

# FRANCHISE DISCLOSURE DOCUMENT



LivAway Suites, LLC  
A Utah limited liability company  
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Email: [info@livawaysuites.com](mailto:info@livawaysuites.com)  
Website: [www.livawaysuites.com](http://www.livawaysuites.com)

LivAway Suites, LLC offers franchises for an upper economy extended-stay hotel that operates under the name LivAway Suites™.

The total investment necessary to begin operation of a LivAway Suites™ franchise, excluding real property, ranges from \$10,613,850 to \$13,246,000. This includes \$37,600 to \$39,550 that must be paid to us.

Area developers must commit to open a minimum of 3 LivAway Suites™ hotels, but we anticipate most will commit to open 4 LivAway Suites™ hotels. If you purchase area development rights to open 4 hotels, the total investment necessary to begin operation of a LivAway Suites™ franchise, excluding real property, ranges from \$10,718,850 to \$13,351,000. This includes \$142,600 to \$144,550 that must be paid to us.

This Disclosure Document summarizes certain provisions of your franchise agreement, area development 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, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 3300 N. Triumph Blvd., Suite 100, Lehi, Utah 84043 or by phone at (425) 974-7076.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: July 7, 2023

## How to Use this Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Utah. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Utah 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.

**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 document relating to a franchise:

- (a) A prohibition on 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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 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 first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if

the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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## ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we” and “us” mean LivAway Suites, LLC - the franchisor. “You” means the person who buys a LivAway Suites™ franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

For purposes of this Disclosure Document, a “Hotel” refers to any extended-stay hotel that we authorize to operate under our Marks and use our System (as such terms are defined below), including any Hotel owned by us, our affiliate, you, or another franchisee.

### **Corporate Information**

LivAway Suites, LLC is a Utah limited liability company that was organized on December 16, 2022. Our principal business address is located at 3300 N. Triumph Blvd., Suite 100, Lehi, Utah 84043. Our telephone number is (425) 974-7076. Our agents for service of process are disclosed in EXHIBIT "A" (for registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than our corporate name “LivAway Suites, LLC” and our tradename “LivAway Suites™”.

### **Business History**

Our founders have developed, owned and managed various extended-stay hotels since 2013 through our affiliate, West77 Partners, LLC (“West77”). For more than 30 years, our Chief Operating Officer has operated hundreds of hotels across the country in the economy, midscale and upper-midscale segments of the hotel industry (including economy extended-stay hotels). The LivAway Suites™ brand was established in 2022 as a new upper economy extended-stay hotel concept that was *created for developers, by developers*™. The first LivAway Suites™ hotel is under development in West Jordan, Utah and is expected to open in June 2024.

We began offering Hotel franchises in 2023. We are not engaged in any business other than offering Hotel franchises and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a Hotel.

### **Predecessors, Parents and Affiliates**

We do not have any predecessors. Our parent company is LivAway Hospitality Group, LLC. Our parent’s principal business address is located at 3300 N. Triumph Blvd., Suite 100, Lehi, Utah 84043. We do not have any affiliates that: (a) offer franchises in any line of business; or (b) provide products or services to franchisees.

### **Description of Franchised Business**

The franchised business offered under this Disclosure Document is for an upper economy hotel that provides extended-stay guest lodging services to the general public. LivAway Suites™ hotels offer single king and double queen suites, averaging 340 square feet in size, with fully-equipped kitchens, free high-speed internet, and 50" smart TVs. Common areas of the hotel currently include a well-appointed lobby, fitness center, onsite guest laundry facility, enhanced vending, smart parcel lockers and a self-check-in kiosk.

Our prototype LivAway Suites™ hotel includes 126 Guest Rooms. A “Guest Room” means a rentable unit in the Hotel generally used for overnight guest accommodations, the entrance to which is controlled by the same key, except adjacent rooms with connecting doors that can be locked and rented as separate units are considered separate Guest Rooms.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the “Franchise Agreement”). We refer to the franchised business you acquire as your “Business” or your “Hotel”. Under the Franchise Agreement, we grant you a license to use: (a) the service marks, trademarks, logos, trade names and trade dress we designate for use by a LivAway Suites™ hotel, including the service mark “LivAway Suites™” (collectively, the “Marks”); and (b) the business format and operating system we developed for a LivAway Suites™ hotel (the “System”). You must develop and operate



your Hotel in compliance with all standards, specifications, requirements, criteria, policies and procedures that we prescribe from time to time for a LivAway Suites™ hotel (collectively, the “Standards”). We provide you with access to the Standards through our confidential Brand Standards Manual (the “Manual”). You will develop and operate your Hotel in accordance with our Standards using the Marks, the System and the support, guidance and other methods and materials we provide.

### **Area Development Rights**

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement in the form attached to this Disclosure Document as EXHIBIT "D" (the “ADA”). The ADA grants you the right and obligation to develop either 3 Hotels or 4 Hotels (as specified by us) within a defined “development territory” according to a predetermined “development schedule” during the initial term of the ADA. As further described in Item 12, you may, under certain circumstances, extend the term of the ADA for the development of additional Hotels if certain criteria are satisfied, including execution of our then-current form of Extension Addendum. Our current form of Extension Addendum is attached to this Disclosure Document as EXHIBIT "H"-5.

You must sign a separate Franchise Agreement for each Hotel you develop under an ADA. You sign the same form of Franchise Agreement for each Hotel you develop during the initial term of the ADA. If you exercise your option to extend the term of the ADA, then you must sign our then-current form of Franchise Agreement for each Hotel you develop during the extension term. Our then-current form of Franchise Agreement may differ from the form of Franchise Agreement attached to this Disclosure Document.

If you wish to simultaneously develop Hotels in multiple markets, and we authorize you to do so, you must sign a separate ADA for each market you develop. In other words, each “market” will constitute a separate “development territory” that you must develop under a separate ADA.

We only intend to grant area development rights to franchisees (referred to as “area developers”) who commit to develop, open and operate a minimum of 3 Hotels. However, we expect that substantially all ADAs will require the development of 4 Hotels during the initial term.

### **Market and Competition**

The target market for LivAway Suites™ hotels includes members of the public seeking an affordable alternative to traditional lodging, including value-conscious guests seeking flexible stay terms at affordable rates in a clean and comfortable environment. These guests often have temporary housing needs due to corporate relocations, temporary job assignments, attendance at training seminars or educational programs, domestic situations or comparable circumstances.

The extended-stay market is the fastest growing segment in the hotel industry. The market is competitive and well developed. As a franchisee, you will compete with numerous other extended-stay hotels, motels and other lodging alternatives, such as traditional hotels, short term housing rentals and apartments. Our competitors include local independently-owned and operated businesses as well as regional, national and international chains. Many of our competitors operate through a franchise model.

### **Laws and Regulations**

You must comply with all local, state and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, minimum wage, smoking in public areas as well as EEOC and OSHA standards.

The design and construction of your Hotel must comply with numerous federal, state and local laws and regulations including: the Americans with Disabilities Act (which requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc.); building codes; zoning laws; environment laws; fire safety laws; and construction permit and licensing laws.

Your Hotel is also subject to various industry-specific laws regulating ongoing hotel operations, including federal, state and/or local laws and regulations that:

- allow hotels to impose liens against the possessions of guests who fail to pay
- limit a hotel's liability to guests for lost or stolen valuables (the limitation of liability may be subject to the hotel providing a safe or safe deposit box for safekeeping of valuables)
- require hotels to post house rules and room rates in each guest room or near the registration area and disclose room rates in advertising
- restrict the ability of hotels to evict guests under certain circumstances
- impose fire safety restrictions and requirements
- require hotels to pay hotel room occupancy taxes
- prohibit "overbooking" and require hotels to find other accommodations for guests that paid a deposit
- require hotels to follow certain procedures if a guest dies in the hotel
- require hotels to maintain and preserve guest registers (including guest names, residence, dates of arrival and departure, and in some cases, automobile license plate identification) and mandate that guests show proof of identity at check-in
- regulate smoking in the Hotel and in guest rooms
- regulate cleanliness and sizing standards for bedding, sheets and towels
- prohibit discrimination based on race, creed, color, national origin or other specified criteria
- require hotels to develop and implement certain measures to protect the safety of guests and employees
- regulate data security, data privacy, and data breach notification
- authorize government-mandated closures or travel restrictions due to state or federal emergencies
- prohibit sex/human trafficking
- prohibit price gouging

The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accept, transmit or store any cardholder data.

There may be other local, state and/or federal laws or regulations that apply to your Hotel. We strongly suggest that you investigate these laws before buying this franchise.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Michael J. Nielson: Chief Executive Officer**

Michael Nielson has served as our Chief Executive Officer since our inception in December 2022. From April 2014 to present, he has also served as Chief Executive Officer of West77 Partners, LLC in Lehi, Utah. From January 2022 to March 2022, he served as a Partner for Keystone National Group in Salt Lake City, Utah.

### **Kevin F. Dailey: Chief Operating Officer**

Kevin Dailey has served as our Chief Operating Officer since our inception in December 2022. From June 2022 to December 2022, he served as Chief Operating Officer of West77 Partners, LLC in Lehi, Utah. From October 2018 to March 2021, he served as President and Chief Operating Officer of Nationwide Hotel Management, LLC in Wichita, Kansas. From 2006 to September 2018, he served as Executive Vice President of Corporate Operations for La Quinta Inns & Suites in Irving, Texas.

## **Daniel R. Barrett: Chief Development Officer**

Dan Barrett has served as our Chief Development Officer since our inception in December 2022. From July 2019 to December 2021, and then from April 2022 to present, he has also served as President of West77 Partners, LLC and Wasatch DC Builders NW, LLC in Bellevue, Washington. From January 2022 to March 2022, he served as a Principal of Keystone Development Group, LLC in Salt Lake City, Utah. From July 2017 to June 2019, he served as a Principal of DB Strategies, LLC in Seattle, Washington.

### **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

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

### **ITEM 5 INITIAL FEES**

Listed below are the various fees and other amounts you must pay to us prior to opening your Hotel. All of these fees and other amounts are nonrefundable and uniformly imposed unless otherwise noted.

#### **Application Fee**

You pay us a \$35,000 application fee at the time you submit your application to acquire franchise rights. However, under no circumstances will you pay the application fee earlier than 14 days after you receive this Disclosure Document. If we enter into a Franchise Agreement with you, the entire application fee is credited towards the initial franchise fee. If we do not enter into a Franchise Agreement with you, we keep the application fee in consideration of: (a) reviewing and processing your franchise application; and (b) evaluating sites you propose for your Hotel (with limited exceptions, we must approve the site for your Hotel before we sign a Franchise Agreement with you).

#### **Initial Franchise Fee**

You pay us a \$35,000 initial franchise fee for each Hotel. Because the \$35,000 application fee is fully credited towards the initial franchise fee, you do not pay us any additional initial franchise fee when you sign the Franchise Agreement.

#### **Preopening Technology Fees**

We currently charge you technology fees that cover the cost of certain software, programs and technology that you must use in operating your Hotel, including our designated central reservation system (the “**Central Reservation System**”) and property management system (the “**Property Management System**”). We license these systems from HotelKey and sublicense them to you. You pay us certain initial and ongoing technology fees for use of these systems, which we remit to HotelKey (we impose these fees on a pass-through basis and without any markup). Prior to opening, you pay us a non-recurring \$1,500 technology fee for implementation of the Central Reservation System and Property Management System as well as the initial training program conducted by HotelKey. The amount of this fee may change based on changes to the fees we must pay to HotelKey. After opening, you pay us the monthly technology fees disclosed in Item 6 for ongoing use of the Central Reservation System and Property Management System.

#### **Preopening Call Center Fees**

Your Hotel must participate in any call center program we establish in accordance with our Standards. Currently, we utilize a third-party service provider (Cloud5) to administer the call center. You pay call center fees to us and we remit payment to Cloud 5 (we impose these fees on a pass-through basis and without any markup). The fees you pay to us may change based on changes to the fees we must pay to the call center. Your Hotel must begin utilizing call center services approximately 6 months prior to the anticipated opening date. The currently imposed fees, which are determined on a system-wide basis, are as follows: (a) \$0.04 per minute when  
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a guest contacts the call center and requests that the call be transferred to your Hotel; and (b) a \$2,500 monthly fee covering up to 2,000 minutes each month for the call center to speak to guests for purposes of booking reservations or providing guest relations support, plus the following additional fees for each minute in excess of the 2,000 minutes covered by the \$2,500 fee (“Usage Fees”):

CALL CENTER USAGE FEES	
Minutes	Per Minute Rate
2,001 to 10,000	\$1.25 per minute
10,001 to 25,000	\$1.12 per minute
25,001 to 50,000	\$0.98 per minute
50,001 to 75,000	\$0.93 per minute
75,001+	\$0.88 per minute

We allocate the \$2,500 monthly fee (for the first 2,000 minutes) evenly among all franchised and affiliate-owned Hotels utilizing call center services. Cloud5 sends us monthly reports listing the Usage Fees incurred by each Hotel. Each month, you must pay us call center fees calculated as the sum of (a) your pro-rata share of the \$2,500 monthly fee plus (b) the Usage Fees incurred by your Hotel. Although difficult to predict, we estimate most franchisees will pay pre-opening call center fees ranging from \$100 to \$300 per month (totaling \$600 to \$1,800 prior to the Hotel’s opening date).

#### **GM Training Fee**

You pay us a \$500 fee for the management training and certification program we provide for your Hotel’s general manager (“GM Training”). Currently, GM Training is conducted virtually through our Learning Management System and includes 1 week of onboarding and LivAway leadership training. If you hire a third-party management company, then: (a) both the person appointed to serve as your Hotel’s general manager and a “next-level supervisor” must complete GM Training; and (b) you pay us a \$1,000 fee for GM Training. The training fee for GM Training is due at the time training is scheduled.

#### **Comfort Letter Fee**

As a condition to offering you financing, your lender may require that we provide a comfort letter. If this occurs, you must pay us a \$250 Comfort Letter Fee and reimburse us for all attorneys’ fees and costs we incur to prepare the comfort letter (if any).

#### **Construction Deadline Extension Fee**

You must: (a) begin construction of your Hotel no later than the date we specify (the “Construction Commencement Date”); and (b) complete construction of your Hotel no later than the date we specify (the “Construction Completion Date”). If you are unable to meet these deadlines despite using diligent efforts to do so, the deadlines will be automatically extended for 30-day extension periods unless we provide 60 days’ notice that no further automatic extensions will apply. If we send you such a notice, you must obtain our approval of any further extensions following the expiration of the final automatic extension period. As a condition to granting our approval, we may require, among other things, that you pay us an extension fee of \$5,000 for each additional 30-day extension that we approve.

#### **Reinspection Fee**

You may not open your Hotel until we authorize you to do so. We will use reasonable efforts to inspect your Hotel within 15 days after you notify us that you have complied with all preopening obligations under the Franchise Agreement and your Hotel is ready to open. We conduct the initial inspection at our expense. If your Hotel fails our inspection, you must pay us a \$2,500 reinspection fee for each subsequent inspection we conduct prior to your Hotel’s opening date. You must also reimburse us for all Travel Expenses (as defined in Note 1 of Item 6) we incur relating to the reinspection.

### **Liquidated Damages (Opening Hotel Without Approval)**

If you open your Hotel prior to receipt of our written authorization to open, you must pay us liquidated damages in the amount of \$5,000 per day from the date of opening until the date we authorize your Hotel to open. You must also reimburse us for all costs and expenses we incur to enforce your breach of the Franchise Agreement.

### **Liquidated Damages (Preopening Termination)**

If the Franchise Agreement is terminated prior to the Hotel's opening date under the circumstances described below, you must pay us liquidated damages.

If the Franchise Agreement is terminated before you commence construction of the Hotel, you will not be required to pay us liquidated damages unless you open another hotel at the same site within the 3-year period following the termination date. If you open another hotel at the same site before the expiration the 3-year period, you must pay us liquidated damages calculated as \$3,600 multiplied by the number of Guest Rooms we approve for your Hotel. Liquidated damages are due upon demand any time after the hotel opens.

If the Franchise Agreement is terminated after you commence construction of the Hotel but prior to opening, you must pay us liquidated damages calculated as \$5,000 multiplied by the number of Guest Rooms we approve for your Hotel. Liquidated damages are due within 30 days of termination.

Upon payment of liquidated damages, we may not pursue a claim against you for lost profits. However, your payment of liquidated damages does not prevent us from seeking other damages we incur due to your breach.

### **Development Fee**

If you sign an ADA to develop 4 Hotels, you pay us a \$140,000 development fee. The development fee includes, and is deemed to satisfy, the initial franchise fee associated with each of the 4 Hotels that you must develop during the term of the ADA. You pay us the entire development fee at the time you sign the ADA.

If you wish to extend the term of the ADA by signing an Extension Addendum, you must pay us an additional development fee (referred to as an ADA Extension Fee). The ADA Extension Fee is calculated as our then-current initial franchise fee multiplied by the total number of Hotels you commit to develop pursuant to the Extension Addendum. The entire ADA Extension Fee is due at the time you sign the Extension Addendum.

## **ITEM 6 OTHER FEES**

<b>TYPE OF FEE <sup>1</sup></b>	<b>AMOUNT <sup>2</sup></b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	5% of Total Operating Revenue	15 <sup>th</sup> day of month	See Notes 3 & 5.
Program Fee	2% of Total Operating Revenue	Same as Royalty Fee	See Notes 4 & 5.
Training Fee	\$500 per person	10 days after invoice	We may charge you a Training Fee of \$500 per person for: (a) each person that completes GM Training; (b) any remedial training we conduct in response to your Hotel's failure to conform to any of our required Standards; and (c) any training you request and we provide.
Consultation and Service Fee	Varies based on assistance needed (not to exceed \$500 per day)	10 days after invoice	If you request (and we provide) consultation or other services beyond what we are required to provide under the Franchise Agreement, we may charge you additional fees.
Franchisee Conference Fee	\$500 per person per conference	10 days after invoice	See Note 6.

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Complaint Resolution Fee	\$250 per complaint	10 days after invoice	If we notify you of a guest complaint and you fail to resolve the complaint within 48 hours after notification, then our guest assistance department may respond to the complaint and we may charge a \$250 Complaint Resolution Fee.
Call Center Fee	Varies (currently pro-rata share of \$2,500 monthly fee plus Usage Fees)	10 days after invoice or as we otherwise specify	See Note 7.
Technology Fee	Varies (currently \$9 to \$10 per Guest Room per month)	10 days after invoice or as we otherwise specify	See Note 8.
Product Purchases	Varies depending on item purchased	10 days after invoice	We may, but need not, be a supplier for certain items purchased by franchisees, such as inventory, marketing material, equipment and operating supplies. If we supply these items, we will provide you with a price list upon request.
PIP Fee	\$5,000 plus Travel Expenses	10 days after invoice or as we otherwise specify	See Note 9.
Room Addition Fee	\$250 per additional Guest Room	10 days after invoice	We list the number of required Guest Rooms for your Hotel in an Addendum to the Franchise Agreement. If we approve your request to add Guest Rooms after the Hotel's opening date, you must pay us the Room Addition Fee for each additional Guest Room we approve.
Comfort Letter Fee and Expenses	\$250 plus our attorneys' fees and costs	10 days after invoice	Payable if you obtain financing and your lender requires a comfort letter from us.
Securities Offering Fees and Expenses	\$1,500 for private offering or \$5,000 for public offering, plus reimbursement of our costs and expenses	10 days after invoice	We must review any proposed private or public offering of your securities. You must pay us the Securities Offering Fee and reimburse us for all attorneys' fees and other costs we incur to review the offering materials.
Transfer Processing Fees	Either \$1,500 or \$35,000 depending on type of Transfer	Before Transfer	See Note 10 for additional information.
Renewal Fee	50% of then-current initial franchise fee	Within 15 days after sending renewal notice (or such later date that we specify)	You do not have the right to renew unless state law requires that we offer you renewal rights.
ADA Extension Fee	Then-current initial franchise fee multiplied by number of Hotels to be developed	At time you sign Extension Addendum	If you sign an Extension Addendum for the development of additional Hotels within your development territory, you must pay us the ADA Extension Fee.
Reimbursement of Reinspection Costs	All Travel Expenses we incur to travel to and inspect your Hotel	10 days after invoice	Payable if we inspect your Hotel to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of our Standards that we bring to your attention.

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Gross Receipts Tax	Amount of tax imposed on us or our affiliate	At time of payment	You must reimburse us for any gross receipts, sales, use, excise, value added or similar tax imposed on us based on payments you make under the Franchise Agreement. This obligation does not apply to income taxes imposed on us based on our net income.
Audit Fee	Actual cost of audit plus Travel Expenses for audit team	10 days after invoice	Payable only if audit reveals you understated Total Operating Revenue willfully or by at least 5%.
Default Interest	Lesser of 18% per annum or highest rate allowed by law	10 days after invoice	Paid on overdue amounts owed to us. California limits default interest to 10% per annum.
Default Fee	Up to \$2,500 per incident plus Travel Expenses if site visit required	Upon demand	Payable if you breach our Standards or the Franchise Agreement. We may impose an additional default fee of up to \$2,500 for every 48 hours the breach remains uncured after the expiration of the cure period. We may also charge the default fee if your Hotel fails to maintain a minimum quarterly average <i>TrustYou</i> (our designated guest feedback scoring system) performance score of at least 75%.
Insurance Premiums and Costs	All premiums and costs we incur	Upon demand	If you fail to maintain any required insurance and we elect to procure the insurance on your behalf, you must reimburse us for all premiums and costs we incur to obtain the insurance.
Indemnification	Amount of our damages, losses and expenses	10 days after invoice	You must indemnify us for all damages, losses and expenses we incur due to the development or operation of your Hotel, your breach of the Franchise Agreement or other matters specified in §12.2.2(i), §12.3.5 and §14.1 of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs incurred	Upon demand	If either party employs legal counsel or incurs other costs relating to a dispute or claim, the prevailing party may recover all attorneys' fees and related expenses it incurs.
Liquidated Damages	Varies (See Note 11)	30 days after invoice or on demand	Imposed only if Franchise Agreement terminates prior to expiration date. See Note 11.

Notes:

1. Method of Payment and Definitions. All fees are imposed by and payable to us. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to this Disclosure Document as EXHIBIT "H"-2) permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates. You must ensure sufficient funds are available for withdrawal before each due date.

For purposes of Item 6 and the remainder of this Disclosure Document, the following terms have the meanings given to them below:

“***Change of Ownership Transfer***” means a Transfer that results in a change of control of the franchisee, the Hotel or the Hotel’s premises.

**“Passive Franchisee Transfer”** means a Transfer that does not result in a change of control of the franchisee, the Hotel or the Hotel’s premises.

**“PIP”** means a property improvement plan identifying any remodeling, renovations, upgrades or other modifications to your Hotel that we deem necessary to conform to our then-current Standards.

**“Preapproved Transfer”** means a Passive Franchisee Transfer that consists of: (a) a Transfer of publicly traded ownership interests; or (b) a Transfer of privately held ownership interests to a transferee who, after completion of the Transfer, will hold less than 50% of the total outstanding privately held ownership interests.

**“Special Transfer”** means a Passive Franchisee Transfer that both: (a) consists of a Transfer of privately held ownership interests to a transferee who, after completion of the Transfer, will hold 50% or more of the total outstanding privately held ownership interests; and (b) involves one or more of the following types of Transfers:

- a Transfer to an affiliate of the transferor
- a Transfer by a natural person to an immediate family member (i.e., spouse, child, parent or sibling) or to a trust for the benefit of the transferor or the transferor’s immediate family member
- a Transfer upon the death of a transferor who is a natural person in accordance with the transferor’s will or the laws of intestacy governing the distribution of such person’s estate, as applicable, provided that: (i) the transferee is an immediate family member of the transferor or an entity formed by an immediate family member of the transferor; and (ii) within 6 months after the transferor’s death, the transferee meets all of our then-current requirements for an approved transferee

**“Total Operating Revenue”** means all revenues from the rental, sale, in-kind exchange, use or occupancy of any of the Guest Rooms at the Hotel (with no reduction for credit card chargebacks, credit card service charges, group booking rebates, bad debts, hospitality adjustments, complimentary rooms, employee rooms for whatever purpose, including cash and credit transactions, whether or not collected by you). Total Operating Revenue also includes revenue derived from any additional amenity sales (such as dish packs), pet fees, guaranteed no-show revenue, extra room cleaning charges, early departure fees, late checkout fees, day use revenue, attrition or cancellation fees collected from unfulfilled reservations for Guest Rooms, proceeds from any business interruption insurance, and other revenues allocable to rooms under the then-current Uniform System of Accounting for the Lodging Industry or such accounting methods specified by us in the Manual. Total Operating Revenue also includes the full market value of any Guest Room (based on the average daily rate for a comparable room on the applicable night) that is provided at a substantial discount compared to the lowest bookable rate on the applicable night in exchange for other items, goods, services, or other consideration. It does not include sales tax, hotel occupancy tax, or any other taxes or fees that you are legally required to collect on behalf of any state or local government agency. It also does not include revenues from room damage charges, telephone calls, vending machines, and guest laundry charges.

**“Transfer”** means any transfer or assignment of: (a) the Franchise Agreement or ADA; (b) any rights under the Franchise Agreement or ADA; or (c) any direct or indirect ownership interest in the franchisee, a Hotel or a Hotel site.

**“Travel Expenses”** means all travel, meals, lodging, local transportation and living expenses and costs incurred by us and our trainers, field support personnel, auditors and/or other representatives to visit your Hotel.

2. **CPI Adjustments.** All fees expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index in the United States. We will review these fees every 2 years and may increase the fees based on changes to the Consumer Price Index, but only if the increase to the Consumer Price Index is more than 2% higher than the corresponding Consumer Price Index in effect on: (a) the



effective date of the Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments).

3. Royalty Fee. You must send us monthly reports of your Total Operating Revenue along with our standard schedule detailing computation of fees owed.
4. Program Fee. Each franchisee pays us a Program Fee that we deposit into a separate account (the “**Program Fund**”). We may utilize the Program Fund for a variety of purposes including: marketing, advertising and public relations; market research; development, hosting and maintenance of websites; search engine optimization; creation and maintenance of directories and Internet sites for Hotels; development, maintenance, implementation and support of our systems and any other programs we deem appropriate to promote or improve the System; and paying the administrative costs and overhead related to the development, administration, maintenance or direction of these projects, systems and programs. You will have no voting rights pertaining to the administration of the Program Fund, the creation and placement of the marketing materials or the amount of the required contribution. The current Program Fee is 2% of Total Operating Revenue. We may, at our discretion, reduce the amount of the Program Fee upon 30 days’ prior notice. We will not impose a Program Fee in excess of 2% of Total Operating Revenue unless a majority of our franchisees vote in favor of the increase (each franchisee will receive 1 vote for each open Hotel owned and operated by the franchisee).
5. Monthly Fees During Casualty. If your Hotel experiences a reduction of Total Operating Revenue as a result of fire or other casualty, you must continue to pay us Royalty Fees and Program Fees throughout the period of business interruption. You must calculate these fees based on the projected Total Operating Revenue (rather than actual Total Operating Revenue) for your Hotel during the period of business interruption, as set forth in the budget you prepared for your Hotel prior to the occurrence of the fire or casualty.
6. Franchisee Conference Fee. We may hold periodic franchisee conferences to discuss business and operational issues affecting Hotels. We intend to conduct these conferences annually or biannually (i.e., every other year). Attendance is mandatory for all franchise owners that we designate. We may charge you the conference fee regardless of whether or not you attend. You are also responsible for all expenses and costs the conference attendees incur, including wages, travel and living expenses.
7. Call Center Fee. We may (but need not) implement a call center program for various purposes, such as booking reservations and answering guest inquiries. If we do so, we may either administer the call center ourselves or outsource these functions to a third-party service provider. You must participate in any call center program we establish in accordance with our Standards. We may designate certain call center functions (for example, call-gating) as optional or mandatory. If we administer the call center ourselves, we may require you to pay us a commercially reasonable fee for the service. If a third party administers the call center, you must directly pay the third-party provider for any applicable fees or we may collect the fee from you and remit payment to the third-party provider. Currently, we utilize a third-party service provider (Cloud5) to administer the call center and franchisees pay fees to us and we remit payment to Cloud 5. The fees you pay to us may change based on changes to the fees we must pay to the call center. See Item 5 for a description of the currently applicable call center fees.
8. Technology Fees. You must acquire and utilize all technology systems we specify from time to time (the “**Technology Systems**”). The “technology fee” includes all amounts you pay us and/or our affiliates relating to these Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. Although we do not currently do so, we reserve the right to include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and the associated constituent components, negotiating with third-party licensors and managing those relationships, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements.

The amount of the technology fee may change based on changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include amounts you pay directly to third-party suppliers for components of the Technology Systems.

As of the issuance date of this Disclosure Document, we charge a monthly technology fee for the Central Reservation System and Property Management System that is calculated as \$9 or \$10 per Guest Room per month. The fee is \$9 per Guest Room per month if you choose to use Payment Key, which is HotelKey’s credit card payment processing platform. If you choose to use a different credit card payment processing platform, the fee is \$10 per Guest Room per month. We impose these fees on a pass-through basis and without any markup.

9. **PIP Fee.** As a condition to approving your request to (a) renew your franchise rights (if you have renewal rights), (b) add additional Guest Rooms after your Hotel’s opening date or (c) complete a Change of Ownership Transfer, we may require that you remodel, renovate, upgrade and make any other modifications to your Hotel that we deem necessary to conform to our then-current Standards. You must complete these changes in accordance with a PIP that we prepare and provide to you. We may charge you the PIP Fee for each PIP that we prepare. In addition to the PIP Fee, you must reimburse us for all Travel Expenses we incur to visit and inspect your Hotel for purposes of identifying the necessary remodeling, renovations, upgrades or other modifications that will be described in the PIP.
10. **Transfer Fees.** You or the proposed buyer must pay us the following Transfer Processing Fees if you or your owners intend to engage in a Transfer:

Type of Transfer	Transfer Processing Fee
Preapproved Transfer	No Fee
Special Transfer	\$1,500 (waived for 1 Special Transfer prior to opening)
Change of Ownership Transfer	\$35,000

In addition to the Transfer Processing Fee, you (or the buyer) must pay us a \$5,000 PIP Fee if we prepare a PIP to identify any remodeling, renovations, upgrades or other modifications to your Hotel necessary to conform to our then-current Standards (only applies to Change of Ownership Transfers).

11. **Liquidated Damages.** The calculation of liquidated damages varies based on when the Franchise Agreement terminates in accordance with the following table:

Termination Date	Liquidated Damages
Less than 24 months after opening date	\$6,500 multiplied by number of approved Guest Rooms
At least 24 months after opening date but more than 60 months prior to expiration date	Average monthly Royalty Fee multiplied by 60
60 or fewer months prior to expiration date	Average monthly Royalty Fee multiplied by number of months remaining under term of Franchise Agreement

Upon payment of liquidated damages, we may not pursue a claim against you for lost profits attributable to fees and revenues we would have received after termination if the Franchise Agreement had not been terminated. However, your payment of liquidated damages does not prevent us from seeking other damages we incur due to your breach.

**ITEM 7 ESTIMATED INITIAL INVESTMENT**

**Table A:** Below is the estimated initial investment for the purchase of a single Hotel.

<b>YOUR ESTIMATED INITIAL INVESTMENT (SINGLE HOTEL)</b>				
<b>TYPE OF EXPENDITURE <sup>1</sup></b>	<b>AMOUNT <sup>2</sup></b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee <sup>3</sup>	\$35,000	Lump sum	At time you submit application	Us
GM Training Fee <sup>4</sup>	\$500 to \$1,000	Lump sum	At time training scheduled	Us
Comfort Letter Fee	\$0 to \$250	Lump sum	10 days after invoice	Us
Real Property Costs	See Note 5	See Note 5	See Note 5	See Note 5
Preliminary Site-Related Studies <sup>6</sup>	\$7,500 to \$15,000	Lump sum	Before construction	Consultants
Architect and Engineering Fees	\$150,000 to \$240,000	As incurred	Before construction	Architects & engineers
Building Permits <sup>7</sup>	\$25,000 to \$100,000	Lump sum	Before construction	Government agencies
Construction & Improvements <sup>8</sup>	\$9,200,000 to \$11,100,000	As incurred	Before opening	Contractors & suppliers
Signage <sup>9</sup>	\$35,000 to \$70,000	Lump sum	Before opening	Suppliers
Furniture, Fixtures, Equipment & Decor <sup>10</sup>	\$610,000 to \$650,000	As incurred	Before opening	Suppliers
Preopening Technology Fees <sup>11</sup> (paid to us)	\$1,500	Lump sum	Before opening	Us
Preopening Technology Fees <sup>12</sup> (paid to third parties)	\$63,050 to \$86,650	Lump sum	Before opening	Suppliers
Technology Systems Training Fees <sup>13</sup>	\$1,000 to \$1,500	Lump sum	Prior to training	Suppliers
Opening Inventory <sup>14</sup>	\$25,000 to \$45,000	Lump sum	Before opening	Suppliers
Uniforms	\$1,200 to \$1,800	Lump sum	Before opening	Suppliers
Basic Office Supplies	\$9,000 to \$11,000	As incurred	Before opening	Suppliers
Preopening Call Center Fees <sup>15</sup>	\$600 to \$1,800	As incurred	Before opening	Us
Preopening Marketing & Advertising <sup>16</sup>	\$2,000 to \$10,000	Lump sum	Before opening	Suppliers
Utility Deposits & Fees	\$150,000 to \$300,000	As incurred	Before opening	Utility companies
Business Licenses and Permits (excludes building permits addressed above)	\$10,000 to \$150,000	Lump sum	Before opening	Government agencies
Professional Fees <sup>17</sup>	\$15,000 to \$30,000	As incurred	Before opening	Lawyers & accountants

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE HOTEL)				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT <sup>2</sup>	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Insurance (preopening period and 3 months after opening)	\$35,000 to \$45,000	Lump sum	Before opening	Insurance companies
Preopening Payroll <sup>18</sup>	\$37,500 to \$50,500	As incurred	Before opening	Employees
Additional Funds <sup>19</sup> (3 months)	\$200,000 to \$300,000	As incurred	As incurred after opening	Suppliers, employees & us
<b>Total Estimated Initial Investment</b>	\$10,613,850 to \$13,246,000 (excluding real estate costs)			

**Table B** – Below is the estimated initial investment for the purchase of area development rights.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - ASSUMES COMMITMENT OF 4 HOTELS)				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee <sup>20</sup>	\$140,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Hotel	\$10,578,850 to \$13,211,000	This is the total estimated initial investment in Table A above less the \$35,000 initial franchise fee that is included in development fee.		
<b>Total Estimated Initial Investment</b>	\$10,718,850 to \$13,351,000 (excluding real estate costs)			

Notes:

1. Financing and Refunds. We do not offer direct or indirect financing for any of these items. For purposes of preparing these estimates, we have assumed that you will not finance any of the costs to develop or construct the Hotel. No fees paid to us are refundable. We are not aware of any fees or other amounts paid to third-party suppliers that are refundable.
2. Guest Rooms and Contingent Fees. In preparing these estimates, we have assumed the Hotel will be located in a typical market (i.e., excluding markets with extreme or abnormally low or high costs, such as New York City) and include 110 Guest Rooms for the low-end estimate and 126 Guest Rooms for the high-end estimate (your Hotel must include 126 Guest Rooms unless we approve a different number of Guest Rooms). We have also assumed that your Hotel will not incur the following contingent preopening fees described in Item 5 (we do not expect franchisees to typically incur these fees): (a) reinspection fees we may impose if your Hotel fails a preopening inspection; (b) extension fees we may impose if you fail to commence or complete construction by the required deadline; or (c) liquidated damages we may impose if you open your Hotel prior to receiving our authorization to do so.
3. Initial Franchise Fee. You pay us a \$35,000 application fee prior to signing the Franchise Agreement. The entire application fee is credited towards the initial franchise fee. As a result, you do not pay us any additional initial franchise fee at the time you sign the Franchise Agreement.
4. GM Training Fees. Prior to opening, you pay us a training fee of \$500 for each person who completes GM Training. GM Training must be completed by the general manager of the Hotel. If you hire a third-party management company, GM Training must be completed by both the general manager and a “next-level supervisor”.

5. Real Property. Our prototype Hotel includes 126 Guest Rooms and contains approximately 59,500 square feet of space. We would expect a Hotel with 110 rooms (for the low range of the estimated initial investment) to contain approximately 53,500 square feet of space. We anticipate most Hotels will be located in retail areas or near retail areas with visibility to a major highway or freeway. Given the multiple variables associated with the cost of real property, we are unable to provide a meaningful estimation of the costs. Some of the more significant variables affecting these costs include: geographic location; size of the building and surrounding area; required civil work; grading and excavation; impact fees; setbacks and easements; and local regulations. Other important factors include whether you are leasing or purchasing the land (and if purchasing, the financing terms applicable to the purchase). The estimated initial investment shown in the table above does not include any property acquisition costs, leasing costs or financing costs associated with the acquisition of real property.
6. Property Studies. You must purchase a site survey for the property. You may also wish to obtain a market and feasibility study to assess the suitability of your proposed site (e.g., local demand, potential room rates, etc.). If you purchase the land, you may also wish to obtain an environmental study to assess potential environmental risks and liabilities associated with the property and the associated remediation costs. We do not require that you obtain a market and feasibility study or an environmental study. However, they may be required by your lender.
7. Building Permits. The cost of building permits varies significantly from jurisdiction to jurisdiction.
8. Construction & Improvements. The cost of improvements and build-out vary widely based on a number of factors including:
  - the size, location and condition of the site (site-related improvements can vary greatly depending on site conditions; these figures assume no extraordinary site conditions)
  - specific construction requirements related to the geographical location of the site or the jurisdiction in which the Hotel is constructed (e.g., special laws or regulations, environmental conditions, ground conditions, etc.)
  - local impact and connection fees
  - time of year construction is performed and the duration of the construction process
  - local construction costs and prevailing wage rates in your local market

At this time, we only grant franchises for new-build Hotels. We do not anticipate granting franchises for the conversion and renovation of existing hotel properties. We estimate buildout costs will range from \$80,000 to \$88,000 per Guest Room. This range includes the estimated cost of the Guest Room's wardrobe, headboard, nightstand and dresser, which are typically manufactured and installed by the subcontractor along with the bathroom vanity and kitchen cabinetry. This range also includes the estimated cost of Salto Systems digital key system (the "**Digital Key System**"), the cost of which is typically included in the construction contract.
9. Signage. You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. This estimate includes the cost of both exterior signage (excluding pylon and EMC) and interior signage.
10. Furniture, Fixtures, Equipment & Décor. This estimates your cost to purchase furniture, fixtures, equipment and décor for: (a) the Guest Rooms (other than the excluded items noted below); and (b) the public spaces within your Hotel, including the fitness center and lobby (other than the excluded items noted below). This estimate does not include: (a) the cost of wardrobes, headboards, nightstands and dressers (the estimated costs for these items are separately included with the estimated costs for construction and improvements as further discussed in Note 8 above); or (b) the cost of vending machines and guest laundry machines, which are typically provided by the vendor free of charge in exchange for a revenue share. If you choose not to utilize our recommended vendor for your vending and guest laundry machines, you may need to purchase or lease the equipment, which may increase your initial investment.

11. Preopening Technology Fees. This estimates the initial fees and costs you pay to us for the Central Reservation System and Property Management System. It includes the cost of the initial training program conducted by HotelKey relating to the use of these systems. See Item 5 for additional information.
12. Third-Party Technology Fees and Costs. This estimates the initial fees and costs you pay directly to third parties for the purchase, implementation and setup of the following Technology Systems:

Technology System	Initial Fees and Costs
Virdee self-serve check-in kiosk (the “ <b>Check-In Kiosk</b> ”)	\$2,500 if leased or \$10,100 if purchased
Smiota automated smart parcel locker system (the “ <b>Locker System</b> ”)	\$15,550
Computer system	\$7,000 to \$9,000
Telephone system	\$23,000 to \$27,000
Security system	\$15,000 to \$25,000
<b>Total</b>	<b>\$63,050 to \$86,650</b>

This estimate does not include the cost for the Digital Key System (\$65,000 to \$75,000), which is typically included as part of the construction contract and installed by the contractor during the construction process. Instead, the estimated cost for the Digital Key System is included under construction and improvements.

13. Technology Systems Training Fees. You must pay training fees directly to the licensors of the Check-In Kiosk and Digital Key System for the onsite training these companies provide regarding the use of their systems. These fees are estimated to range from \$1,000 to \$1,500. The initial training program conducted by HotelKey is covered by the \$1,500 preopening technology fee you pay us (see Note 11).
14. Opening Inventory. This estimates your costs for an opening supply of inventory items, including linens, supplies, cleaning materials, etc.
15. Preopening Call Center Fees. You must begin utilizing the services of our designated call center approximately 6 months prior to your Hotel’s anticipated opening date. You pay call center fees to us, which we remit to the third-party service provider (Cloud5) on a pass-through basis. See Item 5 for more information.
16. Preopening Marketing & Advertising. We recommend you spend a reasonable amount of money on local advertising and marketing to promote the opening of your Hotel, but it is not required.
17. Professional Fees. This estimates the cost to hire attorneys, accountants and other business advisors to assist you with: (a) evaluating the franchise opportunity; (b) setting up your business entity; (c) reviewing and negotiating the lease or purchase agreement for the real property for your Hotel; (d) setting up your books and records and accounting systems; and (e) other legal and accounting work necessary to complete the Hotel and prepare for opening. At a minimum, we strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Hotel.
18. Preopening Payroll. You must hire your general manager approximately 6 months prior to the opening date. You must hire certain other employees approximately 30 days prior to the opening date. This estimates the preopening payroll costs for these employees.
19. Additional Funds. This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any draws or other compensation paid to the owners), management fees, marketing and advertising expenses, software and technology fees, utilities, inventory replenishment costs, administrative expenses and other miscellaneous expenses and required working capital. The estimated cost of your initial 3 months of post-opening insurance premiums is separately stated in the table above. These figures are estimates based on the past experience of our principals and officers in developing,

opening and operating various extended-stay hotels across the country.

20. **Development Fee.** The development fee is calculated as \$35,000 multiplied by the total number of Hotels you commit to develop under the ADA. This initial investment estimate assumes you commit to develop 4 Hotels. This initial investment estimate does not include the costs to develop any Hotel under the ADA other than your first Hotel.

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

### **Source-Restricted Purchases and Leases - Generally**

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Hotel. By “source-restricted”, we mean the good or service must meet our Standards and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). We may require you to purchase a particular brand for certain products or services. The Manual includes our Standards and supplier list. We notify you of changes to our Standards or supplier list by email, updates to the Manual, bulletins or other means of communication.

### **Supplier Criteria**

Our criteria for evaluating a supplier include Standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

You may purchase products and services from any supplier of your choosing provided that: (a) the product or service meets our Standards; and (b) the Manual does not require you to purchase the product or service from an approved or designated supplier. If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us a written request for approval and submit all additional information we request. We may require that you send us samples from the supplier for testing at no cost to us. We may also require that we be allowed to inspect the supplier’s facilities. We will notify you of our decision within 30 days after we receive your request for approval and all additional information and samples we require. We may periodically re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet our then-current criteria. We do not charge you fees or other amounts to review products or suppliers you propose.

### **Current Source-Restricted Items**

We estimate that approximately 20% of the total purchases and leases to construct, develop and open your Hotel, and approximately 15% to 20% of ongoing operating expenses, will consist of source-restricted goods or services, as further described below.

#### *Lease*

We must approve the terms of any ground lease that you, as lessee, enter into for purposes of leasing any portion of the Hotel’s premises. If you, as lessor, intend to lease any portion of the Hotel to a third-party tenant (for example, a concessionaire), you must first obtain our approval of both the tenant and the proposed lease.

#### *Design and Construction Services*

The Manual includes our Standards pertaining to the design, layout, equipping and trade dress for a Hotel. We also provide you with prototype plans for a LivAway Suites™ hotel. You must hire an architect to prepare initial design plans and detailed construction plans, each of which must be: (a) consistent with our prototype plans and the requirements in the Manual; and (b) approved by us as meeting our Standards. Once approved, you must construct, furnish and equip your Hotel according to the approved plans and the Standards in the Manual. Your general contractor and all architects, interior designers and major subcontractors involved with the design, planning or construction of your Hotel must be approved by us and appropriately licensed and bonded (if

required by applicable law).

#### *Fixtures, Furnishings and Décor*

All fixtures, furnishings and décor must meet our Standards. At this time, we do not restrict the suppliers from whom you may purchase these items.

#### *Technology Systems*

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our Standards. Certain Technology Systems (or components thereof) must be purchased from approved or designated suppliers while other Technology Systems (or components thereof) may be purchased from any supplier of your choosing. You must license (or purchase) and utilize the specific Central Reservation System, Property Management System, Locker System, Check-In Kiosk, Digital Key System and Guest Room RFID door hardware that we designate. You must also license and utilize certain other software we designate. We may also require that you purchase certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems only from approved or designated suppliers.

#### *Operating Equipment*

All operating equipment must meet our Standards. Certain operating equipment must be purchased from approved or designated suppliers while other operating equipment may be purchased from any supplier of your choosing.

#### *Signage*

All exterior signage must meet our Standards and be purchased from suppliers we designate or approve.

#### *Uniforms*

Your employees must wear the uniforms we require. You must purchase these uniforms from a designated or approved supplier.

#### *Inventory*

All inventory must meet our Standards. You must purchase your initial and ongoing supply of inventory items only from suppliers we designate or approve.

#### *Operating Supplies*

You must purchase certain operating supplies that meet our Standards. You must purchase some of these items (for example, cleaning chemicals) only from suppliers we designate or approve.

#### *Marketing Materials and Services*

All marketing materials that you develop or modify must comply with our Standards. We must approve your marketing materials prior to use. We may require you to contract with and utilize suppliers we designate or approve for certain advertising and marketing products or services, including website and social media development and management services.

#### *Insurance Policies*

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers with an A.M. Best rating of A-, VII or better, including the following:



<b>Policy Type</b>	<b>Minimum Coverage</b>
Comprehensive General Liability Insurance	\$1,000,000 per occurrence \$2,000,000 in the aggregate \$1,000,000 for damage to rented premises \$10,000 for medical payments
Automobile Liability Insurance	\$1,000,000 per occurrence
Cyber / Data Breach Insurance	\$1,000,000 data & network liability coverage \$1,000,000 regulatory & defense penalty coverage \$1,000,000 payment card liability \$1,000,000 media liability \$1,000,000 legal & forensic expense \$50,000 individual breach notification response
Excess / Umbrella Insurance	\$5,000,000 (if you own 3 or fewer Hotels) \$10,000,000 (if you own 4 to 6 Hotels) \$15,000,000 (if you own 7 to 10 Hotels) \$25,000,000 (if you own 11 or more Hotels)
Employer's Liability / Stop Gap Insurance	\$1,000,000 for bodily injury by accident \$1,000,000 for bodily injury by disease for each employee \$1,000,000 for bodily injury by disease policy limit
Worker's Compensation Insurance	As required by law

The required coverage and policies are subject to change. All insurance policies (other than worker's compensation insurance) must be endorsed to: (a) name us, our affiliates, and our and our affiliates' respective employees, agents, officers and directors, as additional insureds; and (b) contain a waiver by the insurance carrier of all subrogation rights against the additional insureds (except as otherwise provided in the Manual). If you own multiple Hotels, your general liability insurance must include a "Per Location Aggregate" endorsement (ISO form CG 25 04 or equivalent).

#### *Centralized Call Center Services*

You must utilize the call center administered by us or a third-party service provider that we designate. We currently use a third-party service provider, Cloud5, to administer the call center.

#### *Management Company*

Any management company you hire to manage your Hotel must: (a) possess adequate experience and qualifications; (b) not be a Competitor (as defined in Item 17); and (c) be approved by us. We reserve the right to require you to obtain our approval of the management agreement before you sign it.

#### *Reputation Management Services*

You must use suppliers we designate or approve to provide reputation management services, including responding to social media reviews of your Hotel.

#### *Pest Elimination Services*

You must contract with and utilize the services of our designated supplier of pest elimination services (bed bugs, cockroaches, etc.).

### *Quality Assurance Inspections*

You must participate in our quality assurance program, which may involve periodic inspections of your Hotel by companies we designate or approve. You must fully cooperate with these inspections.

### **Purchase Agreements**

We will attempt to negotiate relationships with suppliers to obtain favorable pricing for our franchisees. As of the date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with suppliers for certain goods and services, including: exterior signage; Property Management System; Central Reservation System; Locker System; Check-In-Kiosk; optional coffee and tea machines for the lobby; call center services; and payment processing services. We have also negotiated revenue share arrangements with national suppliers of vending machines and laundry machines.

Although we do not currently anticipate doing so, we may purchase items in bulk and resell them to you at our cost plus shipping and taxes. Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

### **Franchisor Revenues from Source-Restricted Purchases**

We are currently the exclusive supplier for the Central Reservation System and Property Management System. You pay us technology fees for the acquisition and licensing of these Technology Systems, which we remit to the licensor on a pass-through basis and without markup. We may designate ourselves (or an affiliate) as an approved or designated supplier for other goods or services in the future. Although it is not currently our practice to do so, we (or our affiliate) may generate a profit from these purchases, leases and licenses. There are no approved or designated suppliers in which any of our officers own an interest. No person affiliated with us is currently an approved (or the only approved) supplier.

We do not currently receive rebates, payments or other material benefits from suppliers based on franchisee purchases or leases. If we receive rebates in the future, we intend to: (a) pass them through to the franchisees making the purchases or leases; (b) deposit them in the Program Fund; or (c) use them for another purpose that benefits our franchisees (such as offsetting the costs franchisees must incur for franchisee conferences).

During the fiscal year ended December 31, 2022, neither we nor our affiliates received any revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including purchases from us or our affiliates).

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.**

<b>OBLIGATION</b>	<b>SECTIONS IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
a. Site selection and acquisition/lease	FA: 5.7 ADA: 4.4	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 4.7, 5.1.4 & 5.3 ADA: Not Applicable	Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 6 ADA: 4.4	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: 4.1 & 5.2.1 ADA: Not Applicable	Item 6 & Item 11

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
e. Opening	FA: 6.4 ADA: 4.1	Item 11
f. Fees	FA: 3.2, 4.1, 4.3, 4.4, 5.1.8, 5.2, 5.3, 5.4.2, 6.3.3, 6.4.2, 6.4.4, 6.6.3, 8, 10.3.3, 11, 12, 13.3.3, 13.3.5, 13.4, 13.5, 16.14, 16.15 & Addendum ADA: 5, 6 & 9.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	FA: 4.5, 4.6 & 6.5 ADA: 4.3 & 4.4	Item 11
h. Trademarks and proprietary information	FA: 5.6, 9 & 10.4 ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 5.1.7, 5.10.2, 5.10.4 & 5.10.5 ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: 5.1.8 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable ADA: 4.1 & 5.1	Item 12
l. Ongoing product/service purchases	FA: 4.7 & 5.3 ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: 6.6 ADA: Not Applicable	Item 11
n. Insurance	FA: 5.8 ADA: Not Applicable	Item 7 & Item 8
o. Advertising	FA: 4.4, 5.4 & 5.10.1 ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 12.2, 12.2.3 & 14 ADA: Not Applicable	Item 6
q. Owner's participation/management/staffing	FA: 7 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 6.4.6 & 10 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 4.5, 6.4.2 & 10.3 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 12 ADA: 9	Item 17
u. Renewal	FA: 3.2 ADA: 5.1	Item 17
v. Post termination obligations	FA: 13.4 & 13.6 ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 5.10.7 ADA: Not Applicable	Item 17
x. Dispute resolution	FA: 16.2 ADA: 11	Item 17
y. Guarantee	FA: 8.7 ADA: Not Applicable	Item 15

## ITEM 10 FINANCING

We do not offer direct or indirect financing at this time, but we may do so in the future. We do not guarantee any of your notes, leases or obligations.

## ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your Hotel, we will:

1. Provide access to our Manual which will help you establish and operate your Hotel, as further discussed below under "Manual". (§4.6)
2. Provide an initial training program, as further discussed below under "Training Program". (§4.1 & 5.2.1)
3. Provide our Standards for the goods and services you must purchase to develop, equip and operate your Hotel and a list of approved and/or designated suppliers for these goods and services. We do not deliver or install any items that you purchase. (§4.6 & 5.1.3)
4. Review and approve or disapprove all plans for the design, layout, equipping and construction of your Hotel, as further discussed below under "Site Development". (§6.1.2)
5. Review and approve or disapprove any concessionaires or other subleases of space at your Hotel for any commercial purpose. We must approve the proposed brand, tenant and agreement. (§5.9.1)
6. Review and approve or disapprove your proposed management for the Hotel, as further discussed in Item 15. (§7)

During the operation of your Hotel, we will:

1. Provide access to our designated Central Reservation System and Property Management System. We may require you to license these systems directly from a third-party licensor. We also reserve the right to change or eliminate these systems. (§4.2 & 5.3)
2. Provide consultation services and advice in areas such as operations, maintenance, upkeep and marketing. We reserve the right to charge fees for these services. (§4.3)
3. Publish a directory that includes your Hotel. (§4.4.1)
4. Include your Hotel in our regional and national marketing programs in accordance with our general marketing policies. (§4.4.1)
5. Administer a quality assurance program that may include periodic inspections of your Hotel, guest satisfaction surveys and audits for compliance with our Standards. (§4.5)
6. Provide periodic training programs, as further discussed below under "Training Program". (§4.1 & 5.2.1)
7. Establish and implement the Program Fund, as further discussed below under "Advertising and Marketing". (§4.4)

During the operation of your Hotel, we may, but need not:

1. Develop and administer a call center (either ourselves or through a third-party service provider) for purposes of answering guest inquires, booking telephonic reservations, routing guests to an appropriate Hotel and handling guest complaints. If we establish a call center program, you must fully participate and pay all associated fees and costs. We currently require that you participate in a call center administered by Cloud5. Cloud5 will provide you with monthly reporting regarding their performance. (§5.5.1)

2. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and taxes. (§4.7)
3. Hold periodic franchisee conferences. (§5.2.2)

We do not provide area developers with any support under their ADA.

#### **Manual** (§4.6)

We provide you with access to our Manual in text or electronic form during the term of the Franchise Agreement. The Manual may include, among other things:

- architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Hotel
- a description of the authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- reporting and insurance requirements
- policies and procedures relating to cleaning and maintenance programs
- policies and procedures pertaining to any guest recognition program we establish
- policies and procedures pertaining to marketing and advertising
- policies and procedures pertaining to data ownership, protection, sharing and use
- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Hotel and (b) any designated or approved suppliers for these goods and services

The Manual is designed to establish and protect our brand Standards and the uniformity and quality of the goods and services offered by LivAway Suites™ hotels. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new Technology Systems). The Manual is confidential and remains our property. The Manual contains a total of 161 pages. The current Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

#### **Training Program** (§4.1 & 5.2.1)

##### *Initial Training Program*

We provide a 5-day LivAway leadership training program for your Hotel's general manager (i.e., GM Training) and position-specific training for other staff members. GM Training includes virtual instructor-led sessions, eLearning, on-the-job activities, exams and certifications. Your general manager must successfully pass GM Training before your Hotel opens. Any owner who serves as a general manager must complete GM Training. Attendance by your other owners is optional. If you hire a third-party management company, then GM Training must be completed by both: (a) the person appointed to serve as your Hotel's general manager; and (b) a "next-level supervisor" (in case of turnover at the management company). Initial training also includes position-specific training for various staff members. At this time, we conduct all training programs virtually through our Learning Management System.

In addition to the initial training program we conduct, representatives from HotelKey (licensor of the Property Management System and Central Reservation System), Virdee (licensor of the Check-In Kiosk), Smiota (licensor of the Locker System) and Salto Systems (licensor of the Digital Key System) will provide training on the implementation and use of their systems. HotelKey provides training virtually. Virdee, Smiota and Salto Systems provide training onsite at your Hotel prior to opening.

Initial training currently includes the following:

### TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
LivAway Leadership Training	40	0	Virtual
Property Management System and Central Reservation System	8	0	Virtual
Check-In Kiosk	0	4	Your Hotel
Digital Key System	0	6 to 8	Your Hotel
Locker System	0	4	Your Hotel
Total	48	14 to 16	

Currently, we intend to offer initial training on a quarterly basis. We will offer it more frequently if needed. Certain training content will be available “on demand” through our Learning Management System.

#### *Training Materials*

Our training materials consist of the Manual and Learning Management System. We currently use the Program Fee to cover the costs associated with the Learning Management System. We do not currently charge additional fees for training materials, but we reserve the right to do so in the future.

#### *Instructors*

Kevin Dailey is in charge of our training program. He has served as our Chief Operating Officer since our inception in December 2022. He has 34 years of experience in the industry, including 13 years with Red Roof Inns, 4 years with Motel 6 and 12 years with La Quinta.

#### *Ongoing Training*

Any new general manager you hire must successfully complete GM Training prior to assuming responsibility for the management of your Hotel. General managers must also complete an annual certification program. New staff you hire must complete self-directed position-specific training, which is accessible at any time through our Learning Management System. We may require that your general manager and other staff members participate in various training programs we make available through our Learning Management System from time to time. We may also provide additional training that you request, although we have no obligation to do so. At this time, we anticipate all training will be conducted virtually.

#### *Training Fees and Costs*

Prior to opening, you pay us: (a) a \$500 training fee for each person who attends GM Training; and (b) a \$1,500 technology fee, which covers the initial training program conducted by HotelKey (we remit the entire \$1,500 to HotelKey). Prior to opening, you must also pay training fees to the licensors of the Digital Key System and Check-In Kiosk for the onsite training they provide. We estimate these third-party training fees will range from \$1,000 to \$1,500. After opening, we may charge you an additional training fee of \$500 per person for: (a) each general manager who completes GM Training (we do not impose this fee for annual recertification); (b) any remedial training we conduct in response to your Hotel’s failure to conform to any of our required Standards; and (c) any training you request and we provide. We do not currently charge training fees for any other training programs that we require or make available to franchisees. You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.

#### **Site Development** (§5.7, 5.9.1 & 6)

We expect most Hotels will: (a) include between 110 and 126 Guest Rooms (our prototype model includes 126

Guest Rooms – your Hotel may have a different number of Guest Rooms only with our approval); and (b) contain between 53,500 square feet of space (for a 110-room facility) to 59,500 square feet of space (for a 126-room facility). We do not select the site for your Hotel and we do not purchase the premises and lease it to you. With limited exceptions, you must identify and obtain our approval of the site for your Hotel before we sign the Franchise Agreement. If you sign an ADA, we must approve the site for each Hotel you develop applying our then-current site selection criteria. In evaluating sites, we consider factors such as:

- parking
- ingress and egress to the Hotel site
- visibility, size, condition and characteristics of the building
- traffic counts
- general location
- existence and location of competitive businesses
- existence and significance of guest demand generators in the local marketplace
- general character of the neighborhood
- safety and security matters and local crime rates
- local demographic information
- various economic indicators

The Franchise Agreement does not require us to approve or disapprove sites you propose within any specific time frame. The approved site for your Hotel will be listed in the Addendum to the Franchise Agreement.

If you lease any portion of the premises of the Hotel, we must approve the lease before you sign it. The Franchise Agreement does not require you to sign an approved lease within any particular time frame.

The Manual includes generic prototype plans for a LivAway Suites™ hotel as well as our Standards for the design, layout, equipping and trade dress for a Hotel. You must hire a licensed and bonded architect to prepare initial design plans for the construction of your Hotel and improvements. We must approve the initial design plans to ensure they are consistent with our Standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) conform to our Standards and satisfy all other requirements in the Manual; and (c) comply with all federal, state and local laws, ordinances, building codes, permit requirements and lease restrictions applicable to the premises. You must submit the final construction plans to us for approval. You must construct and equip your Hotel according to the approved construction plans and the requirements of the Manual. You must purchase (or lease) and install all signage, Technology Systems, furniture, fixtures, operating equipment and other items we require.

Subject to any extensions granted in accordance with the Franchise Agreement, you must: (a) begin construction of your Hotel no later than the Construction Commencement Date listed in the Addendum to the Franchise Agreement; and (b) complete construction of your Hotel no later than the Construction Completion Date listed in the Addendum to the Franchise Agreement.

After opening, you must remodel, renovate and make all improvements to your Hotel that we reasonably require from time to time to conform to our then-current Standards. There are no limitations on the cost or frequency of these obligations. You may not remodel your Hotel or add Guest Rooms without our approval. If we approve your request to add Guest Rooms, we may require you to remodel and upgrade your Hotel in accordance with a PIP that we prepare and you must pay us the Room Addition Fee (\$250 per additional Guest Room) and PIP Fee (\$5,000 plus our Travel Expenses).

## **Opening Requirements** (§6.4)

We anticipate a typical franchisee will open their Hotel within 14 to 24 months after signing the Franchise Agreement. Factors that may affect this time include:

- protracted lease negotiations with your landlord (if you lease the property)
- protracted purchase agreement negotiations with the property owner (if you purchase the property)
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your site and extent of required construction, improvements and other work
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- entitlement and permitting processes applicable to the site
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to hire and train your staff

You may not open your Hotel prior to receipt of our written authorization to open. We may conduct a preopening inspection and require you to implement any changes we deem necessary to conform to our Standards. Unless we agree to the contrary, you must open your Hotel no later than the earlier to occur of: (a) 30 months after signing the Franchise Agreement; or (b) 60 days after the Construction Completion Date. We may terminate the Franchise Agreement if you fail to open by this deadline.

## **Advertising and Marketing** (§4.4, 5.4, 5.10.1 & 9.5)

We will provide the advertising and marketing support discussed below. You must participate at your own expense in all advertising, promotional and marketing programs we require. We do not require that you participate in an advertising cooperative. At this time, there is no franchisee advertising council that advises us on marketing and advertising matters.

### *Local Marketing By You*

We do not require that you spend any minimum amount of money on local marketing. However, you must advertise and promote your Hotel in accordance with our Standards and other requirements at your expense. You must display all marketing materials we require within your Hotel. You must honor any discount or promotional programs we offer to the public on your behalf.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We will use best efforts to review and either approve or disapprove items you propose within 5 business days after you submit them. Our failure to approve them within the 5-business day period constitutes our disapproval. You may not engage in any cross-marketing or cross-promotion of the Hotel with any other hotel without our approval. You must participate in any guest referral program we establish.

### *Local Marketing Assistance From Us*

We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an “as-needed” basis. We provide you with access to template marketing and advertising materials that you may adapt for use in your local market, including brand approved templates for business cards, flyers, rack cards, brochures and other items that can be customized for your Hotel. We may also create and make available to you advertising and other marketing materials at no additional charge. We may use the Program Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet, in which case you must arrange for printing the materials and pay all printing costs. Alternatively, we may enter into relationships with third-party suppliers who will create



advertising or marketing materials for your purchase.

#### *Websites, Social Media and Digital Advertising*

We will maintain a corporate website to promote our brand. We will also create and host a local webpage, which will be linked to our corporate website, that displays certain information we designate about your Hotel. You must provide us (or our designated marketing company) with Hotel photos and Hotel-specific details that may be incorporated into your local webpage. We can modify our website (and your local webpage) at any time.

Under current policy, you may not engage in any form of digital, online or social media marketing. Therefore, you may not engage in any of the following activities unless we provide our prior written consent (which we have no obligation to provide):

- developing, hosting, creating or otherwise maintaining a website or other online or digital presence relating to your Hotel, including any website bearing any of our Marks
- utilizing the Internet to conduct digital or online advertising or engage in ecommerce
- utilizing social media to market, advertise or otherwise promote your Hotel

#### *Guest Recognition Programs*

We may require that you participate in frequent guest recognition or similar programs, although we do not currently have one in effect. In order to participate, we may require that you: (a) comply with all policies and procedures we establish for participation in the program; (b) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (c) pay us, our affiliate, or a third party designated by us, all program contributions, fees and other amounts we designate as being necessary for participation in the program (we may instead elect to use the Program Fee to cover the costs of the program).

#### *Program Fund*

We intend to establish and administer the Program Fund to promote public awareness of our brand and improve our System. We may use the Program Fund to pay for any of the following in our discretion: marketing, advertising and public relations; market research; development, hosting and maintenance of websites; search engine optimization; creation and maintenance of directories and Internet sites for Hotels; development, maintenance, implementation and support of our systems and any other programs we deem appropriate to promote or improve the System; and paying the administrative costs and overhead related to the development, administration, maintenance, support or direction of these projects, systems and programs. The Program Fee does not cover: (a) your costs of participating in any optional marketing programs and promotions that you choose to participate in; or (b) the fees for any program required by the Standards to the extent the Standards impose a separate fee for such program.

We direct and have complete control and discretion over all advertising programs paid for by the Program Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Advertising may be local, regional or national in coverage and we may utilize any media we deem appropriate, such as digital, print, television, radio and billboard (we expect most advertising to be digital). The Program Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

You must contribute to the Program Fund the amount we specify from time to time (not to exceed 2% of Total Operating Revenue unless a majority of our franchisees vote in favor of the increase). The required contribution is currently 2% of Total Operating Revenue. Any company-owned Hotel will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the Program Fund, any company-owned Hotel that is established or acquired after the modification may contribute to the Program Fund utilizing the modified amount or timing. Except as stated in this paragraph, we

have no obligation to expend our own funds or resources for any marketing activities in your area.

We are not required to deposit Program Fees into a separate account. All monies deposited into the Program Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the Program Fund may be invested and we may lend money to the Program Fund if there is a deficit. On an annual basis, we will prepare an unaudited annual statement of the contributions into and expenditures from the Program Fund. Upon written request, we will provide you with a copy of the most recently prepared annual statement of the Program Fund. During the fiscal year ended December 31, 2022, we did not collect or spend any monies from the Program Fund.

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Program Fund. The Program Fund is not a trust and we have no fiduciary obligations with respect to our administration of the Program Fund. Once established, we may discontinue the Program Fund (or any component thereof) at any time upon at least 30 days' prior notice.

### **Advisory Council**

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as: (a) you have at least 1 open and operating Hotel; (b) you are not in default under the Franchise Agreement; and (c) you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. A company-owned Hotel could also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

### **Computer System** (§5.3, 5.5 & 9.5)

You must purchase and use all Technology Systems we designate from time to time. Our required Technology Systems may include computer systems, point-of-sale systems, property management systems, central reservation systems, webcam systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

We currently require that franchisees acquire and utilize the following Technology Systems:

- Reservations System (HotelKey)
- Property Management System (HotelKey)
- 1 wall-mounted Check-In Kiosk (Virdee)
- Locker System (for 27 compartment lockers) (Smiota)
- Digital Key System with RFID door locks (Salto Systems)
- 2 front desk computers and 1 back-office computer
- 2 credit card processing terminals and 1 to 2 key encoding terminals

Your Hotel must have sufficient high-speed Internet access to operate our Technology Systems and provide guests with free high-speed Internet and Wi-Fi access throughout the property.

You must also acquire and utilize a phone system and security system, although we do not currently require that you acquire any specific brand or type of phone system or security system. We may change the required Technology Systems from time to time.

### *How Computer System Is Used*

You will use your Technology Systems to: enter and manage guest reservations (including direct integration with certain third-party platforms such as Booking.com, TripAdvisor, Expedia, etc.); manage back-of-house functions (including cleaning assignments, maintenance and repairs, out-of-order rooms and labor management); prepare guest folios; process credit card and other payment transactions; manage room rates; manage inventory; prepare business and operational reports; monitor KPIs; perform accounting functions; communicate electronically; implement guest recognition programs; provide self-service guest check-in capabilities; and manage digital room keys and RFID door locks installed throughout the property.

To assist you with developing room rate and revenue management strategies, you will subscribe to OTA Insights, which is proprietary software provided through the Property Management System that provides real-time competitor rate information. The cost of this subscription is included in the monthly Technology Fee that you pay to us and we remit to HotelKey. You are prohibited from calling local competitors to obtain rate and occupancy information or engaging in any other activities that may constitute price fixing or violate state or federal antitrust laws.

### *Fees and Costs*

We estimate you will incur the following initial fees and costs to acquire the Technology Systems:

<b>Preopening Non-Recurring Technology Fees</b>		
<b>System</b>	<b>Amount</b>	<b>To Whom Paid</b>
Property Management System Central Reservation System (HotelKey)	\$1,500 (covers both systems)	Us
Check-In Kiosk* (Virdee)	\$10,100 (if you purchase the equipment)	Virdee
	\$2,500 (if you lease the equipment)	
Locker System (Smiota)	\$15,550 (includes shipping and installation)	Smiota
Digital Key System (Salto Systems)	\$65,000 to \$75,000	Salto Systems (or paid to contractor)
Computer System	\$7,000 to \$9,000	Third Party
Telephone System	\$23,000 to \$27,000	Third Party
Security System	\$15,000 to \$25,000	Third Party

\* You have the option to either purchase or lease the equipment for the Check-In Kiosk. If you purchase the equipment, you pay a higher one-time non-recurring technology fee but a lower monthly recurring fee. If you lease the equipment, you pay a lower one-time non-recurring technology fee but a higher monthly recurring fee. The fees listed above are the currently imposed fees. The licensor agreed to lower the one-time non-recurring fee for the purchase of the equipment as the number of our Hotels increases (the lowest fee will be \$9,016 once there are 101 Hotels in operation).

After opening, you pay us certain ongoing technology fees for access to and use of the Central Reservation System and Property Management System. You also pay ongoing fees to third parties for continued access to and use of other Technology Systems. The table below discloses the current estimated ongoing fees and costs for the Technology Systems. These fees and costs are subject to change.

Post-Opening Recurring Technology Fees			
System	Amount (Monthly)	Amount (Annual)	To Whom Paid
Property Management System Central Reservation System (HotelKey)	\$9 to \$10 per Guest Room*	\$108 to \$120 per Guest Room*	Us
Check-In Kiosk** (Virdee)	\$811 (if you purchase the equipment)	\$9,732 (if you purchase the equipment)	Virdee
	\$1,022 (if you lease the equipment)	\$12,264 (if you lease the equipment)	
Locker System (Smiota)	Paid annually	\$1,100	Smiota

\* The fee is \$9 per Guest Room per month (\$108 per Guest Room per year) if you choose to use Payment Key, which is HotelKey’s credit card payment processing platform. If you choose to use a different credit card payment processing platform, the fee is \$10 per Guest Room per month (\$120 per Guest Room per year).

\*\* You have the option to either purchase or lease the equipment for the Check-In Kiosk. If you purchase the equipment, you pay a higher one-time non-recurring technology fee but a lower monthly recurring fee. If you lease the equipment, you pay a lower one-time non-recurring technology fee but a higher monthly recurring fee. The fees listed above are the currently imposed fees. The licensor agreed to lower the recurring fees as the number of our Hotels increases (the lowest fee will be \$696 per month, or \$8,352 per year, once there are 101 Hotels in operation).

You may also incur ongoing fees and costs relating to your telephone system and security system, although we do not specify a brand or type of telephone system or security system so we are unable to provide a meaningful estimate of these ongoing fees and costs.

The fees listed above include maintenance, support, updates and required upgrades for the licensed software and technology. These services are provided by the third-party licensors of the Technology Systems. Except as otherwise disclosed above: (a) neither we nor any other party is required to provide ongoing maintenance, repairs, upgrades or updates to your Technology Systems; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your Technology Systems.

#### *Collection and Sharing of Data*

Your Technology Systems will collect guest data (including name, email, phone number, room number, check-in/check-out dates and transaction data), key performance indicators (including daily occupancy data, extended stay occupancy rate, average daily rate, revenue per available room, average length of stay, out-of-order room data and guest satisfaction scores), reservation data, property management data, revenue management data and other financial and non-financial operational data. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

We own all data and information that we provide to you relating to your operations and guests. We grant you a license to use this data solely for purposes of operating your Hotel. You must protect your guests’ personal information with a level of control proportionate to the sensitivity of data and maintain cyber / data breach liability insurance. You must comply with all applicable data protection laws as well as our data processing and data privacy policies set forth in the Manual from time to time. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

#### *Computer System Maintenance and Changes*

You must maintain the computer system in good condition at your cost. We may require that you upgrade or

update your computer system and other Technology Systems to conform to our then-current Standards. There are no contractual limitations on the frequency or cost of these updates or upgrades.

## **ITEM 12 TERRITORY**

### **Location of Your Hotel**

The Franchise Agreement grants you the right to operate a single Hotel from the site we approve. Except as otherwise provided below with respect to area development deals, we must approve the site of your Hotel before the Franchise Agreement is signed. The approved site will be listed in the Addendum to the Franchise Agreement. You may not relocate your Hotel.

### **Your Territory (Franchise Agreement)**

We identify your territory in the Addendum to Franchise Agreement. In the Franchise Agreement we refer to your territory as your “Area of Protection” or “AOP”. Your territory consists of the geographic area within a prescribed radius from your Hotel, as specified by us, in accordance with the following criteria:

<b>Location of Hotel (Type of Market)</b>	<b>Prescribed Radius for Territory</b>
Within downtown city limits of major, densely-populated, city	¼-mile to 1-mile radius from Hotel site
Other urban market	1-mile to 3-mile radius from Hotel site
Suburban market	3-mile to 4-mile radius from Hotel site
Rural market	5-mile radius from Hotel Site

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.

Although we do not grant exclusive territories, we do grant you certain territorial protections during the period of time we designate (the “**Protection Period**”) in the Addendum to Franchise Agreement. In most cases, we expect the Protection Period will either be 3 years from the opening date of the Hotel or 5 years from the date the Franchise Agreement is signed. However, we may consider shorter or longer Protection Periods on a case-by-case basis. During the Protection Period, we will not operate, or license a third party to operate, a Hotel that is branded as a “LivAway Suites™” hotel and is physically located within your territory except: (a) for any Hotels that are located within your territory as of the date you sign the Franchise Agreement (either open, under construction or for which a franchise or license agreement has been signed); and (b) as otherwise permitted below with respect to Acquisitions. Upon the expiration of the Protection Period, you will have no further territorial rights or protections under the Franchise Agreement unless you and we mutually agree in writing to extend the Protection Period.

### **Your Development Territory (ADA)**

If you acquire area development rights, we will identify the boundaries of your development territory in Part C of ATTACHMENT "A" to your ADA. Most development territories are defined to either: (a) coincide with the boundaries of a metropolitan statistical area (MSA), if the MSA has a population of 2,000,000 or less; or (b) include a defined area within an MSA, if the MSA has a population greater than 2,000,000. However, we reserve the right to define the boundaries of a development territory in any manner we deem appropriate (for example, by municipal boundaries, zip codes, marked area on a map, etc.). There is no specific minimum or maximum size for a development territory, although we do not anticipate awarding development territories with populations in excess of 2,000,000. If you wish to develop Hotels (a) in more than 1 MSA or (b) in multiple development territories within a single MSA, then you must sign a separate ADA for each development territory. We will send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule at least 7 days before you sign it.

All Hotels you develop must be located within your development territory. We must approve the site for each Hotel you develop according to our then-current site selection criteria. You must sign a separate Franchise Agreement for each Hotel you develop.

At the time you sign the ADA, you must also sign the Franchise Agreement for the first Hotel you commit to develop under the ADA. If we have not approved the site for this Hotel by the time you sign the Franchise Agreement, then within 21 days after site approval we will send you an Amended and Restated Addendum to Franchise Agreement that: (a) identifies the approved site and territory for the Hotel (the territory will be determined by us in the manner described above); and (b) supersedes, and is deemed to replace, the partially completed Addendum to Franchise Agreement initially signed by the parties concurrently with the execution of the Franchise Agreement. You must sign and deliver to us an executed copy of the Amended and Restated Addendum to Franchise Agreement within 10 days after we send it to you. You must sign the Franchise Agreement for each additional Hotel no later than the earlier to occur of: (a) the deadline set forth in the Development Schedule for signing such Franchise Agreement; or (b) the expiration of the 60<sup>th</sup> day after we notify you in writing of our approval of the site for the Hotel.

You will not receive an exclusive development 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.

Although we do not grant exclusive development territories, we do grant you certain territorial protections. Specifically, during the term of the ADA and any Extension Term (defined below), we will not operate, or license a third party to operate, a Hotel that is branded as a “LivAway Suites™” hotel and is physically located within your development territory except: (a) for any Hotels that are located within your development territory as of the date you sign the ADA (either open, under construction or for which a franchise or license agreement has been signed); and (b) as otherwise permitted below with respect to Acquisitions.

### **Limitations on Territorial Rights**

We reserve the right to acquire, or be acquired by, another business or chain that includes 4 or more hotels, motels or inns, and those businesses may be converted into Hotels operating under the Marks regardless of their location (an “**Acquisition**”). Any such acquired or converted businesses may be located within your territory and development territory, if applicable.

There are no restrictions on our right to operate, or license third parties to operate, hotels or other properties within your territory and development territory, if applicable, that do not operate under the “LivAway Suites™” brand. Your territorial rights only apply with respect to (i.e., protect you from) hotels that operate under the “LivAway Suites™” brand. They do not apply to, or restrict our right to operate or license others to operate, hotels or other properties that operate under any name that includes “LivAway” but not in conjunction with “Suites”. For example, there are no restrictions on our right to operate, or license others to operate, hotels or other properties within your territory and development territory, if applicable, that operate under names such as “LivAway Villas” or “LivAway Resorts”.

### **Alternative Channels of Distribution**

We reserve the right to sell, and license others to sell, competitive or identical goods and services under any trademarks and services marks within your territory or development territory through alternative channels of distribution, such as sales made over the Internet or through catalogs or direct marketing. You are not entitled to any compensation for sales that take place through alternative channels of distribution.

### **Restrictions on Your Sales and Marketing Activities**

You can market and advertise outside of your territory and development territory, if applicable, as long as: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) you do not engage in targeted marketing directed into any territory assigned to us, our affiliate or another franchisee. Marketing that is distributed, circulated or received both within your territory and within another territory is not considered “targeted marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the

advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory and digital advertising sent to devices with IP addresses registered within a given territory.

You may not market or sell using alternative channels of distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory or development territory, if applicable. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled “Websites, Social Media and Digital Advertising”.

There are no other restrictions on your right to solicit guests, whether from inside or outside of your territory or development territory, if applicable.

### **Minimum Performance Requirements**

Your territorial protections under the Franchise Agreement do not depend on achieving a certain sales volume, market penetration or other contingency.

If you sign an ADA and fail to satisfy your development schedule by (a) opening and operating the prescribed number of Hotels within the designated periods of time and (b) complying with your other associated development obligations (including deadlines for signing a Franchise Agreement, site approval, commencing construction and completing construction), we may terminate your ADA and you will lose all territorial rights and protections associated with your development territory. Termination of the ADA for failure to meet these development obligations will not affect your territory (or your territorial rights) granted under any Franchise Agreement signed prior to termination of the ADA. However, you will lose the right to sign new Franchise Agreements for Hotels and you will not receive a refund of the development fee (or any portion thereof).

### **Additional Franchises and Territories (Franchise Agreement)**

The Franchise Agreement does not grant you any options, rights of first refusal or similar rights to acquire additional territories or franchises.

### **Additional Franchises and Territories (ADA)**

The ADA grants you the right and obligation to develop either 3 Hotels or 4 Hotels (as specified by us) within the development territory during the initial term. Upon the expiration of the term of the ADA, and upon the expiration of the Extension Term of each Extension Addendum, you have the option, but not the obligation, to acquire the right to develop additional Hotels within the development territory by signing an Extension Addendum and paying the ADA Extension Fee. You may sign an Extension Addendum only if each of the following criteria is satisfied:

- you have timely fulfilled your development obligations under the ADA and each Extension Addendum
- you have substantially complied with your obligations under all Franchise Agreements
- we have determined your market can reasonably sustain the development of additional Hotels

Unless we agree to the contrary, each Extension Addendum will extend the term of the ADA for a period of 2 years (referred to as an “**Extension Term**”). Unless we agree to the contrary, each Extension Addendum will grant you the right and obligation to develop 4 additional Hotels within the development territory in accordance with the development schedule we prepare and attach to the Extension Addendum (or fewer than 4 additional Hotels, as specified by us, if we determine the development territory cannot reasonably sustain 4 additional Hotels). Each Franchise Agreement you sign during the Extension Term will consist of the form of Franchise Agreement we use as of the beginning of the Extension Term. After the parties have executed 4 or more Extension Addenda, we may, as a condition to granting you further development rights, require you to sign our then-current form of Area Development Agreement.

If you choose not to exercise your extension option, or you fail to meet any criteria necessary for exercising your extension option, then you will lose all territorial rights and protections associated with your development territory (other than any territorial rights granted to you under a Franchise Agreement).

If you have timely fulfilled your development obligations under the ADA and each Extension Addendum, substantially complied with your obligations under all Franchise Agreements, and notified us that you wish to exercise the extension option, but we decline to grant you the extension option based on our determination that your market cannot reasonably sustain the development of additional Hotels, then you will be granted a right of first offer (“**ROFO**”) for the development of any additional Hotels we wish to develop (or license a third party to develop) within the development territory during the ROFO Period. The “**ROFO Period**” means the period of time that begins on the date of expiration (without further extension) of the term of the ADA or the Extension Term of an Extension Addendum, as applicable, and ends 3 years later. Your ROFO is subject to your continued compliance with your obligations under all Franchise Agreements. If you wish to exercise the ROFO, you must satisfy all eligibility criteria, fulfill all requirements and follow all procedures set forth in the ADA.

**Competitive Businesses Under Different Marks**

Currently, we do not operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by a Hotel. However, we reserve the right to do so in the future.

Our affiliate, West77, is a hotel development company that intends to develop and operate affiliate-owned LivAway Suites™ hotels. West77 also operates various hotels under franchise agreements or license agreements with other brand owners, including WoodSpring Suites®, Hilton Garden Inn® and Homewood Suites®. WoodSpring Suites® and Homewood Suites® hotels are extended-stay hotels. West77 may develop and operate additional hotel brands in the future. There are no restrictions on the ability of West77 to develop and operate non-LivAway Suites™ hotels, or to solicit customers for these hotels, within our franchisees’ territories. West77 shares our principal business address. We do not maintain, or intend to maintain, physically separate offices and training facilities for our franchisees and the separate lines of business conducted by West77. We do not anticipate any conflicts between our franchisees and West77 and we do not have any mechanisms or policies in place to address conflicts that do arise.

**ITEM 13 TRADEMARKS**

We grant you the right to operate a Hotel under the name “LivAway Suites™” and the associated logo. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Hotel or the products or services you sell. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in this Item 13. If this happens, you must change to the new trademark at your expense.

Our affiliate, LivAway Hospitality Group IP, LLC (“**LHGIP**”), is the owner of the trademark rights associated with the following Marks that have been submitted for registration on the Principal Register of the United States Patent and Trademark Office:

UNREGISTERED MARKS		
Mark	Serial Number	Application Date
LIVAWAY SUITES	97525629 (originally filed as an “intent to use” application but converted to an application based on actual use)	July 29, 2022
LIVAWAY	97525611 (originally filed as an “intent to use” application but converted to an application based on actual use)	July 29, 2022



UNREGISTERED MARKS		
Mark	Serial Number	Application Date
<b>LIVAWAY</b>	97525681 (originally filed as an “intent to use” application but converted to an application based on actual use)	July 29, 2022
<b>// \ LIVAWAY SUITES</b>	97885509 (application based on actual use)	April 12, 2023
<b>// \</b>	97885516 (application based on actual use)	April 12, 2023
EVERYTHING YOU NEED AND NOTHING YOU DON'T	97885491 (application based on actual use)	April 12, 2023
OUR GUEST DESERVES BETTER	97887020 (application based on actual use)	April 12, 2023
A SENSIBLE EXTENDED STAY HOTEL	97885354 (application based on actual use)	April 12, 2023

LHGIP does not have a federal registration for the Marks above. Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark. If LHGIP’s right to use any of these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses. All required affidavits have been filed and LGHIP intends to file all renewals by the required renewal date.

On July 1, 2023, we entered into an Intellectual Property License Agreement with LHGIP (the “**License Agreement**”). Under the terms of the License Agreement, LHGIP granted us the right to use the Marks in the LivAway Suites™ System and sublicense the Marks to our franchisees. The License Agreement includes a 1-year initial term. The term automatically renews annually, unless the License Agreement is terminated in accordance with its terms. LHGIP may terminate the License Agreement only if we: (a) declare bankruptcy or become insolvent; (b) breach LHGIP’s quality control standards and fail to cure the breach within a 60-day cure period; or (c) consent to the termination. If the License Agreement is terminated, it states all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. No other agreements limit our right to use or sublicense use of the Marks.

You must follow our rules when using the Marks. You cannot use the Marks relating to the sale of any product or service we have not authorized. Your Hotel will be identified by the tradename set forth in the Addendum to the Franchise Agreement (for example, “LivAway Suites Salt Lake City – Lehi”). We will collaborate with you in selecting an appropriate tradename, but we have final decision-making authority. You may not use the Marks as part of a corporate name or with modifying words, designs, or symbols (except for your approved tradename) unless you receive our prior written consent.

You must not directly or indirectly contest our or LHGIP’s rights to the Marks. You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we think appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. If we request your assistance in writing, we will reimburse you for expenses you incur as a direct result of actions you take to comply with our written instructions for assistance.

The Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark

Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; or (c) pending material litigation matters involving any of the Marks. We are not aware of any infringing uses that could materially affect your use of the Marks.

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

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a Hotel. Examples include:

- architectural plans, drawings and specifications for a prototype Hotel
- methods and techniques
- standards and specifications
- policies and procedures
- supplier lists and information
- marketing strategies
- merchandising strategies
- financial information
- information comprising the System

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Hotel. We also own all operational and guest data that we provide to you relating to your Hotel. You must treat this data as confidential and proprietary. We license you the right to utilize this data during the term of your Franchise Agreement. We consider all information in the Manual to be confidential.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Hotel in compliance with the Franchise Agreement and Manual. You may not disclose our confidential information to any person (other than your employees on a need-to-know basis) without our prior permission.

You must promptly notify us if you discover any unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements known to us at this time.

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

The franchise owners are not required to directly and personally participate in the onsite management and operation of the Hotel. If you choose to manage the Hotel yourself, we must evaluate and approve your proposed management team. In evaluating your management team, we consider the proposed management organizational structure, prior experience and performance in managing similar extended-stay hotels, and other relevant factors. If we disapprove your proposed management team, then you must hire a professional hotel management company to manage the Hotel for at least the first year of operation. After the first year of operation, you may request that we reconsider your proposed management team.

Any management company you hire to manage the Hotel must:

- possess adequate qualifications and experience with hotel management (as determined by us)

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- not be a Competitor (as defined in Item 17 of this Disclosure Document)
- complete all training programs we require
- have authority to communicate with us on your behalf
- have authority to perform your obligations under the Franchise Agreement
- be approved by us

You must obtain our approval of the management company at least 6 months prior to the Hotel's opening date. We reserve the right to require that you obtain our approval of the management agreement you sign with the management company. The management company must agree to comply with all of the terms of the Franchise Agreement, including the confidentiality provisions and noncompetition covenants. However, you retain ultimate responsibility to ensure compliance with the Franchise Agreement and the Manual. We do not require that you provide equity to the management company or any of your other management personnel.

If we send you a notice of default for failure to timely pay amounts owed to us, we may require, as an additional condition to cure, that your direct and indirect owners that we designate execute a Guaranty covering all of your obligations under the Franchise Agreement. Our current form of Guaranty is attached to this Disclosure Document as EXHIBIT "H"-4.

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

We must approve all goods and services you sell. You must offer all goods and services we require. Your Hotel must offer all amenities that we specify. You may not:

- offer or sell any goods or services we have disapproved
- offer any amenities we have not approved
- include a casino or allow gaming operations to be conducted within your Hotel
- include a restaurant, café, bar or other food and beverage outlet within your Hotel without our approval
- allow any concessionaire to operate within your Hotel without our approval
- sublease any space within your Hotel for any commercial purpose without our approval
- market or sell (or permit others to market or sell) timeshares, vacation ownership, fractional ownership, condominiums or similar interests from any location within or immediately adjacent to your Hotel

You must offer to your guests free high-speed Internet and Wi-Fi access and complimentary parking. At any time, we may change the goods and services you sell and you must comply with the change.

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

**This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>PROVISION</b>	<b>SECTIONS IN AGREEMENT</b>	<b>SUMMARY</b>
a. Length of franchise term	FA: 3.1 & Addendum	Term is equal to 20 years.
	ADA: Part E of <u>Attachment A</u>	Term expires on date specified in Part E of <u>Attachment A</u> to ADA (typically 30 months after signing).
b. Renewal or extension of the term	FA: 3.2	You are not granted renewal rights unless applicable law requires us to offer you renewal rights, in which case you may renew if you meet our conditions for renewal. Each renewal term will be 5 years.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
	ADA: 5.1	If all required conditions are satisfied, you may enter into one or more 24-month ADA extensions by signing an Extension Addendum.
c. Requirements for you to renew or extend	FA: 3.2	You must: not be in default; give us timely renewal notice; sign then-current form of franchise agreement and related documents; sign general release (subject to state law); pay renewal fee; and (if required by us) pay PIP Fee and remodel Hotel and upgrade furniture, fixtures and equipment to current Standards in accordance with PIP. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: 5.1	You must: give us timely extension notice; pay ADA Extension Fee; commit to new development schedule; and sign Extension Addendum. You may not extend unless you developed all required Hotels in strict compliance with development schedule and substantially complied with all Franchise Agreements. After 4 <sup>th</sup> Extension Addendum, we may require you to enter into our then-current form of Area Development Agreement as a condition to further extensions. If this happens, you may be required to sign a contract with materially different terms and conditions than the original contract.
d. Termination by you	FA: 11.2.2	You can terminate upon 60 days' notice if your Hotel is damaged by fire or other casualty or event of force majeure and the damage or necessary repairs require closure of the Hotel. You may also terminate under any grounds permitted by law.
	ADA: 10	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: Not Applicable	Not applicable
	ADA: Not Applicable	Not applicable
f. Termination by us with cause	FA: 13	We can terminate if you default. We can also terminate: (a) upon 60 days' notice if your Hotel is damaged by fire or other casualty or event of force majeure and the damage or necessary repairs require closure of the Hotel and you elect not to repair or rebuild the Hotel; and (b) upon written notice if we determine the continued operation of your Hotel is impractical due to any proposed taking of the Hotel (or portion of the Hotel) by eminent domain.
	ADA: 10	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: 13.1	You have 10 days to cure: any monetary default; failure to commence or complete Hotel construction by required deadlines; or failure to maintain required insurance. You have 30 days to cure any other default, other than defaults described below under "non-curable defaults".
	ADA: 10.2	You have 10 days to cure any monetary default. You have 30 days to cure any other default, other than defaults described below under "non-curable defaults".

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	FA: 13.2	The following defaults cannot be cured: commission of same breach 2 or more times in any 24-month period; receipt of 3 or more notices of material default in any 12-month period; insolvency or inability to pay debts when due; bankruptcy, reorganization, liquidation, seizure of assets or similar proceeding; loss of right to possess premises for any reason other than casualty or condemnation; failure to operate for 5 consecutive days unless due to force majeure; contesting or challenging the validity or our ownership of the System or Marks; engaging in conduct we reasonably believe is likely to adversely affect the reputation or goodwill of the Hotel, our Marks or our System; unauthorized Transfers; concealing revenues, maintaining false books and records, submitting false reports or other attempts to defraud us; you or any of your affiliates or owners becomes a government-sanctioned person; breach of guaranty (if applicable); threats or danger to public health or safety; breach of noncompetition covenant; or termination of any other agreement between you (or your affiliate) and us relating to the Franchise Agreement or the Hotel (other than termination of an ADA).
	ADA: 10.1	The following defaults cannot be cured: breach of any deadline in the development schedule; receipt of 3 or more notices of material default in any 12-month period; insolvency or inability to pay debts when due; bankruptcy, reorganization, liquidation, seizure of assets or similar proceeding; contesting or challenging the validity or our ownership of the System or Marks; engaging in conduct we reasonably believe is likely to adversely affect the reputation or goodwill of the Hotel, our Marks or our System; unauthorized Transfers; concealing revenues, maintaining false books and records, submitting false reports or other attempts to defraud us; you or any of your affiliates or owners becomes a government-sanctioned person; breach of guaranty (if applicable); breach of noncompetition covenant; unauthorized use of our intellectual property; or termination of any other agreement between you (or your affiliate) and us relating to the ADA or any of your Hotels, including any Franchise Agreement executed pursuant to the ADA (our termination of an ADA for breach of the development schedule is not grounds for termination of any other ADA).
i. Your obligations on termination/non-renewal	FA: 13.4 & 13.6	Obligations include: pay amounts due (including liquidated damages, if applicable); cease operating Hotel as a LivAway Suites™ hotel; cease use of intellectual property; return Manual and materials containing our proprietary information; remove signage, trade dress, custom decorations, promotional materials and other indicia of a LivAway Suites™ hotel; assign telephone numbers, listings, domain names, social media accounts, and similar items associated with the Hotel to us; and cancel fictitious names (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any specific obligations on you after it is terminated or expires.
j. Assignment of contract by us	FA: 12.1	No restriction on our right to assign.
	ADA: 9.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: 12.2 and Schedule 1 (Glossary)	Includes any transfer or assignment of: (a) the Franchise Agreement; (b) any rights under the Franchise Agreement; or (c) any direct or indirect ownership interest in the franchisee, the Hotel or Hotel site.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
	ADA: 1 & 9.2	Includes any transfer or assignment of: (a) the ADA; (b) any rights under the ADA; or (c) any direct or indirect ownership interest in the franchisee, a Hotel or a Hotel site.
l. Our approval of transfer by you	FA: 12.2 & 12.3	<p>You do not need our approval of a Preapproved Transfer although the transferee must not be a Competitor or government-sanctioned person. We must approve all other transfers (i.e., Special Transfers and Change of Ownership Transfers) but we will not unreasonably withhold approval.</p> <p>If you intend to engage in an offering of private or publicly-held securities using offering documents that refer to our Marks or our name, then you must: submit the offering materials to us for review at least 60 days before the offering documents are used or registered with any agency; pay us the Securities Offering Fee and reimburse us for all attorneys' fees and costs we incur to review the materials; incorporate all disclaimers we require; and indemnify us for any liabilities we incur arising out of or relating to the securities offering.</p>
	ADA: 9.2	<p>You do not need our approval of a Preapproved Transfer although the transferee must not be a Competitor or government-sanctioned person. We must approve Special Transfers but will not unreasonably withhold approval. You may not engage in a Change of Ownership Transfer under the ADA.</p> <p>If you intend to engage in an offering of private or publicly-held securities using offering documents that refer to our Marks or our name, then you must: submit the offering materials to us for review at least 60 days before the offering documents are used or registered with any agency; pay us the Securities Offering Fee and reimburse us for all attorneys' fees and costs we incur to review the materials; incorporate all disclaimers we require; and indemnify us for any liabilities we incur arising out of or relating to the securities offering.</p>
m. Conditions for our approval of transfer	FA: 12.2	<p align="center"><i>[Special Transfer]</i></p> <p>You must: give us 60 days' notice; notify us of the transferee's identity and contact information and provide any other information we require; pay \$1,500 Transfer Processing Fee (waived for 1 preopening Special Transfer); and complete Transfer processing documentation.</p>

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
		<p align="center"><i>[Change of Ownership Transfer]</i></p> <p>Transferee must: submit completed change of ownership application and pay \$35,000 Transfer Processing Fee at least 60 days prior to date of proposed Transfer; meet our qualifications; sign then-current form of franchise agreement for a 20-year term (or at our option, take assignment of existing franchise agreement); complete all modifications to Hotel required by PIP; and indemnify us for any claims against us relating to fees or costs you charged to guests.</p> <p>You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay us all amounts currently owed; conclude to our satisfaction (or provide us with adequate security for) any pending or threatened litigation against you or the Hotel that may result in liability to us; and sign general release (subject to state law).</p> <p>Either you or transferee must: send us all information we require about the transferee and/or the proposed Transfer at least 60 days prior to date of proposed Transfer; and pay us PIP Fee and all estimated amounts you will owe to us through date of Transfer.</p>
	ADA: 9.2	<p align="center"><i>[Special Transfer]</i></p> <p>You must: give us 60 days' notice; notify us of the transferee's identity and contact information and provide any other information we require; pay \$1,500 Transfer Processing Fee (waived for 1 Special Transfer prior to opening of 1<sup>st</sup> Hotel); and complete Transfer processing documentation.</p>
n. Our right of first refusal to acquire your business	FA: Not Applicable	Not Applicable
	ADA: Not Applicable	Not Applicable
o. Our option to purchase your business	FA: Not Applicable	Not Applicable
	ADA: Not Applicable	Not Applicable
p. Your death or disability	FA: 12.2.1 & 12.2.3	Interest of deceased owner may be transferred to an immediate family member (or to a legal entity formed by the immediate family member) in accordance with the requirements for a Special Transfer (if the transfer does not result in a change of control) or the requirements for a Change of Ownership Transfer (if the Transfer results in a change of control), provided that the family member (or entity) satisfies our then-current requirements for an approved transferee within 6 months after the death.
	ADA: 9.2	Interest of deceased owner may be transferred to an immediate family member (or to a legal entity formed by the immediate family member) in accordance with the requirements for a Special Transfer, provided that the family member (or entity) satisfies our then-current requirements for an approved transferee within 6 months after the death. A transfer of a deceased owner's interest that results in a change of control is not permitted under the ADA and may result in termination of the ADA.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	FA: 5.10.7	Neither you nor your affiliates may own, license, franchise, serve as the exclusive manager for, or (with limited exceptions) have any interest in, any other hotel in the economy or midscale extended-stay hotel segment or any substantially equivalent market segment, as determined by the standards set by Highland Group in its annual <i>US Extend-Stay Hotels</i> report (a “ <b>Competitor</b> ”). A prohibited interest also includes serving as the exclusive manager for a Competitor or hiring a management company that is the exclusive manager for a Competitor.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: 13.4.1(a)	The Franchise Agreement does not impose any noncompetition covenants after the franchise relationship ends. However, you must pay us liquidated damages if you or your affiliate develop another hotel at the Hotel site either (a) within 3 years after either party terminates the Franchise Agreement due to casualty or (b) within 3 years after we terminate the Franchise Agreement due to your default. Clause (b) only applies to terminations that occur prior to commencement of construction of your Hotel.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 16.5	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants).
	ADA: 13.6	Requires writing signed by both parties.
t. Integration/merger clause	FA: 16.4	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.  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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
	ADA: 13.6	Only the terms of the ADA and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.  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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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 FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	FA: 16.2.3	Subject to state law, all disputes must be litigated unless we require mediation. You must notify us 20 days prior to filing suit and we will advise you whether we will require mediation.
	ADA: 11	Subject to state law, all disputes must be litigated unless we require mediation. You must notify us 20 days prior to filing suit and we will advise you whether we will require mediation.
v. Choice of forum	FA: 16.2.2	Subject to state law, all mediation and litigation must take place in Salt Lake City, Utah.
	ADA: 11	Subject to state law, all mediation and litigation must take place in Salt Lake City, Utah.
w. Choice of law	FA: 16.2.1	Subject to state law, Utah law governs.
	ADA: 13.1	Subject to state law, Utah law governs.

#### ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise.

#### ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting our Chief Executive Officer at 3300 N. Triumph Blvd., Suite 100, Lehi, Utah 84043 or by phone (425) 974-7076.

#### ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

**TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

**TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022**

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

**TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Totals	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

**TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Total	0	0	0

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2022. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our 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 last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

## **ITEM 21 FINANCIAL STATEMENTS**

Our fiscal year ends on December 31<sup>st</sup>. Attached to this Disclosure Document as EXHIBIT "G" is an audited opening balance sheet for LivAway Suites, LLC as of February 28, 2023. In addition, an unaudited balance sheet as of June 30, 2023 and an unaudited income statement from January 1, 2023 through June 30, 2023 are attached to this Disclosure Document as EXHIBIT "G". Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines.

## **ITEM 22 CONTRACTS**

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

### Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	ACH Authorization Form
EXHIBIT "H"-3	General Release
EXHIBIT "H"-4	Guaranty
EXHIBIT "H"-5	Extension Addendum

### Attachments to Franchise Agreement

ADDENDUM	(includes various deal terms)
EXHIBIT A	State Addendum

## **ITEM 23 RECEIPT**

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

<p><b><u>CALIFORNIA</u></b> Commissioner of Financial Protection &amp; Innovation Department of Financial Protection &amp; Innovation 320 West 4<sup>th</sup> Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><b><u>HAWAII</u></b> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><b><u>ILLINOIS</u></b> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><b><u>INDIANA</u></b> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><b><u>MARYLAND</u></b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p> <p><u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><b><u>MICHIGAN</u></b> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, MI 48913 (517) 335-7567</p> <p><b><u>MINNESOTA</u></b> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500</p> <p><b><u>NEW YORK</u></b> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 Phone: (212) 416-8222</p> <p><u>Agents for Service of Process:</u> Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b> North Dakota Securities Department State Capitol, 5<sup>th</sup> Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>	<p><b><u>RHODE ISLAND</u></b> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p> <p><b><u>SOUTH DAKOTA</u></b> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2<sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563</p> <p><b><u>VIRGINIA</u></b> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9<sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051</p> <p><u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1<sup>st</sup> Floor Richmond, Virginia 23219</p> <p><b><u>WASHINGTON</u></b> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>Mailing Address:</u> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507</p> <p><b><u>WISCONSIN</u></b> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555</p>
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**EXHIBIT "B"**

**TO DISCLOSURE DOCUMENT**

**FRANCHISOR'S AGENT FOR SERVICE OF PROCESS**

WEST77 Partners, LLC  
3300 N. Triumph Blvd., Suite 100  
Lehi, Utah 84043

In states listed in EXHIBIT "A", the additional agent  
for Service of Process is listed in EXHIBIT "A"

**EXHIBIT "C"**  
**TO DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**

*[See Attached]*

# FRANCHISE AGREEMENT

## LIVAWAY SUITES [INSERT MARKET LOCATOR] ([INSERT CITY, STATE])

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ADDENDUM TO FRANCHISE AGREEMENT

SCHEDULE A TO ADDENDUM TO FRANCHISE AGREEMENT

[EXHIBIT A – [State] ADDENDUM TO FRANCHISE AGREEMENT}

SCHEDULE 1 – GLOSSARY

## FRANCHISE AGREEMENT

This Franchise Agreement, dated as of the Effective Date, is entered into by and between LivAway Suites, LLC, a Utah limited liability company (“we,” “us,” “our” or “Franchisor”) and the Franchisee set forth in the Addendum attached to this Agreement (“you,” “your” or “Franchisee”) (collectively, the “Parties” and individually, a “Party”)

### INTRODUCTION

We are an Affiliate of LivAway Hospitality Group. LivAway Hospitality Group and its Affiliates own, license, lease, operate, manage and provide various services for the Network. We are authorized to grant licenses for selected, first-class, independently owned or leased hotel properties, to operate under the Brand. You have expressed a desire to enter into this Agreement with us to obtain a license to use the Brand in the operation of a hotel at the address or location described in the Addendum.

The Parties therefore agree as follows:

#### 1. DEFINITIONS

Capitalized terms have the meanings set forth in the Glossary attached as Schedule 1.

#### 2. GRANT OF LICENSE

##### 2.1. Non-Exclusive License.

We grant to you and you accept a limited, non-exclusive license to use the Marks and the System during the Term at, and in connection with, the operation of the Hotel in accordance with the terms of this Agreement. Notwithstanding the preceding sentence, (a) your right to operate the Hotel under the Brand will not become effective until after any existing third-party franchise, management or similar agreement for the Hotel has terminated or expired; and (b) you are solely responsible for ensuring that any existing third-party franchise, management or similar agreement has terminated or expired on or before the Opening Date.

##### 2.2. Reserved Rights.

2.2.1. No Limitation on Our Activities. This Agreement does not limit our right, or the right of our Affiliates, to own, license or operate any Other Business of any nature, whether in the lodging or hospitality industry or not, and whether under the Brand, a Competing Brand, or otherwise. We and our Affiliates have the right to engage in any Other Businesses, even if they compete with the Hotel, the System, or the Brand, and whether we or our Affiliates start those businesses, or purchase, merge with, acquire, are acquired by, come under common ownership with, or associate with, such Other Businesses.

2.2.2. Right to Modify and Use the System. We may also:

- (a) add, alter, delete or otherwise modify elements of the System;
- (b) use or license to others all or part of the System;
- (c) use the facilities, programs, services or personnel used in connection with the System in Other Businesses; and
- (d) use the System, the Brand and the Marks in the Other Businesses.

2.2.3. Protection from Claims Disputing Our Rights to Conduct Our Business Activities. You acknowledge and agree that you have no rights to, and will not make any claims or demands for, damages or other relief arising from or related to any of the foregoing activities, and you acknowledge and agree that such activities will not give rise to any

liability on our part, including liability for claims for unfair competition, breach of contract, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty.

2.3. AOP Provision.

The AOP Provision is set forth in the Addendum.

3. **TERM AND RENEWAL**

3.1. Term

The term of this agreement (“**Term**”) begins on the Effective Date and ends, without further notice, on the Expiration Date set forth in the Addendum, unless terminated earlier under the terms of this Agreement.

3.2. Renewal

You and we acknowledge and agree that, under the terms of this Agreement, the Term of this Agreement is non-renewable and you have no rights of license renewal or extension whatsoever following the Expiration Date. If, however, the Laws applicable in the State in which the Hotel is located gives you a right of renewal at the end of the Term, and you properly exercise such right in accordance with such Laws, then, to exercise such right, you must, not less than 180 days nor more than 270 days before the expiration of the Term, give us notice (a “**Renewal Notice**”) that you desire to enter into a new franchise agreement (the “**Successor Agreement**”). If you timely give us notice under the preceding sentence, then our obligation to renew your license and enter into the Successor Agreement is subject to your timely performance of all of the following obligations:

3.2.1. No Defaults. As of the date you give us the Renewal Notice and at all times between the date of such notice and the end of the Term, you and your Affiliates are not in default of this Agreement or Your Hotel Agreements;

3.2.2. PIP Fee. On the date you give us the Renewal Notice, you must pay us the PIP Fee;

3.2.3. Renewal Fee. Within 15 days after you give us the Renewal Notice, or by such later date we specify in order to comply with applicable franchise Laws or for any other reason in our sole discretion, you must pay us a renewal fee equal to 50% of our then current franchise application fee;

3.2.4. Performance of the PIP. Within 45 days after we receive the Renewal Notice, we will provide you with a PIP, if we deem one is required. If the PIP requires you to complete any portion of the PIP before the end of the Term, then you must do so before the end of the Term. If the PIP requires you to complete any portion of the PIP after the end of the Term, then the Successor Agreement will require you to do so by deadlines set forth in the Successor Agreement for such items, and, in accordance with your obligations under the Successor Agreement, you must complete such items within such deadlines;

3.2.5. Delivery of Successor Agreement and Ancillary Documents. By no later than 60 days after you give us the Renewal Notice, you must fully sign and deliver to us the Successor Agreement and any ancillary documents we then require new franchisees to sign, in each case in our then-current agreement form, which may vary from this Agreement in form and substance, including economic terms. Without limiting the preceding sentence, you acknowledge and agree that, unless we in our sole discretion approve otherwise at your request, the Successor Agreement will (a) have a term of

five years and (b) will take effect at, and will have an effective date as of, the Expiration Date of this Agreement; and

- 3.2.6. General Release. Seven days before the end of the Term, you and any of your Affiliates who is a party to Your Hotel Agreements must sign and deliver to us a general release, in the form we require, releasing us from any and all claims and liabilities arising under this Agreement and any other agreements with us or our Affiliates.

#### 4. **OUR RESPONSIBILITIES**

We have the following responsibilities to you under this Agreement. We reserve the right to fulfill some or all of these responsibilities through one of our Affiliates or through unrelated third parties, in our sole business judgment. We may require you to make payment for any resulting services or products directly to the provider.

##### 4.1. Training.

We may specify certain required and optional training programs and provide these programs at various locations. We may charge you for required training services and materials and for optional training services and materials we provide to you. You are responsible for all travel, lodging and other expenses you or your employees incur in attending these programs.

##### 4.2. Reservation Service.

We will furnish you with the Reservation Service. The Reservation Service will be furnished to you on the same basis as it is furnished to other System Hotels, subject to the provisions of Section 13.3 below.

##### 4.3. Consultation.

We may offer consultation services and advice in areas such as operations, facilities, and marketing, but you will always remain responsible for hiring your employees and the terms and conditions of their employment. We may establish fees in advance, or on a project-by-project basis, for any consultation service or advice you request.

##### 4.4. Marketing and System Enhancements.

- 4.4.1. Advertising of System Hotels. We will publish (either in hard copy or electronic form) and make available to the traveling public a directory that includes System Hotels. We will include the Hotel in advertising of System Hotels and in international, national and regional marketing programs in accordance with our general practice for System Hotels.

- 4.4.2. Use of Monthly Program Fee. We will use your Monthly Program Fee, in our discretion, to pay for or contribute to various programs and costs we incur in connection with our efforts to maintain, develop, benefit, or improve the System. These costs may include, for example, costs associated with any of the following:

- (a) advertising, promotion, publicity, public relations, market research, and other marketing programs;
- (b) developing and maintaining directories of and Internet sites for System Hotels; and
- (c) developing and maintaining our systems and support for them;
- (d) developing and maintaining other programs or activities we deem appropriate to promote or improve the System; and

- (e) administrative costs and overhead related to the administration or direction of these projects and programs.
- 4.4.3. Our Discretion in the Use of the Monthly Program Fees. We will have the sole right to determine how and when we spend the Monthly Program Fees, including sole control over the creative concepts, materials and media used in the programs, the placement and allocation of advertising, and the selection of promotional programs.
- 4.4.4. Arrangements for Supporting Services. We may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services or other services with any other entity, including any of our Affiliates or third parties.
- 4.4.5. No Obligation to Promote One System Hotel or Market. You acknowledge that Monthly Program Fees are intended for the benefit of the System and will not simply be used to promote or benefit any one System Hotel or market. We will have no obligation in administering any activities paid for with the Monthly Program Fee to make expenditures for you that are equivalent or proportionate to your payments or to ensure that the Hotel benefits directly or proportionately from such expenditures.
- 4.4.6. Benefits to Regions or Localities; No Trust Funds. We may create any programs and allocate monies derived from Monthly Program Fees to any regions or localities, as we consider appropriate in our sole business judgment. The aggregate of Monthly Program Fees paid to us by System Hotels does not constitute a trust or “advertising fund” and we are not a fiduciary with respect to the Monthly Program Fees paid by you and other System Hotels.
- 4.4.7. Programs Not Covered by the Monthly Program Fees. The Monthly Program Fee does not cover your costs of participating in any optional marketing programs and promotions offered by us in which you voluntarily choose to participate. The Monthly Program Fee does not cover the cost of operating the Hotel in accordance with the Standards. The Monthly Program Fee does not cover the fees for any program required by the Standards to the extent that the Standards impose a separate fee for such program.

4.5. Inspections/Compliance Assistance.

We will administer a quality assurance program for the System that may include conducting pre-opening and periodic inspections of the Hotel and guest satisfaction surveys and audits to ensure compliance with the Standards. You will permit us to inspect the Hotel without prior notice to you to determine if the Hotel is in compliance with the Standards. You will cooperate with our representatives during these inspections. You will then take all steps necessary to correct any deficiencies within the times we establish. You may be charged a Quality Assurance Re- Evaluation Fee as set forth in the Standards. You will provide complimentary accommodations for the quality assurance auditor each time we conduct a regular inspection or a special on-site quality assurance re-evaluation after the Hotel has failed a regular quality assurance evaluation or to verify that deficiencies noted in a quality assurance evaluation report or PIP have been corrected or completed by the required dates.

4.6. Manual.

We will issue to you or make available in electronic form the Manual and any revisions and updates we may make to the Manual during the Term. You agree to ensure that your copy of the Manual is, at all times, current and up to date. If there is any dispute as to your compliance with the provisions of the Manual, the master copy of the Manual maintained at our principal office will control.

#### 4.7. Equipment and Supplies.

We will make available to you for use in the Hotel various purchase, lease, or other arrangements for exterior signs, operating equipment, operating supplies, and furnishings, which we make available to other System Hotels.

### 5. OPERATIONAL AND OTHER REQUIREMENTS

#### 5.1. Operating Standards.

You must:

- 5.1.1. Hours of Operation. After the Opening Date, operate the Hotel twenty-four (24) hours a day after the Opening Date;
- 5.1.2. Use the System. Operate the Hotel using the System, in compliance with this Agreement and the Standards and in such a manner to provide courteous, uniform, respectable and high-quality lodging and other services and conveniences to the public. You acknowledge and agree that (a) you have exclusive day-to-day control of the business and operation of the Hotel (including hiring your employees and the terms and conditions of their employment); (b) although we provide the Standards, we do not in any way possess or exercise day-to-day control of the business and operation of the Hotel; (c) we do not dictate nor control labor or employment matters for you or your employees; and (d) we are not responsible for the safety and security of your employees or guests;
- 5.1.3. Compliance with the Standards. Comply with the Standards, including our specifications for all supplies, products and services. We may require you to purchase a particular brand of product or service to maintain the common identity and reputation of the Brand, and you will comply with such requirements. Unless we specify otherwise, you may purchase products from any authorized source of distribution; however, we reserve the right, in our business judgment, to enter into exclusive purchasing arrangements for particular products or services and to require that you purchase products or services from approved suppliers or distributors;
- 5.1.4. Signage. Install, display, and maintain signage displaying or containing the Brand name and other distinguishing characteristics in accordance with Standards we establish for System Hotels;
- 5.1.5. Credit Cards. Honor all nationally recognized credit cards and credit vouchers issued for general credit purposes that we require and enter into all necessary credit card and voucher agreements with the issuers of such cards or vouchers;
- 5.1.6. Direct Payment Billing. Accept, for sales or other accounts we specify or as we otherwise deem appropriate, direct payment or third-party billing and enter into appropriate agreements with such accounts to implement such processes;
- 5.1.7. Imposition of Mandatory Guest Fees. Obtain our approval to charge any Mandatory Guest Fees at the Hotel in accordance with the Standards and subject to our requirements for granting such approval;
- 5.1.8. Quality Assurance and Complaint Resolution Programs. Participate in and pay all charges in connection with all required System guest complaint resolution programs, which programs may include chargebacks to the Hotel for guest refunds or credits, and all required System quality assurance programs, such as guest comment cards, customer surveys and mystery shopper programs. You must maintain minimum performance Standards and scores for quality assurance programs we establish; and

5.1.9. Compliance with Laws. Comply with Laws and, on request, give evidence to us of compliance.

5.2. Training; Conferences.

5.2.1. Training and Training Costs. You must comply with Standards for the training of persons involved in the operation of the Hotel, including completion by key personnel of the Hotel of a training program for operation of the Hotel under the System, at a site we designate. You must pay us all fees and charges, if any, we require for your personnel to attend these training programs. You are responsible for all travel, lodging and other expenses you or your personnel incur in attending these programs.

5.2.2. Franchisee Conferences. You, or if you are an entity, one or more of your principal owners, must attend our franchisee conferences, if and when we hold them. We will not hold a franchisee conference more than once annually. For each such conference we hold, you must pay a reasonable, non-refundable conference registration fee as we may designate. We will invoice and charge you for, and you must pay, the conference registration fee even if you do not attend the conference.

5.3. Technology.

You must purchase and maintain property management, revenue management, in-room entertainment, telecommunications, high-speed internet access, and other computer and technology systems that we designate for the System or any portion of the System based on our assessment of the long-term best interests of System Hotels, considering the interest of the System as a whole (the “**Technology Systems**”). Currently, the Technology Systems include, among other things, a “parcel locker”, virtual check-in, and the “LivAway Application” for Hotel staff communication. You must pay the third-party fees we incur for your participation in the Technology Systems or, to the extent the Technology Systems include our or our Affiliates’ proprietary software, for licensing fees associated therewith. We or our Affiliates may develop additional proprietary software, technology or other components that will become part of our System. If this occurs, you must: (i) pay us (or our Affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon our request, enter into a license agreement with us (or our Affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may also enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services.

5.4. Advertising, Promotional and Other Activities.

You must:

5.4.1. Advertising and Promotion. Advertise and promote the Hotel and related facilities and services on a local and regional basis in a first-class, dignified manner, using our identity and graphics Standards for all System Hotels, at your cost and expense. You must submit to us for our approval samples of all advertising and promotional materials that we have not previously approved (including any materials in digital, electronic or computerized form or in any form of media that exists now or is developed in the future) before you produce or distribute them in any manner, including by publication on any Site. You will not begin using the materials until we approve them. You must immediately discontinue your use of any advertising or promotional material we disapprove, even if we previously approved the materials;



- 5.4.2. Participation in and Payment for Programs. Participate in and pay all charges related to our mandatory marketing programs (in addition to programs covered by the Monthly Program Fee) and any optional programs that you opt into; and
- 5.4.3. Promotional Programs. Honor the terms of any discount or promotional programs (including any frequent guest program) that we offer to the public on your behalf and any room rate quoted to any guest at the time the guest makes an advance reservation;
- 5.5. Reservation Services and Programs.
- 5.5.1. Reservation Services. You must participate in and use the Reservation Service, including any additions, enhancements, supplements or variants we develop or adopt, and honor and give first priority on available rooms to all confirmed reservations referred to the Hotel through the Reservation Service. The only reservation service or system you may use for outgoing reservations referred by or from the Hotel to other Network Hotels will be the Reservation Service or other reservation services we designate. The Reservation Service currently includes a call center service we provide as part of the System. You must pay us a fee, as we determine from time to time, to defray our costs in providing the call center service.
- 5.5.2. Travel Agent, Reservation, and Distribution Programs. You must participate in, and promptly pay all fees, commissions and charges associated with, all travel agent commission programs and third-party reservation and distribution services (such as airline reservation systems), all as required by the Standards and in accordance with the terms of these programs, all of which may be modified.
- 5.6. Confidentiality of Standards and Proprietary Information.
- You must treat as confidential the Standards, the Manual and all other Proprietary Information. You acknowledge and agree that you do not acquire any interest in the Proprietary Information other than the right to utilize the same in the development and operation of the Hotel under the terms of this Agreement. You agree that you will not use the Proprietary Information in any business or for any purpose other than in the development and operation of the Hotel under the System and will maintain the absolute confidentiality of the Proprietary Information during and after the Term. You will not make unauthorized copies of any portion of the Proprietary Information; and will adopt and implement all procedures we may periodically establish in our business judgment to prevent unauthorized use or disclosure of the Proprietary Information, including restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in agreements with employees, agents and independent contractors who have access to the Proprietary Information;
- 5.7. Ownership and Control.
- 5.7.1. Ownership and Control of the Hotel and the Hotel Site. You must own fee simple title (or long-term ground leasehold interest for a term equal to the Term as approved by us) to the real property and improvements that comprise the Hotel and the Hotel Site, or alternatively, at our request, cause the fee simple owner, or other third party acceptable to us, to provide its guaranty covering all of your obligations under this Agreement in form and substance acceptable to us.
- 5.7.2. Possession and Control of the Hotel and the Hotel Site. You must maintain legal possession and control of the Hotel and Hotel Site for the Term and promptly deliver to us a copy of any notice of default you receive from any mortgagee, trustee under any deed of trust, or ground lessor for the Hotel, and on our request, provide any additional information we may request related to any alleged default.

5.8. Insurance.

After the Effective Date, you must maintain, at your expense, insurance of the types and in the minimum amounts we specify in the Standards. All such insurance must be with insurers having the minimum ratings we specify, name as additional insureds the parties we specify in the Standards, and carry the endorsements and notice requirements we specify in the Standards. If you fail or neglect to obtain or maintain the insurance or policy limits required by this Agreement or the Standards, we have the option, but not the obligation, to obtain and maintain such insurance without notice to you, and you will immediately on our demand pay us the premiums and cost we incur in obtaining this insurance.

5.9. Providing of Certain Information

You must:

5.9.1. Leases and Concessions. Provide to us information we reasonably request about any proposed lease or sublease of commercial space, or other concession arrangements, in the Hotel in the ordinary course of business, so that we may review and approve the nature of the proposed business, including the proposed brand and concept, in compliance with our then-current Standards for System Hotels;

5.9.2. Information About You and the Hotel. Promptly provide to us all information we reasonably request about you and your Affiliates (including your respective beneficial owners, officers, directors, shareholders, partners or members) or the Hotel, title to the property on which the Hotel is constructed, and any other property used by the Hotel; and

5.9.3. Notice of Claims. Give us notice within 5 days of your receipt of notice or knowledge of any written claim, dispute, loss, damage, or violation of duty (whether under any Law or otherwise) if (a) such claim is in the amount of \$25,000 or more, real or alleged, arising from your activities in, at, or around the Hotel or (b) such claim is asserted against you or your Affiliate by a Government Entity.

5.10. Prohibited Activities.

You must not:

5.10.1. Unapproved Cross-Marketing and Related Activities. Engage, directly or indirectly, in any cross-marketing or cross-promotion of the Hotel with any Other Hotel or related business, without our prior written consent. You agree to refer guests and customers, wherever reasonably possible, only to System Hotels or Network Hotels. We may require you to participate in programs designed to refer prospective customers to Other Hotels. You must display all material, including brochures and promotional material we provide for System Hotels and Network Hotels, and allow advertising and promotion only of System Hotels and Network Hotels on the Hotel Site, unless we specifically direct you to include advertising or promotion of Other Hotels;

5.10.2. Gaming and Other Adverse Activities. Directly or indirectly conduct, or permit by lease, concession arrangement or otherwise, gaming or casino operations in or connected to the Hotel or on the Hotel Site, or otherwise engage in any activity which, in our business judgment, is likely to adversely reflect upon or affect in any manner, any licenses or permits held by our Affiliates or the then-current stature of any of our Affiliates with any commission, board, or similar governmental or regulatory agency, or the reputation or business of any of our Affiliates;

- 5.10.3. Sharing of Business Operations. Share the business operations or Hotel facilities with any Other Hotel or other business;
- 5.10.4. Timeshare and Similar Activities. Directly or indirectly conduct or permit the marketing or sale of timeshares, vacation ownership, fractional ownership, condominiums or like schemes at, or adjacent to, the Hotel. This restriction will not prohibit you from directly or indirectly conducting timeshare, vacation ownership, fractional ownership, or condominium sales or marketing at and for any property located adjacent to the Hotel that is owned or leased by you so long as you do not use any of the Marks in such sales or marketing efforts and you do not use the Hotel or its facilities in such sales and marketing efforts or in the business operations of the adjacent property;
- 5.10.5. TIC Interests. Engage in any tenant-in-common syndication or Transfer of any tenant-in-common interest in the Hotel or the Hotel Site;
- 5.10.6. Actions Adversely Affecting the System or Our Other Interests. Engage in, and ensure that your Equity Owners with Controlling Equity Interests, Affiliates, employees, and Management Company do not engage in, any conduct which we reasonably determine is likely to adversely reflect upon or affect in any manner the reputation, goodwill, or business of the Hotel, the System, us or any of our Affiliates; or
- 5.10.7. Becoming a Competitor. Become a Competitor, or permit your Affiliate to become a Competitor, in the economy or midscale extended stay hotel segment, or any substantially equivalent market segment, as determined by the standards set by Highland Group in its annual *US Extend-Stay Hotels* Report or its equivalent (currently at <https://highland-group.net/product-category/2023-extended-stay-hotel-reports/>) or its affiliates (collectively “**Highland Group**”) (or, if Highland Group’s report or its equivalent is no longer available, the comparable publication from Highland Group’s successor or other such industry resource that is as equally as reputable as the Highland Group.

## 6. HOTEL WORK

### 6.1. Necessary Consents.

- 6.1.1. Architects, Designers, and Contractors. You must obtain our prior written consent before retaining or engaging any architect, interior designer, general contractor and major subcontractors for the Hotel. We will not unreasonably withhold such consent.
- 6.1.2. Plans and Designs. Plans and Designs must be submitted to us in accordance with the schedule specified in the Addendum or any PIP attached to this Agreement.
- 6.1.3. Commencement of Hotel Work. You must not commence any Hotel Work unless and until we have issued our written consent in respect of the Plans and Designs. We will not unreasonably withhold such consent.
- 6.1.4. Certification of Compliance with ADA and Similar Laws. Before we approve your Plans, your architect or other certified professional must certify to us that the Plans comply with all Laws related to accessibility/accommodations/facilities for those with disabilities. You are solely responsible for ensuring that the Plans and Designs (including Plans and Designs for Hotel Work) comply with our then-current Standards, the Manual, and all Laws. Once we have provided our consent to the Plans and Designs, no change may be made to the Plans or Designs without our prior written consent.

6.1.5. Effect of Our Consent. By consenting to the Plans and Designs or any changes or modifications to the Plans and Designs, we do not warrant the depth of our analysis or assume any responsibility or liability for the suitability of the Plans and Designs or the resulting Hotel Work.

6.2. Initial Hotel Work.

You will perform or cause the Hotel Work to be performed in accordance with this Agreement, the approved Plans and Designs, the Manual and any PIP attached to this Agreement. You will bear the entire cost of the Hotel Work, including the cost of the Plans and Designs, professional fees, licenses, permits, equipment, furniture, furnishings and supplies. You are solely responsible for obtaining all necessary licenses, permits and zoning variances required for the Hotel Work, and for ensuring that all Hotel Work complies with the Standards, the Manual, any PIP, and all Laws.

6.3. Commencement and Completion of the Hotel Work.

6.3.1. Obligation to Commence the Hotel Work. You will commence the Hotel Work on or before the Construction Commencement Date specified in the Addendum or any PIP. You must promptly provide to us evidence satisfactory to us that the Hotel Work has commenced. Once commenced, the Hotel Work will continue uninterrupted except to the extent continuation is prevented by events of Force Majeure. You must give written notice to us specifying the nature and duration of any event of Force Majeure promptly after becoming aware of the event of Force Majeure, and specifying that you have used, and continue to use, reasonable efforts to mitigate the effects of such event of Force Majeure until such event of Force Majeure ceases to exist.

6.3.2. Obligation to Complete the Hotel Work. The Hotel Work must be completed, and the Hotel must be furnished, equipped, and otherwise made ready to open in accordance with the terms of this Agreement, no later than the Construction Work Completion Date specified in the Addendum or any PIP, as the applicable date may be extended by us.

6.3.3. Extension of Deadlines. Despite your obligation to commence and complete Hotel Work by the agreed deadlines, we agree that the Construction Commencement Date or Construction Work Completion Date specified in the Addendum or any PIP will be automatically extended by thirty (30) days on a rolling basis, unless we provide at least sixty (60) days' notice to you that these automatic extensions of the applicable deadline no longer apply. You must obtain our approval for any further extension of the applicable deadline after receipt of our notice. We may, in our sole discretion, grant or deny approval, or condition our approval of your extension request on (a) your payment of our then-current extension fee; (b) your prompt submission of a written status of the project, including such information as we might reasonably request; or (c) any other conditions we consider appropriate under the circumstances.

6.4. Opening the Hotel Under This Agreement.

6.4.1. Opening Date. If the Hotel is not open under the Brand on the Effective Date, you will Open the Hotel on the Opening Date. You will not Open the Hotel unless and until you receive our written authorization to do so pursuant to Section 6.4.2 and 6.4.3 or pursuant to any other written authorization we may grant in our sole discretion.

6.4.2. Authorization to Open the Hotel. You will give us at least fifteen (15) days advance notice that you have complied with all the terms and conditions of this Agreement and the Hotel is ready to open. We will use reasonable efforts within fifteen (15) days after

we receive your notice to visit the Hotel and to conduct other investigations as we deem necessary to determine whether to authorize you to Open the Hotel, but we will not be liable for delays or loss occasioned by our inability to complete our investigation and to make this determination within the fifteen (15) day period. If you fail to pass our initial opening site visit, we may, in our sole business judgment, charge you reasonable fees associated with any additional visits.

- 6.4.3. Withholding Our Consent to Open. We are entitled to withhold our authorization to Open the Hotel until:
- (a) your architect, general contractor or other certified professional provides us with a certificate stating that the as-built premises comply with all Laws relating to accessibility/accommodations/facilities for those with disabilities;
  - (b) you have complied with all the terms and conditions in this Agreement;
  - (c) your staff and the staff of your Management Company have received adequate training and instruction in the manner we require;
  - (d) you have received and have provided evidence to us of authorization to Open the Hotel from the relevant Government Entities and Government Officials for the jurisdiction in which the Hotel is located, if applicable;
  - (e) You have provided us with evidence of insurance, showing that you have obtained all insurance required by Section 5.8; and
  - (f) all fees and charges you owe to us or our Affiliates have been paid.
- 6.4.4. Consequences of Opening Without Approval. You must not Open the Hotel before the Opening Date, and your doing so is a material breach of this Agreement.
- (a) If you Open the Hotel before the Opening Date, then you will pay us Liquidated Damages in the amount of Five Thousand Dollars (\$5,000) per day to compensate us for the damage caused by such breach. You must also reimburse us for all of our costs and expenses, including legal fees, incurred in enforcing our rights under this Agreement.
  - (b) These Liquidated Damages for damage to our Marks shall not limit or exclude any other remedies we may have at law or in equity. You acknowledge and agree that the Liquidated Damages payable under this Section represent a reasonable estimate of the minimum just and fair compensation for the damages we will suffer if you Open the Hotel before the Opening Date in breach of this Agreement.
- 6.4.5. Opening Date Deadline. By no later than the Opening Date Deadline set forth in the Addendum, you must Open the Hotel pursuant to our authorization granted pursuant to Section 6.4.2 and Section 6.4.3 or pursuant to any other written authorization we may grant in our sole discretion. Failure to Open the Hotel in accordance with the preceding sentence is a material breach of this Agreement.
- 6.4.6. Reporting of Construction Costs. Within 90 days after you Open the Hotel, you must, in a manner and form satisfactory to us, provide us with complete and accurate information on the construction costs (defined in the next sentence) you incur. In the preceding sentence “construction costs” means: land acquisition costs; building costs; material, labor costs and other related variables; furniture, fixtures and equipment expenses; exterior signage costs; permits, licenses and governmental fees; and such other construction-related information we may reasonably request.

6.5. Performance of Agreement and Compliance with the Standards.

You must satisfy all of the terms and conditions of this Agreement, and equip, supply, staff and otherwise make the Hotel ready to open under our Standards. As a result of your efforts to comply with the terms and conditions of this Agreement, you will incur significant expense and expend substantial time and effort. You acknowledge and agree that we will have no liability or obligation to you for any losses, obligations, liabilities or expenses you incur if we do not authorize the Hotel to open or if we terminate this Agreement because you have not complied with the terms and conditions of this Agreement.

6.6. Hotel Refurbishment and Room Addition.

6.6.1. Modernization, Refurbishment, and Rehabilitation. We may periodically require you to modernize, rehabilitate, refurbish, or upgrade the Hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related equipment, supplies and other items to meet the then-current Standards. You will make these changes at your sole cost and expense and in the time frame we require.

6.6.2. Significant Changes. You may not make any significant changes (including major changes in structure, design or décor) in the Hotel. Minor redecoration and minor structural changes that comply with our Standards will not be considered significant.

6.6.3. Changes to Number of Approved Guest Rooms. You may not make any change in the number of approved Guest Rooms in the Addendum without our prior consent. If you wish to add additional Guest Rooms to the Hotel after the Opening Date, you must submit an application to obtain our consent, pay our then-current Room Addition Fee, and execute an amendment to this Agreement in the form required by us. As a condition to our granting approval of your application, we may require you to modernize, rehabilitate or upgrade the Hotel in accordance with Section 6.6.1 of this Agreement, and to pay us our then-current PIP Fee to prepare a PIP to determine the renovation requirements for the Hotel.

7. **STAFF AND MANAGEMENT OF THE HOTEL**

7.1. Responsibility for Management; Communication with Management.

You are solely responsible for the management of the Hotel's business. At least six (6) months before the Construction Work Completion Date, must identify by notice to us a qualified and experienced management company ("**Management Company**") to assist you in preparing the Hotel for the Opening Date and operate the Hotel on your behalf on and after the Opening Date. The Management Company's identity is subject to our written approval. Upon our approval of the Management Company, you must enter into an enforceable management agreement with such Management Company by no later than four (4) months before the Construction Work Completion Date. We have the right to communicate directly with the Management Company and managers at the Hotel. We may rely on the communications of such managers or Management Company as being on your behalf. Any Management Company and its employees must have the authority to perform all of your obligations under this Agreement. The engagement of a Management Company does not reduce your obligations under this Agreement. In the case of any conflict between this Agreement and any agreement with the Management Company, this Agreement prevails.

7.2. Approval of the Management Company.

To be approved by us as the operator of the Hotel, any proposed Management Company must be qualified to manage the Hotel. We may refuse to approve any proposed Management Company that is a Competitor or which, in our business judgment, is inexperienced or

unqualified in managerial skills or operating capability or is unable or unwilling to adhere fully to your obligations under this Agreement.

7.3. Management By You or your Affiliate.

You may propose to us that you or your Affiliate serve as your Management Company. If you do so, then Section 7.2 will apply to such proposal, and we will consider such proposal, and approve or disapprove it, on the same basis as we consider and approve or disapprove any other Management Company you propose.

7.4. Approval of Other Management.

You represent and agree that you have not, and will not, enter into any lease, management agreement or other similar arrangement for the operation of the Hotel or any part of the Hotel without our prior written consent.

7.5. Requirement to Maintain an Approved Management Company.

You must at all times maintain an approved Management Company as the operator of your Hotel. If at any time you fail to do so for any reason, then such failure is deemed a material breach of your obligations under this Agreement, and, in addition to any other remedies we may have, we may give you notice of default under Section 13.1.4 and terminate this Agreement if such default is not cured in accordance therewith.

## 8. PAYMENT OF FEES

8.1. Application Fee and Initial Franchise Fee.

8.1.1. Application Fee. We acknowledge that you have paid us an application fee (the “**Application Fee**”) in the amount set forth in the Addendum. You acknowledge and agree that the Application Fee was a nonrefundable fee paid in consideration for our review and processing of your franchise application and for our evaluation of the Hotel Site, and not in consideration for our entering into this Agreement.

8.1.2. Initial Franchise Fee. You are obligated to pay us on the Effective Date the initial franchise fee (“**Initial Franchise Fee**”) in the amount set forth in the Addendum. Upon the Effective Date, the Application Fee we have received will be deemed applied in reduction of the Initial Franchise Fee. For example, if the Franchise Application Fee we received before the Effective Date is equal to the Initial Franchise Fee, then the Initial Franchise Fee is deemed paid in full.

8.2. Monthly Fees.

Beginning on the Opening Date, you will pay to us for each month (or part of a month, including the first and final month you operate under this Agreement) the Monthly Fees, each of which is set forth in the Addendum.

8.3. Calculation and Payment of Fees.

8.3.1. Calculation of Monthly Fees. The Monthly Fees will be calculated in accordance with the accounting methods of the Uniform System, or as specified by us in this Agreement or the Manual.

8.3.2. Payment of Monthly Fees. The Monthly Fees will be paid to us at the place and in the manner we designate on or before the fifteenth (15th) day of each month and will be accompanied by our standard schedule setting forth in reasonable detail the computation of the Monthly Fees for such month.

8.3.3. Electronic Transfer of Funds. We may require you to transmit the Monthly Fees and all other payments required under this Agreement by wire transfer or other form of electronic funds transfer and to provide the standard schedule in electronic form. You must bear all costs of wire transfer or other form of electronic funds transfer or other electronic payment and reporting.

8.3.4. Payments Required Upon Casualty. In the event of fire or other insured casualty that results in a reduction of Total Operating Revenue, you will determine and pay us, from the proceeds of any business interruption or other insurance applicable to loss of revenues, an amount equal to the forecasted Monthly Fees, based on the Total Operating Revenue amounts agreed on between you and your insurance company that would have been paid to us in the absence of such casualty.

8.4. Other Fees.

You will timely pay all amounts due us or any of our Affiliates for any invoices or for goods or services purchased by or provided to you or paid by us or any of our Affiliates on your behalf.

8.5. Taxes.

If a Gross Receipts Tax is imposed on us or any of our Affiliates based on payments made by you related to this Agreement, then you must reimburse us or the affected Affiliates for such Gross Receipts Tax to ensure that the amount we or our Affiliates retain, after paying the Gross Receipts Tax, equals the net amount of the payments you are required to pay us or our Affiliates had such Gross Receipts Tax not been imposed. You are not required to pay income taxes payable by us or any of our Affiliates as a result of our net income relating to fees collected under this Agreement.

8.6. Application of Fees.

We may apply any amounts received from you to any amounts due under this Agreement.

8.7. Guaranty.

If we send you a written notice that you are in default of this Agreement for your failure to timely pay or fund all amounts due us or any of our Affiliates, then we may require, as an additional condition of curing the default, that you cause a third party that is acceptable to us to provide a guaranty covering all of your obligations under this Agreement in a form and substance that is acceptable to us.

8.8. Set-off.

We may, without prior notice to you, set off any amounts due to us or any of our Affiliates by you or any of your Affiliates against any amounts that we or our Affiliates owe to you or your Affiliates, whether such amounts arise under this Agreement or any of Your Hotel Agreements, without waiving any other rights and remedies we or any of our Affiliates may have available under this Agreement or any of Your Hotel Agreements or otherwise.

8.9. Interest.

You are required to pay us interest on amounts owing in accordance with Section 16.15.

**9. OUR PROPRIETARY RIGHTS.**

9.1. Our Proprietary Rights.

9.1.1. Prohibition From Contesting Our Rights in the System. You will not contest, either directly or indirectly during or after the Term:



- (a) our (or any of our Affiliates') ownership of, rights to and interest in the System, Brand, Marks and any of their elements or components, including present and future distinguishing characteristics and agree that neither you nor any design or construction professional engaged by you may use our Standards, our Manual or your approved Plans and Designs for any hotel or lodging project other than the Hotel;
- (b) our sole right to grant licenses to use all or any elements or components of the System;
- (c) that we (or our Affiliates) are the owner of (or the licensee of, with the right to sub-license) all right, title and interest in and to the Brand and the Marks used in any form and in any design, alone or in any combination, together with the goodwill they symbolize; or
- (d) the validity or ownership of the Marks.

9.1.2. Ownership of Improvements and Additions. You acknowledge that the Marks have acquired a secondary meaning or distinctiveness which indicates that the Hotel, Brand and System are operated by or with our approval. All improvements and additions to, or associated with, the System, all Marks, and all goodwill arising from your use of the System and the Marks, will inure to our benefit and become our property (or that of our applicable Affiliates), even if you develop them.

9.1.3. Competing Marks. You will not apply for or obtain any trademark or service mark registration of any of the Marks or any confusingly similar marks in your name or on behalf of or for the benefit of anyone else. You acknowledge that you are not entitled to receive any payment or other value from us or from any of our Affiliates for any goodwill associated with your use of the System or the Marks, or any elements or components of the System.

## 9.2. Trade Name, Use of the Marks.

### 9.2.1. Trade Name.

- (a) The Hotel will be initially known by the Trade Name set forth in the Addendum. We may change the Trade Name, the Brand name or any of the Marks, or the way in which any of them (including the Principal Mark) are depicted, at any time at our sole option and at your expense. You may not change the Trade Name without our specific prior written consent.
- (b) You acknowledge and agree that you are not acquiring the right to use any business names, copyrights, designs, distinguishing characteristics, domain names, emblems, insignia, logos, slogans, service marks, symbols, trademarks, trade dress, trade names or any other marks or characteristics owned by us or licensed to us that we do not specifically designate to be used in the System.

### 9.3. Use of Trade Name and Marks.

You will operate under the Marks, using the Trade Name, at the Hotel. You will not adopt any other names or marks in operating the Hotel without our approval. You will not, without our prior written consent, use any of the Marks, or the word "LivAway"<sup>TM</sup>, or other Network trademarks, trade names or service marks, or any similar words or acronyms, in:

- (a) your corporate, partnership, business or trade name;
- (b) any Internet-related name (including a domain name);

- (c) or any business operated separately from the Hotel, including the name or identity of developments adjacent to or associated with the Hotel.

#### 9.4. Trademark Disputes.

- 9.4.1. Your Notification of Any Challenge, Our Response, and Your Cooperation. You will immediately notify us of any infringement or dilution of or challenge to your use of any of the Marks and will not, absent a court order or our prior written consent, communicate with any other person regarding any such infringement, dilution, challenge or claim. We will take the action we deem appropriate with respect to such challenges and claims and have the sole right to handle disputes concerning use of all or any part of the Marks or the System. You will fully cooperate with us and our applicable Affiliates in these matters. We will reimburse you for expenses incurred by you as the direct result of activities undertaken by you at our prior written request and specifically relating to the trademark dispute at issue. We will not reimburse you for any other expenses incurred by you for cooperating with us or our Affiliates.
- 9.4.2. Our Authority to Pursue, Defend, and Settle Disputes. You appoint us as your exclusive, true and lawful attorney-in-fact, to prosecute, defend or settle all disputes of this type at our sole option. You will sign any documents we or our applicable Affiliates believe are necessary to prosecute, defend or settle any dispute or obtain protection for the Marks and the System and will assign to us any claims you may have related to these matters. Our decisions as to the prosecution, defense or settlement of the dispute will be final. All recoveries made as a result of disputes regarding use of all or part of the System or the Marks will be for our account.

#### 9.5. Web Sites and Other Sites.

- 9.5.1. Registration, Ownership, and Use of Sites. You may not register, own, or maintain any Sites that relate to the Network or the Hotel or that include the Marks. The only domain names, Sites, or Site contractors that you may use relating to the Hotel or this Agreement are those we assign or otherwise approve in writing. You acknowledge that you may not, without a legal license or other legal right, post on your Sites any material in which any third party has any direct or indirect ownership interest. You must incorporate on your Sites any information we require in the manner we deem necessary to protect our Marks.
- 9.5.2. Use of Marks on Sites. Any use of the Marks on any Site must conform to our requirements, including the identity and graphics Standards for all System Hotels. Given the changing nature of this technology, we have the right to withhold our approval, and to withdraw any prior approval, and to modify our requirements.

#### 9.6. Compliance Covenant; Remedies.

- 9.6.1. Compliance With Your Obligations in Your Use of the Marks. You agree, as a direct covenant with us and our Affiliates, that you will comply with all of the provisions of this Agreement related to the manner, terms and conditions of the use of the Marks and the termination of any right on your part to use any of the Marks. Any non-compliance by you with this covenant or the terms of this Agreement related to the Marks, or any unauthorized or improper use of the System or the Marks, will cause irreparable damage to us or to our Affiliates and is a material breach of this Agreement.
- 9.6.2. Our Remedies to Protect Against Improper Use. If you engage in such non-compliance or unauthorized or improper use of the System or the Marks during or after the Term, we and any of our applicable Affiliates, along with the successors and

assigns of each, will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies we or our Affiliates may have at law. You consent to the entry of such temporary and permanent injunctions. You must pay all costs and expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation that we or our Affiliates may incur in connection with your non-compliance with this covenant.

## **10. REPORTS, RECORDS, AUDITS, AND PRIVACY**

### **10.1. Reports.**

10.1.1. Delivery of Reports and Operational Information. At our request, you will prepare and deliver to us the Reports containing the Operational Information (and any other information we reasonably require) in the form, manner and time frame we require. At a minimum, by the fifteenth (15<sup>th</sup>) day of each month, you will submit to us the Operational Information for the previous month and reflecting the computation of the amounts then due under Section 8, in the form, manner and time frame we require.

10.1.2. Certification of Reports. At our request, you will certify the Reports as accurate in the manner we require. You must permit us to inspect your books and records at all reasonable times.

### **10.2. Maintenance of Records.**

You will prepare, on a current basis, (and preserve for no less than the greater of four (4) years or the time period we stated in our record retention requirements), complete and accurate records concerning Total Operating Revenue and all financial, operating, marketing and other aspects of the Hotel. You will maintain an accounting system that fully and accurately reflects all financial aspects of the Hotel and its business. These records will include books of account, tax returns, governmental reports, register tapes, daily reports, and complete quarterly and annual financial statements (including profit and loss statements, balance sheets and cash flow statements) and will be prepared in the form, manner and time frame we require.

### **10.3. Audit.**

10.3.1. Certification and Verification Independently and by Us. We may require you to have the Total Operating Revenue, fees or other monies due to us computed and certified as accurate by a certified public accountant. During the Term and for three (3) years thereafter, we and our authorized agents have the right to verify Operational Information required under this Agreement by requesting, receiving, inspecting and auditing, at all reasonable times, any and all records referred to above wherever the records may be located (or elsewhere if we request).

10.3.2. Payment of Deficiency and Interest. If any inspection or audit reveals that you understated or underpaid any payment due to us, you will promptly pay to us the deficiency plus interest from the date each payment was due until paid at the interest rate set forth in Section 16.15 of this Agreement.

10.3.3. Reimbursement of Our Audit Costs. If the audit or inspection reveals that the underpayment is willful, or is for five percent (5%) or more of the total amount owed for the period being inspected, you will also reimburse us for all inspection and audit costs, including reasonable travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Our acceptance of your payment of any deficiency will not waive any rights we may have as a result of your breach, including our right to terminate this Agreement. If the audit discloses an overpayment, we will credit this overpayment against your future payments due under this Agreement, without interest,

or, if no future payments are due under this Agreement, we will promptly pay you the amount of the overpayment without interest.

10.4. Ownership of Personal Information and Other Information.

All information that we provide to you, including Personal Information, for your use in connection with operating the Hotel during the Term is our property. You may not use any such information after the Term, except as expressly permitted by us in writing in the Standards or otherwise. All Information we obtain from you and all revenues we derive from such information will be our property that we may use for any reason, including making a financial performance representation in our franchise disclosure documents. At your sole risk and responsibility, you may use Information that you acquire from third parties in connection with operating the Hotel, such as Personal Information (but not including any Personal Information obtained in connection with guest reservations or any frequent guest program operated by us or our Affiliates), at any time during or after the Term, to the extent that your use is permitted by Law.

10.5. Privacy and Data Protection.

You must:

10.5.1. Privacy Laws. Comply with all applicable Privacy Laws;

10.5.2. Standards. Comply with all Standards that relate to Privacy Laws and the privacy and security of Personal Information;

10.5.3. Refrain from Causing Exposure. Refrain from any action or inaction that could cause us or our Affiliates to breach any Privacy Laws;

10.5.4. Necessary Actions. Do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep us and our Affiliates in compliance with the Privacy Laws; and

10.5.5. Notification. Immediately report to us the theft or loss of Personal Information (other than the Personal Information of your own officers, directors, shareholders, employees or service providers).

**11. CONDEMNATION AND CASUALTY**

11.1. Condemnation.

You must immediately inform us of any proposed taking of any portion of the Hotel by eminent domain. If, in our business judgment, the taking is significant enough to render the continued operation of the Hotel in accordance with the Standards and guest expectations impractical, then we may terminate this Agreement on written notice to you and you will not pay us Liquidated Damages. If such taking, in our business judgment, does not require the termination of this Agreement, then you will make all necessary modifications to make the Hotel conform to its condition, character and appearance immediately before such taking, according to Plans and Designs approved by us. You will take all measures to ensure that the resumption of normal operations at the Hotel is not unreasonably delayed.

11.2. Casualty.

11.2.1. Notification; Election; Reconstruction. You must immediately inform us if the Hotel is damaged by fire or other casualty or event of Force Majeure. If the damage or repair requires closing the Hotel, you may choose to repair or rebuild the Hotel according to the Standards, provided you: begin reconstruction within six (6) months after closing and reopen the Hotel for continuous business operations as soon as practicable (but in

any event no later than eighteen (18) months after the closing of the Hotel) and give us at least thirty (30) days' notice of the projected date of reopening. Once the Hotel is closed, you will not promote the Hotel as a System Hotel or otherwise identify the Hotel using any of the Marks without our prior written consent.

11.2.2. Right to Terminate. You and we each have the right to terminate this Agreement if you elect not to repair or rebuild the Hotel as set forth above in Section 11.2.1, provided the terminating Party gives the other party sixty (60) days written notice. You are not required to pay Liquidated Damages unless you or one of your Affiliates own or operate a hotel at the Hotel Site within three (3) years of the termination date under a lease, license or franchise from a Competitor.

11.3. No Extensions of Term.

Nothing in this Section 11 will extend the Term.

## 12. TRANSFERS

12.1. Our Transfer.

12.1.1. Right to Transfer. We may assign or Transfer this Agreement or any of our rights, duties, or assets under this Agreement, by operation of law or otherwise, to any person or legal entity without your consent and without prior notice to you, provided that any such person or legal entity shall be required to assume all of our obligations to permit you to operate the Hotel under the Brand after such assignment. Any of our Affiliates may transfer, sell, dispose of, or otherwise convey, their ownership rights in us or any of our Affiliates, by operation of law or otherwise, including by public offering, to any person or legal entity without your consent.

12.1.2. Novation. If we assign this Agreement to a third party who expressly assumes our obligations under this Agreement, we will no longer have any performance or other obligations to you under this Agreement and your right to use any programs, rights or services provided to you by us or our Affiliates under this Agreement will terminate.

12.2. Your Transfer.

You understand and acknowledge that the rights and duties in this Agreement are personal to you and that we are entering into this Agreement in reliance on your business skill, financial capacity, and the personal character of you and your officers, directors, partners, members, shareholders or trustees. A Transfer by you or of an Equity Interest is prohibited other than as expressly permitted in this Agreement. You acknowledge and agree that a Transfer by you or of an Equity Interest (each, a "**Franchisee Transfer**") includes: any transfer or assignment by you of this Agreement or your rights under this Agreement; and any transfer or assignment of an Equity Interest by you or any Equity Owner as of the Effective Date or by a transferee Equity Owner we later approve. Notwithstanding any other provision of this Agreement, including this Section 12.2, you must not permit or propose any Franchisee Transfer in which the Transferee is a Sanctioned Person or a Competitor.

12.2.1. Passive Franchisee Transfers. A Franchisee Transfer of an Equity Interest that does not result in a change in Control of the Franchisee, the Hotel or the Hotel Site (each a "**Passive Franchisee Transfer**") is permitted to the extent set forth in this Section 12.2.1.

(a) Publicly Traded Equity Interests. A Passive Franchisee Transfer of a Publicly Traded Equity Interest may be Transferred without giving us notice or obtaining our consent.

- (b) Privately Held Equity Interests: Less than 50% Change. A Passive Franchisee Transfer of an Equity Interest that is not publicly traded may be Transferred without giving us notice or obtaining our consent if the transferee Equity Owner will own less than fifty percent (50%) of the Equity Interests, in total, immediately after the transaction(s) as a result of the transaction(s).
- (c) Privately Held Equity Interests: a Change of 50% or More. A Passive Franchisee Transfer in which the transferee Equity Owner will own fifty percent (50%) or more of the Equity Interests, in total, immediately after the transaction(s) as a result of the transaction(s) requires notice to us and our consent. We will consent to such Passive Franchisee Transfer if: (A) you give us at least sixty (60) days' advance written notice of the proposed Passive Franchisee Transfer (including the identity and contact information for any proposed Transferee and any other information we may require in order to review the proposed Passive Franchisee Transfer); (B) you pay to us on our request our then-current nonrefundable processing fee, provided, however, that we will waive the processing fee for one (1) Passive Franchisee Transfer under this Section 12.2.1(c) if it occurs before the Opening Date; (C) you follow our then-current procedure for processing Passive Franchisee Transfers, including providing any information we may require in order to review the proposed Transfer and completing our then-current compliance process; (D) you execute our then-current standard documents required by us for processing Passive Franchisee Transfers; and (E) the Passive Franchisee Transfer is one of the following Transfers:
  - (i) Affiliate Transfer. A Passive Franchisee Transfer by you or any Equity Owner to an Affiliate of such transferor.
  - (ii) Transfers to a Family Member or Trust. If you or any Equity Owner as of the Effective Date are a natural person, a Passive Equity Transfer by you or such Equity Owner to an immediate family member (i.e., spouse, child, parent, or sibling) or to a trust for your benefit or the benefit of the Equity Owner or the Equity Owner's immediate family members.
  - (iii) Transfer On Death. If you or any Equity Owner as of the Effective Date are a natural person, a Passive Franchisee Transfer that occurs on the death of such natural person in accordance with such deceased person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that (1) the transfer is to an immediate family member or to a legal entity formed by such family member(s); and (2) within six (6) months after the death, such family member(s) or entity meet all of our then-current requirements for an approved Transferee.

12.2.2. Change of Ownership Transfer. A Franchisee Transfer that is not a Passive Franchisee Transfer (each, a "**Change of Ownership Transfer**") is not permitted without our prior consent. Our consent will not be unreasonably withheld. You authorize us to communicate with any third party we deem necessary about the Hotel in order for us to evaluate the proposed Change of Ownership Transfer. All of the following conditions must be satisfied (and such satisfaction is a condition to our consent) at or before the date of closing the Change of Ownership Transfer ("**Closing**") or any applicable earlier or later date set forth below:

- (a) Change of Ownership Application. At least 60 days before the Closing, the Transferee submits a completed and signed Change of Ownership Application and pays our then current Change of Ownership Application Fee;
- (b) No Default. You are not in default of this Agreement or any other agreements with us or our Affiliates;
- (c) Delivery of Information. At least 60 days before the Closing, you, the Transferee, and the equity owner(s) of the Transferee submit to us all information related to the Transfer that we require;
- (d) Identity of Transferee. The Transferee meets our then-current business requirements for new franchisees and is neither a Sanctioned Person nor a Competitor;
- (e) Payment of PIP Fee and Other Amounts Due. You or the Transferee pay to us, on or before the date of Closing, the PIP Fee, and all amounts due to us and our Affiliates through the date of the Closing. We will estimate the amounts due to us through the date of Closing, which you and the Transferee may agree to escrow, to be disbursed to us at Closing to fulfill this obligation. You must agree to escrow the estimated amounts due to us if we agree to execute any documents pursuant to Standard Operating Procedure 50 10 5(I) (or any equivalent or successor) of the United States Small Business Administration in connection with a Closing. If our estimate of the amounts due to us exceeds the amount actually owed to us, we will refund the difference to you, generally within thirty (30) days after the date of Closing;
- (f) Execution of Franchise Documents. The Transferee and the entity, if any, that is proposed to be the successor Franchisee under this Agreement execute, as we deem appropriate, our then-current form of franchise agreement and all required ancillary documents before Closing in order to satisfy the time requirements set forth in Section 18.2. If all conditions to our consent are fulfilled, the date of Closing will be the termination date of this Agreement, and the effective date of Transferee's franchise agreement. You acknowledge that the form of franchise agreement the Transferee will execute will obligate the Transferee to perform any PIP we require;
- (g) Provision for Claims. You conclude to our satisfaction, or provide adequate security for, any suit, action, or proceeding pending or threatened against you, us or any of our Affiliates with respect to the Hotel, which may result in liability on the part of us or any of our Affiliates;
- (h) General Release. You and any of your Affiliates who is a party to Your Hotel Agreements sign and deliver to us a general release, in the form we require, releasing us from any and all claims and liabilities arising under this Agreement and any other agreements with us or our Affiliates; and
- (i) Indemnification by Transferee. The Transferee agrees, in form satisfactory to us, to indemnify, hold harmless, and defend us and our Affiliates against any inquiry, investigation, suit, action, or proceeding arising out of or in connection with any fees or costs charged to patrons or guests by you.

12.2.3. Special Provisions for Change of Ownership Transfers that Occur on Death. If a Change of Ownership Transfer occurs upon and as a result of the death of Franchisee or an Equity Owner who is a natural person, then such Change of Ownership Transfer

may occur in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that: (i) the Change of Ownership Transfer is to an immediate family member or to a legal entity formed and owned by such family member(s); and (ii) within six (6) months after the death, such family member(s) and any such entity meet all of our then-current requirements for an approved Transferee under Section 12.2.2 and satisfy all of the other requirements for a Change of Ownership Transfer under Section 12.2.2.

### 12.3. Public Offering or Private Placement.

- 12.3.1. Our Review. Any offering by you of Securities requires our review if you use the Marks, or refer to us or this Agreement in your offering. All materials required by any Law for the offer or sale of those Securities must be submitted to us for review at least sixty (60) days before the date you distribute those materials or file them with any governmental agency, including any materials to be used in any offering exempt from registration under any securities laws.
- 12.3.2. Fee for Our Review. You must submit to us our then-current, non-refundable processing fee with the offering documents and pay any additional costs we may incur in reviewing your documents, including reasonable attorneys' fees.
- 12.3.3. Approval of Descriptions. We have the right to approve any description of this Agreement or of your relationship with us, or any use of the Marks, contained in any prospectus, offering memorandum or other communications or materials you use in the sale or offer of any Securities. You must not use any of the Marks except as legally required to describe the Hotel in these documents. Our review of these documents and any approval of such descriptions will not in any way be considered our agreement with any statements contained in those documents, including any projections, or our acknowledgment or agreement that the documents comply with any Laws.
- 12.3.4. Required Disclosures. You may not sell any Securities unless you clearly disclose to all purchasers and offerees that we, our Affiliates, and our or their respective officers, directors, agents or employees: (a) will not in any way be deemed an issuer or underwriter of the Securities, as those terms are defined in applicable securities laws; and (b) have not assumed and will not have any liability or responsibility for any financial statements, prospectuses or other financial information contained in any prospectus or similar written or oral communication. You may not state, represent, or imply that we or any of our Affiliates participate in or endorse any Securities or any Securities offering in any manner whatsoever.
- 12.3.5. Indemnification. You must indemnify, defend and hold the Indemnified Parties free and harmless of and from any and all liabilities, costs, damages, claims or expenses arising out of or related to the sale or offer of any of your Securities to the same extent as provided in Section 14.1 of this Agreement.

### 12.4. Mortgages and Pledges to Lending Institutions.

- 12.4.1. Your Right to Mortgage and Pledge. You or an Equity Owner may mortgage or pledge the Hotel or an Equity Interest to a lender that finances the acquisition, development or operation of the Hotel, without notifying us or obtaining our consent.
- 12.4.2. Lender Comfort Letter. You may request a "lender comfort letter" on behalf of your lender, which we will issue in a form satisfactory to us, subject to our right to charge our then-current non-refundable processing fee.



## 13. TERMINATION

### 13.1. Termination with Opportunity to Cure.

We may terminate this Agreement by written notice to you, and subject to your opportunity to cure to the extent set forth below, at any time before its expiration on any of the following grounds:

- 13.1.1. Failure to Pay or Fund. You fail to pay us any sums due and owing to us or our Affiliates under this Agreement or to pay or fund any amounts due under any of Your Hotel Agreements within the cure period set forth in the notice, which shall not be less than ten (10) days;
- 13.1.2. Failure to Timely Commence or Complete the Hotel Work or Open. You fail to commence or complete the Hotel Work by the applicable deadline date, including any extensions, or fail to Open the Hotel on the Opening Date, and do not cure that default within the cure period set forth in the notice, which shall not be less than ten (10) days;
- 13.1.3. Failure to Purchase, Maintain, or Reimburse for Insurance. You do not purchase or maintain insurance required by this Agreement or do not reimburse us for our purchase of insurance on your behalf within the cure period set forth in the notice, which shall not be less than ten (10) days; or
- 13.1.4. Other Failures, Including Failure to Comply with Standards. You fail to comply with any other provision of this Agreement, the Manual or any Standard and do not cure that default within the cure period set forth in the notice, which shall not be less than thirty (30) days.

### 13.2. Immediate Termination by Us.

We may immediately terminate this Agreement on notice to you and without any opportunity to cure the default if:

- 13.2.1. Repeat Noncompliance. After curing any material breach of this Agreement or the Standards, you engage in the same non-compliance within any consecutive twenty-four (24) month period, whether or not the non-compliance is corrected after notice, which pattern of non-compliance in and of itself will be deemed material;
- 13.2.2. Multiple Defaults. You receive from us three (3) notices of material default in any twelve (12) month period, even if the defaults have been cured;
- 13.2.3. Inability to Pay Debts. You fail to pay debts as they become due or admit in writing your inability to pay your debts or you make a general assignment for the benefit of your creditors;
- 13.2.4. Insolvency Proceedings or Dissolution. You have an order entered against you appointing a receiver for the Hotel or a substantial part of your or the Hotel's assets or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, or dissolution under any law, or you admit or fail to contest the material allegations of any such pleading filed against you or the Hotel, and the action results in the entry of an order for relief against you under the Bankruptcy Code, the adjudication of you as insolvent, or the abatement of the claims of creditors of you or the Hotel under any law;
- 13.2.5. Loss of Right of Possession. You lose possession or the right to possession of all or a significant part of the Hotel or Hotel Site for any reason other than those described in Section 11;

- 13.2.6. Failure to Operate. You fail to operate the Hotel for five (5) consecutive days, unless the failure to operate is due to an event of Force Majeure, provided that you have taken reasonable steps to minimize the impact of such events;
- 13.2.7. Contesting our Ownership of the System. You contest in any court or proceeding our or our Affiliates' ownership of the System or any part of the System or the validity of any of the Marks;
- 13.2.8. Actions with Adverse Effect. You or any Equity Owner with a controlling Equity Interest, or any of your Affiliates, employees, or Management Company, engage in conduct that we reasonably determine is likely to adversely reflect upon or affect in any manner the reputation, goodwill, or business of the Hotel, the System, us or any of our Affiliates;
- 13.2.9. False Books or Reports. You conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise attempt to defraud us;
- 13.2.10. Unauthorized Transfer. You make or permit a Transfer that is not in compliance with Section 12 and its subparts;
- 13.2.11. Sanctioned Persons. You, your Affiliate or any Guarantor become a Sanctioned Person or are owned or controlled by a Sanctioned Person or fail to comply with the provisions of Section 16.13;
- 13.2.12. Breach of Guaranty. Any Guarantor breaches its guaranty to us;
- 13.2.13. Threats to Public Health or Safety. A threat or danger to public health or safety results from the construction, maintenance, or operation of the Hotel;
- 13.2.14. Becoming a Competitor. You, your Affiliate or a Guarantor become a Competitor, except as otherwise permitted by Section 5.10.7; or
- 13.2.15. Breach of Your Hotel Agreements. Any of Your Hotel Agreements is terminated based on a breach or default by you or your Affiliates.

### 13.3. Interim Remedies.

If we send you a written notice that you are in default of this Agreement, we may elect to impose any one or more of the remedies set forth in this Section 13.3 Interim Remedy, including the suspension of our obligations under this Agreement or our Affiliates' obligations under any other of Your Hotel Agreements (each, and "**Interim Remedy**").

- 13.3.1. Reservation Services and Listings. We may suspend the Hotel from the Reservation Service and any reservation or website services provided through or by us. We may remove the listing of the Hotel from any directories or advertising we publish. If we suspend the Hotel from the Reservation Service, we may divert reservations previously made for the Hotel to other System Hotels or Network Hotels.
- 13.3.2. Software, Information Technology, and Network Services. We may disable all or any part of the software provided to you under Your Hotel Agreements or may suspend any one or more of the information technology or network services that we provide or support under Your Hotel Agreements.
- 13.3.3. Charges for Disabling and Other Actions. We may charge you for costs related to suspending or disabling your right to use any software systems or technology we provided to you, together with intervention or administration fees as set forth in the Standards.

- 13.3.4. Revocation of Financial Accommodations. We may revoke any financial accommodations (including any Monthly Fee discounts, fee ramps or fee waivers) that we have granted and charge you the then-current standard fee or charge that would have otherwise applied absent the temporary financial accommodation.
- 13.3.5. Imposition of Default Fee. We may impose on you our then-current default fee for each default for which we give you written notice of default, as well as our additional, then-current fees for defaults that remain uncured after the expiration of the applicable cure period, if any.
- 13.3.6. Effect of Exercise of Interim Remedies. You acknowledge and agree that our exercise of the right to Interim Remedies will not result in actual or constructive termination or abandonment of this Agreement and that our right to Interim Remedies is in addition to and apart from, and not in substitution of, any other right or remedy we may have in this Agreement or applicable Law. If we exercise the right to Interim Remedies, the exercise will not be a waiver of any breach by you of any term, covenant or condition of this Agreement. You will not be entitled to any compensation, including repayment, reimbursement, refund or offsets, for any fees, charges, expenses or losses you may directly or indirectly incur by reason of our exercise or withdrawal of any Interim Remedy.
- 13.4. Liquidated Damages on Termination.
- 13.4.1. Calculation of Liquidated Damages. You acknowledge and agree that the premature termination of this Agreement will cause us to lose future fees under this Agreement as well as well as revenues that would otherwise be attributable to the inclusion of the Hotel as a System Hotel (collectively, “**Lost Profits**”). You acknowledge and agree that Liquidated Damages are not a penalty, but represent a reasonable estimate of the minimum just and fair compensation for the Lost Profits we will suffer as the result of your failure to operate the Hotel for the Term. If this Agreement terminates before the Expiration Date, you will pay us Liquidated Damages as follows:
- (a) Termination Before the Hotel Work Begins. If termination occurs before you begin the Hotel Work, and you or any Guarantor (or your or any Guarantor’s Affiliates) directly or indirectly, enter into a franchise, license, management, lease or other similar agreement for or begin construction or commence operation of a hotel, motel, inn, or similar facility at the Hotel Site within three (3) years after termination, then you will pay us Liquidated Damages in an amount equal to \$3,600 multiplied by the number of approved Guest Rooms at the Hotel.
- (b) Termination After the Hotel Begins But Before the Opening Date. If termination occurs after you begin the Hotel Work but before the Opening Date, you will pay us Liquidated Damages in an amount equal to \$5,000 multiplied by the number of approved Guest Rooms at the Hotel, unless your failure to complete the Hotel Work was the result of Force Majeure.
- (c) Termination After the Opening Date But Before the Second Anniversary of the Opening Date. If termination occurs after the Opening Date but before the second anniversary of the Opening Date, you will pay us Liquidated Damages in an amount equal to \$6,500 multiplied by the number of approved Guest Rooms at the Hotel.
- (d) Termination After the Second Anniversary of the Opening Date But Before Sixty Months before the Term’s End. If termination occurs after the second anniversary of the Opening Date but before the final sixty (60) calendar months of the Term,

you will pay us Liquidated Damages in an amount equal to the Hotel's Average Monthly Royalty Fees multiplied by sixty (60).

- (e) Termination Within the Sixty-Month Period Before the Term's End. If there are fewer than sixty (60) months remaining in the Term on the date of termination, you will pay us Liquidated Damages in an amount equal to the Hotel's Average Monthly Royalty Fees multiplied by the number of months remaining in the Term.

13.4.2. Payment of Liquidated Damages. Payment of Liquidated Damages is due thirty (30) days following termination of this Agreement or on demand.

13.4.3. Survival of Other Claims. Except as set forth in Section 13.5, payment of the Liquidated Damages under this Section 13.4.1 extinguishes our claims for Lost Profits. Payment of the Liquidated Damages does not extinguish our other rights under this Agreement, such as our rights to indemnification under Section 14.1.

13.5. Actual Damages Under Special Circumstances.

You acknowledge that the Liquidated Damages described in Section 13.4 may be inadequate to compensate us for additional harm we may suffer, by reason of greater difficulty in re-entering the market, competitive damage to the System or the Network, damage to goodwill of the Marks, and other similar harm, and we reserve the right to seek actual damages in lieu of Liquidated Damages under the following circumstances:

13.5.1. Termination of Multiple Franchise Agreements. Within twelve (12) months of each other, two (2) or more franchise agreements for the Brand between yourself (or any of your Affiliates) and us (or any of our Affiliates) terminate before their expiration date as a result of a breach by you or your Affiliate; or

13.5.2. Transfer to a Competitor or Conversion to a Competing Brand. This Agreement terminates due to an unapproved Transfer (a) to a Competitor or (b) to a buyer that converts the Hotel to a Competing Brand within three (3) years from the date this Agreement terminates.

13.6. Your Obligations on Termination or Expiration.

On termination or expiration of this Agreement, you will:

13.6.1. Payment of Sums Owed. Immediately pay all sums due and owing to us or any of our Affiliates, including any expenses incurred by us in obtaining injunctive relief for the enforcement of this Agreement;

13.6.2. Cease Using the System. Immediately cease operating the Hotel as a System Hotel and cease using the System

13.6.3. Cease Using the Marks and Related Intellectual Property. Immediately cease using the Marks, the Trade Name, and any confusingly similar names, marks, trade dress systems, insignia, symbols, or other rights, procedures, and methods. You will deliver all goods and materials containing the Marks to us and we will have the sole and exclusive use of any items containing the Marks. You will immediately make any specified changes to the location as we may reasonably require for this purpose, which will include removal of the signs, custom decorations, and promotional materials;

13.6.4. Cease Representing as a System Hotel. immediately cease representing yourself as then or formerly a System Hotel or affiliated with the Brand or the Network;

- 13.6.5. Return of Propriety Information. Immediately return all copies of the Manual and any other Proprietary Information;
- 13.6.6. Cancellations and Notifications for De-Identification from the Marks. Immediately cancel all assumed name or equivalent registrations relating to your use of any Mark, notify the telephone company and all listing agencies and directory publishers including Internet domain name granting authorities, Internet service providers, global distribution systems, and web search engines of the termination or expiration of your right to use the Marks, the Trade Name, and any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated with the Hotel, and authorize their transfer to us; and
- 13.6.7. Assignments, Notifications, and Other Actions Relating to Sites. irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings registrations, and Sites that contain any reference to our Marks, System, Network or Brand; notify the applicable domain name and Site registrars of the termination of your right to use any domain name or Sites associated with the Marks or the Brand; and authorize and instruct the cancellation of the domain name, or transfer of the domain name to us (or our designee), as we specify. You will also delete all references to our Marks, System, Network or Brand from any Sites you own, maintain or operate beyond the expiration or termination of this Agreement.

## 14. INDEMNITY

### 14.1. Your Indemnity Obligations.

Beginning on the Effective Date, you must indemnify the Indemnified Parties against, and hold them harmless from, all losses, costs, liabilities, damages, claims, and expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation, arising out of or resulting from:

- 14.1.1. Your Breach. Any breach by you of this Agreement, the Manual or the Standards;
- 14.1.2. Your Acts or Omissions. Any act or omission of you or your officers, employees, Affiliates, associates or agents in any way arising out of or relating to this Agreement;
- 14.1.3. Occurrences at the Hotel. Any claimed occurrence at the Hotel including personal injury, death or property damage;
- 14.1.4. Your Infringement of Proprietary Rights. Your alleged or actual infringement or violation of any copyright, industrial design, patent, service mark, trademark, or other proprietary right owned or controlled by third parties;
- 14.1.5. Your Violation or Breach of any Contract, Law, or Industry Standard. Your alleged or actual violation or breach of any contract (including any group sales agreement for the System), any industry standard, or any Law;
- 14.1.6. Labor and Employment Law Claims. Any claim or demand arising out of any labor, employment or similar Law pertaining to your employees, including any allegations that we are a joint employer of your employees or that we are an employer of you or any of your Affiliates;
- 14.1.7. Business Conducted at the Hotel. Any business conducted by you or a third party in, on or about the Hotel or Hotel;

- 14.1.8. Sanctioned Persons and Anti-Bribery Matters. Your failure to comply with Section 16.13, including a breach of the representations set forth therein;
- 14.1.9. Charges to Guests. Any inquiry, investigation, suit, action, or proceeding arising out of or in connection with any fees or costs charged to patrons or guests by you, and if you acquired the Hotel in a Change of Ownership Transfer, by the previous owner (your transferor) before you acquired ownership of the Hotel;
- 14.1.10. Actions by Government Entities. Any actions, investigations, rulings or proceedings conducted by any Government Entity relating to your employees, the Hotel, or the conduct of your operations or business at the Hotel; or
- 14.1.11. Imputation. Any allegation that any act or omission by you, your agents, or your Affiliates at the hotel is imputed to us.

14.2. Limitation on Your Indemnity Obligations.

You do not have to indemnify an Indemnified Party to the extent damages otherwise covered under this Section 14.1 are adjudged by a final, non-appealable judgment of a court of competent jurisdiction to have been solely the result of the gross negligence or willful misconduct of that Indemnified Party, and not any of the acts, errors, omissions, negligence or misconduct of you or anyone related to you or the Hotel. You may not rely on this exception to your indemnity obligation if the claims were asserted against us or any other Indemnified Party on the basis of theories of imputed or secondary liability, such as vicarious liability, agency, or apparent agency, or our failure to compel you to comply with the provisions of this Agreement, including compliance with Standards, Laws or other requirements.

14.3. Notification of Claims; Defense and Settlement.

You will give us written notice of any action, suit, proceeding, claim, demand, inquiry or investigation involving an Indemnified Party within five (5) days of your knowledge of it. At our election, you will defend us or the Indemnified Parties against the same. If you fail to defend us or the Indemnified Parties, we may elect to assume, but under no circumstance will we be obligated to undertake, the defense or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation at your expense and risk. If we think our respective interests conflict, we may obtain separate counsel of our choice. This will not diminish your obligation to indemnify the Indemnified Parties and to hold them harmless. You will reimburse the Indemnified Parties on demand for all expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation, the Indemnified Parties incur to protect themselves or to remedy your defaults. The Indemnified Parties will not be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you, and their failure to do so will not reduce the amounts recoverable from you by the Indemnified Parties.

14.4. Survival of Your Indemnity Obligations.

Your obligations under this Section 14 will survive expiration or termination of this Agreement.

## 15. RELATIONSHIP OF THE PARTIES

15.1. No Agency Relationship.

You are an independent contractor. Neither Party is the legal representative or agent of the other Party. Neither Party has the power to obligate the other Party for any purpose. You acknowledge that: (a) we do not direct, supervise, manage, dictate, control, or have the right to control labor or employment matters for you or your employees; (b) we do not set or have the right to set any terms or conditions of employment for your employees; (c) the training we

require is for the purpose of enabling you to ensure that your Hotel operates in compliance with our Standards; and (d) you have exclusive control over your daily affairs. You expressly acknowledge that the Parties have a business relationship based entirely on, and defined by, the express provisions of this Agreement and that no partnership, joint venture, agency, fiduciary, employment, or joint-employment relationship is intended or created by reason of this Agreement.

15.2. Notices to Public Concerning Your Independent Status.

All contracts for the Hotel's operations and services at the Hotel will be in your name or in the name of your Management Company. You will not enter into or sign any contracts in our name or any of our Affiliates' names or use the Marks or any acronyms or variations of the Marks. You will disclose in all dealings with the public and your employees, agents, contractors, suppliers and other third parties that: (a) you are the Hotel's owner; (b) you are an independent entity; (c) you are the employer, principal, or contracting party (as applicable); and (d) we are not responsible for your liabilities or debts in any manner whatsoever.

16. MISCELLANEOUS

16.1. Severability and Interpretation.

16.1.1. Interpretation. The Table of Contents and captions to Sections of this Agreement are for convenience of reference only and in no way define, limit, describe, or affect the scope or intent of any part of this Agreement. A reference to a "**Section**" of this Agreement is a reference to the identified section or subsection of this Agreement, as applicable. Unless otherwise specifically stated, any reference to a Section of this Agreement is a reference to such Section and to all its subsections. Unless the context clearly indicates to the contrary, words singular or plural in number are deemed to include the other and pronouns having a neuter, masculine or feminine gender are deemed to include the others. "**Days**," "**months**" or "**years**" mean calendar days, months, or years, as the case may be, unless otherwise explicitly specified. The use of the words "**include**," "**includes**," and "**including**" followed by one or more examples is intended to be illustrative and does not limit the scope of the description or term for which the examples are provided. The word "**or**" is used in the inclusive sense of "and/or", unless the context clearly indicates, with words such as "either...or alternatively...", that the word is intended in the exclusive sense of "one or the other, but not both." This Agreement will be interpreted without interpreting any provision in favor of or against either Party by reason of the drafting of the provision, or either of our positions relative to the other.

16.1.2. Unenforceability of Provisions. If any provision of this Agreement is held to be unenforceable, void or voidable, that provision will be ineffective only to the extent of the prohibition, without in any way invalidating or affecting the remaining provisions of this Agreement, and all remaining provisions will continue in effect, unless the unenforceability of the provision frustrates the underlying purpose of this Agreement. If any provision of this Agreement is held to be unenforceable due to its scope, but may be made enforceable by limiting its scope, the provision will be considered amended to the minimum extent necessary to make it enforceable.

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

16.2. Governing Law; Jurisdiction and Venue; Mediation.

- 16.2.1. Applicable Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050 et seq.), as amended, this Agreement will be governed by the laws of the State of Utah without recourse to such State's choice of law or conflicts of law principles. Nothing in this Section is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of Utah or any other state that would not otherwise apply absent this Section 16.2.1.
- 16.2.2. Jurisdiction and Venue. Any action brought pursuant to this Agreement or the relationship between the Parties must be brought in the U.S. District Court for the District of Utah, or if that court lacks subject matter jurisdiction, then in a court of competent jurisdiction whose jurisdiction includes Salt Lake City, Utah. You consent to personal jurisdiction and venue in each of these jurisdictions and waive, and agree not to assert, move or otherwise claim that the venue in any of these jurisdictions is for any reason improper, inconvenient, prejudicial or otherwise inappropriate.
- 16.2.3. Mediation. You must not commence litigation against us without first giving us at least twenty (20) days' notice of your intention to commence such litigation and a summary of the claims you intend to assert. At any time during such 20-day period, we may give you notice of our election to mediate such dispute. If we timely give you such notice, then, before commencing litigation, you must submit the dispute to, and complete, non-binding mediation in accordance with the mediation procedures of the American Arbitration Association or its successors ("AAA"). The mediation will be held in Salt Lake City, Utah (the "**Situs**"). If, at the time such a dispute arises, AAA does not exist or is unable to administer the mediation of the dispute in accordance with the terms of this Agreement and the Parties cannot agree on the identity of a substitute service provider, then you must petition a state or federal court at the Situs to identify a substitute service provider, and the service provider identified by such court will administer the mediation process in accordance with the terms of this Section 16.2.3. The service provider identified in accordance with the provisions of this Section 16.2.3 is referred to in this Section 16.2.3 as the "**ADR Provider.**" The Parties shall participate in at least eight (8) hours of mediation, to occur within thirty (30) days after such submission. The mediator will be appointed in accordance with the rules of the ADR Provider, but the mediator must have experience in the hospitality industry and must not have any conflict of interest. The mediation proceedings will be confidential and not discoverable. The mediation procedure as set forth in this Section is deemed to be completed with respect to a dispute if: (1) the mediation is completed and an agreement to resolve the dispute is entered into between the Parties, or (2) the mediation is completed and the dispute is not resolved within five (5) days thereafter.

16.3. Exclusive Benefit.

This Agreement is exclusively for our and your benefit, and none of the obligations of you or us in this Agreement will run to, or be enforceable by, any other party (except for any rights we assign or delegate to one of our Affiliates or covenants in favor of our Affiliates, which rights and covenants will run to and be enforceable by our Affiliates or their successors and assigns) or give rise to liability to a third party, except as otherwise specifically set forth in this Agreement.



#### 16.4. Entire Agreement.

This Agreement and all of its attachments, documents, schedules, exhibits, and any other information specifically incorporated into this Agreement by reference, including any representations incorporated by reference into this Agreement from the franchise disclosure document that we provided to you for the Brand in connection with the offer of to license the Brand under this Agreement (the “FDD”), will be construed together as the entire agreement between you and us with respect to the Hotel and any other aspect of our relationship and will supersede and cancel any prior or contemporaneous discussions or writings between you and us. Nothing in this Agreement is intended to disclaim any of the representations we made in the FDD. To the extent required by applicable Law, no statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. To the extent that the preceding sentence is inconsistent any other term of any document executed in connection with the franchise provided to you under this Agreement, the preceding sentence supersedes such term.

#### 16.5. Amendment and Waiver.

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

16.5.2. No Waiver of Compliance. No failure by us or by any of our Affiliates to exercise any power given us under this Agreement or to insist on strict compliance by you with any of your obligations, and no custom or practice at variance with the terms of this Agreement, will be considered a waiver of our or any of our Affiliates’ right to demand exact compliance with the terms of this Agreement.

#### 16.6. Consent; Business Judgment.

16.6.1. Our Approvals and Consents. Wherever our consent, authorization, or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold such consent, authorization or approval at our option, in our business judgment, taking into consideration our assessment of the long-term interests of the System overall. We may withhold any and all consents, authorizations, or approvals required by this Agreement if you are in default or breach of this Agreement. Our approvals, authorizations, and consents will not be effective unless given in writing and signed by one of our duly authorized representatives.

16.6.2. No Claims for Damages. You agree not to make a claim for money damages based on any allegation that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement. You also may not claim damages by way of set-off, counterclaim or defense for our withholding of consent. Your sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement by specific performance or by declaratory judgment.

#### 16.7. Notices.

Notices under this Agreement must be in writing.

16.7.1. Principal Legal Correspondent (“PLC”). You must designate a single Person to be your duly authorized representative to issue and receive notices described in Section 16.7.2. Your designee will be your PLC under this Agreement. You may have only one PLC. The notice address for your PLC may not be a P.O. Box, and the notice address for your PLC may not be the same as the Hotel address. The notice address for your PLC will be set forth initially on the Addendum to this Agreement. If you want to change the person designated as your PLC, or the address or email for notice to your PLC, you may do so at any time by sending a notice to us in accordance with Section 16.7.2 or as otherwise directed by us.

16.7.2. Notices of Default, Termination, and Threatened Litigation. Any notice from you or from us declaring default of a provision of this Agreement, or potential or final termination of this Agreement, must be delivered in person, or by prepaid overnight courier delivery service, or by prepaid overnight United States mail, or by prepaid certified United States mail, return-receipt requested, if overnight delivery is not available to the notice address. We will send notices under this Section only to your PLC. You must send notices to us under this Section as follows:

LivAway Suites  
3300 N. Triumph Blvd, Suite 100  
Lehi, Utah 84043  
Attention: General Counsel

Notice sent under this Section will be deemed effective on the earlier of: (a) receipt, or first refusal of delivery; (b) one (1) day after posting, if sent by overnight commercial delivery service or overnight United States Mail; or (c) three (3) days after placement in United States certified mail, return receipt requested.

16.7.3. Other Notices. If a Party wishes to send a notice to the other Party regarding any issue other than those issues specified in Section 16.7.2, the Party may send the notice by any method described in Section 16.7.2 or by email. You may send notices under this Section to us to:

Notices@LivAwaySuites.com

or such other email address as we may periodically designate by notice to you. You may periodically designate additional Persons to receive other types of notices from us by the methods we periodically specify. We may send notices to you under this Section to the email address designated for your PLC, or to the email address for other persons you designate for these notices.

## 16.8. General Release.

With the exception of claims arising out of applicable State or Federal franchise laws, you, on your own behalf and on behalf of, as applicable, your officers, directors, managers, employees, heirs, administrators, executors, agents and representatives and their respective successors and assigns hereby release, remise, acquit and forever discharge us and our Affiliates and our and their respective officers, directors, employees, managers, agents, representatives and their respective successors and assigns from any and all actions, claims, causes of action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, whether known or unknown at this time, of any kind or nature, absolute or contingent, existing at law or in equity, on account of any matter, cause or thing whatsoever that has happened, developed or occurred relating to this Agreement or the relationship between you and us on or before the Effective Date. This release will survive the termination of this Agreement.

16.9. Remedies Cumulative.

The remedies provided in this Agreement are cumulative. These remedies are not exclusive of any other remedies that you or we may be entitled to in case of any breach or threatened breach of the terms and provisions of this Agreement.

16.10. Economic Conditions Not a Defense.

Neither general economic downturn or conditions nor your own financial inability to perform the terms of this Agreement will be a defense to an action by us or one of our Affiliates for your breach of this Agreement.

16.11. Representations and Warranties.

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

16.11.1. Authority. You have the full legal power authority and legal right to enter into this Agreement;

16.11.2. Binding Obligation. This Agreement constitutes a legal, valid and binding obligation and your entry into, performance, and observation of this Agreement will not constitute a breach or default of any agreement to which you are a party or of any Law;

16.11.3. Existence. If you are a corporation, limited liability company, or other entity, you are, and throughout the Term will be, duly formed and validly existing, in good standing in the state in which you are organized, and are and will be authorized to do business in the state in which the Hotel is located; and

16.11.4. No Untraceable Interests. No Equity Interest has been issued, converted to, or is held as, bearer shares or any other form of ownership, for which there is no traceable record of the identity of the legal and beneficial owner of such Equity Interest.

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

16.12. Counterparts.

This Agreement may be signed in counterparts, each of which will be considered an original. The Parties agree to conduct the transaction by electronic means. If a Party delivers its signature by electronic means (including email/pdf or an e-signature service or mechanism we select), then such signature and delivery are effective to bind the Party to this Agreement

16.13. Sanctioned Persons and Anti-bribery Representations and Warranties.

16.13.1. Scope. You represent, warrant and covenant to us and our Affiliates, on a continuing basis, that:

- (a) neither you, nor any Person having Control over you or the Hotel, is a Sanctioned Person;
- (b) you have not and will not obtain, receive, transfer or provide any funds, property, debt, equity, or other financing related to this Agreement and the Hotel or Hotel Site to/from a Sanctioned Person;

- (c) neither you, nor any Person having Control over you or the Hotel, has been convicted of, pleaded guilty to, or otherwise been adjudged liable for any violation of laws, ordinances, rules or regulations that pertain to bribery or corruption, money laundering, competition, securities or financial fraud, trade sanctions or export controls, human trafficking, sex trade, or forced labor;
- (d) funds received or paid in connection with entry into or performance of this Agreement have not been and will not be derived from illegal sources or activities, or commingled with illegal funds, and that you are not engaging in this transaction in furtherance of a criminal act;
- (e) in preparation for and in entering into this Agreement, neither you, nor any Person having Control over you or the Hotel, has made any Improper Payment or engaged in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws, and, in connection with this Agreement or the performance of your obligations under this Agreement, neither you nor any Person having Control over you or the Hotel will directly or indirectly make, offer to make, or authorize any Improper Payment or engage in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws;
- (f) neither you, nor any Person having Control over you or the Hotel who may be considered a Government Entity or Government Official, improperly uses their status or position to influence official actions or decisions or to secure any improper advantages to or for the benefit of the Hotel or us; and
- (g) you will assure that your respective appointed agents (including any Management Company) in relation to this Agreement comply in all material respects with the representations, warranties, and covenants described in this Section 16.13; and

16.13.2. Notification. You will notify us in writing immediately on the occurrence of any event which would render the foregoing representations and warranties of this Section 16.13 incorrect.

16.13.3. Cooperation. If we believe that you may not be in compliance with any of the covenants, representations and warranties set forth in this Section 16.13, we will advise you of our belief, and you must (a) cooperate with any and all reasonable information and documentation requests and inquiries, including requests for execution of certificates of compliance, and (b) permit, on reasonable prior notice, at all reasonable times, inspection of the books and records pertaining to the development, ownership, management, and use of the Hotel.

#### 16.14. Attorneys' Fees and Costs.

If either Party is required to employ legal counsel or to incur other expenses to enforce any provision of this Agreement or defend any claim by the other, then the prevailing Party in any resulting dispute will be entitled to recover from the non-prevailing Party the amount of all reasonable fees of attorneys and experts, court costs, and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding.

#### 16.15. Interest.

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

16.16. Successors and Assigns.

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

16.17. Our Delegation of Rights and Responsibility.

In addition to the rights granted to us in Section 4 and Section 12.1 of this Agreement, we reserve the right to delegate to one or more of our Affiliates at any time, any and all of our rights, obligations or requirements under this Agreement, and to require that you submit any relevant materials and documents otherwise requiring approval by us under this Agreement to such Affiliates, in which case approval by such Affiliates will be conclusively deemed to be approval by us. During the period of such delegation or designation, any act or direction by such Affiliates with respect to this Agreement will be deemed the act or direction of us. We may revoke any such delegation or designation at any time. You acknowledge and agree that such delegation may result in one or more of our Affiliates which operate, license, or otherwise support brands other than the Brand, exercising or performing on our behalf any or all rights, obligations or requirements under this Agreement or performing shared services on our behalf.

16.18. Confidentiality of Negotiated Terms

You agree that you will not disclose to any Person the content of any negotiated terms of this Agreement or Your Hotel Agreements without our prior consent except: (a) as required by Law; (b) as may be required in any legal proceedings; and (b) to those of your officers, directors, managers, members, shareholders, employees, attorneys, accountants, agents or lenders to the extent necessary for the operation or financing of the Hotel, and only if you inform such Persons of the confidentiality of the negotiated provisions. Any disclosure of negotiated terms by you, or by any such Persons, without our consent will be deemed a default under this Agreement.

**17. WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**

**IF EITHER PARTY INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN THE PARTIES (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN SUCH LITIGATION), ALL THE PARTIES WAIVE THEIR RIGHT TO A TRIAL BY JURY. IN ANY DISPUTE BETWEEN THE PARTIES, ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY BREACH OF THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN THE PARTIES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ALL PARTIES WAIVE ANY RIGHT THEY MAY HAVE TO PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER. NOTHING IN THIS SECTION LIMITS OUR RIGHT OR THE RIGHT OF AN INDEMNIFIED PARTY TO BE INDEMNIFIED AGAINST THE PAYMENT OF PUNITIVE OR EXEMPLARY DAMAGES TO A THIRD PARTY. THE PARTIES ACKNOWLEDGE THAT LIQUIDATED DAMAGES PAYABLE BY YOU UNDER THIS AGREEMENT (WHETHER PRE-OPENING LIQUIDATED DAMAGES OR LIQUIDATED DAMAGES FOR EARLY TERMINATION) ARE NOT PUNITIVE OR EXEMPLARY DAMAGES.**

**18. COMPLIANCE WITH FRANCHISE LAWS**

18.1. Exemption from Franchise Laws.

The franchise sale provided for under this Agreement is exempt under federal and state franchise Laws, if at all, to the extent set forth in the Addendum.

18.2. Franchise Compliance Representations

Without limiting the effectiveness of any exemption acknowledged under Section 18.1 and the Addendum, you and the Equity Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our FDD at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our Affiliates or (ii) such earlier time in the sales process that you requested a copy.

18.3. Rights of and Transactions With Other Franchisees.

You and the Owners jointly and severally represent and warrant to us that you and the Equity Owners are aware that: (a) other franchisees of the System may operate under forms of agreement that are different from this Agreement or other agreements with us you may sign; (b) our obligations and rights with respect to other such franchisees may differ materially in certain circumstances; and (c) we may offer or provide to other franchisees of the System negotiated terms or concessions that are different than those set forth in this Agreement, and we have no obligation at any time to offer you the same or similar negotiated terms or concessions.

**19. NOTICE OF INTENT TO MARKET**

Except in the case of a Transfer governed by Section 12.2.1 of this Agreement, if you or a Controlling Affiliate want to Transfer any Equity Interest, you must give us written notice, concurrently with beginning your marketing efforts.

**ADDENDUM TO FRANCHISE AGREEMENT**

Effective Date:	_____
Facility Number:	_____
Franchisor Name:	_____, a _____
Application Fee:	_____
Brand:	<b>LivAway Suites</b> , as that name is used to identify the chain of hotels operated under the same Chain Code and Standards. The Brand does not mean any other brands, product lines, or chains of hotels, including any such other brand, product line or chain that uses the Principal Mark in conjunction with other words or descriptors (such as, for example, “LivAway Resort Villas”).
Initial Approved Hotel Name (Trade Name):	LivAway Suites [_____]
Principal Mark in Brand:	<b>LivAway</b>
Franchisee Name and Address (Attn: Principal Legal Correspondent):	
Address of Hotel:	
Initial Number of Approved Guest Rooms:	
Plans Submission Dates:	
	Preliminary Plans:
	Design Development (50%) Plans and Specifications:
	Final (100%) Plans and Specifications:
Construction Commencement Date:	
Construction Work Completion Date:	
Opening Date Deadline:	Unless you and we agree otherwise in writing, the Opening Date Deadline is the earlier of: (a) the Effective Date, if, as of the Effective Date, the Hotel is operating under the Brand, and we grant you authority, under this Agreement or in any PIP, to Open the Hotel on the Effective Date; (b) the date we require you to Open the Hotel under any PIP; (c) sixty (60) days after the Construction Work Completion Date; or (c) thirty (30) months after the Effective Date.
Expiration Date:	
Initial Franchise Fee:	_____. After reduction pursuant to Section 8.1.2 for the Application Fee received before the Effective Date, the remaining Initial Franchise Fee payable on the Effective Date is _____.
Monthly Fees:	
Monthly Program Fee:	_____ percent (___%) of the Hotel’s Total Operating Revenue (“TOR”) for the preceding calendar month. The Monthly Program Fee is subject to change by us. Any change may be established in the Standards, but the rate will not exceed the standard Monthly Program Fee as of the Effective Date plus one percent (1%) of the Hotel’s TOR during the Term

Monthly Royalty Fee:	<p>____ percent ( __%) of the Hotel's TOR for the preceding calendar month, <b>but from the Opening Date of the Hotel you will pay a Monthly Royalty Fee as follows:</b></p> <table border="0"> <thead> <tr> <th data-bbox="669 302 886 331"><b>Operating Year</b></th> <th data-bbox="959 302 1235 331"><b>Monthly Royalty Fee:</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="669 352 886 373">. _____</td> <td data-bbox="959 352 1192 373">_____</td> </tr> <tr> <td data-bbox="669 384 886 405">. _____</td> <td data-bbox="959 384 1192 405">_____</td> </tr> <tr> <td data-bbox="669 415 886 436">. _____</td> <td data-bbox="959 415 1192 436">_____</td> </tr> <tr> <td data-bbox="669 447 886 468">. _____</td> <td data-bbox="959 447 1192 468">_____</td> </tr> </tbody> </table>	<b>Operating Year</b>	<b>Monthly Royalty Fee:</b>	. _____	_____	. _____	_____	. _____	_____	. _____	_____
<b>Operating Year</b>	<b>Monthly Royalty Fee:</b>										
. _____	_____										
. _____	_____										
. _____	_____										
. _____	_____										



**Additional Requirements/Special Provisions:**

1. AOP Provision.

Notwithstanding the provisions of Section 2 of this Agreement, pursuant to this Paragraph 1 (the “**AOP Provision**”) from the Effective Date until midnight on the day before the \_\_\_\_\_ anniversary of the Effective Date \_\_\_\_\_ (the “**Protection Period**”), neither we nor any of our Affiliates will open, or allow to open, a hotel or motel under the Brand, as such Brand name may be periodically changed by us, within the following area (“**Area of Protection**” or “**AOP**”):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This restriction does not apply to any hotel or motel that is currently open or under construction, or has been approved for development or opening, as a Brand hotel as of the Effective Date (“**Existing Hotel**”). The term Existing Hotel also includes any hotel located or to be located within the AOP that replaces such Existing Hotel under the Brand.

The restrictions also do not apply to any: (a) hotel(s) or motel(s) under brands other than the Brand, including any other brand, product line, or chain of hotels that now or in the future uses the Principal Mark in conjunction with other words or descriptors; (b) hotel(s) or motel(s) that will not begin operating under the Brand until after the expiration of the Protection Period; or (c) hotel(s), motel(s), or inn(s) that are part of a chain or group of four (4) or more hotels, motels, or inns that we or our Affiliates, as a result of a single transaction or group of related transactions, own, operate, acquire, lease, manage, franchise, license, or join through a merger, acquisition or marketing agreement (or otherwise), whether under their existing name or the Brand name or any other name.

2. Your Ownership Structure.

You warrant and represent that, as of the Effective Date, your ownership is as set forth in the attached Schedule A. If at any time during the Term the information in Schedule A changes, then you must, no later than fifteen (15) days after such change occurs, give us notice of such change and provide us with a revised Schedule A certified by you as true, complete and correct.

3. Exemption from Franchise Laws. This Paragraph 3 applies, and you and we acknowledge and agree that the franchise sale under this Agreement is exempt under federal and State franchise Laws, if the following box is checked:

If the foregoing box is checked, then you agree, represent, and acknowledge as follows:

(a) Exemptions.

(i) Amount of Franchise Sale. The franchise sale is for more than \$1,233,000-excluding the cost of unimproved land and any financing received from us or our affiliates-and thus is exempted from the Federal Trade Commission’s Franchise Rule disclosure requirements, pursuant to 16 C.F.R. 436.8(a)(5)(i); and at least one person has invested \$1,233,000 in the Hotel or Hotel Site; or

(ii) Length of Time in Business. You or your Affiliates have been in business for at least five (5) years and have a net worth of at least \$6,165,500 and this franchise sale is thus exempt from disclosure requirements within the meaning of 16 C.F.R. 436.8(a)(5)(ii).

(b) Separate Acknowledgement. Upon our request, and as a condition to the effectiveness of this Agreement if we so state in writing, you will sign and deliver to us a separate, written document acknowledging that the foregoing representations are true and correct as of the Effective Date.

[Signature page follows.]

SIGNED:  
FRANCHISEE:

\_\_\_\_\_, a

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

FRANCHISOR:

\_\_\_\_\_, a

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

**SCHEDULE A TO ADDENDUM TO FRANCHISE AGREEMENT**

Your Ownership Structure:     [Name of Franchisee]

<b>Name (Shareholder, Partner, Member and Manager)</b>	<b>Nature of Ownership Interest</b>	<b>Percent Interest</b>	<b>Percent Interest</b>	<b>Percent Interest</b>
	[e.g., Manager, Member, etc.]	%	%	%

**EXHIBIT A TO FRANCHISE AGREEMENT  
[STATE] ADDENDUM**

FRANCHISEE:

\_\_\_\_\_, a

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

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

Title: \_\_\_\_\_

Executed on: \_\_\_\_\_

FRANCHISOR:

\_\_\_\_\_, a

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

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

Title: \_\_\_\_\_

Executed on: \_\_\_\_\_

## SCHEDULE 1 TO FRANCHISE AGREEMENT

### GLOSSARY

The following capitalized terms have the meanings set forth after each term:

“**AAA**” – as defined in Section 16.2.3.

“**ADR Provider**” – as defined in Section 16.2.3.

“**Affiliate**” means any natural person or firm, corporation, partnership, limited liability company, association, trust or other entity which, directly or indirectly, Controls, is Controlled by, or is under common Control with, the subject entity.

“**Agreement**” means this Franchise Agreement, including any exhibits, attachments and addenda.

“**Anti-Corruption Laws**” means all applicable anti-corruption, anti-bribery, anti-money laundering, books and records, and internal controls laws.

“**AOP Provision**” – as defined in the Addendum.

“**Application Fee**” – as defined in Section 8.1.1.

“**Brand**” means the brand name set forth in the Addendum.

“**Chain Code**” means the code that we use to identify the Brand within our Reservation Service. We may modify, remove, or replace the Chain Code for the Brand at any time in our discretion.

“**Change of Ownership Application**” means the application that is submitted to us by you or the Transferee for a new franchise agreement in connection with a Change of Ownership Transfer.

“**Change of Ownership Application Fee**” means our then-current change of ownership application fee we charge in connection with a Change of Ownership Application.

“**Change of Ownership Transfer**” – as defined in Section 12.2.2.

“**Closing**” – as defined in Section 12.2.2.

“**Competing Brand**” means a hotel brand or trade name that, in our sole business judgment, competes with the System, or any System Hotel or Network Hotel.

“**Competitor**” means any individual or entity that, at any time during the Term, whether directly or through an Affiliate, owns in whole or in part, or is the licensor or franchisor of a Competing Brand, irrespective of the number of hotels owned, licensed or franchised under such Competing Brand name. A Competitor does not include an individual or entity that: (i) is a franchisee of a Competing Brand; (ii) manages a Competing Brand hotel, so long as the individual or entity is not the exclusive manager of the Competing Brand; or (iii) owns a minority interest in a Competing Brand, so long as neither that individual or entity nor any of its Affiliates is an officer, director, or employee of the Competing Brand, provides services (including as a consultant) to the Competing Brand, or exercises, or has the right to exercise, Control over the business decisions of the Competing Brand.

“**Construction Commencement Date**” means the date set out in the Addendum, if applicable, by which you must commence the Hotel Work. For the Hotel Work to be considered under commenced, you must have begun to pour concrete foundations for the Hotel or otherwise satisfied any site-specific criteria for “Construction Commencement” set out in the Addendum or PIP.

“**Construction Work Completion Date**” means the date set out in the Addendum, if applicable, by which you must complete Hotel Work.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, or of the power to veto major policy decisions of an entity, whether through the ownership of voting securities, by contract, or otherwise.

**“Controlling Affiliate”** means an Affiliate that directly or indirectly Controls the Hotel or Controls the entity that Controls the Hotel.

**“Designs”** means your plans, layouts, specifications, drawings and designs for the proposed furnishings, fixtures, equipment, signs and décor of the Hotel that use and incorporate the Standards.

**“Effective Date”** means the date set out in the Addendum on which this Agreement becomes effective.

**“Equity Interest”** means any direct or indirect legal or beneficial interest in the Franchisee, the Hotel or the Hotel Site.

**“Equity Owner”** means the direct or indirect owner of an Equity Interest.

**“Expiration Date”** – as defined in Section 3.

**“FDD”** – as defined in Section 16.4.

**“Franchisee”** – as defined in the preamble of this Agreement.

**“Franchisee Transfer”** – as defined in Section 12.2.

**“Franchisor”** – as defined in the preamble of this Agreement.

**“Force Majeure”** means an event causing a delay in our or your performance that is not the fault of or within the reasonable control of the Party claiming Force Majeure. Force Majeure includes fire, floods, natural disasters, Acts of God, war, civil commotion, terrorist acts, any governmental act or regulation beyond such Party’s reasonable control. Force Majeure does not include your financial inability to perform, inability to obtain financing, inability to obtain permits or any other similar events unique to you or the Hotel or to general economic downturn or conditions.

**“Government” or “Government Entity”** means any: (i) agency, instrumentality, subdivision or other body of any national, regional, local or other government; (ii) commercial or similar entities owned or controlled by such government, including any state-owned and state-operated companies; (iii) political party; and (iv) public international organization.

**“Government Official”** means: (i) officers and employees of any Government; (ii) officers and employees of companies in which a Government owns an interest; (iii) any private person acting in an official capacity for or on behalf of any Government or Government Entity (such as a consultant retained by a government agency); (iv) candidates for political office at any level; (v) political parties and their officials; (vi) officers, employees, or official representatives of public (quasi-governmental) international organizations (such as the United Nations, World Bank, or International Monetary Fund).

**“Gross Receipts Tax”** means any gross receipts, sales, use, excise, value added or any similar tax.

**“Guarantor”** means the person or entity that guaranties your obligations under this Agreement or any of Your Hotel Agreements.

**“Guest Rooms”** means each rentable unit in the Hotel generally used for overnight guest accommodations, the entrance to which is controlled by the same key, provided that adjacent rooms with connecting doors that can be locked and rented as separate units are considered separate Guest Rooms. The initial number of approved Guest Rooms is set forth in the Addendum.

**“Highland Group”** – as defined in Section 5.9.3.

**“Hotel”** means the property you will operate under this Agreement and includes all structures, facilities, appurtenances, furniture, fixtures, equipment, and entry, exit, parking and other areas located on the Hotel Site we have approved for your business or located on any land we approve in the future for additions, signs, parking or other facilities.

**“Hotel Site”** means the real property on which the Hotel is located or to be located, as approved by us.

**“Hotel’s Average Monthly Royalty Fees”** means: (a) if the Hotel has been operating for at least twenty-four (24) months, the quotient of all Monthly Royalty Fees due under this Agreement for the twenty-four (24) month period immediately preceding the month of termination (the **“Measurement Period”**) divided by twenty-four (24); and (b) if the Hotel has not been operating for at least twenty-four (24) months, the quotient of all Monthly Royalty Fees due under this Agreement for the period between the Opening Date and the termination date divided by the number of months between the Opening Date and the termination date. Any temporary financial accommodations (including but not limited to any Monthly Fee discounts, fee ramps, or fee waivers) are excluded from the calculation of Hotel’s Average Monthly Royalty Fees. With respect to clause (a) of the preceding sentence, if a majority of the Guest Rooms were removed from service, or regular Hotel operations were suspended during the Measurement Period for ninety (90) or more consecutive days (for any reason whatsoever, including Force Majeure) (a **“Business Interruption”**), then the calendar month(s) in which the Business Interruption(s) occurred will be removed from the Measurement Period, and the Measurement Period will be extended earlier in time by one full calendar month for every whole or partial calendar month in which the Business Interruption(s) occurred. For the avoidance of doubt, if the application of this clause would lead to the Measurement Period being reduced to less than twenty-four (24) full calendar months, then the calculation in clause (b), above, will apply.

**“Hotel Work”** means all necessary action for the development, construction, renovation, furnishing, equipping, and implementation of the Plans and Designs for the Hotel, including the requirements of any PIP applicable to the Hotel. The Hotel Work includes purchasing or leasing and installation of all fixtures, equipment, furnishings, furniture, signs, computer terminals and related equipment, supplies and other items that is required for a new System Hotel under the Manual, and any other equipment, furnishings and supplies that we may require for you to operate the Hotel, including any PIP applicable to the Hotel.

**“Improper Payment”** means: (a) any payment, offer, gift or promise to pay or authorization of the payment or transfer of other things of value, including any portion of the compensation, fees or reimbursements received hereunder or the provision of any service, gift or entertainment, directly or indirectly to (i) a Government Official; (ii) any director, officer, employee or commercial partner of a Party or its Affiliates; or, (iii) any other person at the suggestion, request or direction or for the benefit of any of the above-described persons and entities, for purposes of obtaining or influencing official actions or decisions or securing any improper advantage in order to obtain, retain or direct business; (b) payments made and expenses incurred in connection with performance of obligations under this Agreement that are not made and recorded with sufficient accuracy, detail, and control to meet the standards in applicable Anti-Corruption Laws; or, (c) any other transaction in violation of applicable Anti-Corruption Laws.

**“Indemnified Parties”** means us and our Affiliates, our and their respective predecessors, successors and assigns, and our and their respective officers, directors, members, managers, employees, and agents.

**“Information”** means all information we obtain from you or about the Hotel or its guests or prospective guests under this Agreement or under any agreement ancillary to this Agreement, including agreements relating to the computerized reservation, revenue management, property management, and other systems we provide or require, or otherwise related to the Hotel. Information includes, but is not limited to, Operational Information, Proprietary Information, and Personal Information.

**“Initial Franchise Fee”** – as defined in Section 8.1.1.

**“Interim Remedy”** – as defined in Section 13.3.

**“Laws”** means all public laws, statutes, ordinances, orders, rules, regulations, permits, licenses, certificates, authorizations, directions and requirements of all Governments and Government Entities having jurisdiction over the Hotel, Hotel Site or over Franchisee to operate the Hotel, which, now or hereafter, may apply to the construction, renovation, completion, equipping, opening and operation of the Hotel, including Title III of the Americans with Disabilities Act, 42 U.S.C. §12181, et seq., and 28 C.F.R. Part 36.

**“Liquidated Damages”** means the liquidated damages described and set forth in Sections 6.4.4 and 13.4.

**“LivAway Hospitality Group”** means LivAway Hospitality Group, LLC, a Utah limited liability company.

“**Lost Profits**” – as defined in Section 13.4.1.

“**Management Company**” – as defined in Section 7.1.

“**Mandatory Guest Fee**” means any separate fee that a patron or guest is charged for in addition to the base room rate for a guest room, including but not limited to resort fees, facility fees, destination fees, amenity fees, urban destination fees, or any other similar fee. Mandatory Guest Fees do not include employee gratuities, state or local mandatory taxes, and other tax-like fees and assessments that are levied on a stay, as determined by us, that are passed through to a third party (such as tourism public improvement district fees, tourism or improvement assessments, and convention center fees).

“**Manual**” means all written compilations of the Standards. The Manual may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS or other electronic media; online postings; e-mail or electronic communications; facsimiles; or any other medium capable of conveying the Manual’s contents.

“**Marks**” means the Brand and all other business names, copyrights, designs, distinguishing characteristics, domain names, emblems, insignia, logos, slogans, service marks, symbols, copyrights, trademarks, trade dress, and trade names (whether registered or unregistered), slogans, distinguishing characteristics, and trade names used in the System.

“**Monthly Fees**” means, collectively, the Monthly Program Fee and the Monthly Royalty Fee.

“**Monthly Program Fee**” means the fee we require from you in Section 8.2, as identified and set forth in the Addendum.

“**Monthly Royalty Fee**” means the fee we require from you in Section 8.2, as identified and set forth in the Addendum.

“**Network**” means the hotels, inns, conference centers, timeshare properties and other operations that LivAway Hospitality Group and its subsidiaries own, license, lease, operate or manage now or in the future.

“**Network Hotel**” means any hotel, inn, conference center, timeshare property or other similar facility within the Network.

“**Open the Hotel**” means to open the Hotel’s facilities, Guest Rooms and services to the general public under the Brand.

“**Opening Date**” means the day on which we first authorize you to Open the Hotel.

“**Operational Information**” means all information concerning the Monthly Fees, other revenues generated at the Hotel, room occupancy rates, reservation data and other financial and non-financial information we require.

“**Other Business(es)**” means any business activity we or our Affiliates engage in, other than the licensing of the Hotel.

“**Other Hotels**” means any hotel, inn, lodging facility, conference center or other similar business, other than a System Hotel or a Network Hotel.

“**Parties**” – as defined in the preamble of this Agreement.

“**Person(s)**” means a natural person or entity.

“**Personal Information**” means any information that: (i) can be used (alone or when used in combination with other information within your control) to identify, locate or contact an individual; or (ii) pertains in any way to an identified or identifiable individual. Personal Information can be in any media or format, including computerized or electronic records as well as paper-based files.

“**Passive Franchisee Transfer**” – as defined in Section 12.2.1.

“**PIP**” means any property improvement plan we require to be performed under or in connection with this Agreement.



“**PIP Fee**” means the fee we charge for creating a PIP.

“**Plans**” means your plans, layouts, specifications, and drawings for the Hotel that use and incorporate the Standards.

“**PLC**” – as defined in Section 16.7.1.

“**Principal Mark**” is the Mark identified as the Principal Mark in the Addendum.

“**Privacy Laws**” means any international, national, federal, provincial, state, or local law, code, rule or regulation that regulates the processing of Personal Information in any way, including data protection laws, laws regulating marketing communications or electronic communications, information security regulations and security breach notification rules.

“**Proprietary Information**” means all information or materials concerning the methods, techniques, plans, specifications, procedures, data, systems and knowledge of and experience in the development, operation, marketing and licensing of the System, including the Standards and the Manuals, whether developed by us, you, or a third party.

“**Publicly Traded Equity Interest**” means any Equity Interest that is traded on any securities exchange or is quoted in any publication or electronic reporting service maintained by the National Association of Securities Dealers, Inc., or any of its successors.

“**Quality Assurance Re-Evaluation Fee**” is the fee described in Section 4.5 and identified in the Standards.

“**Reports**” mean daily, monthly, quarterly and annual operating statements, profit and loss statements, balance sheets, and other financial and non-financial reports we require.

“**Reservation Service**” means the reservation service we designate in the Standards for use by System Hotels.

“**Room Addition Fee**” means a sum equal to the then-current Room Addition Fee charged for new System Hotels multiplied by the number of Additional Guest Rooms you wish to add to the Hotel in accordance with Section 6.6.3.

“**Securities**” means any public offering, private placement or other sale of securities in you, the Hotel or the Hotel Site.

“**Sanctioned Person**” means any person, entity, or Government, including those with Control over such persons or entities, or acting on behalf of such persons or entity, who is subject to Trade Restrictions that prohibit or restrict the Parties’ performance of the Parties’ obligations under this Agreement.

“**Site**” means and includes domain names, the World Wide Web, the Internet, social media, microsites, similar sites, applications and platforms, computer network/distribution systems, and other electronic communications sites, platforms and applications, including mobile applications, and any other Internet-related or other site, application, or functionality that may become available in the future (such as sites or functionality providing for augmented reality or virtual reality).

“**Situs**” – as defined in Section 16.2.3.

“**Standards**” means all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us for use by you in connection with the design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, insuring, marketing, services, service levels, quality, and quality assurance of System Hotels, including the Hotel, and for hotel advertising and accounting, including those set forth in the Manual, set out in this Agreement, or communicated to you by us in other written communication. The Standards do not include any personnel policies or procedures that we may, at our option, make available to you in the Manual or other written communication. You may, in your sole judgment, determine to what extent, if any, any such personnel policies or procedures might apply to the Hotel or Hotel Site.

“**System**” means the elements, including know-how, that we designate to distinguish hotels operating worldwide under the Brand (as may in certain jurisdictions be preceded or followed by a supplementary identifier such as

“by LivAway Suites”) that provide to the consuming public a similar, distinctive, high-quality hotel service. The System currently includes: the Brand, the Marks, the Trade Name, and the Standards; access to a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials; and programs for our inspection of the Hotel and consulting with you.

“**System Hotels**” means hotels operating under the System using the Brand name and the Standards.

“**Technology Systems**” – as defined in Section 5.3.

“**Term**” – as defined in Section 3.

“**Total Operating Revenue**” means “Total Operating Revenue” as described in and calculated under the Uniform System. Without limiting the inclusions in, and exclusions from, the calculation of Total Operating Revenue under the preceding sentence, the Parties acknowledge and agree that the following inclusions and exclusions apply:

- (a) Total Operating Revenue includes all revenues from the rental, sale, in-kind exchange, use or occupancy of any of the Hotel’s sleeping rooms, with no reduction for credit card chargebacks, credit card service charges, group booking rebates, bad debts, hospitality adjustments, complimentary rooms, employee rooms for whatever purpose, including cash and credit transactions, whether or not collected by you.
- (b) Total Operating Revenue includes revenue derived from any additional amenity sales (such as dish packs), pet fees, guaranteed no-show revenue, extra room cleaning charges, early departure fees, late checkout fees, day use revenue, attrition or cancellation fees collected from unfulfilled reservations for the Hotel’s sleeping rooms, proceeds from any business interruption insurance, and other revenues allocable to rooms under the Uniform System or such accounting methods specified by us in the Standards.
- (c) Total Operating Revenue 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.
- (d) Total Operating Revenue does not include sales tax, hotel occupancy tax, or any other taxes or fees that you are legally required to collect on behalf of any state or local government agency. It also does not include revenues from room damage charges, telephone calls, vending machines, and guest laundry charges.

“**Trade Name**” means the name of the Hotel set forth in the Addendum.

“**Trade Restrictions**” means trade, economic or investment sanctions, export controls, anti-terrorism, non-proliferation, anti-money laundering and similar restrictions in force pursuant to laws, rules and regulations imposed under Laws to which the Parties are subject.

“**Transfer**” means in all its forms, any sale, lease, assignment, spin-off, transfer, or other conveyance of a direct or indirect legal or beneficial interest.

“**Transferee**” means the proposed new franchisee resulting from a Transfer.

“**Uniform System**” means the then-current Uniform System of Accounts for the Lodging Industry (currently the Eleventh Revised Edition), as published by the Hotel Association of New York City and adopted by the American Hotel and Lodging Association, including any future amendments and supplements thereto.

“**Your Hotel Agreements**” means any other agreement between you, or any of your Affiliates, and us, or any of our Affiliates, related to this Agreement, the Hotel or the Hotel Site.

**EXHIBIT "D"**  
**TO DISCLOSURE DOCUMENT**  
**AREA DEVELOPMENT AGREEMENT**

*[See Attached]*

# **LIVAWAY SUITES**

## **AREA DEVELOPMENT AGREEMENT**

DEVELOPER: [ \_\_\_\_\_ ]  
DEVELOPMENT TERRITORY: [ \_\_\_\_\_ ]  
DATE: [ \_\_\_\_\_ ]

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### ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Initial Franchise Agreement

## AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this “**Agreement**”) is entered into as of \_\_\_\_\_, 202\_\_ (the “**Effective Date**”) between LivAway Suites, LLC, a Utah limited liability company (“**we**” or “**us**”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**you**” or “**Franchisee**”).

**1. DEFINITIONS.** Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Franchise Agreement (as defined below).

“Acquisition” means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

“Addendum to Franchise Agreement” means the Addendum to Franchise Agreement that: (a) is executed concurrently with the execution of a Franchise Agreement; and (b) sets forth certain deal terms applicable to the development and operation of the Hotel pursuant to such Franchise Agreement.

“Affiliate” has the meaning given to such term in the Franchise Agreement.

“Affiliate Operator” means an Affiliate of yours that you establish: (a) solely for purposes of signing a Franchise Agreement to develop, open and operate a Hotel; and (b) in compliance with all criteria, conditions and other requirements set forth in §8.

“Application” means our then-current form of Franchise Application we require prospective franchisees to complete in connection with the proposed acquisition of Hotel development rights.

“Change of Ownership Transfer” means a Transfer that results in a change of Control of Franchisee, a Hotel, or a Hotel’s premises.

“Claim” means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

“Competitor” has the meaning given to such term in the Franchise Agreement.

“Control” has the meaning given to such term in the Franchise Agreement.

“Definitive Agreements” means, collectively or individually, as the case may be: (a) this Agreement; (b) any and all other Area Development Agreements between you (or your Affiliate) and us (or our Affiliate) for the development of Hotels; (c) any and all LivAway Suites franchise agreements between you (or your Affiliate) and us (or our Affiliate) for the development, opening and operation of a Hotel, including, without limitation, each Franchise Agreement executed pursuant to this Agreement; and (d) all ancillary agreements executed in connection with any of the foregoing, including, without limitation, each related Guaranty.

“Development Schedule” means, with respect to this Agreement, the schedule described in §4.1 and Part D of ATTACHMENT "A" for the development of Hotels within the Development Territory during the Term.

“Development Schedule” means, with respect to an Extension Addendum, the schedule described in §4.1 and attached to such Extension Addendum for the development of Hotels within the Development Territory during the Extension Term.

“Development Territory” means the geographic area described in Part C of ATTACHMENT "A".

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the area development rights; or (c) the relationship between the parties.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Equity Interest” means any direct or indirect legal or beneficial interest in Franchisee or any Hotel (or the

site of any Hotel) developed pursuant to this Agreement. For purposes of §8, an “Equity Interest” may also refer to any direct or indirect legal or beneficial interest in an Affiliate Operator.

“Extension Addendum” means our then-current form of Addendum to Area Development Agreement pursuant to which: (a) we extend the Term of this Agreement for an Extension Term; (b) we grant you the right to develop additional Hotels within the Development Territory according to a development schedule that we prepare and attach to the Extension Addendum; and (c) you and your Affiliates release us from any and all Claims arising under or relating to this Agreement or any other Definitive Agreement.

“Extension Option” refers to your option to enter into an Extension Addendum in accordance with (but subject to the conditions set forth in) §5.1 for the development of additional Hotels within the Development Territory during an Extension Term.

“Extension Term” means the term of an Extension Addendum, as further described in §5.1.4.

“Force Majeure” has the meaning given to such term in the Franchise Agreement.

“Franchise Agreement” means the form of LivAway Suites Franchise Agreement attached hereto as ATTACHMENT “B” that must be executed by us and you (or an Affiliate Operator) for the development and operation of each Hotel you develop pursuant to this Agreement during the Term.

“Franchisee” has the meaning given to such term in the introductory paragraph.

“Franchisee Entity” means the Entity that: (a) signs this Agreement as the Franchisee (i.e., “you”) if this Agreement is signed by an Entity; or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Government Entity” has the meaning given to such term in the Franchise Agreement.

“Government Official” has the meaning given to such term in the Franchise Agreement.

“Guarantor” has the meaning given to such term in the Franchise Agreement.

“Guaranty” means a Guaranty, executed by a Guarantor, of all (or any) obligations of Franchisee or an Affiliate Operator under a Franchise Agreement.

“Hotel” means a LivAway Suites™ hotel. The term may refer to a Hotel operated by us, you, an Affiliate Operator or any other Person.

“Improper Payment” has the meaning given to such term in the Franchise Agreement.

“Initial Franchise Fee” means the \$35,000 initial franchise fee associated with each Hotel you are required to develop pursuant to this Agreement.

“Intellectual Property” means and includes the intellectual property licensed to you pursuant to a Franchise Agreement, including, without limitation, the Marks, Proprietary Information and System.

“Law” has the meaning given to such term in the Franchise Agreement.

“Opening Date” means, with respect to a given Hotel, the date such Hotel opens to the public following issuance of our written authorization for the Hotel to open.

“Owner” means a Person who meets either of the following criteria: (a) the Person directly signs this Agreement as the Franchisee (either alone or in conjunction with one or more other Persons); or (b) the Person directly or indirectly (through one or more intermediaries) owns any Equity Interest in the Franchisee Entity (if the Franchisee under this Agreement is an Entity).

“Passive Franchisee Transfer” means a Transfer that does not result in a change of Control of Franchisee, any Hotel or any Hotel’s premises.

“Person” has the meaning given to such term in the Franchise Agreement.

“Preapproved Transfer” means a Passive Franchisee Transfer that consists of: (a) a Transfer of publicly traded Equity Interests; or (b) a Transfer of privately held Equity Interests to a transferee who, after completion of the Transfer, will hold less than 50% of the total outstanding privately held Equity Interests.

“ROFO” means your right of first offer that, if applicable, applies to any Hotel proposed for development

within the Development Territory during the ROFO Period, as further described in §5.2.

“ROFO Acceptance Notice” means the written notice you must send us in accordance with §5.2.2 in order to exercise your ROFO.

“ROFO Offer Notice” means the written notice we must send you in accordance with §5.2.2 to notify you of the proposed development of a Hotel within the Development Territory during the ROFO Period.

“ROFO Period” means the period of time commencing with the date of expiration (without further extension) of the Term of this Agreement or the Extension Term of an Extension Addendum, as applicable, and expiring three (3) years thereafter.

“Sanctioned Person” has the meaning given to such term in the Franchise Agreement.

“Special Transfer” means a Passive Franchisee Transfer that both: (a) consists of a Transfer of privately held Equity Interests to a transferee who, after completion of the Transfer, will hold 50% or more of the total outstanding privately held Equity Interests; and (b) involves one or more of the following types of Transfers: (i) a Transfer to an Affiliate of the transferor; (ii) a Transfer by a natural person to an immediate family member (i.e., spouse, child, parent or sibling) of the transferor or to a trust for the benefit of the transferor or the transferor’s immediate family member; or (iii) a Transfer upon the death of an Owner who is a natural person in accordance with the Owner’s will or the Laws of intestacy governing the distribution of the Owner’s estate, as applicable, provided that: (1) the transferee is an immediate family member of the Owner or an Entity formed by an immediate family member of the Owner; and (2) within six (6) months after the Owner’s death, the transferee meets all of our then-current requirements for an approved transferee.

“Target Opening Date” means, with respect to a given Hotel, the date listed in the Development Schedule by which the Hotel must be opened to the public (subject to any extension of the opening deadline authorized by §4.2).

“Term” has the meaning given to such term in Part E of ATTACHMENT "A".

“Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the area development rights granted by this Agreement (or any interest therein);
- (c) the business conducted by you pursuant to this Agreement (or any interest therein); or
- (d) an Equity Interest (including public and private offerings);

including by merger or consolidation, by issuance or redemption of Equity Interests, or by operation of Law, will or a trust upon the death of an Owner (including the Laws of intestate succession).

2. **GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms and conditions of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Hotels referred to in the Development Schedule. Each Hotel must be located within the Development Territory and at a specific site we approve in accordance with the terms of the applicable Franchise Agreement. To the extent permitted by §8, you may cause an Affiliate Operator to enter into a Franchise Agreement for the development, ownership and operation of a Hotel. This Agreement does not grant you any rights or licenses to use our Intellectual Property.
3. **TERRITORIAL PROTECTIONS.** During the Term and any Extension Term(s) we will not operate, or license a third party to operate, a Hotel that is physically located within the Development Territory except: (a) for any Hotel that is operating, under development, or for which a franchise or license agreement has been executed, in each case as of the Effective Date, and that is (or will be) located within the Development Territory; and (b) as otherwise provided below with respect to Acquisitions. At any time during the Term or during any Extension Term we reserve the right to engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company that are located within the Development Territory are converted to Hotels and begin operating under the name LivAway



Suites™. There are no restrictions on our right to operate, or license third parties to operate, hotels or other properties within the Development Territory that operate under any name other than “LivAway Suites™”. For purposes of clarity, there are no restrictions on our right to operate, or license third parties to operate, hotels or other properties within the Development Territory that operate under a name that includes “LivAway” but not in conjunction with the term “Suites” (for example, “LivAway Villas” or “LivAway Resorts”).

#### 4. DEVELOPMENT OBLIGATIONS

- 4.1. **Development Schedule.** You must develop, open and operate all Hotels referred to in the Development Schedule. Each Hotel must be developed and opened in strict compliance with the deadlines set forth in the Development Schedule, including the deadlines for: (a) signing the Franchise Agreement; (b) obtaining our approval of the site for the Hotel; (c) commencing construction of the Hotel (you are deemed to have commenced construction at such time that you begin pouring the concrete footings for the Hotel); and (d) completing construction of the Hotel. You must open each Hotel no later than the Target Opening Date set forth in the Development Schedule for such Hotel, subject to any extensions permitted by §4.2. After you develop all Hotels listed in the Development Schedule, you may not develop any additional Hotels within the Development Territory except to the extent permitted by §5 and strictly in accordance with the terms thereof. You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the development of the Hotels within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize your failure to achieve the results required by the Development Schedule constitutes a material breach of this Agreement and grounds for termination of this Agreement.
- 4.2. **Extension for Force Majeure.** If a Force Majeure event occurs that directly prevents you from opening a Hotel on or prior to the applicable Opening Date deadline, the deadline may be extended in accordance with §13.4 for such period of time that is reasonable in light of the nature of the Force Majeure event (not to exceed 180 days).
- 4.3. **Franchise Agreements.** You must sign a separate Franchise Agreement for each Hotel. At the time you sign this Agreement, you must sign the Franchise Agreement for the first Hotel you commit to develop under the Development Schedule. You must sign the Franchise Agreement for each additional Hotel no later than the earlier to occur of: (a) the deadline set forth in the Development Schedule for signing such Franchise Agreement; or (b) the expiration of the 60<sup>th</sup> day after we notify you in writing of our approval of the site for the Hotel. The development fee paid by you pursuant to this Agreement includes and is deemed to satisfy the Initial Franchise Fee associated with each Hotel you are required to develop during the Term pursuant to the Development Schedule. You may not commence construction of a Hotel prior to execution of the Franchise Agreement and all ancillary agreements for that Hotel by all parties. You must develop, open and operate each Hotel in compliance with the Franchise Agreement and the Manual.
- 4.4. **Site Selection.** You must select a specific site within the Development Territory for each Hotel in compliance with our then-current site selection criteria. Each site you select is subject to our prior written approval. The approved site for the Hotel will be set forth in the Addendum to Franchise Agreement. With the exception of the Franchise Agreement for the first Hotel to be developed during the Term, we will not sign a Franchise Agreement with you prior to approving the site for the Hotel. If the parties sign the Franchise Agreement for the first Hotel prior to site approval, then within 21 days after we approve the site for the Hotel we will send you an Amended and Restated Addendum to Franchise Agreement that: (a) identifies the approved site and territory for the Hotel; and (b) supersedes, and is deemed to replace, the partially completed Addendum to Franchise Agreement initially signed by the parties concurrently with the execution of the Franchise Agreement. The territory for the Hotel will consist of the geographic area within a prescribed radius from the Hotel, as specified by us, in accordance with the following criteria:

Location of Hotel (Type of Market)	Prescribed Radius for Territory
Within downtown city limits of major, densely-populated, city	¼-mile to 1-mile radius from Hotel site
Other urban market	1-mile to 3-mile radius from Hotel site
Suburban market	3-mile to 4-mile radius from Hotel site
Rural market	5-mile radius from Hotel Site

You must sign and deliver to us an executed copy of the Amended and Restated Addendum to Franchise Agreement within 10 days after we send it to you.

## 5. ADDITIONAL DEVELOPMENT RIGHTS.

### 5.1. Extension Options.

- 5.1.1. Grant of Extension Option. Upon expiration of the Term and each Extension Term, you have the option, but not the obligation, to acquire the right to develop additional Hotels within the Development Territory (the “**Extension Option**”) provided that: (a) all eligibility criteria set forth in §5.1.2 are satisfied; and (b) you comply with all procedures set forth in §5.1.3.
- 5.1.2. Eligibility. In order to eligible to exercise the Extension Option, each of the following criteria must be satisfied:
- (a) you must have developed and opened all Hotels required by this Agreement and each Extension Addendum in strict compliance with the deadlines set forth in the applicable Development Schedule(s);
  - (b) you must have substantially complied with your obligations under all Franchise Agreements; and
  - (c) we must determine that the Development Territory can reasonably sustain the development of additional Hotels.
- 5.1.3. Procedures to Exercise Extension Option. If all eligibility criteria set forth in §5.1.2 are satisfied, then you may exercise the Extension Option by complying with each of the following requirements:
- (a) you must notify us in writing of your desire to exercise the Extension Option at least 90 days prior to the expiration date of the Term or Extension Term, as applicable;
  - (b) no later than the expiration date of the Term or Extension Term, as applicable, you must sign our then-current form of Extension Addendum; and
  - (c) no later than the expiration date of the Term or Extension Term, as applicable, you must pay us an additional development fee, which shall be calculated as the product of our then-current initial franchise fee for a Hotel (or, if we no longer offer Hotel franchises at such time, the initial franchise fee imposed under the most recently issued Franchise Disclosure Document) multiplied by the total number of Hotels you are required to develop under the Extension Addendum.
- 5.1.4. Extension Addendum. Unless we agree to the contrary, each Extension Addendum shall: (a) extend the term of this Agreement for a period of time (each, an “**Extension Term**”) that commences on the expiration date of the Term or immediately preceding Extension Term, as applicable, and expires two (2) years thereafter; and (b) grant you the right and obligation to develop four (4) additional Hotels (or fewer Hotels, as specified by us, if we determine the Development Territory cannot reasonably sustain four (4) additional Hotels) within the Development Territory in accordance with the Development Schedule we prepare and attach to the Extension Addendum.
- 5.1.5. Form of Franchise Agreement. Each LivAway Suites franchise agreement you sign during a given Extension Term shall consist of the form of LivAway Suites franchise agreement we

utilize as of the date you sign the applicable Extension Addendum. Our then-current form of LivAway Suites franchise agreement may vary materially and substantially from the terms of the Franchise Agreement attached to this Agreement.

- 5.1.6. New Form of Area Development Agreement. After the parties have executed four (4) or more Extension Addenda, we may, as a condition to granting you further development rights, require you to sign our then-current form of Area Development Agreement. We may also reevaluate the market at such time, and decline to offer you the right to develop additional Hotels within the Development Territory for any legitimate business reason.

## 5.2. Right of First Offer.

- 5.2.1. Generally. We will grant you a right of first offer (the “**ROFO**”) with respect to any new Hotel proposed for development within the Development Territory during the ROFO Period if each of the following is true:

- (a) you developed and opened all Hotels required by this Agreement and each Extension Addendum in strict compliance with the deadlines set forth in the associated Development Schedule(s);
- (b) you substantially complied with your obligations under all Franchise Agreements;
- (c) you timely notify us of your desire to exercise an Extension Option; and
- (d) we decline to allow you to exercise the requested Extension Option based on our determination that the Development Territory cannot reasonably sustain the development of additional Hotels.

- 5.2.2. ROFO Procedure. If, at any time during the ROFO Period, we desire to develop, or grant rights to a third party to develop, a Hotel to be located within the Development Territory, we will send you a written notice (a “**ROFO Offer Notice**”) that: (a) expresses our desire to develop, or grant rights to a third party to develop, such Hotel; and (b) identifies the proposed market in which the Hotel will be developed. Upon receipt of the ROFO Offer Notice, you will have a right of first offer to acquire franchise development rights for the development of the Hotel within the market identified in the ROFO Offer Notice pursuant to the terms and conditions of our then-current form of LivAway Suites franchise agreement. In order to exercise your ROFO for a Hotel you must:

- (a) within 30 days after receipt of the ROFO Offer Notice, send us a written notice (a “**ROFO Acceptance Notice**”) that confirms your desire to exercise the ROFO and includes a completed Application;
- (b) execute the proposed LivAway Suites franchise agreement for the Hotel on the “Execution Date”; and
- (c) pay us the initial franchise fee for the Hotel on the “Payment Date”.

If any applicable franchise Law requires that we deliver to you a Franchise Disclosure Document for the Hotel, then: (a) the “Payment Date” shall be the earliest date permitted by applicable franchise Law for payment of the initial franchise fee after delivery of the Franchise Disclosure Document; and (b) the “Execution Date” shall be the earliest date permitted by applicable franchise Law for execution of the franchise agreement after delivery of the Franchise Disclosure Document. If applicable franchise Law does not require that we deliver to you a Franchise Disclosure Document for the Hotel, then: (a) the “Payment Date” shall be the date you send the ROFO Acceptance Notice to us; and (b) the “Execution Date” shall be the 30<sup>th</sup> day after delivery of the ROFO Offer Notice to you. If you decline to exercise the ROFO, or fail to strictly comply with any of the procedures set forth above for exercise of the ROFO, we will have the unrestricted right to develop, or grant rights to a third party to develop, the Hotel within the market identified in the ROFO Offer Notice.

5.2.3. Effect of Proper Exercise of ROFO. If a developer (which may include us or our Affiliate) proposes to develop a Hotel in the Development Territory during the ROFO Period and you exercise your ROFO with respect to such Hotel in compliance with §5.2, then for a period of 180 days after the “effective date” of the LivAway Suites franchise agreement that you and we sign for such Hotel, we will not entertain any further offers from such developer for the development of any other Hotels within the Development Territory.

5.2.4. Eligibility. Your ROFO shall not apply: (a) at any time that you are (or any Affiliate of yours is) in material default under any Definitive Agreement; or (b) if, based on our review of your submitted Application, we determine in good faith that you fail to satisfy any of our then-current minimum eligibility criteria, in which case we will send you a written notice that explains the minimum eligibility criteria that you fail to satisfy. The ROFO shall automatically terminate upon the termination of this Agreement or any other Definitive Agreement.

**5.3. Loss of Territorial Rights.** Except as otherwise provided above, you shall have no territorial rights or protections with respect to the Development Territory following the expiration (without extension) of the Term of this Agreement or the Extension Term of an Extension Addendum, except for any territorial rights granted to you pursuant to a valid LivAway Suites franchise agreement that remains in effect subsequent to the expiration of the Term of this Agreement or the Extension Term of an Extension Addendum.

**6. DEVELOPMENT FEE.** At the time you sign this Agreement, you must pay us the development fee set forth in Part B of ATTACHMENT "A", which is calculated as the total aggregate Initial Franchise Fees you must pay us for all Hotels listed in the attached Development Schedule. The development fee is fully earned and nonrefundable upon execution of this Agreement.

**7. AREA DEVELOPER AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. If the Franchisee under this Agreement is an Entity, then you must, upon our request, provide us with: (a) a resolution of the Franchisee Entity authorizing the execution of this Agreement; (b) a copy of the Franchisee Entity’s organizational documents; and (c) a current Certificate of Good Standing.

**8. AFFILIATE OPERATORS.** You may develop, own and operate one or more Hotels using an Affiliate Operator provided that you and the Affiliate Operator, as applicable, satisfy each of the following criteria, conditions and other requirements:

- (a) at least 60 days prior to signing the Franchise Agreement, you send us a written notice that: (i) identifies the Affiliate Operator; (ii) includes the organizational documents of the Affiliate Operator; (iii) includes a recently issued Certificate of Good Standing demonstrating the Affiliate Operator has been duly formed and is in good standing; and (iv) identifies the specific Hotel to be developed, owned and operated by the Affiliate Operator;
- (b) either: (i) the Affiliate Operator is a wholly-owned subsidiary of Franchisee; or (ii) the Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in the Affiliate Operator are the same Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in Franchisee;
- (c) the Affiliate Operator signs a Franchise Agreement with us for the Hotel;
- (d) you maintain effective managerial (but not necessarily day-to-day operating) control over the Affiliate Operator at all times during the term (and any renewal term) of the Franchise Agreement signed by the Affiliate Operator;
- (e) you and all Owners and other Affiliate Operators sign a corporate guaranty, in the format we prescribe, pursuant to which you and the other signatories personally and unconditionally guarantee all obligations of the Affiliate Operator under the Franchise Agreement (and all ancillary agreements executed in connection with such Franchise Agreement); and
- (f) the Affiliate Operator signs a corporate guaranty, in the format we prescribe, pursuant to which the

Affiliate Operator personally and unconditionally guarantees all obligations of you and each other Affiliate Operator under all Definitive Agreements.

The execution of a Franchise Agreement by an Affiliate Operator in accordance with this Section shall not be deemed a Transfer for purposes of §9.2. If an Affiliate Operator executes a Franchise Agreement, all references in this Agreement to “you” relating to rights or obligations in connection with such Franchise Agreement (or the Hotel established pursuant to such Franchise Agreement) shall be deemed modified to refer to the Affiliate Operator, and you shall ensure the Affiliate Operator complies with all such provisions.

## 9. TRANSFERS

- 9.1. By Us.** This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee or other legal successor to our interest in this Agreement. If we assign this Agreement to a third party who expressly assumes our obligations under this Agreement, we will no longer have any performance or other obligations to you under this Agreement and your right to use any rights or services provided to you by us or our Affiliates under this Agreement will terminate.
- 9.2. By You.** The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. You and your Owners are prohibited from engaging in a Change of Ownership Transfer in connection with this Agreement. You and your Owners may engage in Preapproved Transfers and Special Transfers only as permitted by and in compliance with this Section. Any Transfer (other than a Preapproved Transfer or Special Transfer as permitted by and in compliance with this Section) shall be void and constitute a breach of this Agreement. Notwithstanding any other provision of this Agreement, including this §9.2, you must not permit or propose any Transfer in which the transferee is a Sanctioned Person or a Competitor. You and your Owners may engage in Preapproved Transfers without giving us notice or obtaining our consent. You and your Owners may engage in Special Transfers only with our prior written consent. We will consent to a proposed Special Transfer if:
- (a) you give us at least 60 days’ advance written notice of the proposed Special Transfer (including the identity and contact information of the proposed transferee and any other information we may require in order to review and evaluate the proposed Special Transfer and transferee);
  - (b) you pay to us on our request our then-current nonrefundable transfer processing fee; *provided, however,* that we will waive the transfer processing fee for one (1) Special Transfer under this §9.2 if it occurs before the Opening Date of your first (1<sup>st</sup>) Hotel developed pursuant to this Agreement;
  - (c) you follow our then-current procedure for processing Special Transfers, including providing any information we may require in order to review the proposed Special Transfer and completing our then-current compliance process; and
  - (d) you execute our then-current standard documents required by us for processing Special Transfers.

## 10. TERMINATION

- 10.1. Termination by Us Without Cure Period.** We may immediately terminate this Agreement, without opportunity to cure (except for any cure period expressly set forth below), upon delivery of a written notice of termination to you for any of the following reasons, all of which constitute material events of default under this Agreement and “good cause” for termination:
- (a) if you fail to pay debts as they become due or admit in writing your inability to pay your debts or you make a general assignment for the benefit of your creditors;
  - (b) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or

are the subject of an involuntary bankruptcy;

- (c) if you breach any of the deadlines set forth in the Development Schedule, subject to any Force Majeure extension specifically provided for in §4.2, including any deadline for signing a Franchise Agreement for a Hotel, obtaining our approval of the site for a Hotel, commencing construction of a Hotel, completing construction of a Hotel or opening a Hotel;
- (d) if you or any Owner engages in conduct that we reasonably determine is likely to adversely reflect upon or affect in any manner the reputation, goodwill, or business of any Hotel, the System, us or any of our Affiliates;
- (e) if you or any Owner conceals revenues, maintains false books and records of accounts, submits false reports or information to us or otherwise attempts to defraud us;
- (f) if you fail to pay any sums due and owing to us or our Affiliates under this Agreement or any Definitive Agreement within 10 days after receipt of a notice of default;
- (g) if you make or permit a Transfer that is prohibited by or not in compliance with §9;
- (h) if you make an unauthorized use of our Intellectual Property;
- (i) if any Guarantor breaches its Guaranty to us;
- (j) if you contest in any court or proceeding our or our Affiliates' ownership of the System or any part of the System or the validity of any of the Marks;
- (k) if you, a Guarantor, or any of your Owners or Affiliates becomes a Sanctioned Person or are owned or controlled by a Sanctioned Person or fail to comply with the provisions of §12.4;
- (l) if you, a Guarantor, or any of your Owners or Affiliates becomes a Competitor in the economy or midscale extended stay hotel segment, or any substantially equivalent market segment, as determined by the standards set by Highland Group in its annual *US Extend-Stay Hotels Report* or its equivalent (currently at <https://highland-group.net/product-category/2023-extended-stay-hotel-reports/>) or its affiliates (collectively "**Highland Group**") (or, if Highland Group's report or its equivalent is no longer available, the comparable publication from Highland Group's successor or other such industry resource that is as equally as reputable as the Highland Group);
- (m) if you receive three (3) or more notices of material default from us during any 12-month period; or
- (n) if we terminate any Franchise Agreement or other Definitive Agreement due to a default committed by you or an Affiliate Operator (our termination of a separate Area Development Agreement solely due to your failure to meet the development obligations shall not constitute a default under this Agreement).

**10.2. Additional Conditions of Termination.** In addition to our termination rights in §10.1, we may terminate this Agreement upon 30 days' written notice if you or any Owner fails to comply with any other provision of this Agreement, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period.

**10.3. Mutual Agreement to Terminate.** If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

**10.4. Effect of Termination.** The termination of this Agreement will end all of your rights and development obligations under this Agreement, including your right to open additional Hotels (or execute additional Franchise Agreements for Hotels) in the Development Territory. The termination of this Agreement due to your breach of the Development Schedule shall not, by itself, constitute a default under any previously executed Franchise Agreement.

11. **DISPUTE RESOLUTION.** Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

12. **REPRESENTATIONS.**

12.1. **Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any Affiliate of yours is) a party or by which your (or your Affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Government Entity; or (c) violate any applicable Law. If the Franchisee is an Entity, then you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.

12.2. **Franchise Compliance Representations.** Unless the grant of rights is exempt from coverage under any otherwise applicable state or federal franchise Law, you and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our Affiliates or (ii) such earlier time in the sales process that you requested a copy.

12.3. **General Representations.** You and the Owners jointly and severally represent and warrant to us that you are aware that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

12.4. **Sanctioned Persons and Anti-Bribery Representations.** You and the Owners jointly and severally represent and warrant to us and our Affiliates, on a continuing basis, that:

- (a) neither you, nor any Person having Control over you or any of your Hotels, is a Sanctioned Person;
- (b) you have not and will not obtain, receive, transfer or provide any funds, property, debt, equity, or other financing related to this Agreement or any Hotel or Hotel site to/from a Sanctioned Person;
- (c) neither you, nor any Person having Control over you or any of your Hotels, has been convicted of, pleaded guilty to, or otherwise been adjudged liable for any violation of Laws that pertain to bribery or corruption, money laundering, competition, securities or financial fraud, trade sanctions or export controls, human trafficking, sex trade, or forced labor;
- (d) funds received or paid in connection with entry into or performance of this Agreement have not been and will not be derived from illegal sources or activities, or commingled with illegal funds, and that you are not engaging in this transaction in furtherance of a criminal act;
- (e) in preparation for and in entering into this Agreement, neither you, nor any Person having Control over you or any of your Hotels, has made any Improper Payment or engaged in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws, and, in connection with this Agreement or the performance of your obligations under this Agreement, neither you nor any Person having Control over you or any of your Hotels will directly or indirectly make, offer to make, or authorize any Improper Payment or engage in any acts or

transactions otherwise in violation of any applicable Anti-Corruption Laws;

- (f) neither you, nor any Person having Control over you or any of your Hotels who may be considered a Government Entity or Government Official, improperly uses their status or position to influence official actions or decisions or to secure any improper advantages to or for the benefit of any of your Hotels or us; and
- (g) you will assure that your respective appointed agents (including any Management Company) in relation to this Agreement or any Franchise Agreement comply in all material respects with the representations, warranties, and covenants described in this §12.4.

You will notify us in writing immediately on the occurrence of any event which would render the foregoing representations and warranties of this §12.4 incorrect. If we believe that you may not be in compliance with any of the covenants, representations and warranties set forth in this §12.4, we will advise you of our belief, and you must: (a) cooperate with any and all reasonable information and documentation requests and inquiries, including requests for execution of certificates of compliance; and (b) permit, on reasonable prior notice, at all reasonable times, inspection of the books and records pertaining to the development, ownership, management and use of your Hotels.

### 13. GENERAL PROVISIONS

- 13.1. **Governing Law.** This Agreement and the franchise relationship shall be governed by the Laws of the State of Utah (without reference to its principles of conflicts of Law), but any Law of the State of Utah that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 13.2. **Severability.** Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.
- 13.3. **Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other area developers; or (d) our acceptance of payments from you after your breach.
- 13.4. **Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 13.5. **Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.
- 13.6. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not



specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise Law, including fraud in the inducement or (b) 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.

- 13.7. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement (and the relationship of the parties inherent in this Agreement) grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees (including ourselves and our Affiliates if applicable), but without considering the individual interests of you or any other particular franchisee.
- 13.8. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.
- 13.9. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an Equity Interest) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.
- 13.10. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 13.11. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 13.12. Notice.** All notices given under this Agreement must be provided in accordance with the Notice Provision of the Franchise Agreement.
- 13.13. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

[Signature Page Follows]

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

LivAway Suites, LLC, a Utah limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**YOU (If you are an Entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**YOU (If you are not an Entity):**

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

**ATTACHMENT "A"**  
**TO AREA DEVELOPMENT AGREEMENT**  
**DEAL TERMS**

**A. Area Developer Details.**

Name of area developer: [ \_\_\_\_\_ ]

Is the area developer one or more natural persons signing in their individual capacity? **Yes:** \_\_\_\_ **No:** \_\_\_\_

Type of Entity and State of Formation\* (if applicable): [ \_\_\_\_\_ ]

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the area developer franchise (or the area developer business Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: [ \_\_\_\_\_ ]

**B. Fees.**

- The Initial Franchise Fee shall be \$35,000 for each Hotel to be developed pursuant to this Agreement.
- The development fee shall be \$ \_\_\_\_\_.

**C. Development Territory.**

The Development Territory consists of, and shall be limited to, the following geographic area:

[ \_\_\_\_\_ ]

If the boundaries that define the Development Territory change during the Term or any Extension Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date of this Agreement.

**D. Development Schedule.**

You agree to comply with the following minimum development obligations as specified in §4 of the Agreement:

DEVELOPMENT SCHEDULE						
Hotel	Deadline for Site Approval <i>[__ months before Target Opening Date]</i>	Deadline to Sign Franchise Agreement	Deadline to Start Construction* <i>[__ months before Target Opening Date]</i>	Deadline to Complete Construction <i>[__ months before Target Opening Date]</i>	Target Opening Date	Cumulative Number of Open Hotels
1	Upon execution of ADA					1
2						2
3						3
4						4
Total Number of Hotels that must be developed: [____]						

\* You are deemed to have commenced construction at such time that you begin pouring the concrete footings for the Hotel.

**E. Term.**

The term of this Agreement (the “**Term**”) shall commence on the Effective Date and expire on \_\_\_\_\_, 20\_\_\_\_.

**ATTACHMENT "B"**  
**TO AREA DEVELOPMENT AGREEMENT**  
**FRANCHISE AGREEMENT**

*[To Be Inserted]*

**EXHIBIT "E"**  
**TO DISCLOSURE DOCUMENT**  
**TABLE OF CONTENTS OF BRAND STANDARDS MANUAL**

- I. INTRODUCTION (9 pages)
- II. BRANDING (18 pages)
  - A. GUEST EMAIL & FAX SOLICITATION
  - B. HOTEL COLLATERAL
  - C. HOTEL EMAIL ADDRESS
  - D. HOTEL NAMING
  - E. LIVAWAY SUITES TRADEMARKS
  - F. LOCAL MARKETING
  - G. HOTEL-SPECIFIC WEBSITES
  - H. REPUTATION MANAGEMENT
  - I. SOCIAL MEDIA
- III. SYSTEM OPERATING PROCEDURES (48 pages)
  - A. TECHNOLOGY
  - B. GUEST EXPERIENCE
  - C. BRAND INTEGRITY
  - D. TRAINING AND EMPLOYEE EXPERIENCE
  - E. PHYSICAL BUILDING
- IV. GUEST SUITES & SUPPORT AREAS (40 pages)
  - A. OPERATIONAL PROCEDURES
  - B. FF&E
  - C. TROUBLESHOOTING ISSUES
- V. GUEST SERVICES (22 pages)
  - A. ARRIVAL & DEPARTURE
  - B. CHECK-IN & CHECK-OUT TIMES
  - C. CHECK-IN PROCEDURES (RESERVED)
  - D. CHECK-OUT PROCEDURES (RESERVED)
  - E. COOKAWAY PACKS
  - F. GUEST EMAIL ADDRESSES
  - G. GUEST GREETING
  - H. GUEST PARCEL LOCKERS
  - I. LUGGAGE CARTS

- J. PARKING
- K. PAYMENT METHODS
- L. REQUIRED GUEST ITEMS (RESERVED)
- M. STAFFING MODEL

VI. GUEST & SYSTEMS SECURITY (8 pages)

- A. HSIA BANDWIDTH & PROTECTION REQUIREMENTS (RESERVED)
- B. NUISANCE ABATEMENT
- C. RISK CLASSIFICATION (GREEN, YELLOW, RED)

VII. MARKETING & RESERVATIONS (16 pages)

- A. CALL GATING
- B. CANCELLATION POLICY
- C. CENTRAL RESERVATIONS CALL CENTER
- D. DISCOUNTING POLICY
- E. FAILURE TO HONOR A RESERVATION (WALKING POLICY)
- F. GLOBAL DISTRIBUTION SYSTEM (GDS)
- G. LIVAWAYSUITES.COM
- H. LOYALTY PROGRAM
- I. MINIMUM CHECK-IN AGE
- J. PROGRAM FUND
- K. NATIONAL SALES ACCOUNT PROGRAM
- L. NATIONAL SALES SUPPORT
- M. ONLINE TRAVEL AGENCIES (OTA)
- N. RATE INTEGRITY AND PARITY
- O. RATE SHOP "CALL AROUNDS"
- P. RESERVATION POLICY

**EXHIBIT "F"**  
**TO DISCLOSURE DOCUMENT**  
**LIST OF FRANCHISEES**

**Part A (Current Franchisees)**

The following table lists franchisees that were open as of December 31, 2022.

FRANCHISEES OPEN AS OF DECEMBER 31, 2022				
State	City	Address	Phone	Owner Name(s)
None				

\* These franchisees are also area developers that committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2022.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2022				
State	City	Address	Phone	Owner Name(s)
None				

\* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

**Part B (Former Franchisees Who Left System During Prior Fiscal Year)**

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
None			

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**



**EXHIBIT "G"**  
**TO DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

[See Attached]

**EXHIBIT "G"-1**

**TO DISCLOSURE DOCUMENT**

**INTERIM UNAUDITED FINANCIAL STATEMENTS**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

**LivAway Suites, LLC**  
 Balance Sheet  
 June 30, 2023

**Assets**

**Current Assets**

Checking Account - Operating	\$ 365,638.88	
Accounts Receivable	(175,000.00)	
Misc Receivable	(1,150.00)	
OTHER CURRENT ASSETS	<u>763,551.91</u>	
Total Current Assets		\$ 953,040.79

**Fixed Assets**

Total Fixed Assets		
--------------------	--	--

**Long-Term Assets**

Total Long-Term Assets		
------------------------	--	--

**Investments**

Total Investments		
-------------------	--	--

**Other Assets**

Total Other Assets		
--------------------	--	--

Total Assets		<u><u>\$ 953,040.79</u></u>
--------------	--	-----------------------------

**Liabilities and Equity**

**Current Liabilities**

Accounts Payable	<u>\$ 298.74</u>	
Total Current Liabilities		\$ 298.74

**Long Term Liabilities**

Long Term Liabilities		
-----------------------	--	--

Total Liabilities		\$ 298.74
-------------------	--	-----------

**Equity**

OWNER CONTRIBUTIONS	\$ 1,500,000.00	
Net Income	<u>(547,257.95)</u>	
Total Equity		<u>\$ 952,742.05</u>

Total Liabilities & Equity		<u><u>\$ 953,040.79</u></u>
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Confidential: For Internal Use Only

**LivAway Suites, LLC**  
Income Statement  
For the Period Ended June 30, 2023

	Current Activity	Current Balance
<b><u>Revenue:</u></b>		
Total Revenue		
<b><u>Cost of Goods Sold</u></b>		
Total Cost of Good Sold		
Gross Margin		
<b><u>Other Income</u></b>		
Franchise Fees	\$ 175,000.00	\$ 245,000.00
Total Other Income	\$ 175,000.00	\$ 245,000.00
<b><u>Expenses</u></b>		
Salary - Chief Operating Officer	\$ 20,634.19	\$ 126,078.83
Health Insurance Benefit		6,259.43
Software Expense		12,100.00
License, Fees, & Permits	49.00	601.04
Advertising and Marketing	8,467.31	88,845.47
Bank Charges	21.73	452.01
Misc and General		694.70
Fuel Reimbursement	11.18	32.22
Commercial Flights	616.40	3,782.65
Lodging	480.86	1,647.20
Rental Car / Taxi / Parking	301.35	3,518.81
Office Meals - 100%	59.94	75.08
Legal Fees	38,655.00	156,241.55
Consulting Fees	9,500.00	41,625.00
Insurance		303.96
Total Expenses	\$ 78,796.96	\$ 442,257.95
Net Income (Loss)	\$ 96,203.04	\$ (197,257.95)

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**EXHIBIT "G"-2**  
**TO DISCLOSURE DOCUMENT**  
**AUDITED OPENING BALANCE SHEET**

**LIVAWAY SUITES, LLC**  
**FINANCIAL STATEMENTS**  
**February 28, 2023**

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BALANCE SHEET.....	5
NOTES TO FINANCIAL STATEMENT.....	6



## **INDEPENDENT AUDITORS' REPORT**

**To the Members  
LivAway Suites, LLC  
Lehi, Utah**

### **Opinion**

We have audited the accompanying balance sheet of LivAway Suites, LLC (a Utah limited liability company), as of February 28, 2023, the end of the initial accounting period of the Company, and the related notes to the financial statement.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of LivAway Suites, LLC as of February 28, 2023, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of LivAway Suites, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LivAway Suites, LLC's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.



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## Auditors' Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LivAway Suites, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LivAway Suites, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*WSRP, LLC*

Salt Lake City, Utah  
March 22, 2023



**LIVAWAY SUITES, LLC**  
**BALANCE SHEET**  
**February 28, 2023**

<b>ASSETS</b>	
CURRENT ASSETS	
Cash and cash equivalents	<u>\$ 1,462,216</u>
TOTAL ASSETS	<u>\$ 1,462,216</u>
 <b>MEMBERS' EQUITY</b>	
MEMBERS' EQUITY	<u>\$ 1,462,216</u>
TOTAL MEMBER'S EQUITY	<u>\$ 1,462,216</u>

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

**LIVAWAY SUITES, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**February 28, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

LivAway Suites, LLC (the Company) is a Utah limited liability company. The purpose of the Company is to create, develop, own, finance, refinance, manage, market, license, franchise, and operate the LivAway Suites extended stay hotel brand via owned or third party franchised assets, license agreements and franchise agreements. The Company will be operated in accordance with the amended and restated operating agreement dated February 15, 2023 (the Agreement). The Company will be managed by West77 Partners, LLC (the Manager) and has an indefinite life until terminated under the Agreement.

Accounting Principles

The Company's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase.

Concentrations of Credit Risk

The Company's financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments.

The Company maintains its cash balances at a financial institution. At times such investments may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Income Taxes

The Company has elected to be taxed as a partnership under the Internal Revenue Code and, accordingly, no provision for income taxes has been included in these financial statements.

Liability of Members

The members are not personally liable for any obligations of the Company and have no obligation to make contributions to the Company in excess of their respective capital commitments as specified in the operating agreement.

**LIVAWAY SUITES, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**February 28, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Profits and Losses

The operating agreement provides for realized profits and losses to be allocated pro rata according to the respective membership interests, in accordance with the Agreement.

Distributions

The operating agreement provides for distributions of cash, securities, or other property to the members at the discretion of management pro rata according to the respective capital percentages of profits percentages, in accordance with the Agreement.

Subsequent Events

Management of the Company has evaluated subsequent events through March 22, 2023, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that require recognition or disclosure in these financial statements.

NOTE 2 - MEMBER UNITS

Members have the right to share in profits and losses, receive distributions, participate in governance, approve Company acts, designate and remove the Manager, and other rights, as described in the Agreement. Members contributed \$1,500,000 to the Company in February 2023. Profits Members have the right to share in profits and losses but do not have the right to vote or otherwise participate in management of the Company.

NOTE 3 - RELATED-PARTY TRANSACTIONS

The Company may compensate the Manager for services rendered to or on behalf of the Company based on the value of the services rendered. The Company will also reimburse the Manager for reasonable expenses incurred on behalf of the Company. There were no payables or receivable balances between the Manager and the Company as of February 28, 2023.

**EXHIBIT "H"**  
**TO DISCLOSURE DOCUMENT**  
**OTHER AGREEMENTS**

**EXHIBIT “H”-1**

**STATE ADDENDA**

*[See Attached]*

# STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES

## BACKGROUND AND PURPOSE

The following modifications are made to the LivAway Suites Franchise Disclosure Document (“**FDD**” or “**Disclosure Document**”) issued by LivAway Suites, LLC (“**we**” or “**us**” or “**franchisor**”) to franchisee (“**you**” or “**franchisee**”) and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 202\_\_ (the “**Franchise Agreement**”). When the term “**Supplemental Agreements**” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

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

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

## CALIFORNIA

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**
2. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document 14 days prior to execution of agreement.
3. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
4. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
5. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of Utah. This provision may not be enforceable under California law
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. 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 or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
11. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
12. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:
  - (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
  - (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
  - (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.



(d) Violations of any provision of this division

13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.

## HAWAII

1. The following is added to the Cover Page:

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

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

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

2. Our registered agent in the state authorized to receive service of process:

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

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None
7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None

## ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.
5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

The signature page is on the last page of this Exhibit "H-1".

## INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

## MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the “**Maryland Franchise Law**”), the Disclosure Document is amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:
  - a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
  - b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
  - c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
  - d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
  - e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

All representations requiring prospective franchisees to assent to the 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.

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:

3. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
6. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.
7. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
8. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## MICHIGAN

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

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

- (a) A prohibition on 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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 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 first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (viii) 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

## MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



## NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

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

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

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

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

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

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

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

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

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**,” and Item 17(w), titled “**Choice of law**”:

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “**North Dakota Franchise Law**”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

## RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the “**Rhode Island Franchise Law**”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law 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." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

## VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental 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.

## WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. 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.

## WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

*(Signatures on following page)*

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- |                                     |                                       |                                       |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Michigan     | <input type="checkbox"/> South Dakota |
| <input type="checkbox"/> Hawaii     | <input type="checkbox"/> Minnesota    | <input type="checkbox"/> Virginia     |
| <input type="checkbox"/> Illinois   | <input type="checkbox"/> New York     | <input type="checkbox"/> Washington   |
| <input type="checkbox"/> Indiana    | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin    |
| <input type="checkbox"/> Maryland   | <input type="checkbox"/> Rhode Island |                                       |

Dated: \_\_\_\_\_, 202\_\_

**FRANCHISOR:**

LivAway Suites, LLC

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

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

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

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

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

Title: \_\_\_\_\_



**EXHIBIT “H”-2**

**ACH AUTHORIZATION FORM**

*[See Attached]*

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**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

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**Franchisee Information:**

Franchisee Name \_\_\_\_\_ Business No. \_\_\_\_\_

Franchisee Mailing Address (street) \_\_\_\_\_ Franchisee Phone No. \_\_\_\_\_

Franchisee Mailing Address (city, state, zip) \_\_\_\_\_

Contact Name, Address and Phone number (if different from above) \_\_\_\_\_

Franchisee Fax No. \_\_\_\_\_ Franchisee Email Address \_\_\_\_\_

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**Bank Account Information:**

Bank Name \_\_\_\_\_

Bank Mailing Address (street, city, state, zip) \_\_\_\_\_

Bank Account No. \_\_\_\_\_  Checking  Savings  
(check one) \_\_\_\_\_ Bank Routing No. (9 digits) \_\_\_\_\_

Bank Mailing Address (city, state, zip) \_\_\_\_\_ Bank Phone No. \_\_\_\_\_

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**Authorization:**

Franchisee hereby authorizes LivAway Suites, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

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

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

Title: \_\_\_\_\_

Federal Tax ID Number: \_\_\_\_\_

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**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

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**EXHIBIT “H”-3**

**GENERAL RELEASE**

*[See Attached]*

## WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “**Agreement**”) is made as of \_\_\_\_\_, 202\_\_ (the “**Effective Date**”) by \_\_\_\_\_, a(n) \_\_\_\_\_ (“**you**”) and each individual holding a direct or indirect ownership interest in you (collectively “**Owner**”) in favor of LivAway Suites, LLC, a Utah limited liability company (“**us,**” and together with you and Owner, the “**Parties**”).

### Background

- A. We signed a Franchise Agreement with you, dated \_\_\_\_\_, 202\_\_ (the “**Franchise Agreement**”) pursuant to which we granted you the right to own and operate a LivAway Suites™ hotel;
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**]; and
- C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

### Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “**Franchisee Parties**”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “**Franchisor Parties**”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties.

Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. Miscellaneous.
  - (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
  - (b) This Agreement shall be construed and governed by the laws of the State of Utah.
  - (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
  - (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
  - (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
  - (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
  - (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
  - (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_

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

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

Title: \_\_\_\_\_

**FRANCHISE OWNERS:**

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

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

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

**EXHIBIT “H”-4**

**GENERAL RELEASE**

*[See Attached]*

## GUARANTY

This Guaranty (“**Guaranty**”) is given as of \_\_\_\_\_ by the undersigned guarantor or guarantors, as applicable (collectively, “**Guarantor**”).

1. Purpose. This Guaranty is given by Guarantor to LivAway Suites, LLC (“**Franchisor**”) pursuant to the obligations of \_\_\_\_\_, a \_\_\_\_\_ (“**Principal Franchisee**”) under that certain Franchise Agreement, dated as of \_\_\_, by and between Franchisor and Franchisee (“**Franchise Agreement**”).
2. Status of Guarantor; Joint and Several Liability. Guarantor represents to Franchisor that Guarantor is a direct or indirect owner of Principal Franchisee. If Guarantor consists of more than one person or entity, then the representations in this Guaranty, including the representation in the preceding sentence, applies to each such person and entity, and the liability of each such person and entity under this Guaranty is joint and several.
3. Guaranteed Obligations. Guarantor hereby unconditionally guarantees to Franchisor the prompt and full payment and performance of the obligations of Principal Franchisee and its affiliates under and as set forth in the Franchise Agreement and the ancillary agreements entered into by Principal Franchisee or its affiliates in connection with the Franchise Agreement (such ancillary agreements and the Franchise Agreement, collectively, the “**Agreements**”). The obligations guaranteed by Guarantor under the preceding sentence are referred to in this Guaranty as the “**Guaranteed Obligations**”. The Principal Franchisee, together with each of Principal Franchisee’s affiliates who is a party to any of the Agreements, are collectively referred to in this Guaranty as “**Franchisee**”. This is a guaranty of payment and performance, and not merely of collection.
4. Nature of Obligations. Guarantor consents and agrees that: (a) if Franchisee fails or refuses punctually to perform or make any payment of the Guaranteed Obligations, then upon demand Guarantor shall perform or pay, as applicable, such Guaranteed Obligations; (b) such liability is not contingent or conditioned upon Franchisor’s pursuit of any remedies against Franchisee or any other person; and (c) such liability is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including the acceptance of any partial payment or performance or the compromise or release of any claims, none of which in any way modifies or amends this Guaranty, which will be continuing and irrevocable.
5. No Impairment. This Guaranty is not affected, modified or impaired by any of the following: (a) any failure to give to Guarantor any notice given under any of the Agreements, including any notice of default under any of the Agreements; (b) any modification of any of the Agreements by Franchisee and Franchisor or as a result of any court action or other proceeding; (c) the failure to take any action or exercise any right under any of the Agreements; (d) the commencement or continuance of any proceeding under any insolvency laws, including receivership or bankruptcy laws; or (e) any other circumstance, occurrence, condition or state of facts, whether similar or dissimilar to the foregoing, that may be raised in avoidance of or in the defense against the Guaranteed Obligations, and regardless of the invalidity of any portion of this Guaranty, other than the full and final payment and performance of all of the Guaranteed Obligations.
6. Waivers. Guarantor waives: (a) the provisions of any statute or other law now or later in effect contrary to any of its Guaranteed Obligations, covenants or agreements under this Guaranty or which releases or purports to release Guarantor from such Guaranteed Obligations, covenants or agreements; and (b) all setoffs (except as permitted by the Agreements) and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Guaranty and of the existence, creation or incurring of new or additional obligations, and all other notices and demands of any kind and description now or hereafter provided for by any contract, statute or rule of law.
7. Effect of Avoidance. If any payment under the Agreements or this Guaranty is avoided or set aside pursuant to any insolvency or bankruptcy laws, including laws relating to preferential payments of



creditors, then such recovered payment is deemed to be owing under the Agreements and the amount so owed is deemed to be part of the Guaranteed Obligations.

8. Notices. Franchisor may deliver any notice under this Agreement care of Principal Franchisee in accordance with the provisions for notices to Franchisee under the Franchise Agreement. Guarantor may modify the notice information set forth in the preceding sentence by delivering notice thereof to Franchisor in accordance with the provisions for notices to Franchisor under the Franchise Agreement.
9. Governing Law; Jurisdiction and Venue; Mediation. Guarantor acknowledges and agrees that provisions of Section 16.2 of the Franchise Agreement (entitled “Governing Law; Jurisdiction and Venue; Mediation”) apply to any dispute or action arising under this Guaranty.
10. Miscellaneous. This Guaranty may be executed in counterparts, each of which is deemed an original but all of which collectively constitute one instrument. If Guarantor delivers its signature by electronic means (including fax or email/pdf), then such signature and delivery are effective to bind Guarantor to this Guaranty, and upon Franchisor’s request Guarantor shall promptly thereafter deliver to the Franchisor an executed, signed original of this Guaranty. The headings of the sections and paragraphs of this Guaranty are inserted for convenience of reference only and in no way restrict or otherwise modify any of the terms or provisions of this Guaranty. The use of the words “include,” “includes,” and “including” followed by one or more examples is intended to be illustrative and does not limit the scope of the description or term for which the examples are provided. The word “or” is used in the inclusive sense of “and/or”, unless the context clearly indicates, with words such as “either...or alternatively...”, that the word is intended in the exclusive sense of “one or the other, but not both.” This Guaranty is the parties’ entire agreement respecting its subject matter. This Guaranty supersedes all prior agreements, written and oral, concerning the matters addressed. No term or condition in this Guaranty is waived or modified unless a writing doing so is signed by the party against whom enforcement of the waiver or modification is sought. All of Franchisor’s rights and privileges under this Guaranty inure to the benefit of Franchisor and to Franchisor’s successors and assigns. If, for any reason, any part of this Guaranty is declared invalid or unenforceable, then such declaration does not affect the validity of the remainder of this Guaranty, and each remaining term continues in full force and effect as if this Guaranty had been executed with the invalid or unenforceable portion omitted. EACH PARTY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW TRIAL BY JURY OF ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT. If Guarantor defaults in any obligation under this Guaranty, then Guarantor shall pay to Franchisor all costs and expenses incurred in connection with or arising out of the default, including (a) reasonable attorneys’ fees (including such fees incurred in appellate, bankruptcy or insolvency proceedings or in a proceeding to enforce any judgment) incurred with or without the institution of any action or proceeding, and (b) all costs, expenses, disbursements relating thereto. The parties acknowledge that they have had an equal opportunity to participate in the drafting of this Guaranty and have approved all its language. None of the terms of this Guaranty shall be construed against a party based on a claim that such party drafted the term in question.

SIGNED:

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

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

[ \_\_\_\_\_ ]

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

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

Title: \_\_\_\_\_

**EXHIBIT “H”-5**

**EXTENSION ADDENDUM**

*[See Attached]*

## EXTENSION ADDENDUM TO AREA DEVELOPMENT AGREEMENT

This Extension Addendum to Area Development Agreement (this “**Addendum**”) is entered into as of [\_\_\_\_], 2023 (the “**Effective Date**”) by and between LivAway Suites, LLC, a Utah limited liability company (“**we**” or “**us**”) and [\_\_\_\_], a(n) [\_\_\_\_] (“**you**” and, together with us, the “**Parties**”).

### BACKGROUND RECITALS

- A. We grant franchises for the right to develop, open and operate an upper economy extended-stay hotel that operates under the name LivAway Suites™ (a “**Hotel**”). Each Hotel is developed, opened and operated pursuant to a separate LivAway Suites™ franchise agreement (a “**Franchise Agreement**”).
- B. The Parties executed an Area Development Agreement, dated as of [\_\_\_\_], 20[\_\_\_\_] (as previously amended and/or extended, the “**ADA**”), pursuant to which we granted you the right and obligation to develop a specified number of Hotels within [\_\_\_\_] (as more particularly described in the ADA, the “**Development Territory**”) according to a prescribed development schedule.
- C. [Upon expiration of the initial term of the ADA, the Parties entered into an Extension Addendum, pursuant to which, among other things, we extended the term of the ADA and you committed to develop additional Hotels in accordance with a new development schedule prescribed by us.] **OR** [Subsequent to the expiration of the initial term of the ADA, the Parties entered into [\_\_\_\_] ([\_\_\_\_]) Extension Addenda, pursuant to which, among other things, we extended the term of the ADA and you committed to develop additional Hotels in accordance with a new development schedule prescribed by us and attached to each such Extension Addenda.]
- D. You have: (a) developed and opened all Hotels required by the ADA [and the previously executed Extension Addendum **OR** Extension Addenda] in strict compliance with the deadlines set forth in the development schedule[s]; (b) substantially complied with your obligations under all Franchise Agreements; and (c) timely notified us of your desire to enter into this Addendum for purposes of extending the term of the ADA and committing to the development of additional Hotels within the Development Territory in accordance with the terms of the ADA, this Addendum and the development schedule attached to this Addendum as Attachment A (the “**Development Schedule**”).
- E. We have determined that the Development Territory can reasonably sustain the development of additional Hotels. We desire to enter into this Addendum with you for the development of additional Hotels within the Development Territory in accordance with the Development Schedule.

### AGREEMENT

1. **DEFINITIONS.** Capitalized terms used in this Addendum shall have the meanings given to them below. Any capitalized term not defined in this Addendum shall have the meaning given to such term in the ADA.

“ADA” is defined in the Background Recitals to this Addendum.

“Addendum” is defined in the Introductory Paragraph of this Addendum.

“Development Schedule” is defined in the Background Recitals to this Addendum.

“Development Territory” is defined in the Background Recitals to this Addendum.

“Effective Date” is defined in the Introductory Paragraph of this Addendum.

“Extension Term” means the period of time that commences on the Effective Date and expires two (2) years thereafter.

“Franchise Agreement” is defined in the Background Recitals to this Addendum.

“Hotel” is defined in the Background Recitals to this Addendum.

“Parties” is defined in the Introductory Paragraph of this Addendum.

“we” or “us” is defined in the Introductory Paragraph of this Addendum.

“*you*” is defined in the Introductory Paragraph of this Addendum.

2. **GRANT OF EXTENSION AND DEVELOPMENT RIGHTS.** Subject to your payment of the ADA Extension Fee referenced in §3 below, we hereby: (a) extend the term of the ADA to further include the Extension Term; and (b) grant you the right and obligation to develop each of the Hotels referred to in the Development Schedule attached hereto. Each Hotel must be located within the Development Territory and at a specific site we approve in accordance with the terms of the ADA and the Franchise Agreement executed in connection with such Hotel. The Parties acknowledge that this Addendum constitutes the [ ] ([ ]) Extension Addendum entered into in connection with the ADA.
3. **ADA EXTENSION FEE.** Upon execution of this Addendum, you must pay us an ADA Extension Fee in the amount of \$[ ]. The ADA Extension Fee is fully earned and nonrefundable upon execution of this Addendum.
4. **INTERACTION WITH ADA.** Except as otherwise provided in this Addendum, all terms, conditions, covenants and agreements set forth in the ADA shall remain in full force and effect and apply to the development of Hotels pursuant to this Addendum. Without limiting the generality of the foregoing, you must develop all Hotels referenced in the Development Schedule in compliance with all of the terms of the ADA, this Addendum and the Development Schedule. For the sake of clarity, the development schedule attached to the ADA shall not apply to the development of Hotels pursuant to this Addendum. Rather, the Development Schedule attached hereto as Attachment A shall apply. You hereby represent and confirm to us that all representations and warranties contained in the ADA are true and correct as of the Effective Date of this Addendum. If there is any inconsistency between the terms of this Addendum and the terms of the ADA, the terms of this Addendum shall control.
5. **FORM OF FRANCHISE AGREEMENT.** In connection with each Hotel developed pursuant to this Addendum, you must sign the form of Franchise Agreement attached to this Addendum as Attachment B. You must sign the Franchise Agreement for each Hotel no later than the associated deadline set forth in the Development Schedule.
6. **WAIVER AND RELEASE OF CLAIMS.** As further consideration for our agreement to extend the term of the ADA and grant you additional Hotel development rights, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “**Franchisee Parties**”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “**Franchisor Parties**”) from any and all Losses and Expenses which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the ADA, any Franchise Agreement executed pursuant to the ADA, any previously executed Extension Addendum, or the offer, sale or acceptance of the franchise rights related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to: (a) any obligations contained within this Agreement; or (b) any claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder. If any of the Franchisee Parties are located or reside within California, such Franchisee Parties hereby express their intention to release all existing claims, whether known or unknown, against the Franchisor Parties, and hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

**7. MISCELLANEOUS.**

- (a) Modification. This Addendum and the ADA when executed constitute the entire agreement and understanding between the parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the Parties and relating to the subject matter contained in this Addendum and the ADA, whether written or verbal, other than as contained within the executed Addendum and the ADA, are void and have no force and effect. In order to be binding between the Parties, any subsequent modifications must be in writing signed by the Parties.
- (b) Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

The parties to this Addendum have executed this Addendum effective as of the Effective Date first above written.

**FRANCHISOR:**

LivAway Suites, LLC, a Utah limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**YOU (If you are an Entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**YOU (If you are not an Entity):**

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

**ATTACHMENT A**  
**(TO EXTENSION ADDENDUM)**  
**DEVELOPMENT SCHEDULE**

You agree to comply with the following minimum development obligations as specified in §2 of the Addendum and §4 of the ADA:

<b>DEVELOPMENT SCHEDULE</b>						
<b>Hotel</b>	<b>Deadline for Site Approval</b> <i>[__ months before Target Opening Date]</i>	<b>Deadline to Sign Franchise Agreement</b>	<b>Deadline to Start Construction*</b> <i>[__ months before Target Opening Date]</i>	<b>Deadline to Complete Construction</b> <i>[__ months before Target Opening Date]</i>	<b>Target Opening Date</b>	<b>Cumulative Number of Open Hotels</b>
1						1
2						2
3						3
4						4
Total Number of Hotels that must be developed: [____]						

\* You are deemed to have commenced construction at such time that you begin pouring the concrete footings for the Hotel.

**ATTACHMENT B**  
**(TO EXTENSION ADDENDUM)**  
**FORM OF FRANCHISE AGREEMENT**

**EXHIBIT "I"**  
**TO DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

**State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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



**EXHIBIT "J"**  
**TO DISCLOSURE DOCUMENT**

**RECEIPTS**

*[See Attached]*

## RECEIPT

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

If LivAway Suites, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 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.

If LivAway Suites, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

Name	Address	Phone Number
Michael J. Nielson	3300 N. Triumph Blvd., Suite 100, Lehi, Utah 84043	(801) 380-6979
Daniel R. Barrett	3300 N. Triumph Blvd., Suite 100, Lehi, Utah 84043	(206) 909-2270
Kevin F. Dailey	3300 N. Triumph Blvd., Suite 100, Lehi, Utah 84043	(732) 718-7534
[Other]		
[Other]		

Issuance Date: July 7, 2023

LivAway Suites, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

- EXHIBIT "A" List of State Administrators and Agents for Service of Process
- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "E" Table of Contents of the confidential Brand Standards Manual
- EXHIBIT "F" List of Franchisees
- EXHIBIT "G" Financial Statements of LivAway Suites, LLC
- EXHIBIT "H" Other Agreements
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 ACH Authorization Form
- EXHIBIT "H"-3 General Release
- EXHIBIT "H"-4 Guaranty
- EXHIBIT "H"-5 Extension Addendum
- EXHIBIT "I" State Effective Dates
- EXHIBIT "J" Receipts

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to LivAway Suites, LLC)

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language.

Read this Disclosure Document and all agreements carefully. If LivAway Suites, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 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.

If LivAway Suites, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

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[Other]		
[Other]		

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Signature) Prospective Franchise Owner

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