to Ask Qualifying Questions 4)Conducting a Sales Blitz 5)Competitive Assessment and SWOT Analysis 6)The Cost of Not Selling: Sales Cost Opportunity Displacement 7)Request for Proposals (RFP) 8)Group Business 9)Revenue Management Strategies for Group Business 10)Corporate Group Segments 11)Partnering with Global Sales to Drive Corporate Business			or at an open and operating Choice branded hotel
TOTAL	14.5	0	

Note 1: ~~The Sales curriculum is optional and is designed to help hoteliers sharpen their sales skills by building a knowledge foundation, then advanced skills, and live interaction and skill practice. The fee for advanced, immersive training will not exceed \$500.~~

Note 2: ~~Instructors for the Sales curriculum includes Choice University Learning Professionals and Franchise Services Area Directors. Each instructor has a minimum of 10 years of hotel operations, sales, and training experience. All instructional materials are included in any training fee, including participant guides, case studies, and presentations~~

The Upscale Sales Certification will be offered for Director of Sales roles and other key roles who lead or support sales effort on-property. The certification program consists of self-paced learning tracks and attendance at the in-person Upscale Sales Success Workshop training regionally or at our headquarters in North Bethesda, Maryland is a requirement of the certification. The fee is \$1,600 per attendee and is held regionally or at our headquarters in North Bethesda, Maryland.

* * *

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

RE-LICENSE 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~~ Upon re-licensing, Choice may require the new owners to attend the other Choice training, as detailed above and below, at the earliest available session. Some or all of the training may not be required if you have previously owned an upscale Choice branded hotel. Failure to attend within the prescribed time frame may result in a formal default under your franchise agreement, and failure to cure the formal default could result in the termination of your franchise agreement.

* * *

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.

At some point, Choice may also require additional mandatory Food & Beverage and Retail Training for General Managers and/or a designated management representative.

The training materials described above have been developed and produced by Choice University

Learning Professionals with an average experience of 15 plus years.

* * *

We will also provide choiceADVANTAGE® onboarding, 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
<u>Day One</u> • <u>Setup and configure hardware</u> • <u>Guide the Property Contact through</u> ◦ <u>Basic functions of choiceADVANTAGE®</u> ◦ <u>Adding Future Reservations</u> ◦ <u>Pre-Paid Reservations</u> ◦ <u>Company Profiles</u> ◦ <u>House Accounts</u> ◦ <u>Groups</u> ◦ <u>Accounts Receivable</u> ◦ <u>Setting Restrictions</u> ◦ <u>Housekeeping/Maintenance</u>	<u>8-10</u>	<u>Remotely</u>
<u>SUBJECT</u>	<u>HOURS OF ON THE JOB TRAINING</u>	<u>LOCATION</u>
~~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	~~8-10~~	~~Remotely~~

- o Special Request Inventory - o Room Configuration - o Cashier Shifts - o Tax Configuration - o Transaction Code Configuration - o Credit Card Surcharge - o Recurring Charges - o Night Audit Report - o Housekeeping Schedule • Understanding and using reports • Rates Center overview • choiceADVANTAGE® User Admin set-up and overview • ~~ChoiceCentral.com~~ChoiceConnect overview • Utilizing Choice resources		
SUBJECT	HOURS OF ON-THE JOB TRAINING	LOCATION
• ~~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 is 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 \$8,000. 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.

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:

QUALITY ASSURANCE

We may administer a mystery shopper program or quality assurance review that may include periodic visits to your hotel (by us or authorized third parties) and/or guest satisfaction surveys to evaluate your compliance with your membership 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 membership agreement and/or the Rules and Regulations (Membership Agreement, Terms and Conditions, Section 4(b)). Members who fail to improve on identified quality issues may be subject to consequences ranging from written warnings, non-compliance penalties, attendance at mandatory training programs, reservation suspension, and ultimately to the termination of the membership agreement. We may also require a member to hire a third party Qualified Vendor to do a deep cleaning of the Hotel if a member has repeatedly failed quality assurance reviews and the hotel's likelihood to recommend (LTR) score falls below the brand specific standard.

MARKETING AND RESERVATIONS

We will provide an ~~advanced~~advance reservation system for your hotel and other Choice branded or member hotels using the Marketing and Reservation Fee that you will pay each month during the term of your membership agreement.

ASCEND members must participate in and honor the terms of any loyalty, discount or promotional program and pay any fees associated with such program (Membership Agreement, Terms and Conditions, Section 5(i)). Members will be required to offer one (1) complimentary room night for every ten (10) rooms at the hotel (with a maximum of fifty (50) room nights per year) for visits by Choice staff and for sales, marketing and other promotional activities.

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~~2025, there were no ASCEND company-owned outlets. See Item 6 for a description of the Marketing and Reservation Fee.

You must display at your hotel an ASCEND plaque near the front entrance to the hotel. If the ASCEND plaque does not conform to the hotel's décor, we may approve a custom sign.

ASCEND hotels that elect to use an ASCEND trademark on hotel-related brochures, letterheads, business cards, in-room stationery, promotional literature, advertising, press releases, websites and other significant promotional items that may be viewed by existing and potential clients must use the ASCEND trademarks in conformity with membership standards, including proper trademark usage.

ASCEND members must also display ASCEND airline code (GDS code) on all promotional literature that is intended for use in the travel trade.

Currently, the Choice Hotels Owners Council, the Econo Lodge Franchise Association and the Rodeway Owners' Association administer 13 voluntary regional marketing cooperatives ("Marketing Cooperatives"), which we support. Each Marketing Cooperative establishes 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. As of the date of this Disclosure Document, participation in the Marketing Cooperatives is voluntary, and you may opt out on an annual basis. However, we may require participation in the Marketing Cooperatives in the future and we have the right to audit the Marketing Cooperatives 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 (our Marketing and Communications department) or through ChoiceNow, typically within 10 business days after you submit your materials to us for review. The SmartMarketing program provides marketing and promotional materials that help you promote your hotel professionally and within brand standards. The fee for customizing ~~some~~materials is free. Some materials (for example, business cards and sales flyers) ~~ranges~~range from \$0 to \$45 to print and ship. We are not required to use any portion of the Marketing and Reservation Fee for advertising in your area. You are not required to participate in any local or regional advertising program or cooperatives.

Any website created for your hotel must follow the Choice Property Website Guidelines, Internet Distribution Policy and Domain Name Policy. We retain the right to pre-approve your hotel's website design and use of linking between your internet webpages (or other networks) and all other websites. 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 ~~membership agreement~~Membership 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 ~~2023~~2025, approximately ~~15.4~~36.6% of all Marketing and Reservation Fees collected from the Choice Franchise System was spent on media and other advertising, ~~7.8% on the Choice Privileges Loyalty Program, which includes national advertising (broadcast and digital), 69.3%~~including national advertising (broadcast and digital), 3.5% on the Choice Privileges Loyalty Program, 51.6% on marketing and distribution (for example, reservations services, global sales, ~~eCommerce~~, publicity, research & analytics), and ~~7.5~~8.3% 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.

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 -- \$6,000 (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~~4,900 - ~~\$10,800~~14,000 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~~4,900 - \$14,000 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.

PHOTOGRAPHY

Prior to opening or within 30 days of the opening of your Hotel, you are required to retain a professional photography to take photos and provide a virtual tour of your Hotel from one of our qualified vendors. The cost is dependent upon the selection by you of a qualified vendor. We estimate that this cost may range between \$3,500 to \$5,000 or more, depending upon the selection of the qualified vendor and photography options selected by you.

INDEPENDENT PROPERTY WEBSITE

You may purchase and maintain a brand approved third party vanity website from one of our qualified vendors. You must obtain ongoing support from an approved vendor, or an alternative selected by the Brand Management Team. As of the date of this Disclosure Document, we estimate that the annual

ongoing support and maintenance fee from one of our approved vendors is between \$4,000 and \$10,000 yearly. If you are currently utilizing a non-qualified vendor, you are allowed to continue with that service until your agreement expires, at which time you are required to switch to one of our qualified vendors to manage your property website.

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 (Membership Agreement, Terms and Conditions, Section 8).

ITEM 12 TERRITORY

We grant memberships 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 exclusive 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 membership agreement, including failing to maintain quality standards or failing to pay fees due on a timely basis.

We expressly reserve the right to grant franchises and memberships or open company owned hotels at any location under any brand name or membership other than the location specified in your membership agreement. We may open company-owned hotels under any brand and offer hotel franchises or memberships for upscale, mid-priced and budget hotels under any of the Choice Marks.

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

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 (see Item 11). We, our affiliates, franchisees and members can use Alternative Distribution Channels to make sales anywhere (including within your territory, if applicable) of products or services under trademarks different from the trademarks that you are permitted to use under your membership agreement. See Item 1 for additional information on other Choice brands.

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

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 POINTE®, COMFORT INN®, COMFORT INN & SUITES®, COMFORT SUITES®,~~ COUNTRY INN & SUITES® BY RADISSON, ECONO LODGE®, ~~ECONO LODGE INN & SUITES®,~~ EVERHOME SUITES®, MAINSTAY SUITES®, PARK INN® BY RADISSON, QUALITY-~~INN®, QUALITY INN & SUITES®, QUALITY SUITES®, QUALITY HOTEL®, QUALITY RESORT®,~~ RADISSON®, RADISSON BLU®, RADISSON INDIVIDUALS®, RODEWAY INN®, ~~RODEWAY INN & SUITES®, SLEEP INN®, SLEEP INN & SUITES®,~~ SUBURBAN STUDIOS® ~~AND~~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 membership 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 or that have pending applications on the Principal Register of the U.S. patent and Trademark Office that correspond to the membership you may be granted to use in your membership agreement:

MARK	<u>APPLICATION/ REGISTRATIO N-~~NUMBER~~ NO.</u>	<u>APPLICATION/ REGISTRATIO N DATE</u>	<u>STATUS</u>
ASCEND	4275921	15-Jan-2013	<u>Registered</u>
~~ASCEND HOTEL~~ ACEND COLLECTION	~~3577603~~ 9911989 0	~~17-Feb-2009~~ 03-Apr- 2025	<u>Pending</u>
~~ASCEND RESORT COLLECTION~~	4467665	14-Jan-2014	

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®,~~ COMFORT HOTEL®, COMFORT INN®, COMFORT INN & SUITES®, COMFORT RESORT®, COMFORT SUITES®,

COUNTRY INN & SUITES® BY RADISSON, ECONO LODGE®, ECONO LODGE INN & SUITES®, EVERHOME®, EVERHOME SUITES®, MAINSTAY®, MAINSTAY SUITES®, PARK INN®, ~~PARK INN®~~ BY RADISSON-~~RESIDENCES~~, PARK 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®, 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 membership agreement; and (3) without claiming any property right in the Choice Marks during or after the term of your membership 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 membership 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.

We may require your hotel to use a secondary name or an identifying descriptor (“Secondary Name”) in addition to the primary brand name. The Secondary Name may be assigned, modified, or withdrawn by us in our sole discretion as part of our brand standards and system-wide naming conventions. You may request a proposed Secondary Name, but any requested Secondary Name is subject to our approval in accordance with our naming policies and standards. You must use the Secondary Name we assign and must discontinue use upon our notice. You are solely responsible for ensuring that your use of the Secondary Name complies with all applicable trademark, copyright, and

other intellectual property laws. You agree to promptly provide us with copies of any notice or communication from a third party alleging or challenging your right to use the Secondary Name.

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 membership 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 membership agreement, the Rules and Regulations, or as otherwise authorized by us, you may never – during the term of your membership agreement or after your membership 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 membership agreement, the Rules and Regulations, and those identifying brand or membership 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 FRANCHISE 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 under HOST 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.

If your hotel does not meet certain performance metrics, we may require that you contract with a hotel management company that is pre-approved by us to operate your hotel.

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

MEMBERSHIP AGREEMENT

PROVISION	SECTION IN MEMBERSHIP AGREEMENT	SUMMARY
a. Length of the membership term	Section 4	Term is 20 years from the Opening Date, subject to (f) below. If you are entering into a replacement membership agreement for your existing Ascend brand hotel, we have the discretion to offer you a term of less than 20 years.
b. Renewal or extension of the term	Not Applicable	No provision for renewal after the 20 year term expires.
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Section 4	If we are in default of material obligations, you may terminate the Membership Agreement, if after 60 days written notice, we have failed to cure the default.
e. Termination by us without cause	Section 4	Not applicable
f. Termination by us with cause	Terms and Conditions, Sections	We may terminate if you are in default and fail to cure within the applicable time period.

	10(a) and (b)	
g. "Cause" defined – curable defaults	Terms and Conditions, Section 10(a)	You have 10 days to cure non-payment of fees and non-submission of reports and 30 days to cure any other breach of your obligations under the membership agreement.
h. "Cause" defined – non- curable defaults	Terms and Conditions, Section 10(b)	Non-curable defaults: threat of danger due to condition of hotel; abandonment; loss of possession; criminal behavior; unauthorized transfer; knowingly false statements on application, submission of false reports or maintenance of false books and records; failure to open hotel; becoming insolvent or making a general assignment for the benefit of creditors; failure to maintain the required insurance coverage; we send you 2 notices of default for the same or similar cause in any consecutive 12 month-period, whether or not cured; failure to begin construction or renovation of the hotel on or before the required date or failure to begin or complete construction or renovation of the hotel on or before the required dates; failure to complete required property improvements by their deadlines; engaging in conduct that damaged our brand; unauthorized disclosure of confidential information; or breach of another agreement with us or our affiliates, or relating to the possession of the hotel.
i. Your obligations upon termination/non-renewal	Terms and Conditions, Sections 10(d) and 11	Obligations include complete de-identification; payment of all fees due; cancellation of any assumed name filing containing any Choice Marks; return of all materials we provided for the operation of the hotel and payment of any damages as a result of enforcing Section 10 or 11 of the membership agreement.
j. Assignment of contract by us	Terms and Conditions, Section 9	No restrictions on our right to assign.
k. "Transfer" by you- defined	Terms and Conditions, Section 9	Includes sale, assignment, lease, or other encumbrance of the membership agreement, the hotel, or ownership change.
l. Our approval of transfer by you	Terms and Conditions, Section 9	We must approve all transfers of more than 5% of the ownership interest in the hotel with certain exceptions.
m. Conditions for our approval of transfer	Terms and Conditions, Section 9	You and the transferee must comply with all reasonable conditions we require, including the transferee signing the then-current form of membership agreement and paying the then-current affiliation fee.
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	Terms and Conditions, Section 20(h)	The membership agreement may only be modified in writing and signed by both parties.
t. Integration/merger clause	Terms and Conditions, Section 20(k)	Only the terms of the membership agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and membership agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Terms and Conditions, Section 21	Except for certain claims, all disputes must be arbitrated, subject to Maryland law.
v. Choice of forum	Terms and Conditions, Section 21	Arbitration must be in Maryland (subject to state law). See Exhibit D, Addenda to the Membership Agreement.
w. Choice of law	Terms and Conditions, Section 20(a)	Maryland law applies (subject to state law). See Exhibit D, Addenda to the membership agreement.
x. Other – Liquidated Damages	Terms and Conditions, Sections 10(d) and 11(a)	If we terminate the membership agreement due to your default, or if you use our trademarks after the membership agreement is terminated, you may be subject to liquidated damages.

choiceADVANTAGE® SOFTWARE TERMS OF USE

PROVISION	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 membership 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 membership agreement.
f. Termination by us	TERMINATION	We may terminate if you are in default.

with “cause”		
g. “Cause” defined – curable defaults	Not Applicable	
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 membership 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 membership agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and membership agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Not Applicable	
w. Choice of law	GOVERNING LAW	Maryland law applies (subject to state law) except the Maryland Uniform Computer Information

ITEM 18

PUBLIC

FIGURES

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

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.

The tables below provide certain historic performance information for ASCEND Hotels operating in the United States. As of December 31, ~~2024~~2025, there were ~~182~~184 open and operating ASCEND hotels in the United States. Of these ~~182~~184 hotels, all were franchised ASCEND hotels and ~~133~~142 were ASCEND hotels that met the definition of the 12 Month Performance Sample. The "12 Month Performance Sample" means all ASCEND hotels that were open and operating as of December 31, ~~2024~~2025 and that were franchised by Choice and operating on or before January 1, ~~2024~~2025, including ASCEND hotels that operate on a seasonal basis, and excluding hotels that: (1) repositioned from another Choice brand to ASCEND during the period beginning January 1, ~~2024~~2025 and ending December 31, ~~2024~~2025; (2) had incomplete performance numbers (e.g., missing supply, demand and revenue information) for at least 30 days during the period beginning January 1, ~~2024~~2025 and ending December 31, ~~2024~~2025; and (3) experienced an interruption in operations (for example, due to renovation or natural disaster) of more than 30 consecutive days during the period beginning January 1, ~~2024~~2025 and ending December 31, ~~2024~~2025. In addition, from April 1, 2005 through April 30, 2008, we offered franchises under the name CLARION COLLECTION. We began the similar offering called ASCEND in 2008 and we no longer offer CLARION COLLECTION franchises. As of December 31, ~~2024~~2025, there were three CLARION COLLECTION memberships that had not converted to ASCEND, and the financial performance data for these three CLARION COLLECTION memberships have not been included in the following tables or in the Performance Sample. We also excluded hotels where we have entered into distribution agreements, since these properties are not traditional franchise hotels.

Additionally, of these ~~182~~184 open and operating ASCEND hotels, there were ~~116~~122 hotels that met the definition of the 24 Month Performance Sample. The "24 Month Performance Sample" means all ASCEND hotels that were open and operating as of December 31, ~~2024~~2025 and that were franchised by Choice and operating on or before January 1, ~~2023~~2024, including ASCEND hotels that operate on a seasonal basis, and excluding hotels that: (1) repositioned from another Choice brand to ASCEND during the period beginning January 1, ~~2023~~2024 and ending December 31, ~~2024~~2025; (2) had incomplete performance numbers (e.g., missing supply, demand and revenue information) for at least 30 days during the period beginning January 1, ~~2023~~2024 and ending December 31, ~~2024~~2025; and (3) experienced an interruption in operations (for example, due to renovation or natural disaster) of more than 30 consecutive days during the period beginning January 1, ~~2023~~2024 and ending December 31, ~~2024~~2025.

There were no ASCEND hotels that closed during Year ~~2024~~2025 after being open less than 1 year.

12 Month Performance Sample

Table 1: For Year Ended December 31, ~~2024~~2025 - Average Occupancy Rate, ADR, RevPAR, Total Choice ~~Enterprise~~Proprietary Contribution, Choice Privileges Contribution, and Choice Privileges ADR for ASCEND Hotels in the 12 Month Performance Sample

	Aggregate or Average	Median	Low	High	Hotels Meeting or Exceeding Average	
Total Open and Operating Hotels	~~182~~ <u>184</u>					
Performance Sample	~~133~~ <u>142</u>				Count	Percent
Average Occupancy Rate	~~54.2%~~ <u>53.3%</u>	~~56.3%~~ <u>54.5%</u>	~~21.7%~~ <u>20.4%</u>	~~98.3%~~ <u>98.8%</u>	~~76~~ <u>74</u>	~~57.1%~~ <u>52.1%</u>
Average Daily Rate	~~\$152.53~~ <u>\$151.56</u>	~~\$149.41~~ <u>\$146.34</u>	~~\$70.33~~ <u>\$83.87</u>	~~\$353.96~~ <u>\$366.51</u>	~~62~~ <u>65</u>	~~46.6%~~ <u>45.8%</u>
Revenue per Available Room ("RevPAR")	~~\$82.71~~ <u>\$80.71</u>	~~\$81.90~~ <u>\$76.34</u>	~~\$22.91~~ <u>\$27.70</u>	~~\$239.48~~ <u>\$248.04</u>	66	~~49.6%~~ <u>46.5%</u>
Total Choice ~~Enterprise~~ Proprietary Contribution	~~80.6%~~ <u>45.8%</u>	~~80.5%~~ <u>46.9%</u>	~~46.9%~~ <u>20.8%</u>	~~100.0%~~ <u>70.4%</u>	~~66~~ <u>78</u>	~~49.6%~~ <u>54.9%</u>
Choice Privileges Contribution	~~45.2%~~ <u>45.0%</u>	~~42.9%~~ <u>44.2%</u>	~~20.0%~~ <u>13.4%</u>	~~100.0%~~ <u>75.1%</u>	~~58~~ <u>69</u>	~~43.6%~~ <u>48.6%</u>
Choice Privileges Average Daily Rate	~~\$157.38~~ <u>\$157.31</u>	~~\$152.10~~ <u>\$148.27</u>	~~\$71.65~~ <u>\$84.45</u>	~~\$383.89~~ <u>\$410.19</u>	~~62~~ <u>60</u>	~~46.6%~~ <u>42.3%</u>

24 Month Performance Sample

Table 2: For Year Ended December 31, ~~2024~~2025 - Average Occupancy Rate, ADR, RevPAR, Total Choice ~~Enterprise~~Proprietary Contribution, Choice Privileges Contribution, and Choice Privileges ADR for ASCEND Hotels in the 24 Month Performance Sample

	Aggregate or Average	Median	Low	High	Hotels Meeting or Exceeding Average

	Aggregate or Average	Median	Low	High	Hotels Meeting or Exceeding Average	
Total Open and Operating Hotels	~~182~~ <u>18</u> <u>4</u>					
Performance Sample	~~116~~ <u>12</u> <u>2</u>				Count	Percent
Average Occupancy Rate	~~55.5%~~ <u>55.4</u> <u>%</u>	~~56.9%~~ <u>57.1%</u>	~~24.8%~~ <u>22.5</u> <u>%</u>	~~98.3%~~ <u>98.8</u> <u>%</u>	~~63~~ <u>66</u>	~~54.3%~~ <u>54.1</u> <u>%</u>
Average Daily Rate	~~\$154.47~~ <u>154.7</u> <u>0</u>	~~\$150.83~~ <u>152.55</u>	~~\$70.54~~ <u>83.8</u> <u>7</u>	~~\$353.96~~ <u>366.5</u> <u>1</u>	~~52~~ <u>58</u>	~~44.8%~~ <u>47.5</u> <u>%</u>
Revenue per Available Room (“RevPAR”)	~~\$85.73~~ <u>85.63</u>	~~\$83.98~~ <u>82.50</u>	~~\$23.25~~ <u>30.8</u> <u>6</u>	~~\$239.48~~ <u>248.0</u> <u>4</u>	~~55~~ <u>58</u>	~~47.4%~~ <u>47.5</u> <u>%</u>
Total Choice Enterprise Proprietary Contribution	~~79.6%~~ <u>46.4</u> <u>%</u>	~~80.5%~~ <u>47.4%</u>	~~46.9%~~ <u>21.6</u> <u>%</u>	~~98.2%~~ <u>70.4</u> <u>%</u>	~~60~~ <u>68</u>	~~51.7%~~ <u>55.7</u> <u>%</u>
Choice Privileges Contribution	~~44.8%~~ <u>45.4</u> <u>%</u>	~~42.3%~~ <u>45.1%</u>	~~20.0%~~ <u>13.4</u> <u>%</u>	~~76.9%~~ <u>75.1</u> <u>%</u>	~~48~~ <u>56</u>	~~41.4%~~ <u>45.9</u> <u>%</u>
Choice Privileges Average Daily Rate	~~\$159.40~~ <u>160.9</u> <u>9</u>	~~\$155.82~~ <u>152.00</u>	~~\$71.65~~ <u>84.4</u> <u>5</u>	~~\$383.89~~ <u>410.1</u> <u>9</u>	~~52~~ <u>55</u>	~~44.8%~~ <u>45.1</u> <u>%</u>

12 Month Performance Sample Above Brand LTR

Table 3: For Year Ended December 31, 2025 - Average Occupancy Rate, ADR, RevPAR, Total Choice Proprietary Contribution, Choice Privileges Contribution, and Choice Privileges ADR for ASCEND Hotels in the 12 Month Performance Sample with a Likelihood to Recommend (“LTR”) Score Above the Brand Average

	<u>Aggregate or Average</u>	<u>Median</u>	<u>Low</u>	<u>High</u>	<u>Hotels Meeting or Exceeding Average</u>	
<u>Performance Sample</u>	<u>75</u>				<u>Count</u>	<u>Percent</u>
<u>Average Occupancy Rate</u>	<u>58.2%</u>	<u>58.6%</u>	<u>27.4%</u>	<u>98.8%</u>	<u>38</u>	<u>50.7%</u>
<u>Average Daily Rate</u>	<u>\$161.21</u>	<u>\$155.73</u>	<u>\$87.14</u>	<u>\$289.54</u>	<u>34</u>	<u>45.3%</u>
<u>Revenue per Available</u>	<u>\$93.77</u>	<u>\$90.04</u>	<u>\$35.50</u>	<u>\$248.04</u>	<u>34</u>	<u>45.3%</u>

Room ("RevPAR")						
Total Choice Proprietary Contribution	<u>47.7%</u>	<u>48.3%</u>	<u>20.8%</u>	<u>70.4%</u>	<u>40</u>	<u>53.3%</u>
Choice Privileges Contribution	<u>46.9%</u>	<u>46.9%</u>	<u>13.4%</u>	<u>75.1%</u>	<u>37</u>	<u>49.3%</u>
Choice Privileges Average Daily Rate	<u>\$167.11</u>	<u>\$154.60</u>	<u>\$87.30</u>	<u>\$315.38</u>	<u>31</u>	<u>41.3%</u>

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

"Average Occupancy Rate" is the percentage of available guest rooms actually occupied by guests. "Average Daily Rate" is the gross room revenue divided by the number of occupied guest rooms. "RevPAR" is the gross room revenue divided by available guest rooms.

"Total Choice ~~Enterprise~~ Proprietary Contribution" is the average of each hotel's revenue generated through the CRS ~~(including online travel agent bookings with whom we have negotiated relationships)~~ and non- CRS marketing channels, including members of our Choice Privileges and affiliated guest loyalty programs that booked directly with Choice Hotels branded properties as well as reservation revenue from wholesale group accounts and global sales accounts, excluding online travel agent bookings and cancelled reservations, divided by that hotel's gross room revenues.

"Choice Privileges Contribution" is the average percentage of gross room revenue attributable to members of Choice Privileges, or other affiliated programs, who occupy and pay for guest rooms and are awarded Choice Privileges or airline points for their stays or redeem points for a reward night.

"Choice Privileges Average Daily Rate" is the Average Daily Rate for reservations generated through our Choice Privileges guest loyalty program and other affiliated loyalty programs, including airline loyalty programs, excluding cancelled reservations.

"Likelihood to Recommend" or LTR is a guest satisfaction metric used by Choice Hotels to measure the likelihood that a guest would recommend a hotel to others. LTR scores are derived from responses to Choice-administered guest satisfaction surveys sent to guests following their stay (and, for longer stays, periodic in-stay surveys). Only surveys conducted and approved under Choice Hotels' internal guest feedback processes are included in the LTR calculation; third-party review sites and social media reviews are not considered. For purposes of this Item 19, references to hotels performing "above the brand average" mean hotels that achieved an LTR score greater than the brand average LTR score during the applicable measurement period.

* * *

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

The financial performance representations in the above tables do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your hotel. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

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 franchised ASCEND hotels have earned the results indicated above. 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 No. 1
ASCEND-~~HOTEL~~ COLLECTION and ASCEND RESORT COLLECTION
System-wide Outlet Summary For Years ~~2022~~2023 to ~~2024~~2025*

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2022~~	~~17~~	~~17~~	~~-4~~
	2023	8	4	+3
	2024	174	177	+5
	<u>2025</u>	<u>182</u>	<u>184</u>	<u>+2</u>
Company Owned	~~2022~~	~~0~~	~~0~~	~~0~~
	2023	0	0	0
	2024	0	0	0
	<u>2025</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets**	~~2022~~	~~17~~	~~17~~	~~-4~~
	2023	8	4	+3
	2024	174	177	+5

	<u>2025</u>	<u>182</u>	<u>184</u>	<u>+2</u>

*As of December 31, for each year.

**As stated in Item 19 above, excluded in these Item 20 tables are the three CLARION COLLECTION franchises, as well as hotels with distribution agreements with us.

Table No. 2
Transfers of ASCEND-~~HOTEL~~ COLLECTION and ASCEND RESORT COLLECTION Outlets
from Franchisees to New Owners
(Other than the Franchisor) For Years ~~2022~~2023 to 20242025*

State**	Year	Number of Transfers
Arizona	~~2022~~	~~1~~
	~~2023~~	~~0~~
	~~2024~~	~~0~~
Arkansas	~~2022~~	~~0~~
	2023	1
	2024	0
	<u>2025</u>	<u>0</u>
California	~~2022~~	~~0~~
	2023	0
	2024	2
	<u>2025</u>	<u>0</u>
Colorado	~~2022~~	~~0~~
	2023	0
	2024	1
	<u>2025</u>	<u>0</u>
Florida	~~2022~~	~~1~~
	~~2023~~	~~0~~
	~~2024~~	~~0~~
Iowa	~~2022~~	~~1~~
	~~2023~~	~~0~~
	~~2024~~	~~0~~
Maine	~~2022~~	~~0~~
	2023	1
	2024	1

	<u>2025</u>	<u>0</u>
Mississippi	2022	1
	2023	0
	2024	0
New Hampshire	2022 <u>20</u> <u>23</u>	<u>10</u>
	2023	0
	2024	0
	<u>2025</u>	<u>2</u>
New York	2022	1
	2023	0
	2024	1
	<u>2025</u>	<u>1</u>
Ohio	2022	1
	2023	0
	2024	0
Pennsylvania	2022	2
	2023	0
	2024	0
South Carolina	2022	1
	2023	0
	2024	0
Texas	2022	0
	2023	1
	2024	0
	<u>2025</u>	<u>0</u>
Washington	2022 <u>20</u> <u>23</u>	~~0~~ <u>1</u>
	<u>2024</u>	<u>0</u>
	<u>2025</u>	<u>0</u>
<u>Wisconsin</u>	2023	~~10~~
	2024	0
	<u>2025</u>	<u>1</u>
Total***	2022	~~10~~

	2023	4
	2024	5
	<u>2025</u>	<u>4</u>

*As of December 31, for each year.

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

***Includes both voluntary and involuntary transfers.

Table No. 3
Status of ASCEND-~~HOTEL~~ COLLECTION and ASCEND RESORT COLLECTION Franchised
Outlets For Years ~~2022~~2023 to 20242025*

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
Arizona	~~2022~~	~~7~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~	~~5~~
	2023	5	0	0	1	0	0	4
	2024	4	1	0	0	0	0	5
	<u>2025</u>	<u>5</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Arkansas	~~2022~~	~~2~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
California	~~2022~~	~~29~~	~~1~~	~~0~~	~~0~~	~~0~~	~~4~~	~~26~~
	2023	26	1	0	0	0	4	23
	2024	23 <u>3</u>		~~3~~ 0	1	0	1	24
	<u>2025</u>	<u>24</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>23</u>
Colorado	~~2022~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~4~~
	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	0	1	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Connecticut	~~2022~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
District of	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~

Columbia	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Florida	~~2022~~	~~10~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~10~~
	2023	10	0	0	0	0	1	9
	2024	9	3	0	0	0	2	10
	<u>2025</u>	<u>10</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>11</u>
Georgia	~~2022~~	~~3~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~	~~3~~
	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	0	4
	<u>2025</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>3</u>
Hawaii	~~2022~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
	<u>2025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Idaho	~~2022~~	~~1~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Illinois	~~2022~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~	~~2~~
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	<u>2025</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Indiana	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Iowa		2023	1	0	0	0	0	0
		2024	1	2	0	0	0	3
		<u>2025</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Kansas	~~2022~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~	~~1~~
	2023	1	0	0	0	0	1	0

Louisiana	2024	0	0	0	0	0	0	0
	<u>2025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	~~2022~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Maine		~~2022~~	~~3~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~
								~~5~~
<u>Maine</u>	2023	5	1	0	0	0	1	5
	2024	5	1	0	0	0	1	5
	<u>2025</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
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
	<u>2025</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>5</u>
Massachusetts	~~2022~~	~~7~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~7~~
	2023	7	0	0	0	0	1	6
	2024	6	0	0	0	0	0	6
	<u>2025</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
Michigan	~~2022~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2023	2	2	0	0	0	0	4
	2024	4	1	0	0	0	0	5
	<u>2025</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>4</u>
Minnesota	~~2022~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Mississippi	~~2022~~	~~1~~	~~1~~	0	0	0	0	2
	2023	2	~~000002~~					
			<u>0</u>					
	2024	2	0	0	0	0	0	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Missouri	~~2022~~	~~5~~	0	0	~~1~~	0	0	4
	<u>2023</u>	<u>5</u>						
		~~2023~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
								~~4~~
	2024	4	1	0	0	0	0	5
	<u>2025</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Montana	~~2022~~	~~5~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~5~~

	2023	5	1	0	0	0	0	6	
	2024	6	0	0	0	0	1	5	
	<u>2025</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	
Nebraska	~~2022~~	~~1~~	<u>0</u>	~~00~~	~~0~~	~~0~~	~~0~~	~~1~~	
	2023	1		~~0~~	0	0	0	1	
	2024	1	0	0	0	0	0	1	
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	
Nevada	~~2022~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~	
	2023	2	0	0	0	0	0	2	
	2024	2	0	0	0	0	0	2	
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	
New Hampshire	~~2022~~	~~7~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~8~~	
	2023	8	0	0	0	0	0	8	
	2024	8	0	0	0	0	0	8	
	<u>2025</u>	<u>8</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>	
New Jersey	~~2022~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~	
	2023	3	0	0	0	0	0	3	
	2024	3	0	0	0	0	1	2	
	<u>2025</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	
New Mexico	~~2022~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~	
	2023	3	1	0	0	0	0	4	
	2024	4	0	0	0	0	0	4	
	<u>2025</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>5</u>	
~~New York~~		~~2022~~	~~14~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~15~~
<u>New York</u>	2023	15	3	0	0	0	3	15	
	2024	15	2	00		0	3	14	
	<u>2025</u>	<u>14</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15</u>	
North Carolina	~~2022~~	~~6~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~	~~5~~	
	2023	5	1	0	0	0	0	6	
	2024	6	0	0	0	0	0	6	
	<u>2025</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>	
~~Ohio~~		~~2022~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~	~~2~~
<u>Ohio</u>	2023	2	0	0	0	0	0	2	
	2024	2	0	0	0	0	0	2	
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	

Oklahoma	~~2022~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Oregon	~~2022~~	~~3~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~4~~
	2023	4	1	0	0	0	0	5
	2024	5	1	00		0	0	6
	<u>2025</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Pennsylvania	~~2022~~	~~5~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~	~~4~~
	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	0	0	3
	<u>2025</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>
Rhode Island	~~2022~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
	<u>2025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
South Carolina	~~2022~~	~~6~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~	~~5~~
	2023	5	1	0	0	0	0	6
	2024	6	0	0	0	0	1	5
	<u>2025</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
South Dakota	~~2022~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Tennessee	~~2022~~	~~5~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~5~~
	2023	5	1	0	0	0	0	6
	2024	6	1	0	0	0	2	5
	<u>2025</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>4</u>
Texas	~~2022~~	~~3~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~	~~3~~
	2023	3	0	0	0	0	0	3
	2024	3	2	0	0	0	0	5
	<u>2025</u>	<u>5</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Utah	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Vermont	~~2022~~	~~3~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~2~~

	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Virginia	~~2022~~	~~8~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~8~~
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
	<u>2025</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>7</u>
Washington	~~2022~~	~~2~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~
	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
West Virginia	~~2022~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Wisconsin	~~2022~~	~~4~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~5~~
	2023	5	3	0	0	0	0	8
	2024	8	0	0	0	0	0	8
	<u>2025</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>7</u>
Total		~~2022~~	~~178~~	~~13~~	~~2~~	~~1~~	~~0~~	~~14~~
<u>Total</u>	2023	174	17	0	1	0	13	177
	2024	177	24	0	3	0	16	182
	<u>2025</u>	<u>182</u>	<u>20</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>15</u>	<u>184</u>

* 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 No. 4 Status of Company-Owned Outlets For Years ~~2022~~2023 to ~~2024~~2025*

State**	Year	Outlets At Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Choice	Ceased Operations – Other Reason	Outlets at End of the Year
Total	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	<u>2025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

*As of December 31, for each year.

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

Table No. 5
Projected ASCEND-~~HOTEL~~ COLLECTION and ASCEND RESORT COLLECTION Openings
as of December 31, ~~2024~~2025 (Note 1)*

State	Membership Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected Company-Owned Outlets in the next Fiscal Year	
Alabama	1	1	0	
Arizona	~~1~~ 2	1	0	
California	~~4~~ 3	~~2~~	~~0~~ 1	0
Florida	~~2~~ 5	~~1~~ 2	0	
Georgia	~~1~~ 2	0	0	
Illinois	~~3~~ 4	1	0	
Kentucky	~~1~~	~~1~~	~~0~~	
Louisiana	2	1	0	
Maine	1	0	0	
Maryland	2	~~2~~ 0	0	
Massachusetts	~~2~~ 1	~~1~~ 0	0	
Mississippi	~~1~~	~~0~~	~~0~~	
Missouri	2	0	0	
Montana	~~1~~	~~1~~	~~0~~	
New Hampshire	1	~~1~~ 0	0	
New Jersey	~~1~~	~~0~~	~~0~~	
New Mexico	~~2~~ 1	~~1~~ 0	0	
New York	2	1	0	
North Carolina	3	~~0~~	~~0~~ 1	0
North Dakota	4	0	0	
Oklahoma	1	~~1~~ 0	0	
Oregon	1	0	0	
Pennsylvania	2	0	0	
South Carolina	1	0	0	
Tennessee	1	0	0	
Utah	~~0~~	~~1~~	~~0~~	
Texas	~~1~~	~~1~~	~~0~~	
Virginia	~~2~~ 1	0	0	
Washington	~~0~~	~~1~~	~~0~~	
West Virginia	1	~~1~~ 0	0	
Wisconsin	~~1~~	~~1~~	~~0~~	
Wyoming	1	1	0	
Total	~~47~~ 46	~~18~~	~~0~~ 14	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~~2025.

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 of our U.S. operating franchisees and the addresses and

telephone numbers of their Hotels as of December 31, ~~2024~~2025, including franchisees who have signed Franchise Agreements for Hotels that were not yet operational as of December 31, ~~2024~~2025.

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.

Exhibit M lists, to the extent known, the names, addresses, telephone numbers, e-mail addresses and Web addresses of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed.

As of the date of this Disclosure Document, there is ~~not~~ a brand-specific franchise advisory council. ~~However, we have the right to create such advisory council at any time.~~ We will sponsor the council and select the franchisees that participate on the council. Contact information for the council will be the same as our contact information.

ITEM 21

FINANCIAL STATEMENTS

Our audited consolidated financial statements for the years ended December 31, 2025, 2024, ~~2023~~, and ~~2022~~2023 are included in this Disclosure Document as Exhibit C.

ITEM 22 CONTRACTS

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

ITEM 23 RECEIPT

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

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. 78a 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 contract windows and term.
2. Modification to ~~the territory to provide for an exclusive area.~~
~~3. 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.~~
~~4. Modification to transfer to a family member.~~ certain franchise fees, including marketing and reservation fees (reduced or phased).
3. ~~5.~~ Modification to construction start deadline.
4. Modification to hotel secondary name.

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.

**ILLINOIS 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.

~~3. As of December 31, 2024, Choice had \$339,086,000 in current assets and had \$462,721,000 in current liabilities. This means that for every dollar of liabilities due within one year, Choice had \$0.73 in current assets. As of December 31, 2024, Choice had a net income of \$299,665,000, but a shareholders' deficit of \$45,271,000, which is primarily attributable to our repurchase of 3 million shares of treasury stock through December 31, 2024. You may wish to consult with your financial adviser.~~

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.

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~~DISLCOSURE 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.

~~ITEM 5, ADDITIONAL DISCLOSURES~~

~~A surety bond in the amount of \$935,000 has been obtained by the Franchisor. The Commonwealth of Virginia State Corporation Commission has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Virginia Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.~~

WASHINGTON

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, PURSUANT TO THE WASHINGTON FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS INVESTMENT LAW

~~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~~Chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. ~~Item 17, "Renewal, Termination, Transfer, and Dispute Resolution," is amended by adding the following at the end of the Item:~~

1. RCW 19.100.180 may supersede ~~provisions in~~ the franchise agreement ~~or related agreements concerning~~in your relationship with the franchisor; including ~~in~~ the areas of termination and renewal of your franchise. There may also be court decisions ~~that~~which may supersede the franchise agreement ~~or related agreements concerning~~in 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 the areas of termination and renewal of your franchise.

2. 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.

3. **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~~executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any ~~rules~~rule or ~~orders~~order 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.

4. Provisions ~~contained in the franchise agreement or related agreements that~~such as those which 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.

5. **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.~~

6. ~~**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~~provisions contained in the franchise agreement or elsewhere that ~~conflicts~~conflict with these limitations ~~is~~are void and unenforceable in Washington.

7. ~~**15.Nonsolicitation Agreements.**~~ RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from ~~(i)~~

(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.**~~ As a result, any such provisions contained in the franchise

agreement or elsewhere are void and unenforceable in Washington.

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.

~~**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

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

651-539-1600

NEW YORK

Commissioner of Securities of the State of Hawaii Department

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

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

R

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

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

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

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

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,

M

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O

r

Maryland Securities
Commissioner 200 St.
Paul Place

P.O. Box 1695
Bismarck, ND 58202

O
r

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, WA98501

WISCONSIN

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

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page No.
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)	54
Consolidated Statements of Income	56
Consolidated Statements of Comprehensive Income	57
Consolidated Balance Sheets	58
Consolidated Statements of Cash Flows	59
Consolidated Statements of Shareholders' Equity (Deficit)	61
Notes to Consolidated Financial Statements	62

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, 2025 and 2024, 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, 2025, 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, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, 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, 2025, 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 19, 2026 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 Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

<i>Description of the Matter</i>	<i>Accounting for Choice Privileges Loyalty Program</i>
	The Company recognized \$125.6 million in revenues from loyalty points redeemed, net of the cost of redemptions, and had a point liability and deferred revenue of \$124.8 million and \$114.9 million, respectively, as of December 31, 2025, 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.

*How We Addressed
the Matter in Our
Audit*

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.

*Description of the
Matter*

Choice Hotels Canada Acquisition

On July 2, 2025, the Company completed its acquisition of the remaining 50% of the outstanding shares of Choice Hotels Canada, Inc. ("Choice Hotels Canada") for a purchase price of approximately \$114.5 million, as disclosed in Note 17 to the consolidated financial statements.

Auditing the Company's accounting for its acquisition was complex due to the estimation uncertainty in the Company's determination of the fair value of identified intangible assets, which consisted of franchise agreements and reacquired territory rights. The estimation uncertainty was primarily due to the sensitivity of the respective fair values to underlying significant assumptions. The Company used a discounted cash flow model to measure the franchise agreements and reacquired territory rights intangible assets. The significant assumptions used to estimate the value of these assets included discount rates and the forecasted cash flows. These significant assumptions are forward-looking and could be affected by future economic and market conditions.

*How We Addressed
the Matter in Our
Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over the accounting for the acquisition. For example, we tested controls over management's review of the valuation models, the significant assumptions used to develop the estimates, and the completeness and accuracy of the data used in the valuations.

To test the estimated fair value of the acquired intangible assets, including the franchise agreements and reacquired territory rights, we performed audit procedures that included, among others, evaluating the Company's selection of the valuation methodologies and testing the significant assumptions, including the forecasted cash flows and the selected discount rates used by the Company's valuation specialist. Our procedures included evaluating the completeness and accuracy of the underlying data supporting the significant assumptions in management's estimates. We involved our valuation specialists to assist with our evaluation of the valuation methodologies used by the Company and significant assumptions included in the fair value estimates. For example, we compared the significant assumptions to the Company's historical performance, to the historical results of the acquired business, and to current industry, market, and economic trends.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2014.

Tysons, Virginia

February 19, 2026

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

	Years Ended December 31,		
	2025	2024	2023
REVENUES			
Franchise and management fees	\$ 673,197	\$ 669,637	\$ 652,060
Partnership services and fees	113,789	99,491	91,790
Owned hotels	121,373	113,459	97,641
Other	72,230	64,060	55,097
Revenue for reimbursable costs from franchised and managed properties	616,204	638,192	647,577
Total revenues	1,596,793	1,584,839	1,544,165
OPERATING EXPENSES			
Selling, general and administrative	328,958	312,388	312,701
Business combination, diligence and transition costs	4,701	17,233	55,778
Depreciation and amortization	59,715	51,953	45,038
Owned hotels	91,684	83,148	71,474
Reimbursable expenses from franchised and managed properties	663,336	656,344	680,410
Total operating expenses	1,148,394	1,121,066	1,165,401
Impairment of long-lived assets	—	—	(3,736)
Operating income	448,399	463,773	375,028
OTHER EXPENSES AND (INCOME), NET			
Interest expense	91,148	87,131	63,780
Interest income	(6,237)	(8,646)	(7,764)
Gain from an acquisition of a joint venture	(100,025)	—	—
Gain on sale of assets	(713)	—	—
Loss (gain) on extinguishment of debt	—	331	(4,416)
Other (gains) losses, net	(6,989)	1,641	(10,649)
Equity in net loss (gain) of affiliates	14,324	(12,329)	(2,879)
Total other expenses and (income), net	(8,492)	68,128	38,072
Income before income taxes	456,891	395,645	336,956
Income tax expense	86,945	95,980	78,449
Net income	\$ 369,946	\$ 299,665	\$ 258,507
Basic earnings per share	\$ 7.97	\$ 6.26	\$ 5.11
Diluted earnings per share	\$ 7.90	\$ 6.20	\$ 5.07

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,		
	2025	2024	2023
Net income	\$ 369,946	\$ 299,665	\$ 258,507
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	886	(522)	(460)
Other comprehensive income (loss), net of tax:	886	(522)	(460)
Comprehensive income	\$ 370,832	\$ 299,143	\$ 258,047

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, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 44,997	\$ 40,177
Accounts receivables (net of allowance for credit losses of \$51,189 and \$45,610, respectively)	207,491	176,672
Income taxes receivable	13,456	5,419
Notes receivable (net of allowance for credit losses of \$7,462 and \$5,805, respectively)	94,686	75,501
Prepaid expenses and other current assets	45,368	41,317
Total current assets	405,998	339,086
Property and equipment, net	649,291	604,345
Operating lease right-of-use assets	77,670	83,451
Goodwill	305,758	220,187
Intangible assets, net	1,082,486	884,013
Notes receivable (net of allowance for credit losses of \$1,019 and \$1,526, respectively)	12,490	32,682
Investments for employee benefit plans, at fair value	50,227	47,603
Investments in affiliates	134,975	117,016
Deferred income taxes	75,371	108,308
Other assets	123,937	93,836
Total assets	\$ 2,918,203	\$ 2,530,527
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 156,276	\$ 134,865
Accrued expenses and other current liabilities	125,282	136,729
Deferred revenue	100,698	102,114
Liability for guest loyalty program	85,035	89,013
Total current liabilities	467,291	462,721
Long-term debt	1,906,122	1,768,526
Long-term deferred revenue	130,505	132,259
Deferred compensation and retirement plan obligations	56,532	53,316
Deferred income taxes	25,303	—
Operating lease liabilities	107,963	113,255
Liability for guest loyalty program	39,771	40,607
Other liabilities	3,487	5,114
Total liabilities	2,736,974	2,575,798
Commitments and contingencies (Note 16)		
Common stock, \$0.01 par value; 160,000,000 shares authorized; 95,065,638 shares issued at December 31, 2025 and December 31, 2024; 45,996,087 and 46,856,567 shares outstanding at December 31, 2025 and December 31, 2024, respectively	951	951
Additional paid-in-capital	403,927	370,201
Accumulated other comprehensive loss	(5,307)	(6,193)
Treasury stock, at cost; 49,069,551 and 48,209,071 shares at December 31, 2025 and December 31, 2024, respectively	(2,536,373)	(2,411,527)
Retained earnings	2,318,031	2,001,297
Total shareholders' equity (deficit)	181,229	(45,271)
Total liabilities and shareholders' equity (deficit)	\$ 2,918,203	\$ 2,530,527

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,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 369,946	\$ 299,665	\$ 258,507
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	59,715	51,953	45,038
Depreciation and amortization – reimbursable expenses from franchised and managed properties	19,554	18,907	30,697
Franchise agreement acquisition cost amortization	31,966	28,702	20,024
Gain from an acquisition of a joint venture	(100,025)	—	—
Gain on sale of assets	(713)	—	—
Loss (gain) on extinguishment of debt	—	331	(4,416)
Loss on impairment of long-lived assets	—	—	3,736
Non-cash share-based compensation and other charges	38,254	43,250	46,809
Non-cash interest, investments, and affiliate income, net	(6,439)	(7,282)	(8,747)
Deferred income taxes	19,764	(19,028)	(1,336)
Equity in net loss (gain) of affiliates, less distributions received	19,848	(2,327)	(1,570)
Franchise agreement acquisition costs, net of reimbursements	(83,444)	(112,164)	(98,316)
Change in working capital and other	(97,979)	17,396	6,128
Net cash provided by operating activities	270,447	319,403	296,554
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in other property and equipment	(38,924)	(39,102)	(47,717)
Investments in owned hotel properties	(106,871)	(106,750)	(68,560)
Contributions to investments in affiliates	(93,675)	(52,768)	(38,930)
Issuances of notes receivable	(6,885)	(37,994)	(4,323)
Collections of notes receivable	7,373	32,100	10,852
Business acquisition, net of cash acquired	(73,395)	—	—
Proceeds from the sale of assets	52,000	—	—
Purchases of equity securities	—	—	(112,420)
Proceeds from sales of equity securities	—	108,149	—
Distributions from sales of affiliates	44,617	15,850	868
Other items, net	(2,504)	(4,056)	(5,396)
Net cash used in investing activities	(218,264)	(84,571)	(265,626)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net borrowings (repayments) pursuant to revolving credit facilities	132,982	111,500	(131,500)
Proceeds from the issuance of long-term debt	—	593,574	500,000
Proceeds from economic development loans	1,850	—	—
Repayment of long-term debt	—	(500,000)	—
Debt issuance costs	—	(8,069)	(1,553)
Purchases of treasury stock	(138,304)	(380,743)	(362,772)
Dividends paid	(53,472)	(55,497)	(56,457)
Proceeds from the exercise of stock options	6,841	17,525	6,345
Net cash used in financing activities	(50,103)	(221,710)	(45,937)
Net change in cash and cash equivalents	2,080	13,122	(15,009)
Effect of foreign exchange rate changes on cash and cash equivalents	2,740	301	197
Cash and cash equivalents, beginning of period	40,177	26,754	41,566
Cash and cash equivalents, end of period	\$ 44,997	\$ 40,177	\$ 26,754

	Years Ended December 31,		
	2025	2024	2023
Supplemental disclosure of cash flow information:			
Cash payments during the year for			
Federal income taxes, net of refunds and transferable tax credits	\$ 65,295	\$ 85,880	\$ 71,161
State income taxes, net of refunds ⁽¹⁾	\$ 14,325	\$ 18,237	\$ 20,771
Foreign income taxes, net of refunds ⁽¹⁾	\$ 5,088	\$ 4,056	\$ 2,410
Interest, net of capitalized interest	\$ 90,310	\$ 67,176	\$ 60,773
Non-cash investing and financing activities			
Dividends declared but not paid	\$ 13,218	\$ 13,471	\$ 14,902
Investments in property, equipment, and intangible assets recognized in accounts payable and accrued expense liabilities	\$ 18,273	\$ 23,284	\$ 10,291

(1) In 2025, 2024, and 2023, there were no individual jurisdictions for which the cash income taxes paid equaled or exceeded 5% of the total cash income taxes paid.

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) ⁽²⁾	Treasury Stock	Retained Earnings	Total
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	(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	(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)
Net income	—	—	—	—	—	369,946	369,946
Other comprehensive income, net of tax	—	—	—	886	—	—	886
Share-based payment activity ⁽¹⁾	231,270	—	33,726	—	10,711	—	44,437
Dividends declared (\$1.15 per share)	—	—	—	—	—	(53,212)	(53,212)
Treasury purchases	(1,091,750)	—	—	—	(135,557)	—	(135,557)
Balance as of December 31, 2025	45,996,087	\$ 951	\$ 403,927	\$ (5,307)	\$ (2,536,373)	\$ 2,318,031	\$ 181,229

⁽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⁾ Accumulated other comprehensive income (loss) relates entirely to foreign currency items. There were no amounts reclassified from accumulated other comprehensive income (loss) during the years ended December 31, 2025, 2024, and 2023.

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. The reclassifications were not as a result of any error in our consolidated financial statements.

The Company reclassified certain prior year amounts in the consolidated statements of income in order to maintain comparability with the current year presentation.

- Royalty, licensing and management fees were revised to franchise and management fees in the consolidated statements of income, and now include the revenues previously presented in royalty, licensing and management fees, with the exception of partnership licensing revenues which are now presented in partnership services and fees in the consolidated statements of income, and the addition of the revenues generated from programs, platforms, and services associated with the Company's franchise operations which were previously presented in other revenues from franchised and managed properties in the consolidated statements of income.
- Initial franchise fees, which were previously presented as a standalone financial statement line item, are now presented within franchise and management fees in the consolidated statements of income.
- Platform and procurement services fees were revised to partnership services and fees in the consolidated statements of income, and now include the revenues previously presented in platform and procurement services fees, with the exception of the revenues from the Company's annual franchisee convention which are now presented in other revenues, the addition of partnership licensing revenues which were previously presented in royalty, licensing and management fees, and the addition of the revenues generated from other non-franchising agreements which are primarily software as a service ("SaaS") arrangements for non-franchised hoteliers which were previously presented in other revenues in the consolidated statements of income.
- Other revenues from franchised and managed properties were revised to revenue for reimbursable costs from franchised and managed properties in the consolidated statements of income, and now include the revenues previously presented in other revenues from franchised and managed properties, with the exception of the revenues generated from programs, platforms, and services associated with the Company's franchise operations which are now presented in franchise and management fees in the consolidated statements of income.
- Selling, general and administrative expenses were revised to include the expenses incurred related to programs, platforms, and services associated with the Company's franchise operations, which were previously presented in other expenses from franchised and managed properties in the consolidated statements of income.
- Depreciation and amortization was revised to include amortization expense from information technology platforms, which was previously presented in other expenses from franchised and managed properties in the consolidated statements of income.
- Other expenses from franchised and managed properties were revised to reimbursable expenses from franchised and managed properties in the consolidated statements of income, and now include the expenses previously presented in other expenses from franchised and managed properties, with the exception of the expenses incurred from programs, platforms, and services associated with the Company's franchise operations which are now presented in selling, general and administrative expenses, and amortization expense from information technology platforms which is now presented in depreciation and amortization expense in the consolidated statements of income.

The reclassifications had no effect on the Company's previously reported total revenues, total operating expenses, operating income, or net income.

The following table presents the effect of the reclassifications on the years ended December 31, 2024 and December 31, 2023 consolidated statements of income.

	Year Ended			Year Ended		
	December 31, 2024			December 31, 2023		
	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified
REVENUES						
Franchise and management fees	\$ 514,569	\$ 155,068	\$ 669,637	\$ 513,412	\$ 138,648	\$ 652,060
Initial franchise fees	25,606	(25,606)	—	27,787	(27,787)	—
Partnership services and fees	75,752	23,739	99,491	75,114	16,676	91,790
Owned hotels	113,459	—	113,459	97,641	—	97,641
Other	61,803	2,257	64,060	46,051	9,046	55,097
Revenue for reimbursable costs from franchised and managed properties	793,650	(155,458)	638,192	784,160	(136,583)	647,577
Total revenues	1,584,839	—	1,584,839	1,544,165	—	1,544,165
OPERATING EXPENSES						
Selling, general and administrative	219,878	92,510	312,388	216,081	96,620	312,701
Business combination, diligence and transition costs	17,233	—	17,233	55,778	—	55,778
Depreciation and amortization	43,282	8,671	51,953	39,659	5,379	45,038
Owned hotels	83,148	—	83,148	71,474	—	71,474
Reimbursable expenses from franchised and managed properties	757,525	(101,181)	656,344	782,409	(101,999)	680,410
Total operating expenses	1,121,066	—	1,121,066	1,165,401	—	1,165,401
Impairment of long-lived assets	—	—	—	(3,736)	—	(3,736)
Operating income	\$ 463,773	\$ —	\$ 463,773	\$ 375,028	\$ —	\$ 375,028

The Company also reclassified certain prior year amounts in the consolidated statements of cash flows in order to maintain comparability with the current year presentation. Depreciation and amortization was revised to include amortization expense from information technology platforms, which was previously presented in depreciation and amortization - other expenses from franchised and managed properties in the consolidated statements of cash flows. Depreciation and amortization - other expenses from franchised and managed properties was revised to depreciation and amortization - reimbursable expenses from franchised and managed properties in the consolidated statements of cash flows. Federal income taxes, net of refunds and transferable tax credits, state income taxes, net of refunds, and foreign income taxes, net of refunds, which were previously presented in income taxes, net of refunds, are now presented within standalone financial statement line items in the consolidated statements of cash flows. The reclassifications had no effect on the Company's previously reported net cash provided by operating activities, the net cash used in investing activities, or the net change in cash and cash equivalents.

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 presented within franchise and management fees 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. The initial franchise fees are presented within franchise and management fees in the consolidated statements of income.
- *System implementation fees* - System implementation fees charged to the franchisees are deferred and recognized as revenue over the enforceable period of the franchise agreement. The system implementation fees charged to the franchisees are primarily presented within franchise and management fees in the consolidated statements of income.
- *Other fees* - Other fees are a combination of miscellaneous non-marketing and reservation fees, which includes quality assurance, non-compliance, and franchisee training fees. Other fees are recognized in the period that the designated transaction or event has occurred. Other fees are presented within franchise and management fees and other revenues in the consolidated statements of income.

The Company’s franchise agreements require the payment of marketing and reservation fees. The Company is obligated to use these marketing and reservation 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 fees are presented within revenue for reimbursable costs 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.
- 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 expenses are the expenses that are incurred to facilitate the delivery of the marketing and reservation services, including direct expenses and an allocation of costs for certain administrative activities that are required to carry out

marketing and reservation services. Marketing and reservation expenses are recognized when the services are incurred or the goods are received within reimbursable expenses from franchised and managed properties in the consolidated statements of income. As a result, the marketing and reservation expenses may not equal the marketing and reservation 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, 2025, 2024, and 2023, the loyalty net revenues, inclusive of adjustments to the estimated redemption rates, were \$125.6 million, \$123.2 million, and \$93.1 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, 2025, the current and non-current deferred revenue balances were \$78.2 million and \$36.7 million, respectively. The loyalty points are typically redeemed within three years of issuance. The loyalty program point redemption revenues are presented within revenue for reimbursable costs from franchised and managed properties in the consolidated statements of income.

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 and presented within partnership services and 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 and presented within revenue for reimbursable costs from franchised and managed properties in the consolidated statements of income.

Qualified Vendors

The Company generates 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 presented within partnership services and fees in the consolidated statements of income.

SaaS Arrangements

The Company is a party to other non-franchising agreements that generate revenue, which are primarily SaaS arrangements for non-franchised hoteliers, and is presented within partnership services and fees 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 presented within franchise and management fees in the consolidated statements of income.

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 presented within reimbursable 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 revenue for reimbursable costs from franchised and managed properties in the consolidated statements of income.

Owned Hotels

The Company owned 17 hotels, 12 hotels, and 10 hotels as of December 31, 2025, 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 goods and services revenues are presented 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 presents the provisions for credit losses on accounts receivable in selling, general and administrative expenses and reimbursable 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 3 for more information on the receivables and the allowances for credit losses.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense was \$207.8 million, \$194.6 million, and \$195.2 million for the years ended December 31, 2025, 2024, and 2023, respectively. The Company presents advertising costs primarily in reimbursable 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 U.S. 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 \$8.1 million and \$9.4 million during the years ended December 31, 2025 and 2024, 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, Goodwill, and Intangible Assets

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 October 1st or earlier when other circumstances indicate that the Company may not be able to recover the carrying value of the asset group. During the year ended December 31, 2025, the Company changed its annual impairment assessment date from December 31st to October 1st. 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, 2025, 2024, and 2023, other than impairments on franchise sales commission assets and franchise agreement acquisition cost intangible assets, which are presented within selling, general and administrative expenses and reimbursable 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 5 for additional information.

The Company evaluates the impairment of goodwill and intangible assets with indefinite lives annually as of October 1st 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. During the year ended December 31, 2025, the Company changed its annual impairment assessment date from December 31st to October 1st. 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, 2025, 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, 2025, 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.

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 (gains) losses, net in the consolidated statements of income. 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 (gains) losses, net in the consolidated statements of income.

Foreign Operations

The U.S. dollar is the functional currency of the consolidated entities operating in the U.S. The functional currency for the consolidated entities operating outside of the U.S. 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 U.S. dollar into U.S. 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' equity (deficit). The Company presents foreign currency transaction gains and losses, and the effect of intercompany transactions of a short-term or trading nature, within other (gains) losses, net in the consolidated statements of income. For the year ended December 31, 2025, the foreign currency transaction losses were \$0.1 million. For the years ended December 31, 2024 and 2023, the foreign currency transaction gains were \$2.1 million and \$0.5 million, respectively.

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, 2025 and 2024, 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.

Non-Qualified Retirement, Savings, and Investment Plans

The Company has an Executive Deferred Compensation Plan ("EDCP") and a Non-Qualified Retirement Savings and Investment Plan ("Non-Qualified Plan") (together, the "Deferred Compensation Plan"). 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. 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. The long-term deferred compensation and retirement plan liabilities related to the deferrals and the credited investment returns under the Deferred Compensation Plan are presented in deferred compensation and retirement plan obligations in the consolidated balance sheets. The corresponding long-term deferred compensation and retirement plan assets are presented in investments for employee benefit plans, at fair value in the consolidated balance sheets. 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.

Business Combinations

The Company allocates the purchase price of an acquisition to the assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The Company recognizes goodwill as the amount by which the purchase price of an acquired entity exceeds the fair values assigned to the assets acquired and liabilities assumed. For a business combination achieved in stages, in which there is a change in ownership interest and control is obtained when there is a previously held equity interest, a gain or loss from remeasurement of the previously held equity interest to fair value is recognized in the period that control was obtained.

Recently Adopted & Issued Accounting Standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. The Company adopted ASU 2023-09 on a prospective basis effective December 31, 2025. The adoption of this standard did not have an impact on the Company's consolidated financial statements, but it did require enhanced income tax disclosures in the notes to the consolidated financial statements. Refer to Note 11 for more information.

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 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. As of December 31, 2025 and 2024, deferred revenues from initial franchise fees were \$103.0 million and \$111.2 million, respectively. Loyalty points are typically redeemed within three years of issuance. As of December 31, 2025 and 2024, deferred revenues from the loyalty program were \$114.9 million and \$110.4 million, respectively.

The following table summarizes the significant changes in the contract liabilities balances during the year ended December 31, 2025:

(in thousands)

Balance as of December 31, 2024	\$	216,697
Increases to the contract liability balance due to cash received		153,031
Revenue recognized in the period		(149,388)
Balance as of December 31, 2025	\$	<u>220,340</u>

Remaining Performance Obligations

The aggregate amount of the transaction price that is allocated to unsatisfied, or partially unsatisfied, performance obligations was \$220.3 million as of December 31, 2025. 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, 2025 and 2024, the capitalized franchise sales commissions were \$69.0 million and \$59.5 million, respectively, which are presented within other assets in the consolidated balance sheets. For the years ended December 31, 2025, 2024, and 2023, amortization expense and impairment charges were \$13.2 million, \$10.2 million, and \$13.1 million, respectively, which are presented within 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 franchise and management fees and revenue for reimbursable costs from franchised and managed properties in the consolidated statements of income. For the years ended December 31, 2025 and 2023, the net impairments from adverse franchise agreement activity, including terminations and significant delinquencies in invoice payments, were \$1.1 million and \$7.3 million, respectively, which are presented within selling, general and administrative expenses and reimbursable expenses 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 invoice payments, were \$0.4 million, which is presented within selling, general and administrative expenses and reimbursable expenses from franchised and managed properties in the consolidated statements of income.

3. 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,	
	2025	2024
Senior	\$ 98,257	\$ 94,963
Subordinated	13,356	15,433
Unsecured	4,044	5,118
Total notes receivable	115,657	115,514
Less: allowance for credit losses	8,481	7,331
Total notes receivable, net of allowance for credit losses	\$ 107,176	\$ 108,183
Current portion, net of allowance for credit losses	\$ 94,686	\$ 75,501
Long-term portion, net of allowance for credit losses	\$ 12,490	\$ 32,682

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

(in thousands)	2025	2024	2023	2022	2021	Prior	Total
Senior	\$ 1,713	\$ 40,832	\$ —	\$ —	\$ —	\$ 55,712	\$ 98,257
Subordinated	1,501	—	3,503	—	—	8,352	13,356
Unsecured	386	125	—	—	771	2,762	4,044
Total notes receivable	\$ 3,600	\$ 40,957	\$ 3,503	\$ —	\$ 771	\$ 66,826	\$ 115,657

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

(in thousands)	December 31,	
	2025	2024
Beginning balance	\$ 7,331	\$ 8,616
Provision (reversal) for credit losses	1,150	(609)
Recoveries	—	(676)
Ending balance	\$ 8,481	\$ 7,331

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

As of December 31, 2025 and December 31, 2024, three and one note receivable loans, respectively, with senior credit quality indicators met the definition of collateral-dependent and are collateralized by the membership interests in the borrowing entities, the associated land parcel, or the operating hotel. The Company used both a market approach that uses quoted market prices and an income approach that uses discounted cash flows 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 loans. The allowance for credit losses attributable to the collateral-dependent note receivable loans were \$4.6 million and \$2.2 million as of December 31, 2025 and 2024, respectively.

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, 2025						
Senior	\$ —	\$ —	\$ 42,900	\$ 42,900	\$ 55,357	\$ 98,257
Subordinated	—	—	—	—	13,356	13,356
Unsecured	—	—	404	404	3,640	4,044
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 43,304</u>	<u>\$ 43,304</u>	<u>\$ 72,353</u>	<u>\$ 115,657</u>
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>

The amortized cost basis of the notes receivable in a non-accrual status was \$42.9 million and \$17.5 million as of December 31, 2025 and 2024, 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 \$103.2 million and \$103.1 million as of December 31, 2025 and 2024, 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 16.

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 \$65.3 million and \$66.2 million as of December 31, 2025 and December 31, 2024, respectively.

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, 2025, the Company recognized provisions for credit losses on accounts receivable of \$20.2 million in selling, general and administrative expenses, and \$15.0 million in reimbursable expenses from franchised and managed properties, in the consolidated statements of income. 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 reimbursable expenses from franchised and managed properties, in the consolidated statements of income. For the years ended December 31, 2025 and 2024, the Company recorded write-offs, net of recoveries, through the accounts receivable allowance for credit losses of \$29.6 million and \$14.4 million, respectively.

4. Property and Equipment

The components of property and equipment were the following:

(in thousands)	December 31,	
	2025	2024
Land and land improvements	\$ 67,451	\$ 51,045
Construction in progress and software under development	88,125	151,756
Computer equipment and software	114,031	105,196
Buildings and leasehold improvements	462,543	354,689
Furniture, fixtures, vehicles and equipment	79,254	67,562
Property and equipment	811,404	730,248
Less: Accumulated depreciation and amortization	(162,113)	(125,903)
Property and equipment, net	\$ 649,291	\$ 604,345

For the years ended December 31, 2025, 2024, and 2023, the Company recognized depreciation and amortization expense of \$35.3 million, \$31.3 million, and \$25.2 million, respectively, in depreciation and amortization in the consolidated statements of income. Additionally, for the years ended December 31, 2025, 2024, and 2023, the Company recognized depreciation and amortization expense of \$18.4 million, \$17.4 million, and \$27.9 million, respectively, in reimbursable expenses from franchised and managed properties in the consolidated statements of income.

For the years ended December 31, 2025, 2024, and 2023, the Company recognized amortization of capitalized software development costs of \$27.6 million, \$22.8 million, and \$30.3 million, respectively, which are included in the total depreciation and amortization expense amounts that are disclosed in the paragraph above. As of December 31, 2025 and 2024, unamortized capitalized software development costs were \$65.1 million and \$65.3 million, respectively.

5. Goodwill and Impairment of Assets

Goodwill

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

(in thousands)	December 31,	
	2025	2024
Goodwill, excluding goodwill arising from the Choice Hotels Canada acquisition	\$ 227,765	\$ 227,765
Goodwill arising from the Choice Hotels Canada acquisition	86,194	—
Effect of foreign currency translation	(623)	—
Total goodwill, gross carrying amount	313,336	227,765
Accumulated impairment losses	(7,578)	(7,578)
Goodwill, net carrying amount	\$ 305,758	\$ 220,187

As of December 31, 2025 and 2024, 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 15.

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 within impairments of long-lived assets in the consolidated statements of income and the Corporate & Other segment in Note 15. 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.

6. Intangible Assets

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

(in thousands)	As of December 31, 2025			As of December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Franchise Rights ⁽¹⁾	\$ 352,710	\$ 90,059	\$ 262,651	\$ 278,956	\$ 67,620	\$ 211,336
Reacquired Territory Rights ⁽²⁾	75,971	1,000	74,971	—	—	—
Franchise Agreement Acquisition Costs ⁽³⁾	644,997	159,630	485,367	548,544	128,932	419,612
Trademarks & Other ⁽⁴⁾	10,603	4,569	6,034	12,444	6,414	6,030
Capitalized SaaS Licenses ⁽⁵⁾	1,959	1,317	642	6,392	6,071	321
Total amortizing intangible assets	1,086,240	256,575	829,665	846,336	209,037	637,299
Trademarks & Other (non-amortizing) ⁽⁶⁾	252,821	—	252,821	246,714	—	246,714
Total intangible assets	\$ 1,339,061	\$ 256,575	\$ 1,082,486	\$ 1,093,050	\$ 209,037	\$ 884,013

- (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 acquisition, the Choice Hotels Canada acquisition, 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 the reacquired territory rights for the use of certain Choice brands within Canada. The reacquired territory rights are being amortized on a straight-line basis over a useful life of 38 years.
- (3) Represents certain payments to customers as an incentive to enter into new franchise agreements, which are amortized as a reduction to franchise and management fees and revenue for reimbursable costs 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.
- (4) 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.
- (5) 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.
- (6) Represents the purchase price assigned to the Radisson, WoodSpring, and Suburban trademarks and other intellectual property that were recognized at the time of their respective acquisitions. The trademarks and other intellectual property 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, 2025, 2024, and 2023, the Company recognized amortization on the amortizing intangible assets of \$24.4 million, \$20.7 million, and \$19.8 million, respectively, in depreciation and amortization in the consolidated statements of income and \$1.2 million, \$1.5 million, and \$2.8 million, respectively, in reimbursable expenses from franchised and managed properties in the consolidated statements of income. Additionally, for the years ended December 31, 2025, 2024, and 2023, the Company recognized amortization on the amortizing intangible assets of \$20.6 million, \$16.2 million, and \$11.6 million, respectively, as a reduction to franchise and management fees in the consolidated statements of income and \$12.1 million, \$12.5 million, and \$8.3 million, respectively, as a reduction to revenue for reimbursable costs from franchised and managed properties in the consolidated statements of income.

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

(in thousands)	
2026	\$ 63,758
2027	\$ 62,193
2028	\$ 60,689
2029	\$ 59,477
2030	\$ 53,910

7. 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, 2025 and 2024, the Company had total investments in affiliates in the consolidated balance sheets of \$135.0 million and \$117.0 million, respectively, which included investments in affiliates that represent VIEs of \$134.4 million and \$104.2 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, 2025, 2024, and 2023,

the Company recognized losses of \$16.1 million, gains of \$6.9 million, and losses of \$3.4 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 16 to these consolidated financial statements.

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 fees of approximately \$19.6 million, \$34.5 million, and \$30.9 million for the years ended December 31, 2025, 2024, and 2023, respectively.

On July 10, 2025 the Company entered into a joint venture agreement to develop and operate Everhome Suites in certain strategic markets (the "Joint Venture"). The Company contributed \$71.6 million in cash to the Joint Venture in exchange for an equity ownership interest. The Company concluded that the Joint Venture represents a VIE. The Company determined that it is not the primary beneficiary of the VIE, however, the Company does exercise significant influence through its equity ownership and as a result, the Company's investment in the Joint Venture is accounted for under the equity method of accounting and reported within investments in affiliates in the consolidated balance sheets.

Subsequent to the formation of the Joint Venture, the following transactions were completed:

- The Joint Venture entered into a loan facility for up to \$500 million. In connection with the loan facility, the Company has provided a limited payment guarantee, which applies to all hotel projects funded by the loan facility, with the applicable guaranteed amount being determined on a hotel project by hotel project basis. The Company's obligation under the limited payment guarantee with respect to any hotel project is effective upon the earlier of (a) the hotel's opening date or (b) 18 months after the date on which construction first started for the hotel. The maximum exposure to losses related to this limited payment guarantee is described in Note 16 to these consolidated financial statements.
- The Company sold four wholly-owned Everhome Suites hotels under construction to the Joint Venture for an aggregate sale price of \$52.0 million, resulting in a gain of \$0.7 million which is reported within gain on sale of assets in the consolidated statements of income. Prior to the sale, the four wholly-owned Everhome Suites hotels were reported within property and equipment in the consolidated balance sheets.
- Seven of the Company's unconsolidated affiliates, which the Company previously accounted for under the equity method of accounting, contributed their underlying assets to the Joint Venture. Prior to the transaction, the seven unconsolidated affiliates had an aggregate investment balance of \$42.1 million, which was reported within investments in affiliates in the consolidated balance sheets.

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 from the sale of affiliates of \$0.9 million which resulted in no net gains (losses).

During the years ended December 31, 2025, 2024, and 2023, the Company recognized no impairment charges related to its equity method investments.

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

	Ownership Interest	
	December 31, 2025	December 31, 2024
Choice Hotels Canada, Inc. ⁽¹⁾⁽²⁾	— %	50 %
Main Street WP Hotel Associates, LLC	50 %	50 %
CS Hotel West Orange, LLC	50 %	50 %
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 %
CH East Avenue, LLC	65 %	65 %
EH Cheyenne JV, LLC	80 %	80 %
EH Clarksville JV, LLC	80 %	80 %
EH Waco JV, LLC ⁽³⁾	— %	80 %
EH Amarillo JV, LLC ⁽³⁾	— %	80 %
EH Yuma JV, LLC ⁽³⁾	— %	80 %
EH El Paso JV, LLC ⁽³⁾	— %	80 %
EH Brownsville JV, LLC ⁽³⁾	— %	80 %
EH Wichita JV, LLC ⁽³⁾	— %	80 %
EH Salem JV, LLC ⁽³⁾	— %	80 %
EH Facility JV, LLC ⁽³⁾	86 %	— %

(1) Non-VIE investments.

(2) During the year ended December 31, 2025, the Company completed the acquisition of the remaining 50% of the outstanding shares of Choice Hotels Canada, Inc. As a result of the acquisition, Choice Hotels Canada, Inc. is now a wholly-owned and consolidated subsidiary of the Company. Refer to Note 17 for additional information.

(3) During the year ended December 31, 2025, seven of the Company's unconsolidated affiliates contributed their underlying assets to EH Facility JV, LLC.

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,		
	2025	2024	2023
Revenues	\$ 73,113	\$ 65,732	\$ 65,634
Operating income	\$ 13,091	\$ 14,199	\$ 12,504
(Loss) income before income taxes	\$ (13,990)	\$ (1,203)	\$ 314
Net loss	\$ (14,443)	\$ (3,488)	\$ (1,255)

(in thousands)	As of December 31,	
	2025	2024
Current assets	\$ 27,787	\$ 71,737
Non-current assets	502,562	412,269
Total assets	\$ 530,349	\$ 484,006
Current liabilities	\$ 30,988	\$ 84,966
Non-current liabilities	352,594	257,130
Total liabilities	\$ 383,582	\$ 342,096

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31,	
	2025	2024
Accrued compensation and benefits	\$ 47,451	\$ 55,806
Accrued interest	24,761	27,333
Dividends payable	13,542	13,888
Income taxes payable	862	10,405
Current operating lease liabilities	8,364	5,367
Other liabilities	30,302	23,930
Total accrued expenses and other current liabilities	<u>\$ 125,282</u>	<u>\$ 136,729</u>

9. Debt

Debt consisted of the following:

	December 31,	
	2025	2024
	(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 \$2.4 million and \$3.0 million at December 31, 2025 and December 31, 2024, respectively	\$ 397,643	\$ 397,042
\$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 \$3.1 million and \$3.7 million at December 31, 2025 and December 31, 2024, respectively	446,910	446,300
\$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 \$10.1 million and \$11.2 million at December 31, 2025 and December 31, 2024, respectively	589,936	588,764
\$1 billion senior unsecured revolving credit facility with an effective interest rate of 5.22%, less deferred issuance costs of \$2.8 million and \$3.6 million at December 31, 2025 and December 31, 2024, respectively	469,783	336,420
Economic development loans with an effective interest rate of 3.00% at December 31, 2025	1,850	—
Total long-term debt	<u>\$ 1,906,122</u>	<u>\$ 1,768,526</u>

As of December 31, 2025, 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	Other Notes Payable	Total
2026	\$ —	\$ —	\$ —	\$ —
2027	—	—	—	—
2028	—	—	—	—
2029	397,643	469,783	—	867,426
2030	—	—	—	—
Thereafter	1,036,846	—	1,850	1,038,696
Total payments	<u>\$ 1,434,489</u>	<u>\$ 469,783</u>	<u>\$ 1,850</u>	<u>\$ 1,906,122</u>

10. 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 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, 2025 and 2024.

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, 2025				
Mutual funds ⁽¹⁾	\$ 47,713	\$ 47,713	\$ —	\$ —
Money market funds ⁽¹⁾	4,281	—	4,281	—
Total	<u>\$ 51,994</u>	<u>\$ 47,713</u>	<u>\$ 4,281</u>	<u>\$ —</u>
As of December 31, 2024				
Mutual funds ⁽¹⁾	\$ 43,887	\$ 43,887	\$ —	\$ —
Money market funds ⁽¹⁾	5,439	—	5,439	—
Total	<u>\$ 49,326</u>	<u>\$ 43,887</u>	<u>\$ 5,439</u>	<u>\$ —</u>

(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.

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 9 for additional information on debt. As of December 31, 2025 and 2024, the carrying amounts and the fair values were as follows:

(in thousands)	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2019 Senior Notes Due 2029	\$ 397,643	\$ 389,612	\$ 397,042	\$ 371,600
2020 Senior Notes Due 2031	\$ 446,910	\$ 428,963	\$ 446,300	\$ 405,351
2024 Senior Notes Due 2034	\$ 589,936	\$ 612,612	\$ 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.

11. Income Taxes

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

(in thousands)	Year Ended December 31,		
	2025	2024	2023
U.S.	\$ 324,611	\$ 370,395	\$ 303,337
Outside the U.S.	132,280	25,250	33,619
Income before income taxes	<u>\$ 456,891</u>	<u>\$ 395,645</u>	<u>\$ 336,956</u>

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

(in thousands)	Year Ended December 31,		
	2025	2024	2023
Current tax expense			
Federal	\$ 45,262	\$ 89,716	\$ 60,493
State	10,890	21,518	16,890
Foreign	4,568	2,609	1,593
Deferred tax expense (benefit)			
Federal	17,330	(18,378)	(2,022)
State	4,343	(2,908)	(1,874)
Foreign	4,552	3,423	3,369
Income tax expense	<u>\$ 86,945</u>	<u>\$ 95,980</u>	<u>\$ 78,449</u>

The net deferred tax assets were as follows:

(in thousands)	December 31,	
	2025	2024
Deferred tax assets:		
Accrued compensation	\$ 21,571	\$ 20,958
Deferred revenue	36,209	40,946
Receivable, net	13,888	12,345
Tax credits	34,615	24,663
Operating lease liabilities	27,872	28,455
Partnership interests	2,896	5,130
Capitalized research and experimental expenditures	35,253	44,946
Foreign net operating losses	7,651	7,870
Non-U.S. intellectual property	7,555	11,333
Other	5,015	7,235
Total gross deferred tax assets	<u>192,525</u>	<u>203,881</u>
Less: Valuation allowance	<u>(33,542)</u>	<u>(29,660)</u>
Deferred tax assets	<u>\$ 158,983</u>	<u>\$ 174,221</u>
Deferred tax liabilities:		
Property, equipment and intangible assets	\$ (87,465)	\$ (42,895)
Operating lease ROU assets	(18,601)	(20,016)
Other	(2,849)	(3,002)
Deferred tax liabilities	<u>(108,915)</u>	<u>(65,913)</u>
Net deferred tax assets	<u>\$ 50,068</u>	<u>\$ 108,308</u>

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 \$3.9 million due to state tax credits and foreign NOLs.

The Company has \$28.0 million of state income tax credit carryforwards as of December 31, 2025. 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, 2025, the Company had gross foreign net operating losses ("NOLs") of \$28.3 million, all of which have indefinite carryforward lives. The Company has recorded a tax-effected valuation allowance of \$2.4 million for these NOLs, primarily related to Australia and India. In addition, the Company has a Dutch deferred tax asset of \$7.6 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, 2025.

The following table presents a reconciliation of the statutory U.S. federal income tax rate to the effective income tax rate for continuing operations, in accordance with ASU 2023-09 for the year ended December 31, 2025. Refer to Note 1 for more information on the adoption of ASU 2023-09.

	Year Ended December 31,	
	2025	
(in thousands, except percentages)	Amount	Percent
U.S. federal statutory tax rate	\$ 95,989	21.0 %
State and local income taxes, net of federal income tax effect ⁽¹⁾	11,996	2.6
Foreign tax effects:		
Canada:		
Federal statutory tax rate difference between Canada and U.S.	(6,137)	(1.3)
Non-taxable gain	(15,026)	(3.3)
Netherlands	1,169	0.3
Other foreign jurisdictions ⁽²⁾	2,130	0.4
Effects of cross-border tax laws	(903)	(0.2)
Tax credits		
Research & development tax credits	(4,861)	(1.1)
Other	(3,107)	(0.7)
Nontaxable or nondeductible items:		
Expenses related to compensation, net	5,271	1.2
Other	927	0.2
Changes in unrecognized tax benefits	(455)	(0.1)
Other	(48)	—
Effective income tax rate	\$ 86,945	19.0 %

⁽¹⁾ State taxes in Minnesota, California, New York, Illinois, Georgia, Florida, Tennessee, and Wisconsin made up the majority (greater than 50%) of the tax effect of this category.

⁽²⁾ All other foreign jurisdictions do not exceed the 5% threshold at the jurisdiction level in total or for individual reconciling items of the same nature within each jurisdiction.

The Company's effective income tax rate from continuing operations was 19.0% for the year ended December 31, 2025.

The effective income tax rate for the year ended December 31, 2025 was lower than the U.S. federal income tax rate of 21.0% primarily due to the impact of a \$100.0 million non-taxable gain from an acquisition of a joint venture and federal income tax credits, which were partially offset by the impact of state income taxes and tax expense related to compensation.

The following table presents a reconciliation of the statutory U.S. federal income tax rate to the effective income tax rate for continuing operations as previously disclosed for the years ended December 31, 2024 and 2023, prior to the adoption of ASU 2023-09.

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

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

The effective income tax rates for the years ended December 31, 2024 and 2023 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, which were partially offset by federal income tax credits.

For the years ended December 31, 2025, 2024, and 2023, the Company's gross unrecognized tax benefits totaled \$5.8 million, \$6.9 million, and \$13.4 million, respectively. After considering the deferred income tax accounting impact, it is expected that approximately \$3.5 million of the total as of December 31, 2025 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)	2025	2024	2023
Balance, January 1	\$ 6,914	\$ 13,434	\$ 11,876
Changes for tax positions of prior years	91	(776)	2,338
Increases for tax positions related to the current year	1,400	1,516	1,670
Settlements and lapsing of statutes of limitations	(2,573)	(7,260)	(2,450)
Balance, December 31	\$ 5,832	\$ 6,914	\$ 13,434

The Company files income tax returns in the U.S. federal jurisdiction and various state, local, and foreign jurisdictions. The Company's federal income tax returns for the 2022, 2023, 2024, and 2025 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, 2025, 2024, and 2023. The Company had no accrued interest and penalties as of December 31, 2025. The Company had \$0.3 million of accrued interest and penalties as of December 31, 2024.

12. 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 1.9 million shares of the Company's common stock remain available for grant as of December 31, 2025. 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, 2025, the following table presents a summary of the share-based award activity:

	2025						
	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, 2025	771,641	\$ 111.15		355,405	\$ 136.67	467,521	\$ 137.74
Granted	—	—		65,223	132.64	148,709	150.77
Performance-based leveraging*	—	—		—	—	(41,012)	125.90
Exercised/vested	(62,025)	107.71		(65,961)	129.32	(116,107)	151.76
Expired	(12,850)	135.92		—	—	—	—
Forfeited	(1,683)	137.55		(11,502)	125.14	(14,300)	146.55
Outstanding as of December 31, 2025	695,083	\$ 110.98	5.2 years	343,165	\$ 138.02	444,811	\$ 138.89
Options exercisable as of December 31, 2025	560,223	\$ 107.84	4.7 years				

* Any revisions to the outstanding PVRsUs during the year ended December 31, 2025 are based on the Company's performance relative to the targeted performance conditions in the respective PVRsUs.

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

(in thousands)	For the Year Ended December 31,		
	2025	2024	2023
Stock options	\$ 3,946	\$ 5,265	\$ 5,816
Restricted stock	12,785	12,728	13,774
Performance vested restricted stock units	21,590	20,447	20,924
Total share-based compensation expense	\$ 38,321	\$ 38,440	\$ 40,514

The following table as of December 31, 2025 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	\$ 1,776	1.5 years
Restricted stock	18,507	1.9 years
Performance vested restricted stock units	18,749	1.7 years
Total	\$ 39,032	

Stock Options

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

	For the Year Ended December 31,		
	2025	2024	2023
Number of options granted	—	78,988	88,733
Fair value of options granted (in thousands)	\$ —	\$ 3,069	\$ 3,779
Total intrinsic value of stock options exercised (in thousands)	\$ 2,356	\$ 12,185	\$ 9,170
Total fair value of stock options vested (in thousands)	\$ 5,108	\$ 5,032	\$ 4,857

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, 2025, the aggregate intrinsic value of the stock options outstanding and exercisable was \$1.5 million and \$1.5 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:

	2025	2024	2023
Risk-free interest rate	—	4.27 %	4.10 %
Expected volatility	—	31.34 %	30.90 %
Expected life of stock option	—	6.0 years	6.0 years
Dividend yield	—	1.03 %	0.90 %
Requisite service period	—	4 years	4 years
Contractual life	—	10 years	10 years
Weighted average fair value of the stock options granted (per stock option)	\$ —	\$ 38.85	\$ 42.59

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:

	For the Year Ended December 31,		
	2025	2024	2023
Restricted shares granted	65,223	69,249	65,991
Weighted average grant date fair value per share	\$ 132.64	\$ 115.57	\$ 123.65
Aggregate grant date fair value (in thousands)	\$ 8,651	\$ 8,003	\$ 8,160
Restricted shares forfeited	11,502	16,246	13,202
Vesting service period for the restricted shares granted	9 - 48 months	9 - 48 months	9 - 48 months
Fair value of the restricted shares vested (in thousands)	\$ 8,790	\$ 6,804	\$ 11,134

Performance Vested Restricted Stock Units

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

	For the Year Ended December 31,		
	2025	2024	2023
PVRsUs granted at target	148,709	147,943	110,636
Weighted average grant date fair value per share	\$ 150.77	\$ 115.04	\$ 128.71
Aggregate grant date fair value (in thousands)	\$ 22,421	\$ 17,019	\$ 14,240
PVRsUs forfeited & expired	14,300	23,710	16,504
Requisite service period	9 - 48 months	9 - 48 months	9 - 48 months
Fair value of PVRsUs vested (in thousands)	\$ 17,621	\$ 15,773	\$ 17,413

During the year ended December 31, 2025, 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, 2025, 2024, and 2023, the Company redeemed 71,386, 120,601, and 114,242 shares of common stock, respectively, at a total cost of approximately \$9.9 million, \$12.4 million, and \$14.2 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.

13. 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,		
	2025	2024	2023
Numerator:			
Net income	\$ 369,946	\$ 299,665	\$ 258,507
Income allocated to participating securities	(1,780)	(1,521)	(1,379)
Net income available to common shareholders	<u>\$ 368,166</u>	<u>\$ 298,144</u>	<u>\$ 257,128</u>
Denominator:			
Weighted average shares of common stock outstanding - basic	46,170	47,653	50,341
Basic earnings per share	<u>\$ 7.97</u>	<u>\$ 6.26</u>	<u>\$ 5.11</u>
Numerator:			
Net income	\$ 369,946	\$ 299,665	\$ 258,507
Income allocated to participating securities	(1,780)	(1,521)	(1,379)
Net income available to common shareholders	<u>\$ 368,166</u>	<u>\$ 298,144</u>	<u>\$ 257,128</u>
Denominator:			
Weighted average shares of common stock outstanding - basic	46,170	47,653	50,341
Dilutive effect of stock options, PVRsUs, and RSUs	410	425	359
Weighted average shares of common stock outstanding - diluted	<u>46,580</u>	<u>48,078</u>	<u>50,700</u>
Diluted earnings per share	<u>\$ 7.90</u>	<u>\$ 6.20</u>	<u>\$ 5.07</u>

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,		
	2025	2024	2023
Stock options	202	147	232
PVRsUs	46	7	71

14. Leases

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 two to nine 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 86.3 years.

The Company's lease costs were as follows:

(in thousands)	Year Ended December 31,	
	2025	2024
Operating lease cost	\$ 12,130	\$ 11,979
Sublease income	(937)	(789)
Total lease cost	<u>\$ 11,193</u>	<u>\$ 11,190</u>

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

(in thousands)	Year Ended December 31,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 8,602	\$ 6,637
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating lease assets obtained in exchange for operating lease liabilities	\$ 427	\$ 4,585
Weighted-average remaining lease term	31.6 years	31.7 years
Weighted-average discount rate	5.09 %	5.07 %

As of December 31, 2025, the future minimum lease payments were as follows:

(in thousands)	
2026	\$ 13,071
2027	13,697
2028	13,594
2029	13,586
2030	13,642
Thereafter	297,944
Total minimum lease payments	\$ 365,534
Less: imputed interest	249,207
Present value of the minimum lease payments	\$ 116,327

15. 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, partnership services and fees, 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, 2025			
	Hotel Franchising & Management	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues	\$ 1,472,535	\$ 137,439	\$ (13,181)	\$ 1,596,793
Other Segment Items ⁽¹⁾	834,953	266,907	(13,181)	1,088,679
Depreciation and amortization	34,520	25,195	—	59,715
Operating income (loss)	603,062	(154,663)	—	448,399
Reconciliation of segment profit or loss:				
Interest expense				91,148
Interest income				(6,237)
Gain from an acquisition of a joint venture				(100,025)
Gain on sale of assets				(713)
Other gains, net				(6,989)
Equity in net loss of affiliates				14,324
Income before income taxes				\$ 456,891

(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⁾	857,843	223,473	(12,203)	1,069,113
Depreciation and amortization	28,450	23,503	—	51,953
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 losses, net				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⁾	911,301	223,881	(11,083)	1,124,099
Depreciation and amortization	24,562	20,476	—	45,038
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 gains, net				(10,649)
Equity in net gain of affiliates				(2,879)
Income before income taxes				\$ 336,956

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

For the years ended December 31, 2025, 2024, and 2023, the revenues generated by the international operations, including royalty fees, cost reimbursement revenues, partnership services and fees, and other revenues, were \$117.8 million, \$102.7 million, and \$103.2 million, respectively.

16. 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 its 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, 2025, the maximum unrecorded exposure of the principal associated with these limited payment guaranties was \$38.5 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, 2025:

- 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, 2025, 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. As of December 31, 2025, no liability was recognized in the consolidated balance sheets. For the year ended December 31, 2025, the Company recognized guarantee payments of \$3.8 million in selling, general and administrative expenses in the consolidated statements of income. As of December 31, 2025, the maximum unrecorded exposure of the guarantee was \$18.2 million.
- 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, 2025, the Company had remaining commitments of up to \$3.5 million, if certain conditions are met.
- The Company's franchise agreements require the payment of franchise fees, which include marketing and reservation fees. In accordance with the terms of our franchise agreements, the Company is obligated to use the marketing and reservation 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.
- The Company has committed to purchase transferable production tax credits generated by qualified solar energy facilities for an aggregate purchase price of approximately \$193 million over an eleven year period, from 2026 through 2036. The Company's commitments are contingent upon the satisfaction of certain legal and contractual conditions from the sellers, and the continued availability of the credits under federal tax laws. The Company expects to utilize these credits in the same quarter in which they are purchased, offsetting federal income tax estimated payments and reducing income tax expense each year.

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.

17. Acquisitions

Choice Hotels Canada Acquisition

On July 2, 2025, the Company completed the acquisition (the "Transaction") of the remaining 50% of the outstanding shares of Choice Hotels Canada, Inc. ("Choice Hotels Canada") and amended the existing master franchise agreement for a purchase price of approximately \$114.5 million, inclusive of preliminary customary adjustments related to working capital and cash. The acquisition was funded with available cash and borrowings under the Company's senior unsecured revolving credit facility. Choice Hotels Canada franchises more than 26,000 rooms in Canada, which have historically been included in the Company's franchised hotel statistics as a result of the prior master franchise agreement. Choice Hotels Canada now has the ability to offer developers access to all of the Company's 22 hotel brands and brand extensions, including the Company's extended stay brands. Prior to the acquisition date, the Company owned 50% of the outstanding shares of Choice Hotels Canada, which was accounted for under the equity method of accounting and reported within investments in affiliates in the consolidated balance sheets. As a result of the Transaction, Choice Hotels Canada is now a wholly-owned and consolidated subsidiary of the Company, and the Transaction was accounted for as a business combination using the acquisition method.

In connection with the Transaction, the Company remeasured the value of its previously held 50% equity investment to its acquisition date fair value of \$114.5 million, which resulted in a gain of approximately \$100.0 million that is reported within gain from an acquisition of a joint venture in the consolidated statements of income. The fair value of the previously held equity investment was determined using a market approach based on the cash consideration exchanged for the newly acquired 50% equity interest.

The following is a summary of the purchase consideration transferred:

	Purchase Consideration (in thousands)
Cash consideration transferred for the newly acquired interest	\$ 114,470
Fair value of the previously held interest	114,470
Effective settlement of intercompany payables	3,280
Total consideration, including previously held interest	<u>\$ 232,220</u>

During the year ended December 31, 2025, the Company recognized transaction and transition costs of \$2.2 million in business combination, diligence and transition costs in the consolidated statements of income.

Preliminary Fair Values of the Assets Acquired and the Liabilities Assumed

The Company allocated the purchase price based upon a preliminary assessment of the fair value of the assets acquired and the liabilities assumed on July 2, 2025. The preliminary fair values are based on management's estimates and assumptions, using the best information available at the time of this filing. The final valuation and related allocation of the purchase price will be completed no later than 12 months after the closing date of the acquisition. The final acquisition accounting adjustments could be materially different and may include (1) changes in the allocations to the intangible assets as well as goodwill, and (2) other changes to assets and liabilities, such as working capital. The preliminary allocation of the purchase price is as follows:

(in thousands)	July 2, 2025
Assets acquired	
Cash and cash equivalents	\$ 44,356
Accounts receivable	10,706
Income taxes receivable	149
Prepaid expenses and other current assets	335
Operating lease right-of-use assets	358
Intangible assets	150,665
Total assets acquired	\$ 206,569
Liabilities assumed	
Accounts payable	\$ 5,235
Accrued expenses and other current liabilities	1,926
Deferred revenue - current	333
Liability for guest loyalty program - current	7,194
Deferred income taxes	38,045
Long-term deferred revenue	1,845
Operating lease liabilities	358
Liability for guest loyalty program - noncurrent	5,607
Total liabilities assumed	\$ 60,543
Fair value of net assets acquired	\$ 146,026
Goodwill	86,194
Total consideration, including previously held interest	\$ 232,220

Identified Intangible Assets

The following table presents the estimated fair values of the acquired identified intangible assets and their estimated useful lives:

	Estimated Useful Life (in years)	Estimated Fair Value (in thousands)
Reacquired territory rights	38	\$ 76,523
Franchise agreements	12	74,142
Total intangible assets		\$ 150,665

The reacquired territory rights represent the reacquired rights for the use of certain Choice brands within Canada. The fair value of the reacquired territory rights and the franchise agreements was estimated using a multi-period excess earnings method, which is a variation of the income approach. This method uses the present value of the incremental after-tax cash flows attributable to the intangible asset in order to estimate the fair value. This valuation methodology utilizes Level 3 inputs, and the Company is continuing to assess the assumptions used in estimating these values as well as the respective useful lives, which could result in changes to the provisional values.

Income Taxes

As the Transaction is accounted for as a business combination, deferred tax assets and liabilities are generally recognized on the differences between the fair value of the assets acquired and the liabilities assumed and the tax bases of the assets acquired and the liabilities assumed in the business combination. The Transaction consists of a foreign entity, so the Company asserts an indefinite reinvestment and has not recorded a deferred tax liability on the outside basis difference in its investment.

Pro Forma Results of Operations

The following unaudited pro forma information presents the combined results of operations of Choice and Choice Hotels Canada as if the Company had completed the Transaction on January 1, 2024, but using the preliminary fair values of the assets acquired and the liabilities assumed as of the acquisition date. The unaudited pro forma information reflects adjustments relating to (i) the allocation of the purchase price and related adjustments, including the incremental amortization expense based on the preliminary fair values of the intangible assets acquired, (ii) the incremental impact of the senior unsecured revolving credit facility draw on interest expense, (iii) nonrecurring transaction costs, and (iv) the income tax impact of the aforementioned pro forma adjustments.

As required by GAAP, these unaudited pro forma results do not reflect any cost saving synergies from operating efficiencies. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the Transaction had occurred at the beginning of the period presented, nor are they indicative of the future results of operations.

(in thousands)	Year Ended December 31,	
	2025	2024
Revenues	\$ 1,613,116	\$ 1,623,945
Net income ⁽¹⁾	\$ 268,603	\$ 296,040

⁽¹⁾ The gain on the previously held 50% equity interest in Choice Hotels Canada is excluded from the pro forma results of operations.

Choice Hotels Canada Results of Operations

The Company's consolidated statements of income include Choice Hotels Canada's results of operations since the July 2, 2025 acquisition date. Choice Hotels Canada contributed \$24.9 million and \$9.4 million in total revenues and net income, respectively, for the year ended December 31, 2025.

Goodwill

The \$86.2 million of goodwill recognized is primarily attributable to the value that the Company expects to realize from the existing customer base, cost synergies, and new agreements signed with new franchisees and developers. The goodwill for the Transaction is fully attributable to the Hotel Franchising & Management reportable segment and is not deductible for tax purposes. Refer to Note 5 for the reconciliation of the Company's goodwill balance.

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, 2025.

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 2025 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, 2025. 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, 2025.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025 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, 2025, 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, 2025, 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 2025 consolidated financial statements of the Company and our report dated February 19, 2026 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 19, 2026

EXHIBIT D

[City, State]

«PROP_CODE» - «CONTRACT_ID»

ASCEND ~~HOTEL~~ COLLECTION®™ MEMBERSHIP AGREEMENT

between

CHOICE HOTELS INTERNATIONAL, INC.

and

THIS MEMBERSHIP AGREEMENT (“Membership 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 (the “parties”) agree as follows:

1. Terms and Conditions. The attached Ascend ~~Hotel~~ Collection®™ Terms and Conditions (“Terms and Conditions”) are expressly incorporated herein by reference and made a part of this Membership Agreement.

YOU ACKNOWLEDGE THAT YOU READ AND FULLY UNDERSTAND THE TERMS AND CONDITIONS ATTACHED TO THIS MEMBERSHIP AGREEMENT, AND YOU UNDERSTAND THAT WE ARE RELYING ON YOUR ACKNOWLEDGMENT.

2. Definitions.

a. “Designated Representative” means the person designated by you to represent you on all matters relating to this Membership Agreement and to receive notices under this Membership Agreement on your behalf. Unless you change the Designated Representative in accordance with Section 15 of the Terms and Conditions, 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».

b. “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.

c. “Mark” means the trademark and trade name **Ascend-~~Hotel~~ Collection®™** 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. The Mark does not refer to any secondary name we authorize you to use in association with the Hotel or any trademark or trade name owned by you or your affiliate.

d. “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 of the Terms and Conditions.

e. “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, the Membership Agreement, the Terms and Conditions, the Rules and Regulations, and those identifying brand characteristics as we may from time to time reasonably designate.

f. All other defined terms are set forth in Section 2 of the Terms and Conditions.

3. Grant of License. Subject to your compliance with all of your obligations under this Membership Agreement, we grant to you a non-exclusive, limited, revocable license to use (without the right to sublicense) our System and the Mark to operate the Hotel during the Term (as defined below). You do not have the right to use any of the Choice Marks other than the 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 Mark and the System.

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

5. Fees.

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

b. Membership Fee. Beginning on the Opening Date, you will pay us for each month during the Term a membership fee of 5.0% of the preceding month’s Gross Room Revenues (“Membership Fee”) in consideration for the license granted to you in Section 3;

c. Marketing and Reservation Fee. Beginning on the Opening Date, you will pay us for each month during the Term a marketing and reservation fee of 3% of the preceding month’s Gross Room Revenues (“Marketing and Reservation Fee”) 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 Membership Agreement and for our System as further described in the Terms and Conditions; and

d. Other Fees and Commissions. You will pay us 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 Membership Agreement.

e. Interest. You will pay us interest on all charges, costs, fees and amounts due under this Membership Agreement, but not paid on time, at a rate of 1.5% per month (or the maximum rate allowed by applicable law).

6. Default. If you default in your material obligations under this Membership Agreement, we may terminate this Membership Agreement, effective on the date stated in our notice (or the earliest date permitted by applicable law), in accordance with Section 10 of the Terms and Conditions. If we default in our material obligations under this Membership Agreement, you may terminate this Membership Agreement only if you first give us written notice of the default and your intention to terminate this Membership Agreement and we have not cured the default within 60 days after receiving your written notice.

7. **DISPUTE RESOLUTION. YOU UNDERSTAND AND AGREE THAT ALL DISPUTES OR CLAIMS ARISING OUT OF OR RELATING TO THIS MEMBERSHIP AGREEMENT, EXCEPT FOR CERTAIN CLAIMS OF OURS DESCRIBED IN SECTION 7 OF THE TERMS AND CONDITIONS, WILL BE SUBJECT TO ARBITRATION IN THE STATE OF MARYLAND IN ACCORDANCE WITH SECTION 21 OF THE TERMS AND CONDITIONS, UNLESS OTHERWISE RESOLVED.**

We and you agree to be bound by the terms and conditions of this Membership Agreement, including the Terms and Conditions and all other attachments, by setting the hands and seals of our duly authorized and empowered representatives on this Membership 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: _____

ATTACHMENT A

ASCEND~~HOTEL~~ COLLECTION®™ TERMS AND CONDITIONS

1. Membership Agreement. These Ascend~~Hotel~~ Collection®™ Terms and Conditions ("Terms and Conditions") are expressly incorporated by reference into and made a part of the foregoing Ascend ~~Hotel~~-Collection®™ Membership Agreement ("Membership Agreement").

RODEWAY INN & SUITES®, SLEEP®, SLEEP INN®, SLEEP INN & SUITES®, SUBURBAN®, SUBURBAN STUDIOS®, WOODSPRING®, WOODSPRING SUITES®, and the names

2. Definitions. In addition to the terms that are defined in other parts of these Terms and Conditions and the Membership Agreement, the following terms shall have the indicated meanings:

a. "Choice Marks" means collectively all of our trademarks and trade names, including, but not limited to, the 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®,

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.

b. "Gross Room Revenues" means all revenues from the rental, sale, in kind exchange, use or occupancy of any of the Sleeping 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 the Terms and Conditions, 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 Sleeping 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 taxes, 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.

c. "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.

d. "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.

e. "Opening Date" means the date that you begin to rent any portion of the Rentable Rooms under the Membership Agreement.

f. "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 below).

g. "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.

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3. Reporting Requirements and Audit.

a. Payments and Reports. Beginning on the Opening Date, within 5 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 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 Membership Fee and Marketing and Reservation Fee (and interest or other penalty, if any) due under the Membership 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 Membership Fee, Marketing and Reservation Fee, and any other amounts and fees due to us is of the essence for the purposes of the Membership 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~~to 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~~You agree to make the necessary arrangements with your bank to participate in the electronic fund transfers or centralized payment processing programs we require, 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~~You are required 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.

b. 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 other 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

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.

recovering amounts owed to us from any period of time.

c. 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 the Membership 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 5(e) of the Membership Agreement. 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.

d. Interest. You will pay us interest on all charges, costs, fees and amounts due under the Membership 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.

4. 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 reviews to evaluate your compliance at your expense with this Membership Agreement and 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 regional, national and international 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 Mark and/or our System, or other hotels that we or our affiliates operate in our sole, but reasonable, discretion, including 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 the Membership Agreement, or during any period in which your rights are suspended under Section 10(c) below; and

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 the Membership 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 and pay the cost of tuition, living expenses, and travel expenses associated with attendance at such 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. 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 the Membership 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;

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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 to reasonably undertake such promotional programs on behalf of the Hotel, and/or some or all of the Other Choice Brand Hotels;

— and between individual franchisees and us, for the purpose of mutual advantage and cooperation; encourage a high

j. 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 (“Property Improvement Plan”) or other writing that we prepare to document your obligation to complete such Renovations. You acknowledge and agree that the obligations described in this Section 5(j) are in addition to your ongoing obligations to comply with Section 5(b) and Section 5(d) above. Notwithstanding the foregoing, and without limiting your obligations to make repairs for reasons of life safety or security or in accordance with Section 5(b) above, we will not require you to execute a Property Improvement Plan (excluding any property improvement plan attached hereto as Attachment B) until the fifth (5th) anniversary of the Opening Date (or later). You agree to complete any Property Improvement Plan within the time reasonably specified by us, time being of the essence, and you acknowledge that your failure to do so will constitute a material default under the Membership Agreement.

k. 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;

l. 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; and

m. Confidential Information. Maintain the absolute confidentiality of the Confidential Information (as defined below) during and after the term of the Membership 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 the Membership 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.

n. Franchise Association. Join and maintain

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;

6. Opening Requirements.

a. 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.

b. 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 Mark or our System until this certification is properly completed and delivered to us.

c. Construction and Substantial Renovation Related Duties. If the Hotel has yet to be constructed or if the Hotel is to be Substantially Renovated (as defined below):

i. Plans. Ensure that your preliminary drawings and designs for the Hotel satisfy the Rules and Regulations and our then-current design specifications for hotels that are authorized to use the Mark and provide a copy of your preliminary drawings and designs to us for our review and approval at least 6 months before Construction Start, and final working drawings and final architectural designs for the Hotel ("Plans") to us for our review at least 3 months before Construction Start. "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 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. We agree to provide you with written notice of our review and determination of the Plans within 15 business days after the date we have received the Plans and agree that if we fail to provide you notice in accordance with this Section 6(c)(i), the Plans are deemed to be approved by us. If Construction Start does not commence within 6 months of our written approval of your final architectural designs for the hotel (or within 6 months of

automatic approval if we fail to provide you notice within fifteen business days in accordance with this Section 6(c)(i)), then you must resubmit final architectural designs for approval at least 60 days prior to Construction Start;

ii. Timing and Extensions. Cause Construction Start to occur within 12 months of the Effective Date, and within 5 days after Construction Start, inform us in writing that Construction Start has occurred. If you do not cause Construction Start to occur within 12 months of the Effective Date of the Membership Agreement, you may request, before the end of the 12 months, an additional 3 months for Construction Start. We are not obligated to extend the time for Construction Start. If we agree to extend the time for Construction Start beyond the original 12-month requirement, 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;

iii. Completion. Continue Hotel construction (or renovation) in accordance with the 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(f)); and

iv. Progress Reports. Send us, when we request during construction (or renovation), reports showing the progress made toward completing Hotel construction (or renovation).

d. Pre-Opening. Prior to the Opening Date:

i. Use of Mark. Use the Mark only as permitted in Section 7(c) below;

ii. 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 design specifications for hotels that are authorized to use the Mark, and the Plans and/or the property improvement plan set forth in Attachment B (if applicable);

iii. Hotel Supplies. Order, purchase and/or lease and install all Hotel Supplies, related equipment, supplies and other required items to operate the Hotel; and

iv. Advertising. Advertise the Hotel locally, at your expense and in a manner meeting our specifications.

e. 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 Mark and the Membership Agreement. You will not begin operation of the Hotel using the Mark or our System until you have received our specific written authorization to do so; and

f. Opening Deadline. Ensure that the Opening Date occurs within 12 months after Construction Start (if the Hotel has yet to be constructed or if the Hotel is to be Substantially

Renovated), or the ~~BES-Deadline~~[deadline for completing pre-opening property improvement plan items](#) (if set forth in Attachment B) ("Opening Deadline").

7. Intellectual Property.

a. No Ownership Rights. You acknowledge and agree that except as expressly permitted by the Membership Agreement or any ChoiceAdvantage Software Terms of Use, you do not have any right, title or interest in and to the 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 the Membership 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 the Membership 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

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public that a hotel authorized to use the Mark is under construction;

ii. Local Media. No earlier than 90 days prior to the Opening Date, use the Mark to promote the Hotel construction and opening in the local media;

iii. Supplies. No earlier than 90 days prior to the Opening Date, purchase operating supplies and equipment bearing the Mark required for Hotel operation; and

iv. Permanent Signs. No earlier than 30 days before the Opening Date and only with our written consent, install permanent Hotel signs meeting our standards.

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, these Terms and Conditions, the Membership 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 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 the Membership Agreement.

f. Changes to Mark. You agree and acknowledge that we have the right, in our sole discretion, to modify, add to, or discontinue use of the 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 Mark to conform therewith.

g. Your Marks. You must obtain our prior written consent to use any new or existing trademarks, trade names, service marks or logos that are owned or licensed by you (collectively, "Your Marks") in the operation of the Hotel. You represent and warrant to us that you are the owner of all right, title, and interest in and to Your Marks, or you otherwise have the right to use Your Marks and to license others to use Your Marks. You hereby grant to us, or our designee, a non-exclusive, limited, revocable license to use Your Marks to market, promote, and advertise the Hotel and display and use

Membership Agreement.

h. Secondary Name. You acknowledge and agree that we may, at our sole discretion, designate a secondary name, geographic descriptor, or other identifying modifier for the Hotel ("Secondary Name"). You must use the assigned Secondary Name strictly in the form and manner we prescribe. We reserve the right, at any time and in our sole discretion, to create, approve, assign, modify, or withdraw any Secondary Name. You may submit a request for a specific Secondary Name; however, all such requests are subject to our naming policies and may be approved, modified, or denied in our sole discretion. You must promptly implement any assigned Secondary Name and, upon our instruction, cease its use, in each case at your sole expense. Our approval of the Secondary Name does not take into account any potential third-party rights to the Secondary Name, and it is your sole obligation to comply with all applicable trademark, copyright, and related laws and regulations with respect to your use of the Secondary Name. You agree to immediately send us copies of any notices or letters received from any third party challenging or prohibiting your use of the Secondary Name or any portion thereof. You also acknowledge and agree that you are obligated to indemnify us from and against any Claim resulting from your use of the Secondary Name pursuant to Section 13 of the Agreement.

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 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 to calculate the Gross Room Revenues for determining the fees due under the Membership Agreement.

9. Transfer. We may sell or assign all or part of our rights or obligations under the Membership 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. Except for Permitted Transfers (as defined below), 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 the Membership 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. You and the transferee must comply with all reasonable conditions we require in connection with any transfer, including, but not limited to, the transferee executing our then-current form of membership agreement and paying our then-current affiliation fee. If we do not consent to the transfer or assignment, any monies that you have paid to us pursuant to this Section 9, less \$5,000, will be refunded to you. Our consent is not required for the

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; or (iii) a transfer to a Close Family Member for estate planning purposes. For purposes of this Membership Agreement, "Close Family Member" shall mean your adult spouse, parent, child, sibling, grandchild, or grandparent.

10. Default and Termination.

a. Termination with Notice and Opportunity to Cure. If you default in your material obligations under the Membership Agreement or these Terms and Conditions, we may terminate the Membership Agreement, effective on the date stated in our notice (or the earliest date permitted by applicable law) as follows:

i. Non-Payment of Fees. If you do not pay us the Membership Fee, Marketing and Reservation Fee, or any other fees, charges and amounts due under the Membership 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

ii. Other Breach. If you do not cure fully any other breach of your obligations or warranties under the Membership 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).

iii. 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 these Terms and Conditions.

b. Immediate Termination Effective on Notice. Upon written notice to you, we may terminate the Membership Agreement immediately, without giving you an opportunity to cure the default, if:

i. 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;

ii. Abandonment; Loss of Possession; Failure to Open. You stop operating the Hotel using the Mark or according to the requirements of our System or the Membership 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 Mark or in accordance with the Membership Agreement, or you lose the right to transact business in the jurisdiction in which the Hotel is located;

iii. 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 Mark, the Choice Marks, our System, the Other Choice Brand Hotels, our business, our goodwill, our Intellectual

Property, or our interest in the Membership Agreement or any other instrument or agreement that we may have entered with you;

iv. Transfer. You (or a beneficial owner of you) transfer or purport to transfer any rights or obligations under the Membership 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 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;

v. False Records. You maintain false books or records, send us false reports, or make any materially false statement in your membership application or any other document you are required to submit to us;

vi. 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;

vii. Insurance. You do not buy, maintain or send us evidence of insurance as required by these Terms and Conditions, or if we opt to procure, on your behalf, insurance required by these Terms and Conditions and you fail to reimburse us as we require under Section 12(f) hereof;

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System services or your right to use our Intellectual Property, we may use other remedies, including termination of the Membership Agreement, after the appropriate time to cure, if any, has lapsed.

d. Our Remedies.

i. No System Services. If the Membership 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 Mark, use our Intellectual Property or receive services in connection with our System, and we may relocate such guests upon their request.

ii. Liquidated Damages – Pre-Opening Termination. If we terminate the Membership Agreement pursuant to Section 10 of the Terms and Conditions, or if you terminate or you purport to terminate this Membership Agreement for any reason, prior to the Hotel opening with our authorization pursuant to Section 6(e) of the Terms and Conditions, 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 the Membership Agreement, an amount equal to the product of (i) the number of contractually approved Sleeping Rooms, multiplied by (ii) \$90.00, multiplied by (iii) 36 months.

iii. Liquidated Damages – Post-Opening Termination. If we terminate the Membership Agreement pursuant to Section 10 of the Terms and Conditions, or if you terminate or purport to terminate this Membership Agreement or cease operations of the Hotel for any reason 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 the Membership 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 Membership Fee payable under Section 5(b) of the Membership Agreement, multiplied by (iii) the lesser of 36 months or the number of months (including partial months, which will be prorated) between the date of termination and the expiration of the Term. However, the product of (i) multiplied by (ii) will not be less than the product of \$90.00 multiplied by the number of contractually approved Sleeping Rooms.

iv. Reasonable Estimate. You acknowledge and agree that the injury to us caused by your breach of the Membership Agreement and its termination is difficult or impossible to accurately estimate, and that the methods of calculating liquidated damages in Sections 10(d)(ii), 10(d)(iii), and 11(a) are reasonable estimates of our probable loss of our Membership Fees resulting from your breach of the Membership Agreement and its termination. Payment of liquidated damages by you does not affect your obligation to pay us all fees and amounts due to us that accrued before the termination of the Membership Agreement nor does it affect your continuing indemnification obligations pursuant to Section 13 of the Terms and Conditions. Any other losses or damages caused by the early termination of this Membership Agreement are subject to any other remedy available under law, in equity, or under the terms of this Membership Agreement.

a. Intellectual Property. Immediately discontinue all use of our Intellectual Property, refrain from using the 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 Mark) or use of the Choice-Related Words following the expiration or termination of the Membership 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 the Membership Agreement that you continue to use our Intellectual Property (including the 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 Mark) or any variation or portion of our Intellectual Property

— (including the 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 the Membership 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 the Membership Agreement, as a result of your default, including all outstanding Membership Fees, Marketing and Reservation Fees, any liquidated damages due under the Membership Agreement, and any costs and expenses we incur to obtain injunctive relief or other remedies for the enforcement of any portion of the Membership 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 the Membership 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:

i. 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

ii. 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:

i. 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.

ii. 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 the Membership 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)(ii) 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.

iii. 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.

iv. 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.

v. Cyber Liability. Cyber Liability insurance providing minimum coverage as required by the Rules and Regulations.

vi. 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").

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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 the Membership Agreement pursuant to Section 10(b)(vii).

g. No Waiver of Obligations. Your purchase and maintenance of insurance and your performance of your obligations under the Membership 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 the Membership 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 the Membership 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 Section 14, we will extend the Term of the Membership 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 of

Membership Agreement in accordance with its term without penalty to either party.

15. Notices. All notices required or permitted under the Membership 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

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 2(a) of the Membership 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 hereof. The prevailing party (as determined by the court or arbitrator) in any arbitration or claim filed to enforce the terms of this Membership Agreement will recover from the other party reasonable fees of its attorneys calculated as the lesser of

(1) ~~(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 5 of the Membership Agreement or Section 10(d) or Section 21 hereof will bear interest at the rate referred to in Section 5(e) of the Membership Agreement 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 Membership 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.

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 the Membership 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 the Membership 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

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obligated to indemnify us from and against any Claim resulting from any such data security breach pursuant to Section 13 hereof. 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 (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 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 the Membership 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 through the fee increases described above or utilizing future Marketing and Reservation Fees to recover previous monies advanced. 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, 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 members 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 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

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 the Membership Agreement, and are eligible under applicable United States laws to carry out the obligations under the Membership Agreement and any subsequent assumption of your rights and obligations under the Membership Agreement.

l. 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. Governing Law. The Membership 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

c. No Third-Party Beneficiaries. Except as otherwise expressly provided in the Membership Agreement, nothing in the Membership Agreement is intended, nor will anything in the Membership 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 the Membership Agreement.

d. Headings. All captions and headings in the Membership Agreement are intended solely for the convenience of the parties and do not affect the meaning or construction of any section.

e. 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 the Membership Agreement are jointly and severally undertaken by each of you.

f. Counterparts. If the Membership Agreement is executed in multiple counterparts, each executed copy is an original.

g. Cumulative Rights and Remedies. Rights and remedies stated in the Membership Agreement are cumulative and not exclusive of any other right or remedy.

h. Attachments/Addenda. All attachments, addenda and amendments to the Membership Agreement are incorporated into and a part of the Membership Agreement. Any addenda, amendments, or other modifications to the Membership 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 the Membership Agreement.

i. Survival. Those of your obligations and our obligations under the Membership Agreement which expressly or by their nature survive the expiration or earlier termination of the Membership 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, and 23 hereof.

j. Seal. The Membership Agreement is a contract under seal and is intended by the parties to be a specialty under Maryland law.

k. Integration. The Membership Agreement, all of its attachments, and any agreement specifically made a part of the Membership 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.

l. 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 Membership

Agreement had been signed and delivered by hand. We and you 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 Membership Agreement based on the foregoing forms of signature.

1. ~~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 ~~the Membership~~this Agreement or any other related agreements (including the ChoiceAdvantage Software Terms of Use), any controversy or claim arising out of or relating to ~~the Membership~~this Agreement or any other related agreements, or the breach of ~~the Membership~~this Agreement or any other related agreements, including any claim that ~~the Membership~~this Agreement or any part of ~~the Membership~~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

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order submission of evidence by means other than in-person hearing at Choice's headquarters office in Maryland in the event that a party fails to respond to, appear during or participate in the arbitration process, or from conducting a hearing or from rendering an award at a location outside of the State of Maryland. Further, 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 ~~the Membership~~this Agreement or any related agreements. All information related to and/or obtained through the arbitration process shall be strictly confidential and, under no circumstances, shall be disclosed to any person except as expressly permitted herein or used for any purpose other than the arbitration at any point in time without mutual consent.

2. ~~22.~~NO CLASS ACTIONS. NEITHER YOU NOR WE SHALL SEEK TO LITIGATE OR ARBITRATE AGAINST THE OTHER PARTY TO THE MEMBERSHIP 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, THE MEMBERSHIP 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 THE MEMBERSHIP AGREEMENT. NO ARBITRATION OR OTHER ACTION OR PROCEEDING UNDER THE MEMBERSHIP 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 THE MEMBERSHIP 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.

3. ~~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.

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ATTACHMENT B

PROPERTY IMPROVEMENT PLAN

[For Conversion Hotels]

ATTACHMENT C

RIDER TO THE MEMBERSHIP AGREEMENT

[Other Modifications to the Membership Agreement]

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)~~ (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

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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
Internation
al, Inc., a
Delaware
corporation**

Name: Title: Date:

By: _____ L.S.

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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
Internation
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Delaware
corporation**

Name: Title: Date:

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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
Internation**

al, Inc., a

Delaware
corporation

Name: Title: Date:

By: _____ L.S.

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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.

**Choice
Hotels**

**International, Inc., a
Delaware
corporation**

Name: Title: Date:

By: _____ L.S.

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Witness:

**Choice
Hotels
International,
Inc., a
Delaware
corporation**

Name: Title: Date:

By: _____ L.S.
Name
: Title:
Date:

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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
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Delaware
corporation**

Name: Title: Date:

By: _____ L.S.

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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.

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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.

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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.

~~3. Item 5, Additional Disclosures:~~

~~A surety bond in the amount of \$935,000 has been obtained by the Franchisor. The Commonwealth of Virginia State Corporation Commission has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Virginia Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.~~

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~~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~~in your relationship with the franchisor, including ~~in~~ the areas of termination and renewal of your franchise. There may also be court decisions ~~that~~which may supersede the franchise agreement ~~or related agreements concerning~~in 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 Litigationthe areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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~~executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any ~~rules~~rule or ~~orders~~order 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~~such as those which 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~~provisions contained in the franchise agreement or elsewhere that ~~conflicts~~conflict with these limitations ~~is~~are 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.

~~As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.~~

~~16. Questionnaires and Acknowledgments.~~ Section 18(b) of the Franchise Agreement or Membership Agreement is hereby amended to delete the following language: "on which you may rely." The remainder of Section 18(b) remains intact.

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. Section 19(a) of the Franchise Agreement does not apply in Washington and is hereby deleted in its entirety.

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:

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(Revised March 2026)

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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 Software and this Site, you will be required to enter your username and password. You agree that each user of the Site will be assigned a unique username and password. You agree that you will not share your password with anyone, make it available to others, or write it down or post it where someone might have access to it. You will also change your password periodically and not use common words that can be found in the dictionary, your first or last name, or numbers in a series. In addition, you agree that you will not save your passwords when prompted by your browser.

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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EXCEPT AS EXPRESSLY PROVIDED ABOVE, CHOICE SHALL NOT BE RESPONSIBLE FOR ANY PROBLEMS OR TECHNICAL MALFUNCTION OF ANY TELEPHONE NETWORK OR LINES, COMPUTER ON-LINE SYSTEMS, SERVERS, INTERNET SERVICE PROVIDERS, COMPUTER EQUIPMENT, SOFTWARE, OR ANY COMBINATION THEREOF INCLUDING ANY INJURY OR DAMAGE TO YOUR OR ANY OTHER PERSON'S COMPUTER AS A RESULT OF USING THIS SITE. CHOICE MAKES NO REPRESENTATIONS, WARRANTIES OR CONDITIONS EXPRESS, IMPLIED OR COLLATERAL, WITH RESPECT TO THE INFORMATION PROVIDED ON THIS SITE OR ON ANY THIRD-PARTY WEBSITES THAT MAY BE ACCESSED FROM THIS SITE, INCLUDING ANY REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY, COMPLETENESS OR TIMELINESS OF THE INFORMATION POSTED ON THIS SITE. YOU ARE SOLELY RESPONSIBLE FOR CHOOSING AN INTERNET SERVICE PROVIDER AND CHOICE MAKES NO REPRESENTATION OR WARRANTY AS TO THE SUITABILITY OR COMPATIBILITY OF ANY SUCH PROVIDER.

WARRANTIES UNDER THIS SECTION SHALL NOT APPLY TO ANY INTERFACE TO THE EXTENT ANY IMPAIRMENT OR LIMITATION ON INTERFACE PERFORMANCE OR FUNCTIONALITY IS CAUSED BY THE SYSTEM ACCESSED THROUGH AN INTERFACE, OR SUCH SYSTEM'S PROVIDER, OR THE INFORMATION OR DATA PROVIDED BY SUCH SYSTEM.

CHOICE MAKES NO RECOMMENDATION, ENDORSEMENT, REPRESENTATION, WARRANTY OR CONDITION REGARDING ANY THIRD PARTY SYSTEM OR SERVICE THAT MAY INTERFACE WITH THE SOFTWARE, INCLUDING THE CURRENT OR CONTINUING SUITABILITY OR AVAILABILITY OF SUCH SYSTEM OR SERVICE. YOU HEREBY ACKNOWLEDGE THAT YOU ARE SOLELY RESPONSIBLE FOR YOUR USE OF THE SYSTEM OR SERVICE THAT YOU ACCESSES VIA SUCH AN INTERFACE, AND THAT YOU WILL LOOK SOLELY TO THE THIRD PARTY PROVIDER OF SUCH SYSTEM OR SERVICE TO ADDRESS FUNCTIONALITY OR PERFORMANCE ISSUES ARISING OUT OF SUCH SYSTEM OR SERVICE.

Indemnification

You agree, at your expense, to indemnify, defend and hold Choice and its subsidiaries and affiliates, as well as their respective officers, directors, employees, agents, distributors, franchisees, licensors (including Microsoft) and licensees, and their respective officers, directors, employees and agents, 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 use of the Software or this Site or any product or service related to the Software or this Site. You agree that you will immediately notify Choice in writing of the assertion of any claim by a third party or the discovery of any fact upon which the third party intends to base a claim hereunder. Choice reserves the right to assume the exclusive defense and control of any matter subject to indemnification by you, including the settlement thereof, which shall not excuse your indemnity obligations.

Termination

Your right to access and use the Software and this Site shall terminate upon termination or expiration of your Franchise Agreement. In addition, Choice may terminate these Terms of Use and your right to use the Software or this Site in the event that you: (a) breach any of these Terms of Use; or (b) fail to make applicable payments associated with your use of the Software or this Site as specified in the Rules and Regulations that accompany your Franchise Agreement. In addition to any damages to which it may be entitled, Choice shall be entitled to reimbursement of all costs relating to the breach of the Terms of Use, including reasonable attorneys' and witness' fees. Your breach of these Terms of Use shall also cause irreparable harm to Choice and its licensors. You agree

that damages may be an inadequate remedy for such breach and, therefore, in addition to its rights and remedies otherwise available at law, Choice will be entitled to equitable relief, including both a preliminary/interlocutory 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.

Governing Law

For U.S. franchisees: Choice creates and controls the Software and this Site in the State of Maryland, U.S.A. Accordingly, these Terms of Use are governed exclusively 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. 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 or relating to the use of the Software or this Site and the material contained in the Software or this Site 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 of Ontario, 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 Software or this Site and the material contained in the Software or this Site shall be resolved in an Ontario court, and you expressly waive the right to file a lawsuit or proceeding in any other jurisdiction. 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.

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

choiceADVANTA
GE.com Choice Hotels
International, Inc. 915 Meeting
Street, Suite 600
North Bethesda, Maryland 20852 <http://www.choicehotels.com>

EXHIBIT F

Choice ResConnect Reservations Services Program — Terms of Use

(Revised ~~February~~November 2025)

Thank ~~You~~you for ~~Your~~your interest in Choice Hotels International, Inc. ("Choice") Choice ResConnect Reservations Services Program (the "Program"). To enroll one or more of ~~Your~~your hotel properties in the Program, please review the terms below that will govern ~~Your~~your participation in and use of the Program ("Terms of Use"), ~~You~~you will repeat this process for each property ~~You~~you intend to enroll in the Program.

Terms of Use

By providing your acknowledgment on the ChoiceNow request "ResConnect Enrollment / Modification", ~~You~~you are confirming that ~~You~~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~~you accept and agree to these Terms of Use on behalf of ~~Yourself~~yourself and/or the Franchisee for ~~Your~~your participation in the Program for the specific hotel property ~~You~~you identify on the Choice ResConnect Enrollment form (the "Hotel Terms of Use shall govern ~~Your~~your participation in and use of the Program and shall be binding on ~~You~~you and ~~Your~~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~~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~~your participation in the Program after Choice posts any changes to the Terms of Use, ~~You~~you accept and agree to the Terms of Use, as modified.

As used in these Terms of Use, the terms "~~You~~you" and "~~Your~~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 ~~You~~your Hotel the Service described below.

Service Option:

Choice ResConnect

Choice will provide ~~Your~~your Hotel with its own unique Choice ResConnect Number. Choice will substitute ~~Your~~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~~your Hotel's Main Number and keep it operational throughout the course of ~~Your~~your participation in the Program.

Incoming ~~Calls~~calls on ~~Your~~your Choice ResConnect Number will be routed to an automated "interactive voice response" system (IVR) with a message specific to ~~Your~~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~~you will be charged the standard fee detailed in Section 3. If the caller chooses the "all other inquiries" option, then the caller be routed to ~~Your~~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~~your ResConnect IVR without notice.

2. Obligations and Representations

Once ~~You~~you accept these Terms of Use, ~~You~~you will be enrolled in the Program and ~~You~~you will receive an e-mail confirmation including the Choice ResConnect Technical Requirements & ~~C~~Hotel ~~Questionnaire~~Questionnaire. You represent and warrant that

the Hotel ~~Questionnaire-You~~Questionnaire you submit is and will be complete and accurate. You agree to notify Choice promptly of any changes to the information ~~You~~you provide in the Hotel ~~Questionnaire~~Questionnaire. If ~~You~~you wish to enroll additional Hotels in the Program, ~~You~~you must accept these Terms of Use and complete a separate Hotel ~~Questionnaire~~Questionnaire for each Hotel.

Your participation in the program requires that you allow Choice to publish and/or retain your ResConnect program number on digital channels designated by Choice such as, but not limited to, Choicehotels.com, Google, Tripadvisor, and Bing.

Choice ResConnect representatives have access to all your local negotiated rate plans through our reservation system. This includes rate plans ~~You~~you have loaded as Property Direct. It is ~~Your~~your responsibility to ensure every locally negotiated rate plan has a loaded rate description.

To enable the full functionality of the Program, ~~You~~you may be required to take additional actions, such as providing us with certain information, directions, and preferences. You can submit your hotel ~~Questionnaire~~Questionnaire on ChoiceNow detailing the requirements and requests if necessary. If ~~You~~you fail to satisfy the enrollment requirements and our requests, ~~You~~you may impair ~~Your~~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~~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~~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~~you. The Fee is due and payable by ~~You~~you to us for each reservation that is booked by the Program. If ~~You~~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~~you monthly for the Fees and other amounts due under these Terms of Use and ~~You~~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~~your participation in and use of the Program if ~~You~~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~~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~~you. The Fee is due and payable by ~~You~~you to us for each reservation that is booked by the Program. If ~~You~~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~~you monthly for the Fees and other amounts due under these Terms of Use and ~~You~~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~~your participation in and use of the Program if ~~You~~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~~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~~you. The Fee is due and payable by ~~You~~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~~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~~you monthly for the Fees and other amounts due under these Terms of Use and ~~You~~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~~your participation in and use of the Program if ~~You~~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~~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 ~~Yeu~~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 ~~Yeu~~you may not cancel before the end of the Initial Term except as detailed below. After the Initial Term, ~~Yeu~~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 ~~Yeu~~you wish to take ~~Yeu~~your Hotel out of the Program early, ~~Yeu~~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 ~~Yeu~~your participation in the Program upon five (5) days written notice if ~~Yeu~~you fail to timely pay any amounts due to Choice as a result of ~~Yeu~~your participation in the Program.

Franchise Agreement Default, Termination or Expiration. We may terminate ~~Yeu~~your participation in the Program immediately upon any default under the Program or ~~Yeu~~your Franchise Agreement and ~~Yeu~~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 ~~Yeu~~your removal of the Choice ResConnect Number from any or one of the following channels (or any other channel in which we list ~~Yeu~~your ResConnect Number) constitutes a breach of these Terms of Use for which we may terminate immediately ~~Yeu~~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 ~~Yeu~~your breach of the Terms of Use, we terminate ~~Yeu~~your participation in the Program during the first six months after ~~Yeu~~your enrollment, we will charge ~~Yeu~~you the early exit fee.

Your breach of these Terms of Use may also cause irreparable harm to Choice. ~~You~~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~~you actually paid in the six (6) months immediately preceding ~~Your~~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~~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~~your participation in or use of the Program or as to the accuracy or reliability of any information obtained through ~~Your~~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~~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~~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~~your participation in or use of the Program.

7. Indemnity

You agree, at ~~Your~~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~~your breach of these Terms of Use or in connection with ~~Your~~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~~you, which shall not excuse ~~Your~~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~~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 ~~You~~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~~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 ~~You~~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~~you to enforce any of the provisions of these Terms of Use, ~~You~~you agree to pay Choice, in addition to any damages for which ~~You~~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 ~~You~~your participation in, right to access, and use of the Program. Any rights not expressly granted to ~~You~~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~~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.](mailto:ResConnect@choicehotels.com)
[Choice ResConnect Reservations Services Program — Terms of Use - Premium](#)
[\(Revised November 2025\)](#)

[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.

Choice ResConnect Premium

With Premium, callers to your Hotel will continue to use your existing Main Number as they did before you enrolled in the Program. With this Service Option, you will assign to us and we will assume that Main Number (also referred to as the "**Ported Number**") by executing a Letter of Agency we provide to you.

When calls are made to the Ported Number, they 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 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.

To participate, your Hotel must have, in addition to the Main Number, at least one other working phone number/phone line available at your front desk ("**Secondary Number**"). Callers who chose the "all other inquiries" option will be routed to your Hotel front desk via the Secondary Number.

You acknowledge that prior to activation of this Service, you are responsible for contacting your phone company to ensure your Secondary Number phone line is set up to roll all incoming calls to another available phone line if the Secondary Number phone line is in use. If this rollover feature (known as a "**Hunt Group**") isn't set up properly, calls to the Secondary Number while in use may go unanswered or fail. You are responsible for any fees charged by the phone company in connection with the implementation of the Service, including fees for setting up the Ported Number or Hunt Group.

You agree to continue to list the Main Number as your Hotel's published phone number throughout your participation in the Program. You also acknowledge that Choice will use commercially reasonable efforts to reassign the Ported Number back to your Hotel upon termination of your participation in the Program, in accordance with the terms stated below in Section 4, however, Choice does not guarantee this reassignment back to your Hotel.

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 C 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.

Your participation in the program requires that you allow Choice to publish and/or retain your ResConnect program number on Digital Channels as designated by Choice, such as but not limited to Choicehotels.com, Google, Tripadvisor, and Bing.

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.

Change of Main Number while on the service is a breach of these Terms of Use if your Hotel takes on/publishes a new Main Number, in which case we may terminate immediately your participation in the Program.

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.

Post Termination Reassignment of Ported Number, Upon termination of your participation in the Program, we will use commercially reasonable efforts for ninety (90) days thereafter ("**Transfer Window**") to reassign the Ported Number back to your Hotel. If we are unable to reassign the Ported Number back to your Hotel during the Transfer Window, we may retain the Ported Number and/or forward it to a non-working line. You acknowledge that the actual termination of the Hotel's commitment and responsibility (including your payment of Fees) will only become effective upon the earlier of: (a) the date the Ported Number is actually reassigned back to the Hotel (which will be determined by several factors outside of Choice's control), or (b) the last day of the Transfer Window.

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 G

«PROP_CODE» - «CONTRACT_ID» «Brand_Name»

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 H

EXHIBIT H.A.

CAPITAL SUPPORT 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 /Hd/, (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; and (iv) Maker or Franchisee not being in default under the Franchise Agreement or not owing any past due or outstanding amounts under the Franchise Agreement or any related agreement. Notwithstanding anything to the contrary herein, Holder shall have no obligation to advance any portion of the Principal Amount if Maker or Franchisee owes any amounts to Holder under the Franchise Agreement or any related agreement. Holder may, in its sole discretion, set off and apply any amounts otherwise payable to Maker or Franchisee under this Note against any amounts owed to Holder under the Franchise Agreement or any related agreement, whether now existing or hereafter arising.

2. Interest.

2.1 This Note will bear interest on the outstanding Principal Amount only (and not on any previously accrued or unpaid interest) from the date on which funds are advanced to Maker (the "**Distribution Date**") until the Principal Amount is 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 and shall be applied solely to the outstanding Principal Amount. 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/ th 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 H.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 on the outstanding Principal Amount only (and not on any previously accrued or unpaid interest) from the date on which funds are advanced to Maker (the "Distribution Date") until the Principal Amount is 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 and shall be applied solely to the outstanding Principal Amount. 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 of 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

Incentive Promissory Note («PROP_CODE» - «CONTRACT_ID») Page 3

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.

~~Incentive Promissory Note («PROP_CODE» - «CONTRACT_ID»)~~
~~Page 3~~

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

Incentive Promissory Note («PROP_CODE» - «CONTRACT_ID») Page 4

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.

Incentive Promissory Note («PROP_CODE» - «CONTRACT_ID»)
Page 4

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.

Incentive Promissory Note («PROP_CODE» - «CONTRACT_ID»)
Page 5

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.

~~Incentive Promissory Note («PROP_CODE» - «CONTRACT_ID»)~~
~~Page 5~~

~~6.8~~
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.

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



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

ADDRESS _____

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 1/30th 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 n 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

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

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:



Date March 5 2014
Debtor Name Example Docs LLC
Debtor Address d3RD ST
Owatonna, MN J5060

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 17th Floor Irvine, CA 91614

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 Guarantee
Disbursement Authorization EFA PG

Please forward the above documents with the following items:

Advance Payment(s): Loan Fee.

Payment Information:

\$0.00
\$0.00
\$0.00

Tax ID Numbers

Email Address:

Mobile Numbers

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 signers 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 ENG G. M. Bisson, mt 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.

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-EQUIPMENT FINANCING AGREEMENT (Page 1)

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: _____ Business Tax ID#: 9495533480					
Full Description Of Collateral Including Model, Serial Number: As delineated on Exhibit "A", attached hereto and made a part hereof.		Equipment Cost: <u>\$100,000.00</u>		Initial Payment (Check For This Amount Must Accompany Agreement)	
Monthly Payment: <u>\$1,909.98</u>		Initial Payment Date: _____		SECURITY DEPOSIT: <u>\$0.00</u> FIRST PAYMENT: <u>\$1,909.98</u> LAST PAYMENT: <u>\$1,919.98</u> Loan Fee: <u>\$0.00</u> Total Amount Due: <u>\$0.00</u>	

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 of 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 APPOINT'S CREDITOR OR ITS DESIGNATED 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 prorata 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/Advance. 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 herein. 6. LOCATION; INSPECTION; USN. 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. 7. 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 earned 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. 8. 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.**

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 earned 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: _____

SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS WHICH ARE PART OF THIS AGREEMENT.

**(CREDITOR) BALBOA CAPITAL CORPORATION 2010 Main Street
11th Floor
Irvine, Ca 92614
371-20161010**

By: _____ Vice President

Date: _____

(DEBTOR)

Example Docs LLC _____

By: _____

Name: John Johnson _____ Title: Managing Member _____

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 agrees 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) 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

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

Equipment Financing Agreement § 000-000

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 (48%) 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 make filings of such documents without Debtor's signature. Debtor further shall furnish Creditor (a) fiscal year end financial statement including balance sheet and profit and loss statement within or 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

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 NOTWITHSTANDING 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".~~



BALBOA
C A P I T A L

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:

Payee Name

Example Vendor

Total Amount to be Disbursed

-Amount

\$100,000.00

\$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")

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

sign

By: _____

Name: John Johnson

Title: Managing Member

Date: 03/05/14



BALBOA
C A P I T A L

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 Financing Agreement Number 000-000

Debtor Name Exdmples LLC



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



C A P I T A L

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

PG 1

PG 2

~~John Johnson~~



~~John Johnson~~

~~Jane Johnson~~

PG 3

PG 4

Place copy of Driver's License(s) below:

|

EFA238



BOA

C A P I T A L

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."~~

~~John Johnson~~

Name

~~03/05/14~~

Date

~~Owatonna, MN 55060~~ **Home Street Address, City, State, Zip Code**



BALBOA
C A P I T A L

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."~~

~~Jane Johnson~~

~~Name~~

~~03/05/14~~

~~Date~~

~~S.~~

~~Oak Aze~~

~~Owatonna, MN 55060~~

~~Home Street Address, City, State, Zip Code~~

~~111111111~~

U.S. Small Business Administration

NOTE

SBA Loan #
SBA Loan Name
Loan Amount
Interest Rate
Operating Company
Lender

1. PROMISE TO PAY:

I hereby promise to pay to the order of _____

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.

_____ who pledges collateral.

"SBA" means the Small Business Administration, an agency of the United States of America.

3. PAYMENT TERMS:

I must make all payments at the place Lender designates. The payment terms for this Note are:

the prime rate in effect on the first business day of the month in which SBA received the loan application, plus 2.75%. TIN _____

LOAN PREPAYMENT:

Bank ~~mel-prepay~~ mcplreplay thb Netc. Borrower may PrzPay 20 pnrceat or Jc8a of tbc unpaid pdoclpal balaacs ct a Y Lima ^ifhout ooticc. If Bzmower pmp4yz aiors tbaa 20 percent aod tha £oca hea bccn ¥oJd oo tltc eecood Borrower a "

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- h. Pay afl ascruud intoaci aad
- e. W: >a prapsyzaaatis zeeeeived bese Oiaa 21 dsys 6ora the dstc Mndcr zscivcs the zloties, pay en amouat cqusJ zo 2t dayg' lotamst fzara tbs date lcz>dsr mcivas tBa **aoticc. less asy** iacercat accrued durfog trio 21 daya aod paid undar subp¥ragraph b., gbogv.

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Subsidy Recoupment Fee. When in any one of the first three years from the date of initial disbursement

Bolrwwr voluntarily prepay more than 2ss6 of the outstanding principal balance of thr loan, B <=> nsust pay to Lender on behalf of SBA a prepayment fee for that year as follows:

- a During thu Drst year zfler t0o due on which the loan ie first disbursed, SP of the totil prepayment
- c. During the thud yedr cficr the date or wiieh the loan is first disbuticd, IX of tha toinl prcpsp em crouch

All remaining jaincipal sod accrued *interest* is anc and piycblo 25 Yuan nad 2 months from tba dite of this Hots.

hats Cbnrgs: If a payzanot aa lbid Nala is mars tbaa IO days laze, header zoay cbu8c Borrower a lstc fits of lap to 3\$f, of fho n0paid portion of fks regularly scheduled psyzn-t.

4. DEFAULT:

Borrower in default under this Note if Borrower does not make a payment when due or if Borrower or Operator of Campsny:

- B. Default on my other loan with Lender;
- C. Does not provide, or account to Lender's attorney for, any of the collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact in connection with this Note;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation in connection with this Note;
- F. Defaults on any other debt obligation to any lender, if such default is a default under a "debt obligation" as defined in the Uniform Commercial Code;
- 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 assets or property;
- J. Makes any assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes materially affects Borrower's ability to pay this Note.
- L. Reorganizes, merges, consolidates, or otherwise changes its corporate structure or business without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes materially affects 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. Fill in and obtain judgment;
- C. Take possession of any collateral; or
- D. Sell, lease, or otherwise dispose of, any collateral in public or private sale, with or without notice.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the collateral at or about the time of auction or sale, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of any other Loan Document, and preserve or dispose of the collateral. As a result of this, the lender may be liable for costs and expenses incurred in the process of enforcing its rights, including attorney's fees and costs of collection and enforcement of this Note. If Lender incurs such expenses, it may be reimbursed by Borrower or add the expenses to the principal balance;
- C. Relies on Borrower's obligation to pay this Note;

- D. Co-obligate, release, 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

priority, and other matters. Lender or SBA may also file for bankruptcy or reorganization under the Federal Bankruptcy Laws, and may seek protection from creditors under such laws. Lender or SBA may also file for protection from creditors under the Federal Bankruptcy Laws, and may seek protection from creditors under such laws. Lender or SBA may also file for protection from creditors under the Federal Bankruptcy Laws, and may seek protection from creditors under such laws.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and each includes its

9. GENERAL PROVISIONS:

- A. All individuals who sign this Note are jointly and severally liable.
- C. Borrower must sign any documents necessary at any time to comply with the Loan Documents and to enable Lender to enforce, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, in any order and in any manner it chooses. Lender may delay or forego enforcing any of its rights without giving up any of them.
- E. Borrower may not use or authorize anyone 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.

Notwithstanding to the extent permitted by law, Borrower agrees to defend, protect, and indemnify Lender from and against all claims, damages, costs, and expenses, including reasonable attorneys' fees, that Lender may incur in connection with this Note, whether or not such claims, damages, costs, and expenses are caused in whole or in part by the negligence of Lender, provided that Lender did not obtain any such claim, damage, cost, or expense through its own active or negligent misconduct.

Collateral attached.

10.

STATE-

None.

11.

BO' RROWS ER

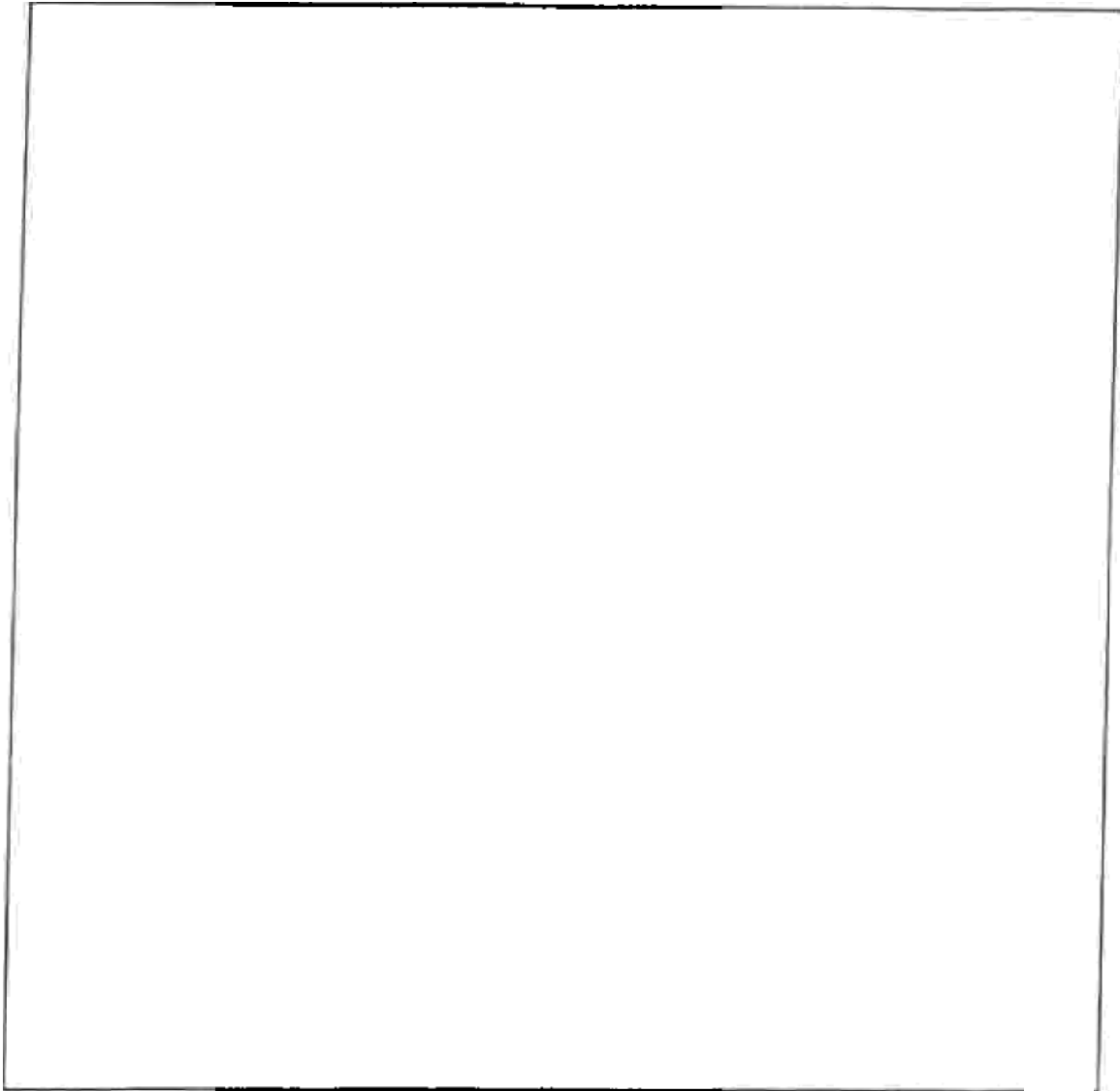


EXHIBIT J

Ascend Rules and Regulations

Table of Contents (~~2/20/2025~~2/2/2026)

000 Preface & Introduction 100

General Policies

110 Ascend ~~Hotel~~ Collection Service Style 130 ~~Privacy Policy and ADA~~Pure
Experience 140 Guest ~~Experience~~Complaints

210 Reservation Systems and Services

220 Honoring Reservations

230 ~~Marketing Programs~~Choice Privileges Program 310

Service Marks & Usage 320 Display of

Affiliations

410	Front	Desk
~~Policies~~ <u>Services</u>		420
Front	Desk	Facilities 610

Business Center

710 Property Telephone Service 810 Fitness

Center Requirements 820 Swimming ~~Pool~~Pools

910 General Housekeeping Services 920 Corridors

930 Guest Rooms

940 ~~Bathrooms~~1030 Beverage Selection ~~1100 Meetings and~~Bathroom Contents and Condition 1010

Food and

Beverage Facilities 1020 Food and Beverage

Services 1030 Room Service

1040 Restaurant & Lounge Services

1110 Atmosphere, Furnishings and

Decor 1112 Audio Visual Services

1113 Banquets 1210 Employee Accountability

1220 Building Structure, Curb Appeal, and Landscaping

1230 Exterior ~~Signage~~Signs

1240 Interior Cleanliness and Maintenance

1250 Interior and Lobby Areas

1310 Fees and Commissions 1320

Waivers

1330 Reviews/Compliance

1340 Insurance Coverage

1350 Staff Training and Development

1360 Convention and ~~Upscale~~[Regional](#)

Meetings 1410 High Speed Internet

~~Access~~[Resource Guide](#)

1420 Architecture & Construction Process Standards

EXHIBIT K

FAIR FRANCHISING POLICY

(Updated January ~~2025~~2026)

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?

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.

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

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

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.

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.

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~~[Head of Owner & Portfolio Strategy Relations](#) 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 L

CHOC

Cassandra Hill

Executive Director 4200 Morganton Rd Ste 200-13, Fayetteville, NC 28314 Phone: 910-778-2456 Fax:
910-568-4110

Email: cassandra@choiceowners.com

ELFA

~~Pradip Patel~~ [Julie Stone](#)

President

~~1450 Bowling Green Rd~~

~~Russellville, KY 42276 Phone: 270-726-2488 Email: pradip Patel@bellsouth.net~~ [8493 Alleghany Road Corfu,](#)

[New](#)

[York 14036 Phone: 585.599.4681](#)

[Fax: 585.599.3040 Email: \[econodl@gmail.com\]\(mailto:econodl@gmail.com\)](#)

ROA

Girish Patel

Chairman

6500 W. Enrique Barrera Parkway San
Antonio, TX 78227 Phone: 210-834-2586

Email: girish.patel@bhagvanhospitality.com

List of U.S. Franchisees - Those Operating and Franchisees Who Signed Franchise Agreements as of December 31, ~~2024~~2025

Franchisee							C e n t e r p h e r e h u n d e r
Hotel Address							
Hotel City							
Hotel State							
<u>Hotel Zip</u> <u>Contact Phone</u> <u>Franchisee</u> Code <u>Number</u>							
441 S Broadway		Clarkdale	Arizona	86324	5052441114	Hopi Tribe Economic Development Corporation	
2200 E. Butler Avenue		Flagstaff	Arizona	86004	9286004088	Kenzona Investment, LLC	
BLUEGREEN RESORTS MANAGEMENT	27501 North Lake Pleasant Pkwy	Peoria	Arizona	85383		BLUEGREEN RESORTS MANAGEMENT	
IDNANI HOTEL, LLC	3119 W. Highway 89A	Sedona	Arizona	86336	7069375225	IDNANI HOTEL, LLC	
PALM COURT HOLDINGS, INC.	12545 W Bell Rd	Surprise	Arizona	85378		PALM COURT HOLDINGS, INC.	
Shree Jee Hospitality, LLC	5900 North Oracle Road	Tucson	Arizona	85704	8312477692	Shree Jee Hospitality, LLC	
Williams Lodging 710, LLC	710 West Route 66	Williams	Arizona	86046	9286004088	Williams Lodging 710, LLC	
IATM Management LLC	3906 Johnson Mill Blvd.	Springdale	Arkansas	72762	(501) 350-9423	IATM Management LLC	
IZABELLA INVESTMENT, LLC	4125 Riverside Place	Anderson	California	96007	8475179100	IZABELLA INVESTMENT, LLC	
ERN HOSPITALITY, INC.	2400 Camino Del Rio Court		Bakersfield	California	93308	7145231000	
BLUEGREEN RESORTS MANAGEMENT	40671 Village Drive	Big Bear Lake	California	92315	5619127945	BLUEGREEN RESORTS MANAGEMENT	
HIGH SIERRA HOSPITALITY, LLC	651 N. Main Street	Bishop	California	93514	7608736380	HIGH SIERRA HOSPITALITY, LLC	
COMFORT PROPERTY, LLC	1865 Lincoln Ave.	Calistoga	California	94515	4153851014 707341649 3	COMFORT PROPERTY, LLC	
1111 Richards Blvd.		Davis	California	95616	5303040819	Royal Ganesh LLC	
ROYAL GUEST HOTELS, INC	245 First Street	Davis	California	95616	5303040819	ROYAL GUEST HOTELS, INC	
GOLD MINERS INN, LLC	121 Bank Street	Grass Valley	California	95945	9167842614	GOLD MINERS INN, LLC	
CAHUENGA PASS HOTEL, LLC	3241 Cahuenga Blvd W	Los Angeles	California	90068	3237088803	CAHUENGA PASS HOTEL, LLC	

American Traders, Inc.		1720 Sisk Road		Modesto		California		95350	
OWI NAPA HOTEL, LP		1556 Polk Street		Napa		California		94559 5109147679	
				94949-					
250 ENTRADA DRIVE, LLC		250 Entrada Drive		Novato		California		9494 9-557 455 74 4153794194	
250 ENTRADA DRIVE, LLC									
Daystar Hotels LLC		50552 Road 632		Oakhurst		California		93644 8582323831	
CVMI LLC		377 West Channel Islands Boulevard		Port Hueneme		California		93041 8054957011	
CVMI LLC									
ASHOK R. PATEL		1530 N Street		Sacramento		California		95814 5303040819	
ASHOK PATEL & BHARAT PATEL		2356 Stockton Blvd		Sacramento		California		95817 5303040819	
LEE'S SAN CLEMENTE RESORT, LLC		111 S Avenida De La Estrella		San Clemente		California		92672 9493613000	
La Luna Associates LLC		2599 Lombard St.		San Francisco		California		94123 415-531-8950	
3421 Cleveland Ave		Santa Rosa		California		95403 415 806 6087		3421 Cleveland Owner LLC	
ALIKA LLC		9200 Inwood Drive		Santee		California		92071 3104303338	
UCI Hospitality Group Inc		10730 Ventura Blvd		Studio City		California		91604 3237088803	
Kiota, LLC		271 Hanford St.		Sutter Creek		California		95685 209-267-9177	
NARS, INC.		2448 Sepulveda Blvd		Torrance		California		90501 3105399888	
Tulare Hospitality Investors, LLC		1183 N Blackstone St		Tulare		California		93274 5597791825	
				93001-					
Ventura Inn, LLC		298 S Chestnut Street		Ventura		California		9300 1-283 528 35 8052365853	
				93291-					
3300 W Mineral King Ave		Visalia		California		5711 310-619-4244		Freya Hospitality, LLC	
BAECHTEL CREEK INN, INC		101 Gregory Lane		Willits		California		95490 7074599063	
NEW VISION HOTELS TWO, LLC		1129 N. Summit Boulevard		Frisco		Colorado		80443 7194597928	
Golden Hotel Management, LLC		800 11th Street		Golden		Colorado		80401 7207021959	
329 Water Street		Apalachicola		Florida		32320 4843242420		PANHANDLE INVESTMENTS, LLC	
655 S. Gulfview Boulevard		Clearwater Beach		Florida		33767 7275959667		DOLPHIN SANDS CLEARWATER BEACH, LLC	
402 Harbor Blvd		Destin		Florida		32541 2056528890		HARBOR HOSPITALITY, LLC	
491 Causeway Blvd		Dunedin		Florida		34698 813-244-9264		Grant Street Partners Dunedin LLC	

PACKARD PACIFICA, INC.		440 Asylum Street		Hartford		Connecticut		06103		8582774305	
1823 Owner LLC		1823 L Street Northwest		Washington		District of Columbia		20036		3019194780	
PANHANDLE INVESTMENTS, LLC		329 Water Street		Apalachicola		Florida		32320		4843242420	
DOLPHIN SANDS CLEARWATER BEACH, LLC		655 S. Gulfview Boulevard		Clearwater Beach		Florida		33767		7275959667	
KINGWOOD CRYSTAL RIVER RESORT CORP.		9301 West Fort Island Trail		Crystal River		Florida		34429		7062124115	
HARBOR HOSPITALITY, LLC		402 Harbor Blvd		Destin		Florida		32541		2056528890	
2801 Atlantic Hospitality LLC		418 Grant St 2801 Atlantic Avenue		Dunedin Fernandina Beach		Florida Florida		34698 32034		813-244-9264 8503930067	
CANADA DRIVE HOSPITALITY, LLC		7400 Canada Ave.		Orlando		Florida		32819		4077017763	
BLUEGREEN RESORTS MANAGEMENT		12400 South International Driv		Orlando		Florida		32821		5619127945	
WARRINER-TAPPER, LLC		501 Monument Avenue		Port Saint Joe		Florida		32456		85022711118502276889	
WYVERN HOSPITALITY, LLC		101 E Retta Esplanade		Punta Gorda		Florida		33950		4843242420	
1876 Capital Circle NE		Tallahassee		Florida		32308		4843242420		CAPITAL CIRCLE PROPERTIES, LLC	
LRR Spectrum LLC		7750 Sandy Ridge Dr		Reunion		Florida		34747		954-913-5081	
125 West Lamar, LLC		125 W. Lamar Street		Americus		Georgia		31709		6102410931	
MOGAR FARMS V, LLC		330 West Peachtree Street, NW		Atlanta		Georgia		30308		6784248275	
Hotel Atlanta Opco, L.L.C.		54 Peachtree Street SW		Atlanta		Georgia		30303		2034227715	
SEAFARER ASSOCIATES, LLC		700 North Beachview Drive		Jekyll Island		Georgia		31527		8037722629	
Unelma Ventures, LLC		4111 Broadway Avenue		Boise		Idaho		83705		5036439927	
AdCope, LLC		621 21st Street		Lewiston		Idaho		83501		2087991000	
NTR Investments LLC		3559 College Avenue		Alton		Illinois		62002		706-936-0649	
BLUEGREEN RESORTS MANAGEMENT		500 S. Dearborn Street		Chicago		Illinois		60605		BLUEGREEN RESORTS MANAGEMENT	
ROCK RIVER BRIDGE HOTEL, LLC		700 W. Riverside Blvd.		Rockford		Illinois		61103		312-640-7425	
Radhe Hospitality LLC		52890 Indiana State Rd 933		South Bend		Indiana		46637		6168189037	
THE INN HOTEL, LLC		15 Dam Road		Arnolds Park		Iowa		51331		7123395568	
				50112-							

Grinnell Center LLC	925 Park St	Grinnell	Iowa	50112-2074 2074	31935420 0064199 08222		Grinnell Center LLC
POSH HOTEL, LLC	2525 Highlander Pl.	Iowa City	Iowa	52245	781898310 1		POSH HOTEL, LLC
BOUTIQUE HOTELS, LLC	2001 St. Charles Ave	New Orleans	Louisiana	70130	504473569 3		BOUTIQUE HOTELS, LLC
EVANGELINE HOSPITALITY, LLC	2235 Creswell Lane Ext. - ~~Lot B~~	Opelousas	Louisiana	70570	605886369 8		EVANGELINE HOSPITALITY, LLC
Grace Hospitality Associates, Inc	65 Whitten Road	Augusta	Maine	04330	207622377 6		Grace Hospitality Associates, Inc
506 Freeport Hotel LLC	506 US Highway 1	Freeport	Maine	04032	(857) 205-0683		506 Freeport Hotel LLC
COASTAL HOSPITALITY INC	55 York Street	Kennebunk	Maine	04043			COASTAL HOSPITALITY INC
NEH 14 LLC	4 Godfrey Dr	Orono	Maine	04473	978992112 0		NEH 14 LLC
NORTHEASTERN GROUP HOLDINGS LLC	80 John Roberts Road	South Portland	Maine	04106	207-409-3 752		NORTHEASTERN GROUP HOLDINGS LLC
MJ FELS POINT, LLC	~~888 South Broadway~~ 1000 Fell St.	Baltimore	Maryland	21231	561689660 2		MJ HENDERSON'S WHARF, LLC
41655 Park Avenue	Leonardtown	Maryland	20650				PARK AVENUE INVESTMENTS LLC
11 N. Baltimore Avenue	Ocean City	Maryland	21842	3022262400			TEKMEN GROUP, LLC
200 59th Street	Ocean City	Maryland	21842	8283482500			Festiva Development Group, Inc.
16810 Piney Point Road	Piney Point	Maryland	20674				FAH, LLC
79 Chase Avenue	Dennis Port	Massachusetts	02639	5619127945			BLUEGREEN RESORTS MANAGEMENT
61 Chase Avenue	Dennis Port	Massachusetts	02639	5619127945			BLUEGREEN RESORTS MANAGEMENT, INC.
227 Upper Main St.	Edgartown	Massachusetts	02539	5087714804			CARTER ENTERPRISES, INC.
435 Laurel Street	Lee	Massachusetts	01238	4132432700			MUKESH DESAI & SHILPA DESAI
222 Union St	New Bedford	Massachusetts	02740	6176424916			NB HOTEL MT, LLC
7 Essex Street	Newburyport	Massachusetts	01950	2077771777			ESSEX STREET INN, LLC
40 Main Street	North Adams	Massachusetts	01247	8027348337			North Adams Hospitality LLC
			01089-				
1080 Riverdale Street	West Springfield	Massachusetts	4607	5084548196			DLP HOSPITALITY, LLC
83 Monroe Center Street NW	Grand Rapids	Michigan	49503	616-796-1133			CityFlats Hotel Grand Rapids, LLC
1805 John A. Papalas Drive	Lincoln Park	Michigan	48146	2482149479			Leo Capital BW Delaware, LLC
750 Terrace Point Road	Muskegon	Michigan	49440	989 846 4501	ext.		SHORELINE INN, LLC
2980 Cook Rd.	West Branch	Michigan	48661	7104			Forward Lodging, Inc.

MJ HENDERSON'S WHARF, LLC		1000 Fell St.		Baltimore		Maryland		21231		5616896602					
PARK AVENUE INVESTMENTS LLC		41655 Park Avenue		Leonardtown		Maryland		20650							
TEKMEN GROUP, LLC		11 N. Baltimore Avenue		Ocean City		Maryland		21842		3022262400					
FAH, LLC		16810 Piney Point Road		Piney Point		Maryland		20674							
BLUEGREEN RESORTS MANAGEMENT		79 Chase Avenue		Dennis Port		Massachusetts		02639		5619127945					
BLUEGREEN RESORTS MANAGEMENT, INC.		61 Chase Avenue		Dennis Port		Massachusetts		02639		5619127945					
CARTER ENTERPRISES, INC.		227 Upper Main St.		Edgartown		Massachusetts		02539		5087714804					
MUKESH DESAI & SHILPA DESAI		435 Laurel Street		Lee		Massachusetts		01238		4132432700					
NB HOTEL MT, LLC		222 Union St		New Bedford		Massachusetts		02740		6176424916					
ESSEX STREET INN, LLC		7 Essex Street		Newburyport		Massachusetts		01950		2077771777					
CityFlats Hotel Grand Rapids, LLC		83 Monroe Center Street NW		Grand Rapids		Michigan		49503		6167961110					
Leo Capital BW Delaware, LLC		1805 John A. Papalas Drive		Lincoln Park		Michigan		48146		2482149479					
SHORELINE INN, LLC		750 Terrace Point Road		Muskegon		Michigan		49440							
Port Huron Hospitality Holdings, LLC		800 Military Street		Port Huron		Michigan		48060		6167961110					
Forward Lodging, Inc.		2980 Cook Rd.		West Branch		Michigan		48661		989-846-4501 ext. 7104					
ST. CROIX, INC.		408 Canal Park Dr.		Duluth		Minnesota		55802		2187223925		ST. CROIX, INC.			
CHAWLA POINTE, LLC		1300 Highway 8 West		Cleveland		Mississippi		38732		6623925149		CHAWLA POINTE, LLC			
RVH INVESTMENTS, INC.			130 John R Junkin Drive			Natchez			Mississippi			39120		1234567896	
UNITY SCHOOL OF CHRISTIANITY		1901 NW Blue Parkway		Lees Summit		Missouri		64086		(816) 935-3260		UNITY SCHOOL OF CHRISTIANITY			
Farris Hospitality, Inc.		545 Highway Z		Saint Robert		Missouri		65584		(573) 512-4496		Farris Hospitality, Inc.			
FURNELL INVESTMENTS, INC.		103 E. 4th Street		Sedalia		Missouri		65301		6608260200		FURNELL INVESTMENTS, INC.			
CAMPUS, INC.		2546 North Glenstone		Springfield		Missouri		65803		(417) 521-3200		CAMPUS, INC.			
				65804-											
Medical Mile Properties LLC		1260 E. Independence St.		Springfield		Missouri		65804-4284 4284		(417) 848-0901		Medical Mile Properties LLC			
BILLING VENTURES, LP		1801 Majestic Lane		Billings		Montana		59102				BILLING VENTURES, LP			
CK OPERATIONS, LLC DNC PARKS & RESORTS AT GARDINER, INC.		4655 Harrison Avenue 905 Scott Street W		Butte Gardiner		Montana Montana		59701 59030				CK OPERATIONS, LLC DNC PARKS & RESORTS AT GARDINER, INC.			
STARRY NIGHT HOSPITALITY, LLC		621 Central Avenue		Great Falls		Montana		59401		5034359217		STARRY NIGHT HOSPITALITY, LLC			
YELLOWSTONE VALLEY LODGE, LLC		3840 Highway 89 South		Livingston		Montana		59047		4178901555		YELLOWSTONE VALLEY LODGE, LLC			
NORFOLK LODGE & SUITES, LLC		4200 W. Norfolk Avenue		Norfolk		Nebraska		68701		4023714520		NORFOLK LODGE & SUITES, LLC			
777 Hospitality, LLC		900 South Carson Street		Carson City		Nevada		89701		7758830900		777 Hospitality, LLC			
BLUEGREEN RESORTS MANAGEMENT		372 East Tropicana Avenue		Las Vegas		Nevada		89169		5619127945		BLUEGREEN RESORTS MANAGEMENT			
GIRI BETHLEHEM, INC.		30 Arlington Street		Bethlehem		New Hamps		03574		6177703722		GIRI BETHLEHEM, INC.			

			hire			
~~STERLING PARTNERS, LLC~~	200 Sterling Way	Dover	New Hamps hire	03820	6037786322	STERLING PARTNERS, LLC
175 Key Rd	Keene	New Hampshire	03431	508-681-2534	Swami Shree LLC	
~~BLUEGREEN RESORTS MANAGEMENT~~	23 InnSeasons Drive	Lincoln	New Hamps hire	03251	5619127945	BLUEGREEN RESORTS MANAGEMENT
~~NEH 8, LLC~~	1380 Route 103	Newbury	New Hamps hire	03255	2077771777	NEH 8, LLC
~~Green Granite Operators, Inc~~	1515 White Mountain Hwy	North Conway	New Hamps hire	03860	207.232.2240	Green Granite Operators, Inc
~~Giri Portsmouth 505 Inc~~	505 US Highway 1 Bypass	Portsmouth	New Hamps hire	03801	6177703722	Giri Portsmouth 505 Inc
~~VALLEY INN, LLC~~	17 Tecumseh Rd	Waterville Valley	New Hamps hire	03215	2077771777	VALLEY INN, LLC
~~PPT, INC.~~	20 Riverside Drive	West Chesterfield	New Hamps hire	03466	9788358565	PPT, INC.
999 US Highway 1	North Brunswick	New Jersey	08902	7325457099	NORTH BRUNSWICK HOSPITALITY GROUP, LLC	
~~PEACOCK OPERATIONS OF PRINCETON, LLC~~	20 Bayard Lane	Princeton	New Jersey	08540	6099241707	PEACOCK OPERATIONS OF PRINCETON, LLC
~~BHAVI CORPORATION~~	~~700 Main St.~~	~~Voorhees~~	~~New Jersey~~	~~08043~~	~~0~~	
~~4001 ATLANTIC AVE, LLC~~	4001 Atlantic Avenue	Wildwood	New Jersey	08260	6096520928	4001 ATLANTIC AVE, LLC
~~GENESIS WORLDWIDE RESORTS, LLC~~	310 Rio Grande Boulevard Southwest	Albuquerque	New Mexico	87104	504-259-3232	GENESIS WORLDWIDE RESORTS, LLC
2020 Menaul Blvd NE	Albuquerque	New Mexico	87107	831-710-1230	Albuquerque Hotel Project, LLC	
200 W Main St	Red River	New Mexico	87558	2146018626	Red River Hotel, LLC	
~~DN HOSPITALITY, INC.~~	~~25980 US Highway 70~~	~~Ruidoso~~	~~New Mexico~~	~~88345~~	~~8063728373~~	
~~311 OLD SANTA FE, LLC~~	311 Old Santa Fe Trail	Santa Fe	New Mexico	87501	5054739004	311 OLD SANTA FE, LLC
~~LINDERBAUGH, LLC~~	1202 Futurity Drive	Sunland Park	New Mexico	88063	0	LINDERBAUGH, LLC
~~SUNSET PARK HOTEL LLC~~	741 61st Street	Brooklyn	New York	11220	9179165917	SUNSET PARK HOTEL LLC
~~CURTISS BUFFALO, INC.~~	210 Franklin Street	Buffalo	New York	14202	716-954-4862	CURTISS BUFFALO, INC.
						~~7162081215~~
~~SBT Property Management Corp.~~	981 New Loudon Road	Cohoes	New York	12047	5188794339	SBT Property Management Corp.
~~LAGUARDIA HOSPITALITY, LLC~~	23-45 83rd Street	East Elmhurst	New York	11370	5167739300	LAGUARDIA HOSPITALITY, LLC
~~JML Hotels LLC~~	6605 Old Collamer Rd	East Syracuse	New York	13057	8564700614	JML Hotels LLC
~~TRADITIONS AT THE GLEN, LLC~~	4101 Watson Blvd	Johnson City	New York	13790	0	TRADITIONS AT THE GLEN, LLC
~~The Inn at Century House, LLC~~	997 New Loudon Rd.	Latham	New York	12110	5188522242	The Inn at Century House, LLC

~~HHM HOTELS, LLC 55TH STREET HOTEL ASSOCIATES, LLC~~	1777 Burrstone Road 152 E. 55th Street	New Hartford New York	New York New York	13413 10022	8564700614	HHM HOTELS, LLC 55TH STREET HOTEL ASSOCIATES, LLC
~~Mayfair Hotel Group LLC~~	242 W 49th Street	New York	New York	10019	651-380-0764	Mayfair Hotel Group LLC
~~FIRST STREET GROUP, LLC~~	222 1st Street	Niagara Falls	New York	14303	(716) 867-2297	FIRST STREET GROUP, LLC
~~LOUIS WILLIAMS, INC.~~	6765 State Hwy. 37	Ogdensburg	New York	13669	0	LOUIS WILLIAMS, INC.
~~BWPSS Holdings LLC~~	2729 Monroe Avenue 3291 South Broadway	Rochester Saratoga Springs	New York New York	14618 12866	4173994931	ATLANTIC HOTEL GROUP, INC. BWPSS Holdings LLC
~~CTR Waterloo, LLC~~	2468 State Route 414	Waterloo	New York	13165	8563136098	CTR Waterloo, LLC
~~OMKAR OF ASHEVILLE, LLC~~	4 Roberts Road	Asheville	North Carolina	28803	8286899000	OMKAR OF ASHEVILLE, LLC
~~FIRC Haywood Park, LLC~~	1 Battery Park Ave	Asheville	North Carolina	28801	8282520218	FIRC Haywood Park, LLC
~~BLUEGREEN RESORTS MANAGEMENT, INC.~~	3781 Tynecastle Highway	Banner Elk	North Carolina	28604	5619127945	BLUEGREEN RESORTS MANAGEMENT, INC.
~~Jamus Family Limited Partnership No. 3~~	2419 NC Hwy 105 S.	Boone	North Carolina	28607	828-719-0047	Jamus Family Limited Partnership No. 3 2524066800
~~ESQUIRE HOTEL GASTONIA, LLC~~	168 W Main Ave	Gastonia	North Carolina	28052	0	ESQUIRE HOTEL GASTONIA, LLC
~~SUGARLOAF LODGING, LLC~~	201 Sugarloaf Road	Hendersonville	North Carolina	28792		SUGARLOAF LODGING, LLC
153 West King Street	Hillsborough	North Carolina	27278	608-845-9985	Colonial Inn Hillsborough Inc.	
~~Reed Hartman Hospitality LLC~~	11349 Reed Hartman Hwy.	Blue Ash	Ohio	45241	5132907211	Reed Hartman Hospitality LLC
~~Walnut Creek Hotel, LLC~~	2870 Cove Lane	Walnut Creek	Ohio	44687	9312651199	Walnut Creek Hotel, LLC
~~DND HOSPITALITY, LLC~~	1033 N Service Road	Calera	Oklahoma	74730		DND HOSPITALITY, LLC
~~GENESIS ASTORIA LLC~~	555 Hamburg Avenue	Astoria	Oregon	97103	5038870280	GENESIS ASTORIA LLC
275 E Johnson Avenue	Coos Bay	Oregon	97420	5105893332	Virk Hospitality CB, LLC	
~~Travel Inn Motel, Inc.~~	1859 Franklin Boulevard	Eugene	Oregon	97403	541-868-3903	Travel Inn Motel, Inc.
~~LINCOLN SANDS HOTEL PARTNERS LLC~~	535 NW Inlet Avenue	Lincoln City	Oregon	97367	5038870280	LINCOLN SANDS HOTEL PARTNERS LLC
~~Newport Hotel Associates, LLC~~	232 Southwest Elizabeth Street	Newport	Oregon	97365	5038870280	Newport Hotel Associates, LLC
~~PTL ENTERPRISES, INC.~~	545 Broadway Ave.	Seaside	Oregon	97138	5038870280	PTL ENTERPRISES, INC.
~~Videni Concepts, LLC~~	3223 Bret Clodfelter Way	The Dalles	Oregon	97058	3606960411	Videni Concepts, LLC
~~Allentown Park Properties LLC~~	7471 Keebler Way	Allentown	Pennsylvania	18106	9179749810	
~~MONAHAN PARTNERSHIP, LP~~	75 Springs Avenue	Gettysburg	Pennsylvania	17325	7173343141	MONAHAN PARTNERSHIP, LP
700 Main St.	Stroudsburg	Pennsylvania	18360	0	BHAVI CORPORATION	
~~FESTIVA REAL ESTATE HOLDINGS, LLC~~	177 Church Street	Charleston	South Carolina	29401	843-296-2678	FESTIVA REAL ESTATE HOLDINGS, LLC

Guru Krupa Inc	621 South Assembly Street	Columbia	South Carolina	29201	8032610276	Guru Krupa Inc
104 Court, LLC	104 E. Court Avenue	Greenwood	South Carolina	29646	6102410931	104 Court, LLC
I'ON HOTEL AND INN GROUP, LLC	148 Civitas Street	Mount Pleasant	South Carolina	29464	7273857581	I'ON HOTEL AND INN GROUP, LLC
BLUEGREEN RESORTS MANAGEMENT	2690 Harbour Lights Drive	Myrtle Beach	South Carolina	29579	5619127945	BLUEGREEN RESORTS MANAGEMENT
K BAR S LODGE, LLC	434 Old Hill City Road	Keystone	South Dakota	57751	6056664545	K BAR S LODGE, LLC
Brentwood Suites Group	622 Church St. East	Brentwood	Tennessee	37027	6155794663	Brentwood Suites Group
GDH Hospitality, LLC	100 W 21st Street	Chattanooga	Tennessee	37408-2528	6784248275	
CONTINENTAL INNS OF AMERICA, 7TH & UNION	711 Union Street	Nashville	Tennessee	37219	6152446690	CONTINENTAL INNS OF AMERICA, 7TH & UNION
PINE MOUNTAIN HOSPITALITY GROUP, LLC	410 Pine Mountain Road	Pigeon Forge	Tennessee	37863	8654288350	PINE MOUNTAIN HOSPITALITY GROUP, LLC
		37862-				
Parkgrove, L.P.	1850 Parkway	Sevierville	Tennessee	37862-0855 0855	8655946121	Parkgrove, L.P.
KIMBALL BEND OF CLEBURNE, LP	250 East James Street	Cleburne	Texas	76031	8176456088	KIMBALL BEND OF CLEBURNE, LP
2311 Avenue P 1/2	Galveston	Texas	77550	409-497-7269	AGRP Corporation	
Cavalcade Hotel LLC	100 W Cavalcade St	Houston	Texas	77009	8326402478	Cavalcade Hotel LLC
ROCFII 1510 HWY 59, LLC	1510 US Highway 59 South Loop	Livingston	Texas	77351	5139933044	ROCFII 1510 HWY 59, LLC
Wise Tanglewood Partners LLC	290 Tanglewood Circle	Pottsboro	Texas	75076	972-333-2139	Wise Tanglewood Partners LLC
BLUEGREEN RESORTS MANAGEMENT, INC.	18603 La Cantera Terrace	San Antonio	Texas	78256	5619127945	BLUEGREEN RESORTS MANAGEMENT, INC.
220 Broadway Street	San Antonio	Texas	78205	3372392122	Mayur Patel	
LaTour Hotels & Resorts Inc.	2060 Sidewinder Dr	Park City	Utah	84060	(877) 340-4971	LaTour Hotels & Resorts Inc.
SW Signature Enterprises LLC	1650 W 200 S	Parowan	Utah	84761	702-346-1174	SW Signature Enterprises LLC
PALMER HOUSE, LLC	5383 Main Street	Manchester Center	Vermont	05255	5162383261	PALMER HOUSE, LLC
Smart Suites LLC	1700 Shelburne Road	South Burlington	Vermont	05403	8027348337	Smart Suites LLC
BAYSIDE HOSPITALITY, LLC	3801 South Main Street	Chincoteague	Virginia	23336	4103901496	BAYSIDE HOSPITALITY, LLC
BLUEGREEN RESORTS MANAGEMENT	174 Horseshoe Circle	Gordonsville	Virginia	22942	5619127945	BLUEGREEN RESORTS MANAGEMENT
ROBERT E LEE PROPERTIES LLC	30 S. Main Street	Lexington	Virginia	24450	540-461-8484	ROBERT E LEE PROPERTIES LLC
Jackson Park Inn, Inc.	68 1st Street	Pulaski	Virginia	24301	5403818451	Jackson Park Inn, Inc.
HARRISON VIRGINIA ATLANTIC, LLC	1101 Atlantic Avenue	Virginia Beach	Virginia	23451	4102894444	HARRISON VIRGINIA ATLANTIC, LLC
170 EAST MAIN, LLC	170 East Main Street	Williamsburg	Virginia	23185	2762284888	
BLUEGREEN RESORTS MANAGEMENT, INC.	1827 Merrimac Trail	Williamsburg	Virginia	23185	5619127945	BLUEGREEN RESORTS MANAGEMENT, INC.

BLUEGREEN RESORTS MANAGEMENT, INC.	249 York Street	Williamsburg	Virginia	23185	5619127945	BLUEGREEN RESORTS MANAGEMENT, INC.
GRACE K CORP.	1700 W Marine View Drive	Everett	Washington	98201	4252526779	GRACE K CORP.
Traum Ventures, LLC	50 Comstock St	Richland	Washington	99352	5036439927	Traum Ventures, LLC
1823 L Street Northwest	Washington	Washington DC	20036	3019194780	1823 Owner LLC	
Tygart Hotel LLC,	206 Davis Ave	Elkins	West Virginia	26241	3044042912	Tygart Hotel LLC,
The Cranberry, LLC	2700 Cranberry Square	Morgantown	West Virginia	26508		The Cranberry, LLC
ST. NORBERT COLLEGE, INC.	300 Grant Street	De Pere	Wisconsin	54115	9204033998	ST. NORBERT COLLEGE, INC.
SHORE CLUB, LLC	276 Victorian Village Drive 653 Illinois Avenue	Elkhart reun Lake	Wisconsin	5494 1	4146307554	Green Lake Hotel Group, LLC 53020 3125050730
Green Lake Hotel Group, LLC MANITOWOC LODGING ASSOCIATES, LLP	653 Illinois Avenue 101 Maritime Drive	Green Lake Manitowoc	Wisconsin		4146307554 3172475500	MANITOWOC LODGING ASSOCIATES, LLP
Port Washington Hotel, LLC	135 East Grand Avenue	Port Washington	Wisconsin	53074	5636904000	Port Washington Hotel, LLC
Three Bears Hospitality Partners LLC	701 Yogi Circle	Warrens	Wisconsin	54666	6053282941	Three Bears Hospitality Partners LLC
BLUEGREEN RESORTS MANAGEMENT	S944 Christmas Mountain Road	Wisconsin Dells	Wisconsin	53965	5619127945	BLUEGREEN RESORTS MANAGEMENT
Bravo 1570 LLC	1570 Wisconsin Dells Parkway	Wisconsin Dells	Wisconsin	53965	(619) 886-7977	Bravo 1570 LLC

Franchisees who have signed Franchise Agreements for Hotels that were not yet operational as of as of December 31, 20242025

Franchisee	Licensee Rep	Licensee Rep	Licensee Rep
	Licensee Rep	Street Address	

Hotel Address	Hotel City	Hotel State	Hotel Zip	Contact Phone	Franchisee
		Code	Number		
Wood Properties, LLC	713 North Washington South Cotton Street	101 Andalusia	Alabama	35470 3642 0	2056528890 Andalusia Hotel Operator, LLC
MLCV Oklahoma LLC	1820 East Ray Road 922 E Rte 66	Chandler Flag staff	Arizona	8600 1 92860040 88	WW 66 LLC 85225 (320) 532-884 8
Alexandre Rizk & Robert Eaton	7502 E. Pinnacle Peak Road B-116 2775 W. Bronco Butte Trail	Scottsdale Phoenix	Arizona	85255 8508 5	4808163390 Alexandre Rizk & Robert Eaton
10 N. Irwin Street	Hanford	California	93230	5597381700	HANFORD INVESTORS, INC.
Royal Ganesh LLC	c/o Royal Guest Hotels 1111 Richards Blvd	Davis	California	95616	5303040819
HG OF MC, LLC	442 Tudor Way 17560 Calle	Salinas	California	93906	8313202263 HG OF MC, LLC

	Del Adobe			93907		
1711 Mission Dr	Solvang	California	93463	(760) 684-9502	Turtle Hospitality LLC	
1925 Harrison St	Hollywood	Florida	33020	3053455889	IMY 26, LLC	
5995 W. Irlo Bronson Hwy.	Kissimmee	Florida	34747	8133764075	GULF SOUTH ENTERPRISES, INC.	
611 S Atlantic Ave	New Smyrna Beach	Florida	32169	843-340-8517	LaTour Hotels & Resorts Inc.	
10 Hallam Street LLC	402 8th Ave Ste 207	San Francisco	California	94118	4153794194	
3421 Cleveland Owner LLC	2193 Fillmore Street	San Francisco	California	94115	415-806-6087	
Glen Cove Property LLC	9929 Coronado Lake Drive 1027 East Highway 98	Boynton Beach Pamama City	Florida	3343732401	5616289631850-527-1885	Glen Cove Property LLC
116 E Gonzalez St	Pensacola	Florida	32501	317-432-5022	James Spear et. al	
3028A Washington Rd	Augusta	Georgia	30907	404-914-2699	DBE Hotel Group LLC	
100 Hopkins Place LLC	2036 Bispham Road	Sarasota	Florida	34231	4074061412	
Stonecrest Resorts LLC	8020 Mall Parkway Turner Hill Rd	Stonecrest Stonecrest	Georgia	30038	404-661-4880	Stonecrest Resorts LLC
250 West, LLC	1550 South Indiana Avenue Suite 201-B 250 W Schick Road	Chicago Bloomingdale	Illinois	6060560108	(847) 507-7165	250 West, LLC
5501 West 79th Street	Burbank	Illinois	60459	708-945-1188	ROSETTA PLACE LLC	
Philip L. Beckham III	3720 S. Dearborn Suite 205 4250 S. M.L. King Drive	Chicago	Illinois	6060960653	7739496750	Philip L. Beckham III
225 NE Adams St.	Peoria	Illinois	61602	2145529495	Ambe Hotels Peoria LLC	
1225 North Dixie Blvd	Radcliff	Kentucky	40160	8378459200	Paresh Patel	
ROSETTA PLACE LLC	Rosetta Place, LLC 9001 Basswood Drive	Tinley Park	Illinois	60477		
Sarina Management of Branson Inc	4010 Nashville Road	Franklin	Kentucky	42134	(510) 378-0850	
Pride Opportunity Developers LLC	102 Rue Felicite 106 Castille Ave	Lafayette	Louisiana	7050770501	337-233-1154	Pride Opportunity Developers LLC
713 Prairie Street	Winnsboro	Louisiana	71295	808-206-6394	ElimCareHomeLa LLC	
NORTHEASTERN HOSPITALITY MANAGEMENT LLC	352 North St Street	Saco	Maine	04072	207-409-3752	NORTHEASTERN HOSPITALITY MANAGEMENT LLC
Alex Hamilton Realty Trust	320 Washington Street Suite 3FF 7-9 Hamilton Place	Brookline Boston	Massachusetts	0244502108	6173889900	Alex Hamilton Realty Trust
225 Jess Jo Pkwy	Branson	Missouri	65616	(510) 378-0850	Sarina Management of Branson Inc	
DP Hospitality Organization LLC	321 Penrose Pl	Madison	Mississippi	39110	601-291-8275	
Genesis Realty & Development, LLC	4420 Madison Ave Suite 104 4400 North 19th Street	Kansas City Ozark	Missouri	6411165721	8167562331	Genesis Realty & Development, LLC

			59102-		
3121 King Ave W	Billings	Montana	6437	7148558552	King Hotel Investment LLC
Swami Shree LLC	175 Key Road		Keene	New Hampshire	03431 508-681-2534
NORTH BRUNSWICK HOSPITALITY GROUP, LLC	Washington Hospitality Group, LLC 30 Drinking Brook Rd.		Monmouth Junction	New Jersey	08852 7325457099
DK Hotel Management LLC	2900 Cerrillos Rd	Santa Fe	New Mexico	87507 8750 2	(208) 254-0502 DK Hotel Management LLC
1378 Group, LLC	295 Main St 11 Mill Street	Buffalo Ellicottville	New York	14203 1473 2	7168540060 1378 Group, LLC
108 Fall St	Seneca Falls	New York	13148	9737678200	AP & KP Hospitality LLC
ATLANTIC HOTEL GROUP, INC.	ATLANTIC HOTEL GROUP, INC. 2729 Monroe Avenue		Rochester	New York	14618
DLAA, LLC	220 Sunset Ave 115 S Fayetteville St	Asheboro	North Carolina	27203 3366107368	DLAA, LLC
620 E. Lawson Street	Durham	North Carolina	27707	336-689-5679	The Rook Hotels, LLC
530 Jake Alexander South	Salisbury	North Carolina	28144	336-689-5679	The Rook Hotels, LLC
2500 45th Street S.	Fargo	North Dakota	58104	701-866-1006	Epic Management LLC
150 N 8th Street	Grand Forks	North Dakota	58201	701-866-1006	Epic Management LLC
2330 37th Ave SW	Minot	North Dakota	58701	701-866-1006	Epic Management LLC
3150 Sheyenne St	West Fargo	North Dakota	58087	701-866-1006	EPIC Management LLC
1815 S. Meridian Ave	Oklahoma City	Oklahoma	73108	218-838-3064	MLCV Oklahoma LLC
Next to 7640 SW Warm Springs S	Tualatin	Oregon	97062	5038870280	INTEGRITY INVESTORS LLC
300 Scenery Lane	Greensburg	Pennsylvania	15601	4129630600	Om Shiva Hospitality, LLC

Festiva Development Group, Inc.	Asheville	North Carolina	28805	8283482500				
EPIC Management LLC	745 31st Avenue East, Suite 105	North Dakota	58103	701-866-1006				
Epic Management LLC	745 31st Avenue East, Suite 105	North Dakota	58103	701-866-1006				
Epic Management LLC	745 31st Avenue East, Suite 105	North Dakota	58103	701-866-1006				
Epic Management LLC	745 31st Avenue East, Suite 105	North Dakota	58103	701-866-1006				
INTEGRITY INVESTORS LLC	Lincoln City Hotel Partners LLC 15924 Quarry Rd. Lake Oswego	Oregon	97035	5038870280				
~~Lark Berger Ventures LLC~~ 500 West Walnut Street	~~3400 Bath Pike Suite 307~~ Bethlehem Shamokin	Pennsylvania	~~18017~~ 17872	610-865-0887		Lark Berger Ventures LLC		
481 Porter Drive	Denmark	South Carolina	29042	336-689-5679		The Rook Hotels, LLC		
Om Shiva Hospitality, LLC	30 St Francis Way	Pennsylvania	15012	4129630600				
CAPITAL CIRCLE PROPERTIES, LLC	4 East Lancaster Avenue	Pennsylvania	19301	4843242420				
Pigeon River Hospitality LLC 234 Caton Road	117 Cedar Lane Knoxville Sevierville	Tennessee	~~37912~~ 37862	8657557815		Pigeon River Hospitality LLC		
ElimCareHomeLa LLC	4760 Preston Road Ste #233	Texas	75034	808-206-6394				
AGRP Corporation	2724 Palm Circle East	Texas	77551	409-497-7269				
Red River Hotel, LLC	Lakefront Lodging LLC 215 Sunray Lane Sunnyvale	Texas	75182	2146018626				
Stagecoach Partners, LLC	12643 Bear Meadow Court	Utah	84020	(801) 317-7736				
1575 West 200 North Adams Hospitality LLC	410 Shelbourne Road Burlington Cedar City	Vermont Utah	~~05401~~ 84720	~~80273483374~~ 352673272		LJK Hospitality LLC		
The Rook Hotels, LLC	~~124 South Market~~ 327 Main Street Danville	South Boston	Virginia	~~24541~~ 124592	336-689-5679	The Rook Hotels, LLC		
123 S Post St	Spokane	Washington	99201	000000		GVD Hospitality Management Services Inc.		
The Rook Hotels, LLC	124 South Market Street			Danville		Virginia	24541	336-689-5679

The Rook Hotels, LLC		124 South Market Street_____Danville			Virginia	24541	336-689-5679
The Rook Hotels, LLC		124 South Market Street_____Danville			Virginia	24541	336-689-5679
OM HOTEL LLC		950 J. Clyde Morris Blvd._____Newport News			Virginia	23601	4345668486
~~Mountaineer Hotel LTD. CO.~~ <u>31 East 2nd Avenue</u>		~~304 Oak Street~~ Williamson		West Virginia	25661	3047848720	<u>Mountaineer Hotel LTD. CO.</u>
<u>103 E Ramshorn</u>		<u>Dubois</u>		<u>Wyoming</u>	<u>82513</u>	<u>(801) 317-7736</u>	<u>Stagecoach Partners, LLC</u>
Robert Cullen, Michael Garceau, et al	1460 Geiser Road	Wisconsin	5	9208538103			
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EXHIBIT N

Franchisees that left the System during Fiscal Year Ending December 31, ~~2024~~2025

Franchisee		Licensee Address			License e-Rep City	License e-Rep State
2400 Camino Del Rio Court	Bakersfield	California	93308	7145231000	MODERN HOSPITALITY, INC.	
1403 Mission Ave	Oceanside	California	92058	5629069892	Dalsukh Kumbhani	
~~HILTON HEAD HOSPITALITY, LLC~~ ~~MONTES FAMILY REVOCABLE TRUST~~ ~~11/11/96~~ 28976 W Plaza Drive	~~224 Nunzia Ct.~~ ~~MONTES FAMILY REVOCABLE TRUST OF NOVEMBE~~ ~~123 Santa Maria~~ ~~Santa Nella~~	~~Roseville~~ ~~San Bruno~~			~~Californ~~ ~~Californ~~	
250 S Walnut Rd	Turlock	California	95380	+1 (775) 250-1810	D Tur Hotel, LLC	
4005 North Elizabeth Street	Pueblo	Colorado	81008	7195438050	HAMKIM, INC	
~~587 EDDY STREET, LLC~~		~~402 8th Ave Suite 207~~			~~San Francisco~~	~~Californ~~
~~M R AND T MAUI HOTEL MANAGEMENT, LLC~~		~~Surya Management, L.L.C. 134 Sweetberry Court~~			~~San Jose~~	~~Californ~~
~~TDZ 101 CENTRAL FLATS, LLC~~		~~14100 Walsingham Rd~~			~~Larg o-St.~~	~~Florida~~
~~SHREE VITHALJI, INC.~~		~~108 Spartina Ave~~			~~Augustine~~	~~Florida~~
~~Giri Bar Harbor Kebo, Inc.~~		~~48 Industrial Park Road~~			~~saco~~	~~Maine~~
~~OHT IV, LLC~~		~~4045 East Sunshine Street, Ste 200~~			~~Springfield~~	~~Missou~~
269 North Frontage Road	New London	Connecticut	06320	8569818544	~~SOMERSET~~ NEW LONDON ~~HO~~ ~~HOLDINGS, LLC~~	
509 N Federal Highway	Hollywood	Florida	33020	4079974198	FAVORITA INN, LLC	
7495 Canada Avenue	Orlando	Florida	32819	4074742828	PREMIER HOTELS, LLC	
118 General Bushrod Johnson Ave.	Chickamauga	Georgia	30707	7063757007	YAISH & TISH LTD, LLC	
701 West Connexion Way	Columbia City	Indiana	46725	3177626356	Aarna Inc	

32 STREET LIU, LLC DNC PARKS & RESORTS AT ROCKY MOUNTAIN PA		4410 3rd Ave			Brooklyn	New York	11220	9173340050	
		250 Delaware Avenue			Buffalo	New York	14202		
DNC PARKS & RESORTS AT WHITEFISH, INC		250 Delaware Avenue			Buffalo	New York	14202		
32-34 WEST 29 STREET REALTY, LLC		32 West 29 Street			New York	New York	10001	2122045750	
Aims Newburgh Management LLC		5 Lakeside Road Festiva Real Estate Holdings, LLC			Newburgh	New York	12550	4152692907	
FESTIVA REAL ESTATE HOLDINGS, LLC		1 Vance Gap Road			Asheville	North Carolina	28805		
PARAM TAGOMA, LLC		415380 Southwest ~~Montgomery Street~~ Cutoff		Northborough	Maryland	01532	3863283481	OM SHANTI, LLC	
2222 Tittabawassee Road	Saginaw	Michigan	48604	256-837-4070	Sahaara Hospitality LLC				
406 NW 2nd Street	Concordia	Mississippi	64020	8162105214	Katrik Hospitality, LLC				
401 N. Virginia Dare Trail	Kill Devil Hills	New Mexico	27948	7574914002	SUTTON STREET DEVELOPMENT, LP				
CHI APALACH, LLC		4 East Lancaster Avenue 7471 Keebler Way		Paoli Allentown	Pennsylvania	18106	9179749810	Allentown Park Prope	
			37408-						
93 MIANTONOMI AVENUE LLC		93 Miantonomi Avenue, LLC 151 Admiral Kalfbus Rd			Newport	Rhode Island	02840	4018499880	
SUNA WINCHESTER, LLC		100 W 21st Street		Memphis Chattanooga	Tennessee	2528	6784248275	CDH Hospitality, LLC	
2125 Willis Rd.	Richmond	Virginia	23237	8042758570	WILLIS HOTEL, LLC				
1000 10th Ave N	Hurley	Wisconsin	54534	5074732112	Hurley Hotel LLC				

EXHIBIT O



March 4, 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

Lender Comfort Letter|2022- «Contract_Property» 3/4/24

Page 1

915 Meeting Street, Suite 600, North Bethesda, Maryland 20852

(301) 592-5000

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 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 Q
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	~~June 3,~~ 2025 Pending
Hawaii	~~See Separate~~ ~~FDD~~ Pending
Illinois	~~May 28,~~ 2025 Pending
Indiana	~~April 2,~~ 2025 Pending
Maryland	~~April 10,~~ 2025 Pending
Michigan	~~April 1,~~ 2025 Pending
Minnesota	~~April 30,~~ 2025 Pending
New York	~~May 2,~~ 2025 Pending
North Dakota	~~April 2,~~ 2025 Pending
Rhode Island	~~April 17,~~ 2025 Pending
South Dakota	~~April 1,~~ 2025 Pending
Virginia	~~June 27,~~ 2025 Pending
Washington	~~May 6,~~ 2025 Pending
Wisconsin	~~April 1,~~ 2025 Pending

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller- assisted marketing plans.

~~Ascend Franchise Disclosure Document—April 1, 2025~~

RECEIPT

This Ascend Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Ascend Disclosure Document and all agreements carefully.

If Choice Hotels International, Inc. (“Choice”) offers you a franchise, it must provide this Ascend 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 and Rhode Island require that Choice gives you this Ascend 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 Ascend 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 Ascend 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): Mark Shalala and/or _____
, Choice Hotels International, Inc.
915 Meeting Street, Suite 600 North
Bethesda, Maryland 20852 301.592.5000

Issuance Date: April 1, ~~2025~~2026

We authorize the respective agents and/or state agencies identified in Exhibit B to receive service of process for us. This Ascend 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 an Ascend Disclosure Document dated April 1, ~~2025~~2026 that included the following Exhibits: (A) State- Specific Addenda; (B) Regulatory Authorities; Registered Agents for Service of Process; (C) Financial Statements; (D) Membership Agreement, Personal Guaranty and State Addenda; (E) choiceADVANTAGE® Software Terms of Use; (F) ResConnect Terms of Use; (G) Promissory Note; (H) Incentive Promissory Note; (I) Lender Documents; (J) Rules and Regulations Table of Contents; (K) Fair Franchising Policy; (L) Franchisee Association Information; (M) List of Members; (N) List of Former Members; (O) Comfort Letter (P) Franchise Disclosure Acknowledgment Form; and (Q) 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 Ascend Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Ascend Disclosure Document and all agreements carefully.

If Choice Hotels International, Inc. ("Choice") offers you a franchise, it must provide this Ascend 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 and Rhode Island require that Choice gives you this Ascend 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 Ascend 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 Ascend 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): Mark Shalala and/or _____
, Choice Hotels International, Inc.
915 Meeting Street, Suite 600 North
Bethesda, Maryland 20852 301.592.5000

Issuance Date: April 1, ~~2025~~2026

We authorize the respective agents and/or state agencies identified in Exhibit B to receive service of process for us. This Ascend 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 an Ascend Disclosure Document dated April 1, ~~2025~~2026 that included the following Exhibits: (A) State- Specific Addenda; (B) Regulatory Authorities; Registered Agents for Service of Process; (C) Financial Statements; (D) Membership Agreement, Personal Guaranty and State Addenda; (E) choiceADVANTAGE® Software Terms of Use; (F) ResConnect Terms of Use; (G) Promissory Note; (H) Incentive Promissory Note; (I) Lender Documents; (J) Rules and Regulations Table of Contents; (K) Fair Franchising Policy; (L) Franchisee Association Information; (M) List of Members; (N) List of Former Members; (O) Comfort Letter (P) Franchise Disclosure Acknowledgment Form; and (Q) 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: _____

Choice Hotels' Copy