

FRANCHISE DISCLOSURE DOCUMENT



SureStay, Inc.
an Arizona corporation
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The franchise offered is for the right to construct, or convert an existing hotel to, a hotel that utilizes the “SureStay Hotel by Best Western[®]”, “SureStay Plus Hotel by Best Western[®]”, or “SureStay Studio by Best WesternSM” name and proprietary system.

The total investment necessary to begin operation of a newly constructed 60-room SureStay Hotel by Best Western ranges from \$5,372,745 to \$8,297,365. This includes \$43,745 to \$56,765 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of a 60-room SureStay Hotel by Best Western that has been converted from an existing hotel ranges from \$196,375 to \$1,253,365. This includes \$43,745 to \$56,765 that must be paid to the franchisor or its affiliate.

The total investment necessary to begin operation of a newly constructed 80-room SureStay Plus Hotel by Best Western ranges from \$8,001,245 to \$11,196,865. This includes \$43,745 to \$56,765 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of a 80-room SureStay Plus Hotel by Best Western that has been converted from an existing hotel ranges from \$266,375 to \$1,467,865. This includes \$43,745 to \$56,765 that must be paid to the franchisor or its affiliate.

The total investment necessary to begin operation of a newly constructed 100-room SureStay Studio by Best Western ranges from \$9,253,245 to \$13,698,865. This includes \$43,745 to \$56,765 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of a 100-room SureStay Studio by Best Western that has been converted from an existing hotel ranges from \$266,375 to \$1,469,865. This includes \$43,745 to \$56,765 that must be paid to the franchisor or its affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least fourteen (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 governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jay Pricher, Secretary of SureStay, Inc. at 6201 N. 24th Parkway, Phoenix, AZ 85016, and (602) 957-4200.

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 an accountant.

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

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

Issuance date of this Franchise Disclosure Document: March 11, 2024.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by litigation only in Arizona. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Arizona 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.

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is SureStay, Inc. (“we”, “us”, or “our”). “You” means the individual or entity that signs the Franchise Agreement – the “Franchisee”. If you are a business entity, “you” means both the business entity and its owners. The “Brand” refers to the name “SureStay Hotel by Best Western[®]”, “SureStay Plus Hotel by Best Western[®]” or “SureStay Studio by Best WesternSM”, as applicable. “System Hotels” refers to hotels operating under the System (as defined below) using the Brand names. “Hotel” refers to the System Hotel you will operate under a Franchise Agreement. If we have an agent in your state for service of process, we disclose that agent in Exhibit B.

We are an Arizona corporation formed in August, 2016 with a principal business address located at 6201 N. 24th Parkway, Phoenix, AZ 85016. We operate under our entity name, the names “SureStay Hotel by Best Western”, “SureStay Plus Hotel by Best Western”, “SureStay Studio by Best Western”, “SureStay Collection by Best Western[®]”, and no other name. We have offered hotel franchises using the marks “SureStay Hotel by Best Western[®]” and “SureStay Plus Hotel by Best Western[®]” since 2016, and have offered hotel franchises using the mark “SureStay Studio by Best WesternSM” since April, 2020. We offered hotel franchises using the mark “SureStay Collection by Best Western[®]” under this Disclosure Document from 2016 until March, 2024, since which date we have been offering hotel licenses using the mark “SureStay Collection by Best Western” under a separate disclosure document. We have never operated a System Hotel, a SureStay Collection by Best Western hotel, or any other type of business. Except for as described above, we have not offered franchises in any other line of business. We have no predecessors.

The Franchisor’s Parents and Affiliates

Our parent, Best Western International, Inc. (“Best Western International”) is an Arizona nonprofit corporation formed on December 13, 1957, with a principal business address located at 6201 N. 24th Parkway, Phoenix, AZ 85016. Best Western International operates: (i) as a membership association and licensor under the “Best Western[®]”, “Best Western Plus[®]”, “Best Western Premier[®]”, “Executive Residency by Best Western[®]”, “Vīb[®]”, “GLō[®]”, “Aiden[®]”, and “Sadie[®]” names (the “Membership Brands”); and (ii) as licensor under the “BW Premier Collection[®]” and “BW Signature Collection[®]” names (the “Premier Marks” and the “Signature Marks,” which are referred to collectively as the “Collection Marks”), and no other name.

Best Western International has never operated a System Hotel, a hotel under a Membership Brand (although it does own one hotel under a Membership Brand and has a majority ownership interest in another hotel under a Membership Brand, each of which is operated by a third-party management company), a hotel under a Collection Mark or any other type of business. Best Western International began offering licenses for the right to operate hotels using the Collection Marks under a separate disclosure document in April, 2020, although hotel owners have operated hotels using the Premier Marks in the United States and other countries since 2015, and hotel owners have operated hotels using the Signature Marks in the United States and other countries since 2017. As of November 30, 2023, there were 255 hotels using the Collection Marks operating in the United States and abroad.

Best Western International has also offered membership interests in its nonprofit corporation (“Memberships”) and licenses for the right to operate hotels using the Membership Brands under a separate disclosure document since March, 2019. Best Western International’s members (“Members”) have operated member hotels using the Membership Brands in the United States (to include its territories and possessions) since on or about 1946, and in Canada since 1964. Best Western International has licensed the Membership Brands to hotels outside North America since 1976. These non-North American hotels are not member hotels. As of November 30, 2023, there were 3,105 hotels using the Membership Brands operating in the United States and abroad.

Item 3 identifies certain state actions alleging that the Memberships were in fact franchises. Best Western International neither admits nor denies these allegations.

Best Western International is the owner of the Marks (defined below) and, on August 29, 2016, we and Best Western International entered into a master license agreement allowing us to use, and grant franchisees the right to use, the Marks and System (defined below) worldwide.

We have no other parents required to be disclosed in this Item.

Our affiliate, SureStay International, Inc., has offered hotel licenses using the marks “SureStay[®]”, “SureStay Plus[®]”, and “SureStay Collection[®]” since 2016, and has offered hotel licenses using the mark “SureStay StudioSM” since April, 2020. SureStay International, Inc. offers license agreements internationally except for in the countries in which our other affiliates (see below) and unaffiliated sublicensees of Best Western International offer licenses. SureStay International, Inc. has never offered franchises in any other line of business and has never operated a System Hotel or any other type of business. SureStay International, Inc.’s principal business address is 6201 N. 24th Parkway, Phoenix, AZ 85016.

Our affiliate, B-W International Licensing Mexico, S.A. de C.V., has offered hotel licenses in the United Mexican States, Belize, Costa Rica, Guatemala, Nicaragua and El Salvador using the marks “Best Western[®]”, “Best Western Plus[®]”, “Best Western Premier[®]”, “Executive Residency by Best Western[®]”, “GLō[®]”, “Vīb[®]”, “Aiden[®]”, “Sadie[®]”, “BW Premier Collection[®]”, “BW Signature Collection[®]”, “SureStay[®]”, “SureStay Plus[®]” and “SureStay Collection[®]” since 2018. B-W International Licensing Mexico, S.A. de C.V. has a principal business address located at Av. Xola No. 535 Int. 401, Col. Del Valle, Deleg. Benito Juárez, CDMX, México 03100. B-W International Licensing Mexico, S.A. de C.V. does not provide products or services to our franchisees.

Our affiliate, B-W International Licensing Australia Pty Limited, has offered hotel licenses in Australia, New Zealand and Fiji, using the marks “Best Western[®]”, “Best Western Plus[®]”, “Best Western Premier[®]”, “Executive Residency by Best WesternSM”, “GLō[®]”, “Aiden[®]”, “Sadie[®]”, “BW Premier Collection[®]”, “BW Signature Collection[®]”, “SureStay[®]”, “SureStay Plus[®]” and “SureStay Collection[®]” since 2018. B-W International Licensing Australia Pty Limited has a principal business address located at Level 11, 213 Miller Street, North Sydney, NSW 2060 Australia. B-W International Licensing Australia Pty Limited does not provide products or services to our franchisees.

Our affiliate, World Hotels GmbH (“WH”) licenses independent upscale, upper-upscale and luxury hotels across the world under the WorldHotelsTM Collection brand. Although WH does not currently offer franchises for the WorldHotels Collection brand, WorldHotels Collection hotel owners have been operating in the United States and a number of other countries since 2004. Currently, there

are 18 WorldHotels operating in the United States (to include its territories and possessions) and 129 WorldHotels operating outside of the United States. WH's principal business address is Unterschweinstiege 2-14, 60549 Frankfurt am Main, Germany. WH does not provide products or services to our franchisees.

On or about July 31, 2019, our parent, Best Western International, acquired all of the outstanding shares of AutoClerk Inc. ("AutoClerk"). AutoClerk is now the sole approved supplier of the SureStay system's property management system ("PMS"). AutoClerk has a principal business address of 1981 N. Broadway, Suite 430, Walnut Creek, California 94596.

We have no other affiliates who offer franchises in any line of business and no affiliates who currently provide products or services to our franchisees.

The Franchise Offered

This Disclosure Document offers a franchise for the construction of, or conversion of an existing hotel to, a System Hotel. If you are granted a franchise for a System Hotel, we will license you a hotel system ("System") consisting of the elements, including know-how, that we periodically designate to identify System Hotels. The System is designed to provide distinctive, high-quality lodging service at System Hotels. The System currently includes the Brand and all other service marks, copyrights, trademarks, trade dress, logos, insignia, emblems, symbols and designs, slogans, distinguishing characteristics and trade names (the "Marks"); all standards, specifications, requirements, criteria, and policies for use by franchisees in developing and operating System Hotels (the "Standards"); access to a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials; and programs for inspecting your System Hotel and consulting with you. We may add elements to the System or modify, alter or delete elements of the System.

System Hotels operating under the "SureStay Hotel by Best Western" Brand appeal to leisure and business travelers and compete in the upper economy hotel segment with average daily rates in the range of \$45 to \$70. SureStay Hotel by Best Western System Hotels provide a welcoming environment, clean and comfortable rooms, free continental breakfast, free high-speed Internet access and great service for a great value. A typical System Hotel operating under the "SureStay Hotel by Best Western" Brand will have 60 rooms.

System Hotels operating under the "SureStay Plus Hotel by Best Western" Brand appeal to leisure and business travelers looking for upgraded or "Plus" standards and amenities. SureStay Plus Hotel by Best Western System Hotels compete in the lower midscale and upper economy segment with an average daily rate in the range of \$65 to \$100. SureStay Plus Hotel by Best Western System Hotels and their rooms are stylish and well-appointed and provide upgraded amenities that include a free hot breakfast, free high-speed internet access and exceptional service. A typical System Hotel operating under the "SureStay Plus Hotel by Best Western" Brand will have 80 rooms.

System Hotels operating under the "SureStay Studio by Best Western" Brand appeal to leisure and business travelers looking for the perfect combination of hotel and home, with studios thoughtfully designed to provide dedicated spaces for sleeping, dining, work and relaxation. "SureStay Studio by Best Western" System Hotels compete in the lower midscale and upper economy segment with an

average daily rate in the range of \$65 to \$100. A typical System Hotel operating under the “SureStay Studio by Best Western” Brand will have 100 rooms.

The Market and Competition

The market for your services will depend on your Hotel’s Brand, location and size, among other things. The customer of a SureStay Hotel by Best Western System Hotel is a leisure or business traveler looking for an upper economy hotel stay. The customer of a SureStay Plus Hotel by Best Western System Hotel is a leisure or business traveler looking for upgraded standards and amenities in a lower mid-scale or economy hotel. The customer of a SureStay Studio by Best Western System Hotel is a leisure or business traveler looking for quality extended stay lodging at a value driven price point. Our franchisees seek customers and business referrals from the local community and typically solicit business from associations, corporations and tour and travel groups on a regional and national level.

In general, you will compete with national and international hotel and motel chains and independently operated local hotels and restaurants offering similar types of hotel rooms and food and beverage services to the same clientele. Your convention and meeting facilities, if any, will also compete with national, international and independent hotels and convention centers in other regions. We, our parents and our affiliates engage in a wide range of business activities in lodging and related services, both directly and through the activities of our and their parents and affiliates. Some of these activities may be competitive with your Hotel and the System.

Applicable Laws

You must comply with innkeeper liability laws, laws and regulations regarding food handling and preparation, truth in menu and labeling laws, alcoholic beverage control laws and dram shop acts, license, certificate and permit requirements for hotel and restaurant operation and occupancy, laws regulating the posting of hotel room rates, hotel room occupancy tax laws, and laws applicable to public accommodations and services such as the Americans with Disabilities Act. In addition, the laws, rules and regulations which apply to businesses in general will affect you. Consult your lawyer about them. Discuss with your architect the Americans with Disabilities Act (“ADA”) and its architectural guidelines, and state and local accessible facilities requirements.

Item 2

BUSINESS EXPERIENCE

Director: Phillip Payne

Mr. Payne has served as our Director in Phoenix, Arizona since December, 2019. Mr. Payne has also served as Best Western International’s Chairman since December, 2023 and its District I Director since December, 2019, in both cases in Phoenix, Arizona. He previously served as Best Western International’s Vice Chairman from December, 2022 to December, 2023 and Best Western International’s Secretary-Treasurer from December, 2021 to December, 2022, in both cases in Phoenix, Arizona. Mr. Payne has been an owner of the Best Western Plus Rio Grande Inn in Albuquerque, New Mexico since 1995.

Director: Stephen Wahrlich

Mr. Wahrlich has served as our Director in Phoenix, Arizona since December, 2020. Mr. Wahrlich has also served as Best Western International's Vice Chairman since December, 2023 and as its District II Director since December, 2020, in both cases in Phoenix, Arizona. He served as Best Western International's Secretary-Treasurer from December, 2022 to December, 2023 in Phoenix, Arizona. Mr. Wahrlich has been the owner of the Best Western Plus Clocktower Inn hotel in Billings, Montana since 2005, and the Best Western Plus Hilltop hotel in Redding, California since 1977.

Director: Viral Patel

Mr. Patel has served as our Director in Phoenix, Arizona since December, 2021. Mr. Patel has also served as Best Western International's Secretary-Treasurer since December, 2023 and Best Western International's District III Director since December, 2021, in both cases in Phoenix, Arizona. Mr. Patel has been an owner of the Best Western Corbin Inn in Corbin, Kentucky since 2000.

Director: Mahmood Merchant

Mr. Merchant has served as our Director in Phoenix, Arizona since December, 2021. Mr. Merchant has also served as Best Western International's District VI Director since December, 2021, in Phoenix, Arizona. Mr. Merchant has been the owner of the Best Western Big Country Inn in Coalinga, California since 2000, the Best Western Apricot Inn in Firebaugh, California since 2003, the Best Western Colonial Inn in Selma, California since 2017, and the Best Western Plus Inn in Coalinga, California since 2018. He has also been the President and Chief Executive Officer of Merchant Valley Corporation in Roseville, California since March, 1997.

Director: Rajesh Patel

Mr. Patel has served as our Director in Phoenix, Arizona since December, 2022. Mr. Patel has also served as Best Western International's District IV Director since December, 2022, in Phoenix, Arizona. Mr. Patel has been an owner of the Best Western Plus Fairburn in Fairburn, Georgia since June, 2015. Mr. Patel was an owner of the Best Western Plus Atlanta Airport in Hapeville, Georgia from June 1994 to December 2021.

Director: Santosh Khanjee

Mr. Khanjee has served as our Director in Phoenix, Arizona since December, 2022. Mr. Khanjee has also served as Best Western International's District V Director since December, 2022, in Phoenix, Arizona. Mr. Khanjee has been an owner of the Aiden by BW @Austin City Hotel in Austin, Texas since June 1993, the Best Western Airpark Hotel-Los Angeles LAX Airport in Inglewood, California since March 1987, the Best Western Airport Plaza Inn – Los Angeles LAX Hotel in Los Angeles, California since October 1986, and the Best Western Courtesy Inn – Anaheim Park Hotel in Anaheim, California since April 1988.

Director: John Daniel Lafayette III

Mr. Lafayette has served as our Director in Phoenix, Arizona since December, 2018. Mr. Lafayette has also served as Best Western International's District VII Director since December, 2018, in Phoenix, Arizona. He served as Best Western International's Chairman from December, 2022 to December, 2023,

Best Western International's Vice-Chairman from December, 2021 to December, 2022, and Best Western International's Secretary-Treasurer from December, 2020 to December, 2021, in each case in Phoenix, Arizona. Mr. Lafayette has been an owner of the Best Western White House Inn in Bangor, Maine since 1994, and the Best Western Merry Manor Inn in South Portland, Maine, since 1994.

President: Lawrence M. Cuculic

Mr. Cuculic has served as our President in Phoenix, Arizona since December, 2021. Mr. Cuculic has also served as Best Western International's President and Chief Executive Officer in Phoenix, Arizona since December, 2021. Mr. Cuculic served as our Secretary in Phoenix, Arizona from our formation in August, 2016 to December, 2021, and as Best Western International's Senior Vice President, General Counsel and Corporate Secretary in Phoenix, Arizona from 2009 to December, 2021.

Treasurer: Mark Straszynski

Mr. Straszynski has served as our Treasurer in Phoenix, Arizona since our formation in August, 2016. Mr. Straszynski has also served as Best Western International's Senior Vice President and Chief Financial Officer in Phoenix, Arizona since 2008.

Managing Director, North American Development: Thomas Giuliano

Mr. Giuliano has served as Best Western International's Managing/Regional Director, North American Development since 2016, in Phoenix, Arizona. He currently serves in a similar role for us.

Best Western International's Senior Vice President and Chief Development Officer: Brad LeBlanc

Mr. LeBlanc has served as Best Western International's Senior Vice President and Chief Development Officer in Phoenix, Arizona since April 2019. From June, 2013 to April, 2019, Mr. LeBlanc served as Senior Vice President of Development & Franchising at Serendipity Labs, Inc. in Rye, New York.

Secretary: Jay Pricher

Mr. Pricher has served as our Secretary in Phoenix, Arizona since December, 2021. Mr. Pricher has also served as Best Western International's Senior Vice President, General Counsel and Corporate Secretary in Phoenix, Arizona since December, 2021. Mr. Pricher served as our Vice President of Legal in Phoenix, Arizona from 2009 to December, 2021.

**Item 3
LITIGATION**

A. PENDING ACTIONS INVOLVING US

None.

B. CONCLUDED ACTIONS INVOLVING US

Royal Hospitality Group, Inc. v. SureStay, Inc., Arizona State Court (Maricopa County) Case No. CV 2019-009981 (Filed June 14, 2019).

On January 18, 2018, Royal Hospitality Group, Inc. (“Royal”) executed a Franchise Agreement for a proposed franchised SureStay Plus in Macon, Georgia. The hotel was not scheduled to activate as a SureStay Plus until January 18, 2018. In August 2017, several months prior to the scheduled activation, we terminated the Franchise Agreement. On June 14, 2019, Royal sued us for wrongful termination, bringing claims for breach of contract, promissory estoppel, and negligent misrepresentation. The complaint alleged damages for renovating the hotel, affiliating with a different franchisor, loss of revenue during construction, and lost profits. In October 2021, the case was tried in Maricopa County Superior Court, with Royal seeking over \$2 million in damages. In May 2022, the judge ruled that Royal was entitled to damages in the amount of \$141,053.33. Thereafter, the parties agreed to settle the case, with the parties agreeing that we would pay Royal \$125,000.

Ma-Krupa v. SureStay, Inc., Arizona State Court (Maricopa County) Case No. CV 2020-016356 (Filed December 11, 2020).

On December 12, 2017, Ma-Krupa executed a Franchise Agreement for a SureStay location in Kansas City. It activated as a SureStay Plus shortly thereafter. The Franchise Agreement included language regarding a right of first refusal for Ma-Krupa to apply as a Best Western member hotel. On December 11, 2020, Ma-Krupa sued SureStay, Inc. alleging that SureStay violated the right of first refusal in the parties’ Franchise Agreement by activating a Best Western member hotel nearby without first giving Ma-Krupa an opportunity to apply to become a Best Western member. On November 22, 2021, the parties settled the case with mutual releases per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that SureStay would pay Ma-Krupa \$165,000, plus forgive Ma-Krupa’s past due account balance of approximately \$38,500.

C. PENDING ACTIONS INVOLVING BEST WESTERN INTERNATIONAL

None.

D. CONCLUDED ACTIONS INVOLVING BEST WESTERN INTERNATIONAL

Best Western International, Inc. v. 1025 Beach LLC, Joga Sing Hayre, et al., Arizona District Court Case No. 2:22-cv-01696-CDB (Filed October 5, 2022; Counterclaim filed December 28, 2022).

The Membership for the Best Western Far Rockaway (“Former Member”) was terminated for failure to pay its large, outstanding account; failure to pay its annual dues; and failure to satisfy the terms of a payment plan. On October 5, 2022, Best Western International filed a complaint against the owner of the Former Member, 1025 Beach LLC, and its voting member, for their failure to pay the outstanding account and fees and dues owed following the termination. The Former Member filed a counterclaim against Best Western International for breach of the implied covenant of good faith and fair dealing. The Former Member is seeking lost revenue proximately caused by Best Western International in an amount to be proven at trial. Best Western International denied any wrongdoing and disputed the allegations in the counterclaim. On April 19, 2023, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Member would pay Best Western International \$160,000 in installment payments over 18 months.

Best Western International, Inc. v. Brookfield Ventures, LLC, et al., Arizona District Court Case No. 2:22-cv-00037-JAT (Filed January 10, 2022; Counterclaim filed August 1, 2022).

The Member for the Best Western Premier Milwaukee-Brookfield Hotel & Suites (“Former Member”) terminated its Membership with Best Western International by self-termination, effective December 2020. At the time of the self-termination, the Former Member had a large, outstanding balance owed to Best Western International. On January 10, 2022, Best Western International filed a complaint against the owner of the Former Member, Brookfield Ventures, LLC, and its voting member, for their failure to pay the outstanding account and fees and dues owed following the self-termination. The Former Member filed a counterclaim against Best Western International for breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, and negligent misrepresentation. The Former Member sought approximately \$15.4 million in lost profits, reliance damages for renovations, punitive damages, attorneys’ fees and extracontractual damages. Best Western International denied any wrongdoing and disputed the allegations and damages sought in the counterclaim. On December 1, 2023, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Member would pay Best Western International \$25,000.

Best Western International, Inc. v. 1Nonly Phi Mar, LLC, Philip Levine, et al., Arizona District Court Case No. 2:22-cv-00440-MTL (Filed March 21, 2022; Counterclaim filed July 8, 2022).

The Member for the Best Western Plus Dallas Hotel & Conference Center (“Former Member”) terminated its Membership with Best Western International by self-termination, effective September 21, 2021. At the time of the self-termination, the Former Member had a large, outstanding balance owed to Best Western International. On March 21, 2022, Best Western International filed a complaint against the owner of the Former Member, 1Nonly Phi Mar, LLC, and its voting member, for their failure to pay the outstanding account and fees and dues owed following the self-termination. The Former Member filed a counterclaim against Best Western International for breach of contract and breach of the implied covenant of good faith and fair dealing. Best Western International denied any wrongdoing and disputed the allegations in the counterclaim. On January 12, 2023, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Member would pay Best Western International \$223,000 in installment payments over 13 months.

Best Western International, Inc. v. 764 4th Avenue Associates, LLC, Arizona District Court Case No. 2:20-cv-01760 (Filed September 8, 2020; Counterclaim filed January 29, 2021).

Defendant 764 4th Avenue Associates, LLC (“4th Avenue”) owns a hotel in Brooklyn, New York known as the Brooklyn Way (the “Hotel”), which was a BW Signature Collection® hotel. Best Western International discovered that the Hotel was operating primarily as a transitional housing/homeless shelter rather than an upper mid-scale hotel, was underreporting its occupancy, and underpaying its monthly fees pursuant to the parties’ Distribution Agreement. Best Western International was forced to sue 4th Avenue for the outstanding fees owed. 4th Avenue filed a counterclaim on January 8, 2021 asserting claims against Best Western International for breach of contract, breach of the duty of good faith and fair dealing, unjust enrichment, and negligent misrepresentation. Best Western International disputed the allegations and damages in the counterclaim. On April 30, 2021, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Hotel would pay Best Western International \$250,000 in installment payments over 24 months.

Best Western International, Inc. v. Twin City Lodging, LLC, et al., Arizona District Court Case No. 18-cv-03374-SPL (Filed October 19, 2018).

The former Best Western Hotel & Restaurant in Mankato, Minnesota was terminated in June 2018 for failing to satisfy high speed internet and customer care ratio requirements and for having a large outstanding, unpaid account. On October 19, 2018, Best Western International filed a complaint against a former Member, Twin City Lodging, LLC (“Former Hotel”), and its voting members for the Former Hotel’s failure to pay its outstanding account and fees and dues owed following termination. The Former Hotel filed a counterclaim against Best Western International alleging wrongful termination. The counterclaim asserted causes of action for violations of the Minnesota Franchise Act, breach of the implied covenant of good faith and fair dealing, and breach of contract. Best Western International denied any wrongdoing and moved to dismiss the claims. On April 25, 2020, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay Best Western International \$66,250.

Best Western International, Inc. v. Oakland Park, Inc., et al., Arizona State Court (Maricopa County) Case No. CV 2015-000279 (Filed December 12, 2016, Appellate Ruling December 6, 2018).

The former Best Western Oakland Park Inn in Fort Lauderdale, Florida was terminated in 2014 for refusing to pay its outstanding, unpaid account and breaching its payment plan obligations. In January 2015, Best Western International sued the former Member, Oakland Park, Inc. (the “Former Hotel”) and its voting member for failure to pay its outstanding account, fees and dues owed following termination, and for trademark infringement. The Former Hotel filed a counterclaim against Best Western International in December 2016 alleging wrongful termination, asserting causes of action for breach of contract, breach of the duty of good faith and fair dealing, and breach of the fiduciary duty, among others. Best Western International denied any wrongdoing. After a series of motions, the court ruled that the Former Hotel could not assert any wrongful termination claims. Following several hearings that the Former Hotel and its counsel failed to attend, the court granted Best Western International default judgment and dismissed all of the Former Hotel’s remaining claims. The default judgment was reversed on appeal on December 6, 2018, but the court of appeals found the termination was justified and that there is no counterclaim for breach of fiduciary duty. The case was remanded to the trial court for resolution of any remaining claims, but in the interim the Former Hotel filed for bankruptcy so the action was subject to the bankruptcy court’s automatic stay. On July 6, 2020, the parties, with the consent of the bankruptcy trustee and bankruptcy court, settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay Best Western International \$225,000.

Bright LLC v. Best Western International, Inc., Arizona District Court Case No. 17-cv-00463-PHX-ROS (Filed July 8, 2016).

Bright LLC, a former conditionally-approved applicant for a Membership (“Former Applicant”), sued Best Western International for terminating its conditional approval after having already received 18 months of extensions. Former Applicant sought \$1.5 million in damages and asserted causes of action for breach of contract, breach of the implied covenant of good faith and fair dealing, promissory estoppel, unjust enrichment, and declaratory judgment. Best Western International denied any wrongdoing. Best Western International counterclaimed for damages in the amount of \$110,000 pursuant to the agreed contractual damages provision in the parties’ agreements. On March 1, 2019, the court granted summary judgment in Best Western International’s favor and dismissed all of the Former Applicant’s claims. On April 19, 2019, the parties settled the case with mutual releases of all claims per a confidential settlement

agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Applicant would pay Best Western International \$114,000.

State Bank of Texas, SBT I-10 Service Rd., Ft. Worth Hotel South, LLC v. Best Western International, Inc., Arizona State Court (Maricopa County) Case No. CV 2015-008670 (Filed November 20, 2015).

The former Best Western Plus Fort Worth South Hotel (the “Former Hotel”) was terminated in May 2015 for failing to satisfy design requirements and for failing to meet quality assurance standards established in applicable operations manuals after having been granted multiple extensions. The Former Hotel sued Best Western International, seeking over \$3.5 million in damages for costs spent on renovations, alleging improper termination and asserting claims for fraud, constructive fraud, breach of contract, equitable estoppel, breach of implied covenant of good faith and fair dealing, negligent misrepresentation, unjust enrichment/disgorgement, declaratory relief of unconscionability, declaratory relief of non-infringement, and recoupment. Best Western International counterclaimed for its contractual damages. Best Western International denied any wrongdoing. Best Western International moved for summary judgment and all of the Former Hotel’s claims were dismissed. The court ruled, however, that the Former Hotel could assert an affirmative defense for recoupment in response to Best Western International’s counterclaim. On September 25, 2018, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay Best Western International \$25,000.

Best Western International, Inc. v. SDV Hospitality and Resources Corporation and Deepak Kant Vyas, Arizona District Court Case No. 2:15-cv-02159 (Filed October 27, 2015).

The former Best Western Plus Timber Creek Inn & Suites in Sandwich, Illinois (the “Former Hotel”) was terminated for failing quality assessments established in applicable operations manuals and refusing to allow re-inspection. The contract provided that upon termination, the Former Hotel was required to pay fees and dues for the remainder of the contract term, to timely de-brand, and to pay damages for improper use of our trademarks. Following termination, demands were made to the Former Hotel for an outstanding account balance and for liquidated damages relating to ongoing trademark infringement. Best Western International sued the Former Hotel to recover the fees. The Former Hotel filed a counterclaim asserting violations of the computer fraud and abuse act, the wire-tap act, the stored communication act, interference with business expectancy, negligent misrepresentation, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. Best Western International denied any wrongdoing. Best Western International successfully moved to dismiss the counterclaims for breach of the covenant of good faith and fair dealing and breach of fiduciary duty. On July 26, 2017, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed to pay their own attorneys’ fees and costs incurred in the action and to refrain from and correct any marketing, social media, or misrepresentations regarding the Former Hotel or its status as a Best Western branded hotel.

Best Western International, Inc. v. Upstate Host, LLC and Tarrunum Murad, Arizona District Court Case No. 2:16-cv-00885 (PGR) (Filed March 31, 2016).

The former Best Western Plus Carrier Circle in Syracuse, New York (the “Former Hotel”) was terminated for failing quality assessments established in applicable operations manuals. The contract provided that upon termination, the Former Hotel was required to pay fees and dues for the remainder of the contract term, to timely de-brand, and to pay damages for improper use of Best Western International’s trademarks. Following termination, demands were made to the Former Hotel for an outstanding account

balance and for liquidated damages relating to trademark infringement. Best Western International was forced to sue the Former Hotel. The Former Hotel filed a counterclaim against Best Western International and a third party complaint against various of Best Western International's employees alleging wrongful termination and asserting claims for violation of the New York Franchise Act, violation of the Arizona Consumer Fraud Act, fraudulent concealment, intentional/negligent misrepresentation, breach of contract, breach of the covenant of good faith and fair dealing, and unjust enrichment. Best Western International denied any wrongdoing. On July 13, 2016, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay Best Western International \$78,000 in 24 equal monthly payments of \$3,250.

Best Western International, Inc. v. American Hospitality Solution, LLC and Deborah Speziale, Arizona District Court Case No. 2:16-cv-03405 (Filed October 6, 2016).

The former Best Western Crossroads (the "Former Hotel") was terminated for failing to meet quality assurance standards established in applicable operations manuals. The contract provided that upon termination, the Former Hotel was required to pay any outstanding account balances, fees and dues for the remainder of the contract term, to timely de-brand, and to pay damages for improper use of Best Western International's trademarks. Following termination, demands were made to the Former Hotel for an outstanding account balance and fees and dues for the remainder of the contract term. Best Western International sued the Former Hotel to recover the fees. The Former Hotel asserted counterclaims for fraud, violation of the Illinois Franchise Act, Violation of the Indiana Franchise Act, breach of contract, and declaratory relief that the liquidated damages provision in the parties' agreement is invalid. Best Western International denied any wrongdoing and moved to dismiss all of the counterclaims. On April 24, 2017, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay Best Western International \$35,000.

Quist v. Best Western International, Inc., Supreme Court of North Dakota, Civ. Case No. 10571 (Filed July 18, 1984).

On March 3, 1983, the North Dakota Securities Commissioner held that (i) the agreements between Best Western International and its Members were "franchises" as defined in the North Dakota Franchise Investment Law ("FIL"); (ii) Best Western International had offered or sold franchises in North Dakota in violation of the registration provisions of the FIL; (iii) Best Western International did not qualify for the statutory exemptions from registration; (iv) Best Western International had not been exempted by rule from registration; and, (v) the North Dakota Securities Commissioner had not applied the FIL in a discriminatory manner, and ordered Best Western International to refrain and desist from offering Memberships in its organization until the offers are registered with the North Dakota Securities Commissioner per the provisions of the FIL. The District Court, Burleigh County, South Central Judicial District, affirmed the North Dakota Securities Commissioner's order, and Best Western International appealed. On July 19, 1984, the Supreme Court affirmed the District Court's decision, holding that: (i) the FIL contained no exception for cooperative marketing agreements; (ii) Best Western International had waived constitutional challenges to the FIL itself; and, (iii) the record did not establish any discriminatory enforcement policy of the North Dakota Securities Commissioner or prove any discrimination against Best Western International.

Commissioner of Corporations v. Best Western International, Inc., Superior Court of the State of California for the County of Los Angeles, Case No. 0693928 (Filed July 29, 1988).

In response to a complaint filed by the California Commissioner of Corporations (“Commissioner”) asserting that Best Western International violated the registration and disclosure provisions of the California Franchise Investment Law (the “California Franchise Law”), and without admitting or denying any allegation of the complaint or liabilities arising therefrom, Best Western International consented to the entry of a Final Judgment of Permanent Injunction which ordered that: Best Western International (i) be permanently enjoined from offering to selling or otherwise in any way dealing or participating in the offer or sale of any franchise which is not exempt from the registration requirements under the California Franchise Law unless and until Best Western International is first registered under the California Franchise Law to offer and sell franchises; (ii) be permanently enjoined from selling any franchise without first submitting to the prospective Member at least 10 business days prior to the receipt of any consideration or the execution of any binding franchise or other agreement, whichever occurs first, the prospectus and all agreements; (iii) file a notice of exemption or register its franchise offer per the California Franchise Law and prepare the applicable disclosure document(s) or file a letter that it has not filed a notice of exemption or obtained franchise registration because it has ceased all franchise offers and will not recommence until it has filed a notice of exemption or registered its franchise offer; and, (iv) pay the Commissioner its costs of \$3,080 (the “1988 Final Judgment of Permanent Injunction”).

In the Matter of Best Western International, Inc. Securities Division of the Office of the Attorney General of Maryland, Case No. 2018-0237 (Effective August 24, 2018).

The Securities Division of the Office of the Attorney General of Maryland (“Securities Division”) asserted that Best Western International violated the registration and disclosure provisions of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”) by entering into Membership Agreements. Without admitting or denying any violation of law, Best Western International voluntarily entered into a Consent Order with the Maryland Securities Commissioner (the “Securities Commissioner”) dated August 24, 2018. In the Consent Order, Best Western International agreed to: (i) immediately and permanently cease and desist from the offer and sale of Best Western Membership Agreements in Maryland unless and until it complies with the Maryland Franchise Law; (ii) reimburse the Office of the Attorney General \$16,500 in unpaid franchise filing fees; (iii) within 15 days of its receipt of the fully executed Consent Order, send to seven current Best Western Maryland Members a copy of the signed Consent Order and a rescission letter offering, for a period of 30 days, to immediately rescind the Member’s Membership Agreement and refund the Best Western entrance fee that Member paid; (iv) within 30 days of its receipt of the fully executed Consent Order, send to three Best Western Maryland Members who canceled their Membership Agreements an unconditional refund of the Best Western entrance fee that Member paid; (v) pay the Office of the Attorney General a civil monetary penalty in the amount of \$297,000 for the alleged violations described in the Consent Order, which amount would be reduced to as low as \$25,000 to account for rescission payments Best Western International offered to make to existing and former Best Western Maryland Members; and, (vi) complete payments to those Best Western Maryland Members who accepted Best Western International’s rescission offer within 30 days of Best Western International’s receipt of that written acceptance.

In the Matter of Best Western International, Inc. Securities Division of Department of Financial Institutions of Washington, Order No. S-18-2510-19-CO01 (Effective February 7, 2019).

The Securities Division of Department of Financial Institutions of Washington (“Washington Securities Division”) asserted that Best Western International violated the registration and disclosure provisions of the Washington Franchise Registration and Disclosure Law (the “Washington Franchise

Law”) by entering into Membership Agreements. Without admitting or denying any violation of law, Best Western International voluntarily entered into a Consent Order with Washington Chief of Enforcement, dated February 7, 2019. In the Consent Order, Best Western International agreed to: (i) cease and desist from the offer and sale of Best Western Membership Agreements in Washington unless and until it complies with the Washington Franchise Law; (ii) pay the Washington Securities Division \$3,000 for unpaid franchise filing fees for the period 2012 to 2015; (iii) pay investigative costs of \$5,600; and (iv) provide a copy of the Consent Order to all Members who were Washington residents or operated a hotel located in Washington after January 1, 2015 within 60 days of the entry of the Consent Order.

In the Matter of Best Western International, Inc., Department of Business Oversight of the State of California, FIL ORG ID.: 102063 (Effective April 9, 2019).

The Commissioner of California’s Department of Business Oversight (the “Commissioner”) claimed that Best Western International violated the 1988 Final Judgment of Permanent Injunction described above by selling franchises in California between 1988 and 2018 without being registered or filing for an exemption under the California Franchise Investment Law (Corporations Code section 31000, et. Seq.) (“California Franchise Law”). Without admitting or denying any violation of law, Best Western International voluntarily entered into a Consent Order with the Commissioner effective April 9, 2019. In the Consent Order, Best Western International agreed to: (i) cease and desist from the offer and sale of Best Western Membership Agreements in California unless and until it complies with the California Franchise Law; (ii) pay California’s Department of Business Oversight \$500,000 in administrative penalties; and (iii) pay California’s Department of Business Oversight \$10,000 in investigative costs.

In the Matter of Best Western International, Inc. Virginia Corporation Commission’s Division of Securities and Retail Franchising, Case No. SEC-2019-00060 (Effective February 24, 2020).

The State Corporation Commission’s Division of Securities and Retail Franchising (the “Commission”) asserted that Best Western International violated the registration and disclosure provisions of the Virginia Retail Franchising Act (the “Virginia Franchise Law”) by entering into Membership Agreements. Without admitting or denying any violation of law, Best Western International voluntarily entered into a Settlement Order with the Commission, which was filed on February 24, 2020. In the Settlement Order, Best Western International agreed to: (i) pay to the Treasurer of Virginia \$12,000 in monetary penalties; (ii) pay to the Treasurer of Virginia \$1,000 to defray the costs of investigation; and (iii) not violate Virginia Franchise Law in the future.

Other than these actions, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy proceedings are required to be disclosed in this Item.

Item 5

INITIAL FEES

Franchise Application Fee

All prospective franchisees must complete a Franchise Application (the current form of which is attached as Exhibit H) for a System Hotel. When you submit the Franchise Application to us for processing, you must pay a franchise application fee (“Franchise Application Fee”) of \$2,500. The Franchise Application Fee is applied uniformly to all prospective franchisees, is not credited toward any other payment you must make and is non-refundable.

In our fiscal year ended November 30, 2023, we accepted decreased Franchise Application Fees ranging from \$0 to \$2,000. The decreased Franchise Application Fees were agreed upon as the result of arms-length discussions, negotiations and each party’s objective of doing business on an ongoing basis.

Initial Fee

All franchisees must pay a non-refundable initial fee (“Initial Fee”) of \$35,000, plus an additional \$100 per guest room over 100 guest rooms, at the time of signing the Franchise Agreement for a System Hotel. Other than as described below, the Initial Fee is applied uniformly to all franchisees and is non-refundable. Because the typical SureStay System Hotel has 60 rooms, the typical SureStay Plus System Hotel has 80 rooms and the typical SureStay Studio System Hotel has 100 rooms, the typical Initial Fee will be \$35,000 for SureStay, SureStay Plus and SureStay Studio System Hotels.

In our fiscal year ended November 30, 2023, we accepted decreased Initial Fees ranging from \$14,000 to \$25,000. The decreased Initial Fees were agreed upon as the result of arms-length discussions, negotiations and each party’s objective of doing business on an ongoing basis.

Impact Study Fee

If upon receipt of your Franchise Application a Member requests an impact study, you will be required to pay us an impact study fee (the “Impact Study Fee”) of \$4,000 so that we can conduct an impact study. If we deny your Franchise Application for any reason, we will refund the Impact Study Fee to you.

Construction Work Extension Fee/Renovation Work Extension Fee

As described in Item 1, the franchise offered is for the construction of, or conversion of an existing hotel to, a System Hotel. You must complete the construction of your Hotel, or renovations to the existing hotel to bring it into conformity with System Hotels, and open your Hotel within an agreed-to time frame (e.g., 2 years after signing the Franchise Agreement for the construction of a new System Hotel and 90 days after signing the Franchise Agreement for the conversion of an existing hotel to a System Hotel). If you want to request an extension of the time in which you are required to complete construction or renovations and open, you must submit a written request before the required opening date describing the status of the project and the reason for the requested extension. If we approve the extension, you must pay an extension fee (“Construction Work Extension Fee” or

“Renovation Work Extension Fee”) of \$5,000, and we will set the new required opening date and project milestone dates. If you do not request an extension, you will not be required to pay any Construction Work Extension Fee or Renovation Work Extension Fee. The Construction Work Extension Fee and Renovation Work Extension Fee are applied uniformly to all franchisees and are non-refundable.

In our fiscal year ended November 30, 2023, we accepted decreased Construction Work Extension Fees and Renovation Work Extension Fees ranging from \$0 to \$4,000. The decreased Construction Work Extension Fees and Renovation Work Extension Fees were agreed upon as the result of arms-length discussions, negotiations and each party’s objective of doing business on an ongoing basis.

Pre-Activation Re-Inspection Fee

If your Hotel fails to complete the pre-activation checklist prior to opening, you must, so that we may conduct a follow up inspection, pay a fee (“Pre-Activation Re-Inspection Fee”) of \$2,000 and provide a free room night for our inspector. If your Hotel completes the pre-activation checklist, you will not be required to pay a Pre-Activation Re-Inspection Fee. The Pre-Activation Re-Inspection Fee is applied uniformly to all franchisees and is non-refundable.

Property Management System (“PMS”) Fees

Franchisees have the option of obtaining and using either the AutoClerk Cloud PMS or the AutoClerk PMS from our affiliate, AutoClerk. You will be required to pay AutoClerk an installation/implementation fee of \$995 for whichever PMS you choose to use. To support the PMS’s Best Western Two-Way Interface, you will also be required to pay us an installation fee of approximately \$1,500 upon installation of the PMS. These fees are applied uniformly to all franchisees and are non-refundable.

Hotel Managed Security Service (“HMSS”) One-Time Installation Fee

All franchisees must obtain a HMSS through an endorsed vendor for sending and receiving reservations. You will be required to pay us a one-time installation fee ranging from \$2,100 to \$3,500.

Distribution System Photographs and Virtual Tours Fee

In order to ensure System Hotels are professionally represented on SureStay’s systems (e.g., website), franchisees will be required to pay us a fee ranging from \$1,650 to \$2,270 (“Distribution System Photographs and Virtual Tours Fee”) plus one room night’s accommodation for the photographer (if needed) prior to opening in exchange for having still photographs and virtual tour videos (e.g., walking tours) of their System Hotels taken. The Distribution System Photographs and Virtual Tours Fee will include development of, and three years of hosting, the virtual tour videos.

Range of Pre-Opening Amounts Received During Prior Fiscal Year

Except as provided otherwise above, we did not reduce any of the fees described above for any franchisee during our 2023 fiscal year.

**Item 6
OTHER FEES**

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
General			
Monthly Fee	4% of Gross Rooms Revenue (“GRR”) for SureStay Hotel by Best Western®, SureStay Plus Hotel by Best Western® and SureStay Studio by Best Western SM . See Note 1.	Due and payable monthly upon statement receipt.	See Note 1.
Monthly Sales and Marketing Fee	4% of GRR. See Note 1.	Due and payable monthly upon statement receipt.	See Notes 1 and 2.
Room Addition Fee	Currently, \$100 per guest room, multiplied by the number of additional guest rooms.	Due with Room Addition Application.	Payable if you add or construct additional guest rooms after you open your Hotel. The Room Addition Fee is non-refundable once we approve your Room Addition Application.
Best Western Two-Way Interface Maintenance Fee	One-time installation fee of \$1,500 and a monthly maintenance fee that ranges from \$41 - \$65.	Due and payable monthly upon statement receipt.	One-time installation fee and monthly maintenance fee for the PMS’s Best Western Two-Way Interface.
Hotel Managed Security Service (“HMSS”)	One-time fee for installation of HMSS ranging from \$2,100 to \$3,500 and a monthly maintenance fee of \$130 per month upon installation of HMSS.	Due and payable monthly upon statement receipt.	One-time installation fee and monthly maintenance fee, both payable to us, for HMSS, an internet-based solution through a Best Western endorsed vendor for sending and receiving reservations. The HMSS provides hotels with secure communications to our data centers and increased security between hotels and approved PMS providers.
Permitted Transfer Processing Fee	Currently \$1,000.	When you submit a	Payable for any proposed Permitted Transfer that requires our consent.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
		request for our consent.	
Permitted Transfer Fee	One-half of then-current Initial Fee.	Upon our providing you with consent for a proposed Permitted Transfer.	Payable for any proposed Permitted Transfer that requires our consent.
Property Management System (“PMS”) Support Fee	Currently, \$3.97 per guest room (billed monthly) for the AutoClerk Cloud PMS and \$250 per month (billed quarterly) for the AutoClerk PMS.	Due and payable monthly upon statement receipt.	Payable as a support fee for the PMS. Statements are sent monthly for the AutoClerk Cloud PMS and statements are sent quarterly (on the 1st of January, April, July and October) for the AutoClerk PMS. You will be required to either allow us/our affiliate to automatically debit the Hotel’s bank account in the amount owing, or to set up automatic payments on a credit card.
Distribution Services			
Direct Connect Commissions	Varies by direct connect.	Due and payable monthly upon statement receipt.	Payable as a pass-through commission charge for direct connect delivered reservations through negotiated brand pricing for Expedia, Booking.com, etc.
Global Distribution Systems (“GDS”) Fee	\$7.90 per booking.	Due and payable monthly upon statement receipt.	Payable for reservations booked through GDS and GDS internet travel sites.
Third-Party Internet Booking Fee	\$4.60 per booking.	Due and payable monthly upon statement receipt.	Payable for reservations booked through third-party internet booking sites.
Third-Party Partner Booking Fee	\$2.00 per booking.	Due and payable monthly upon statement receipt.	Payable for reservations booked through our third-party partner.
Performance Based Marketing (“PBM”)	10% of GRR for each reservation received	Due and payable monthly upon	Commission charge for reservations which result from a digital opportunity.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
	from a digital opportunity. See Note 1.	statement receipt.	
Best Western Rewards® (“BWR®”) Fee	5.5% of PRR (2.75% of PRR for SureStay Studio brand), with a BWR cost per point issued of \$0.0055 For newly enrolled Online Travel Agent (“OTA”) guests, the Hotel will be charged a flat fee of \$2.75 for the 500 points issued to the guest.	Billed one month in arrears. Due and payable monthly upon statement receipt.	Fee for BWR points or airline program miles issued by your Hotel to BWR members based on 10 points issued for each revenue dollar (5 points issued for each revenue dollar for SureStay Studio by Best Western System Hotels).
BWR Enrollment Fee Rebate	5.5% of GRR for newly enrolled BWR members with valid email address, up to 5 nights stay, maximum \$500; 2.75% of GRR for newly enrolled BWR member without valid email address, up to five nights stay, maximum \$500 (but for SureStay Studio by Best Western Brand, 2.75% of PRR for newly enrolled BWR members with valid email address, up to 5 nights stay, maximum \$500; 1.37% of PRR for newly enrolled BWR member without valid email address, up to 5 nights stay, maximum \$500).	Credited one month in arrears.	Rebate of BWR fee imposed when a new BWR member is enrolled.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Pay With Points	<p>The credit portion for BWR® points redeemed:</p> <p>If 90% occupied or higher, a credit equal to the number of points times \$0.005 times 90%.</p> <p>If 70% or greater, but less than 90% occupied, a credit equal to the number of points times \$0.005 times 70%.</p> <p>If less than 70% occupied, a credit equal to the number of points times \$0.005 times 40%.</p> <p>The cash paid (non-points) portion of Pay with Points is collected and retained by the Hotel from the BWR® member guest.</p>	Credited one month in arrears.	Credit for reservations booked using a combination of BWR points and an alternative payment method. Hotel retains the non-points portion of the stay, and receives a credit for the points portion.
BWR Elite Member Property Recognition Program	Fee per occurrence ranges from \$0 to \$250 based on number of complaints per fiscal year and hotel size.	Due and payable monthly upon statement receipt.	Fee for BWR Customer Care agent in Phoenix to respond to and resolve a complaint related to BWR Elite Member recognition requirement on first enrollment.
Free Night Vouchers	<p>If the occupancy of the property is:</p> <p>90% or higher, credit of 90% of the Hotel's</p>	Credited two months in arrears.	Credit for BWR free night voucher redeemed at your Hotel.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
	<p>Average Daily Rate (“ADR”).</p> <p>70% or greater but less than 90%, a credit of 70% of the Hotel’s ADR.</p> <p>Less than 70%, a credit of 40% or \$40 - whichever is greater.</p>		
Best Western Travel Card	Amount of travel card redeemed less 10% commission.	Credited one month in arrears.	Credit for travel cards redeemed at your Hotel.
Best Western Travel Card	Amount of travel card sold or reloaded is charged; related 10% commission is credited.	Due and payable monthly upon statement receipt.	Charge for travel cards sold or reloaded at your Hotel. Related commission is credited to your hotel.
Travel Agent Commissions	Varies by travel agent and agreement.	Case by case basis. Due and payable monthly upon statement receipt.	Commission charge for reservations booked though third party travel agents that are passed onto property without mark-up..
BestCheque	\$0.71 per commissionable transaction.	Due and payable monthly upon statement receipt.	Fee for administering the centralized travel agent commissions program.
BestCheque Consortia	\$3.00 per net room night booked.	Due and payable monthly upon statement receipt.	Per booking fee for reservations received from Consortia partners.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
Commission Junction	10% of GRR for each reservation associated with banner ads. See Note 1.	Due and payable monthly upon statement receipt.	Commission charge for reservations which result from a banner ad placed on a publisher's network.
Central Bill Revenue	Central Bill reservation revenue credited monthly to your account.	Credited one month in arrears.	Credit for reservations revenue booked by tour operators and corporate accounts through the Central Bill program.
Other Fees			
Medallia	\$25 per month.	Due and payable monthly upon statement receipt.	Fee for guest satisfaction survey.
On-boarding	Currently \$3,000.	Due and payable monthly upon statement receipt.	Sales On-boarding training includes both live and virtual training. Payable 90 days after activation on the reservation system
Distribution System Photographs and Virtual Tours Maintenance Fee	Then-current fee, currently \$10 per month.	Due and payable monthly upon statement receipt.	Payable after year 3 to maintain photographs and virtual tours on SureStay's systems (e.g., website).
Annual QA Assessment	Currently \$1,000.	Due and payable monthly upon statement receipt.	Payable following an annual QA assessment.
Quality Re-Assessment Fee	\$2,500 plus a free room night for the inspector.	Due and payable monthly upon statement receipt.	Payable following a failed post-opening inspection.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
Customer Care/First Contact Resolution (“FCR”)	<p>\$50.00 ticket fee charged on certain contacts.</p> <p>First 4 Complaints annually: Free</p> <p>Complaints 5-10 annually: \$100 Each</p> <p>Complaints 11+ annually: \$250 Each</p> <p>Applicable taxes per file fee will be assessed plus cost of resolution.</p> <p>Non-FCR - \$75 per non-response, plus cost of any compensation to customer.</p>	Due and payable monthly upon statement receipt.	Payable as a fee for customer care handling of customer complaints.
Public Offering or Private Placement Processing Fee	Currently \$5,000.	When you submit a request for our approval.	You must pay any additional costs we may incur in reviewing your documents, including reasonable attorneys’ fees.
Lender Comfort Letter Processing Fee	Currently \$500.	Before we issue a Lender Comfort Letter	We will only issue a Lender Comfort Letter if you request it.
Rate Shopping Service	Varies depending on market but generally between \$32 and \$99 per month.	Due and payable monthly upon statement receipt.	Competitive software subscription rate shopping service that allows hotels to shop up to 8 competitors.
Online Travel Agency (“OTA”) Marketing Fund Assessment	\$250 annual fee per System Hotel.	Annual fee. Due and payable upon statement receipt.	Annual marketing fee for costs of OTA advertising and marketing.
BestREV	Cost recovery set-up fee plus \$175 per month for licensing, support and maintenance.	Due and payable monthly upon statement receipt.	Payable for use of demand forecasting and rate optimization software subscription program.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
Remedies and Damages			
Rate Parity	System Hotels that repeatedly violate rate parity are subject to administrative fees which range up to \$4,000 per violation depending on the number of violations annually.	Due and payable upon statement receipt.	Administrative fee charged to hotels for rate parity violations.
Audit	Actual understatement plus service charges and interest on the understated amounts.	On demand.	Payable if an audit reveals that you understated or underpaid any payment due us which is not fully offset by overpayments. If audit reveals that underpayment is in an amount greater than 2% of the amount you reported to us, you must also reimburse us for the costs of the examination, including attorneys' and accountants' fees, travel expenses and compensation for our employees.
Default Remedies	Reimbursement of all of our expenses.	Case by case basis as incurred. Due and payable upon statement receipt.	Our expenses may include attorneys' fees, court costs, and other expenses reasonably incurred to protect us or to remedy your default.
Indemnification	Reimbursement for all payments by us or our affiliates due to any claim, demand, tax, penalty, or judicial or administrative investigation or proceeding arising from any claimed occurrence at your Hotel.	Case by case basis as incurred. Due and payable upon statement receipt.	You must reimburse us for all expenses including attorneys' fees and court costs we reasonably incur to protect us, our subsidiaries or affiliates or to remedy your defaults under the Franchise Agreement. You must also defend us, our affiliates and our and their predecessors, successors, assigns, members, officers, directors, employees, managers, and agents.
Liquidated Damages for Post-Opening Premature Termination	The sum of the prior 12 months Monthly Sales and Marketing Fees and Monthly Fees divided by 12	On demand. Due and payable upon statement receipt.	Payable if we terminate the Franchise Agreement for cause or if you terminate the Franchise Agreement without our consent within the first 10 years of the Franchise Agreement (but not within the

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
	and then multiplied by 24.		first 12 months of the Hotel's opening date).
	Multiply by 18 the total amount of Monthly Sales and Marketing Fees and Monthly Fees from the month with the highest total of Monthly Sales and Marketing Fees and Monthly Fees.	On demand. Due and payable upon statement receipt.	Payable if we terminate the Franchise Agreement for cause or if you terminate the Franchise Agreement without our consent within the first 12 months of the Hotel's opening date.
	The sum of the prior 12 months Monthly Sales and Marketing Fees and Monthly Fees divided by 12 and then multiplied by the lesser of (i) 24 or (ii) the number of months remaining in the Term.	On demand. Due and payable upon statement receipt.	Payable if we terminate the Franchise Agreement for cause or if you terminate the Franchise Agreement without our consent after the first 10 years of the Franchise Agreement.
Liquidated Damages for Unauthorized Opening	\$1,000 per day that your Hotel is open without authorization, plus our costs.	On demand. Due and payable upon statement receipt.	Payable if you open before we give you written authorization to open.
Liquidated Damages for Pre-Opening Premature Termination	\$1,500 for each authorized guest room.	On demand. Due and payable upon statement receipt.	Payable if we terminate the Franchise Agreement before you open because you default, or because you terminate the Franchise Agreement without cause; or we terminate the Franchise Agreement and you or any guarantor enter into an agreement for or begin construction of a competing brand within 1 year after termination.
ACH Processing Charge	\$50 per resubmission	Due and payable upon statement receipt.	Payable if we have to resubmit an ACH payment to the bank after an initial ACH payment is rejected for insufficient funds.
Service Charge	18% Annual Percentage Rate ("APR")	Due and payable upon	Service charges if you do not make any payment to us or our affiliates when due.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
		statement receipt.	
Taxes	Actual amount.	On demand.	If any sales, use, gross receipts or similar tax is imposed on us for the receipt of any payments you are required to make to us under the Franchise Agreement, then you must reimburse us the actual amount.
Optional Programs			
Supply and Studio Design	Varies depending on level and amount of services and support.	Due and payable monthly upon statement receipt.	Access to supply procurement and negotiated brand pricing using the Supply Endorsed Vendor program. Affordable interior design creation and conceptual architectural service (for exteriors) available through the Studio Design team of interior designers and architects on a contract basis.
SureStay Revenue for Hire (“RFH”) Program	Per month fee based on size of the hotel: \$995 for 1-120 rooms \$1,195 for 121-200 rooms \$1,395 for 201+ rooms	Due and payable monthly upon statement receipt.	Payable for System Hotels that participate in the optional enhanced program for experienced and certified RFH services.
SureStay Revenue Manager (“SRM”) Program	Per month fee based on size of hotel: \$495 for 1-120 rooms \$695 for 121+ rooms	Due and payable monthly upon statement receipt.	Payable for System Hotels that participate in the optional core program for experienced and certified SRM services.
Property Sales Management (“PSM”) Program	Monthly charge of \$2,300 per System Hotel (or discount rate of \$2,100 per System Hotel for multi-property owners).	Due and payable monthly upon statement receipt.	Payable for System Hotels that participate in the optional local sales program.
Reservation Transfer Service (“RTS”) Program	Participating System Hotel: 3% commission per reservation booked with a cap of 3 nights of a single reservation.	Due and payable monthly upon statement receipt.	Optional program fee to have calls transferred from the hotel to Central Reservations. Hotels not participating are subject to a fee per call transferred.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
	Non-participating System Hotel: \$5 for each call transferred.		

* Unless otherwise indicated, all fees described in this Item 6 are payable to, and imposed by, us or our affiliates and are non-refundable. Fees are subject to change by us without limitation.

NOTES

1. Gross Rooms Revenue (“GRR”) means all revenues derived from the sale or rental of guest rooms (both transient and permanent) of the Hotel, including revenue derived from the redemption of points or rewards under the loyalty programs in which the Hotel participates, amounts attributable to breakfast (where the guest room rate includes breakfast), and guaranteed no-show revenue and credit transactions, whether or not collected, at the actual rates charged, less allowances for any guest room rebates and overcharges, and will not include taxes collected directly from patrons or guests. Group booking rebates, if any, paid by you or on your behalf to third-party groups for group stays must be included in, and not deducted from, the calculation of Gross Rooms Revenue.

If there is a fire or other insured casualty that results in a reduction of GRR, 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 and Monthly Sales and Marketing Fees, based on the Gross Rooms Revenue amounts agreed on between you and your insurance company that would have been paid to us in the absence of the insured casualty.

You will allow us to automatically debit the Hotel’s bank account each month in the amount owing us.

2. We may change the Monthly Sales and Marketing Fee rate at any time without limitation. The Monthly Sales and Marketing Fee pays for various programs to benefit the System, including: (i) advertising, promotions, publicity, public relations, market research, loyalty programs and other marketing programs, (ii) investing in Best Western International’s internal technology platform and assets; and (iii) administrative costs and overhead related to the administration or direction of these projects and programs and other such services as we may determine from time to time. We may create any programs and allocate monies derived from Monthly Sales and Marketing Fees to any regions or localities. The Monthly Sales and Marketing Fee does not cover your costs of participating in any optional marketing programs and promotions periodically offered by us or any of our affiliates in which you voluntarily choose to participate. These fees also do not cover the cost of operating the Hotel in accordance with the Standards or the Manual (as defined in Item 8).
3. You must participate in, and pay all charges related to, our marketing programs not covered by Monthly Sales and Marketing Fees, and all guest loyalty or frequency programs we require.

You must also honor the terms of any discount or promotional programs (including any frequent guest program) that we or our affiliates offer to the public on your behalf, any room rate quoted to any guest when the guest makes an advance reservation, and any award guest certificates issued to hotel guests participating in these programs. We and our affiliates' other hotel brands may also participate in these programs. These programs are subject to change. You pay your share of the costs of the programs.

Item 7

**ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT***

NEW CONSTRUCTION

**SURESTAY HOTEL BY BEST WESTERN SYSTEM HOTEL
(60-ROOM)**

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
Franchise Application Fee (1)	\$2,500	Lump Sum	With Franchise Application	Us
Initial Fee (2)	\$35,000	Lump Sum	On Signing Franchise Agreement	Us
Impact Study Fee (3)	\$0 - \$4,000	Lump Sum	Before Commission of Impact Study if Required	Us
Construction Work Extension Fee (4)	\$0 - \$5,000	Lump Sum	When Requested	Us
Pre-Activation Re-Inspection Fee (5)	\$0 - \$2,000, plus a free room night for inspector	Lump Sum	As Required	Us
Distribution System Photographs and Virtual Tours Fee (6)	\$1,650 - \$2,270	Lump Sum	As Required	Us
Construction Work (7)	\$4,675,000 - \$7,300,000	As Agreed	As Agreed	Contractors

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Furniture, Fixtures and Equipment (Including Telephone Systems) (8)	\$430,000 - \$590,000	As Agreed	As Agreed	Suppliers
Inventory and Operating Equipment (9)	\$15,000 - \$24,000	As Agreed	As Agreed	Suppliers
Signage (10)	\$20,000 - \$50,000	As Agreed	As Agreed	Suppliers
Computer System (11)	\$42,595 – \$45,595	Cash, Check or Wire Transfer	As required	Us and Suppliers
Insurance (12)	\$25,000 - \$50,000	As Required	As Required	Agent/Insurer
Organizational Expense (13)	\$1,000 - \$2,000	As Agreed	As Agreed	Accountant/Attorney
Permits and Licenses (14)	\$25,000 - \$30,000	As Required	As Required	Governmental Agency
Miscellaneous Preopening and Project Management Expenses (15)	\$0 - \$5,000	As Incurred	As Agreed	Suppliers
Additional Funds (3 months) (16)	\$100,000 - \$150,000	As Incurred	As Arranged	Suppliers
TOTAL (17)	\$5,372,745 to \$8,297,365			

YOUR ESTIMATED INITIAL INVESTMENT*
CONVERSION
SURESTAY HOTEL BY BEST WESTERN SYSTEM HOTEL
(60-ROOM)

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
Franchise Application Fee (1)	\$2,500	Lump Sum	With Franchise Application	Us
Initial Fee (2)	\$35,000	Lump Sum	On Signing Franchise Agreement	Us
Impact Study Fee (3)	\$0 - \$4,000	Lump Sum	Before Commission of Impact Study if Required	Us
Renovation Work Extension Fee (4)	\$0 - \$5,000	Lump Sum	When Requested	Us
Pre-Activation Re-Inspection Fee (5)	\$0 - \$2,000, plus a free room night for inspector	Lump Sum	As Required	Us
Distribution System Photographs and Virtual Tours Fee (6)	\$1,650 - \$2,270	Lump Sum	As Required	Us
Renovation Work (7)	\$0 - \$500,000	As Agreed	As Agreed	Contractors
Furniture, Fixtures and Equipment (Including Telephone Systems) (8)	\$0 - \$375,000	As Agreed	As Agreed	Suppliers
Inventory and Operating Equipment (9)	\$15,000 - \$24,000	As Agreed	As Agreed	Suppliers
Signage (10)	\$10,000 - \$50,000	As Agreed	As Agreed	Suppliers

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Computer System (11)	\$6,225 – \$45,595	Cash, Check or Wire Transfer	As required	Us and Suppliers
Insurance (12)	\$25,000 - \$50,000	As Required	As Required	Agent/Insurer
Organizational Expense (13)	\$1,000 - \$2,000	As Agreed	As Agreed	Accountant/Attorney
Permits and Licenses (14)	\$0 - \$1,000	As Required	As Required	Governmental Agency
Miscellaneous Preopening and Project Management Expenses (15)	\$0 - \$5,000	As Incurred	As Agreed	Suppliers
Additional Funds (3 months) (16)	\$100,000 - \$150,000	As Incurred	As Arranged	Suppliers
TOTAL (17)	\$196,375 to \$1,253,365			

YOUR ESTIMATED INITIAL INVESTMENT*

NEW CONSTRUCTION

SURESTAY PLUS HOTEL BY BEST WESTERN SYSTEM HOTEL

(80-ROOM)

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Franchise Application Fee (1)	\$2,500	Lump Sum	With Franchise Application	Us
Initial Fee (2)	\$35,000	Lump Sum	On Signing Franchise Agreement	Us

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Impact Study Fee (3)	\$0 - \$4,000	Lump Sum	Before Commission of Impact Study if Required	Us
Construction Work Extension Fee (4)	\$0 - \$5,000	Lump Sum	When Requested	Us
Pre-Activation Re-Inspection Fee (5)	\$0 - \$2,000, plus a free room night for inspector	Lump Sum	As Required	Us
Distribution System Photographs and Virtual Tours Fee (6)	\$1,650 - \$2,270	Lump Sum	As Required	Us
Construction Work (7)	\$7,000,000 to \$9,700,000	As Agreed	As Agreed	Contractors
Furniture, Fixtures and Equipment (Including Telephone Systems) (8)	\$660,000 to \$990,000	As Agreed	As Agreed	Suppliers
Inventory and Operating Equipment (9)	\$30,000 - \$40,000	As Agreed	As Agreed	Suppliers
Signage (10)	\$20,000 to \$50,000	As Agreed	As Agreed	Suppliers
Computer System (11)	\$46,095 – \$49,095	Cash, Check or Wire Transfer	As Required	Us and Suppliers
Insurance (12)	\$30,000 - \$55,000	As required	As Required	Agent/Insurer
Organizational Expense (13)	\$1,000 - \$2,000	As Agreed	As Agreed	Accountant/Attorney
Permits and Licenses (14)	\$25,000 - \$30,000	As Required	As Required	Governmental Agency
Miscellaneous Preopening and Project Management Expenses (15)	\$0 - \$5,000	As Incurred	As Agreed	Suppliers

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Additional Funds (3 months) (16)	\$150,000 - \$225,000	As Incurred	As Arranged	Suppliers
TOTAL (17)	\$8,001,245 to \$11,196,865			

YOUR ESTIMATED INITIAL INVESTMENT*

CONVERSION

SURESTAY PLUS HOTEL BY BEST WESTERN SYSTEM HOTEL

(80-ROOM)

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Franchise Application Fee (1)	\$2,500	Lump Sum	With Franchise Application	Us
Initial Fee (2)	\$35,000	Lump Sum	On Signing Franchise Agreement	Us
Impact Study Fee (3)	\$0 - \$4,000	Lump Sum	Before Commission of Impact Study if Required	Us
Renovation Work Extension Fee (4)	\$0 - \$5,000	Lump Sum	When Requested	Us
Pre-Activation Re-Inspection Fee (5)	\$0 - \$2,000, plus a free room night for inspector	Lump Sum	As Required	Us
Distribution System Photographs and Virtual Tours Fee (6)	\$1,650 - \$2,270	Lump Sum	As Required	Us
Renovation Work (7)	\$0 - \$500,000	As Agreed	As Agreed	Contractors

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Furniture, Fixtures and Equipment (Including Telephone Systems) (8)	\$0 - \$490,000	As Agreed	As Agreed	Suppliers
Inventory and Operating Equipment (9)	\$30,000 - \$40,000	As Agreed	As Agreed	Suppliers
Signage (10)	\$10,000 - \$50,000	As Agreed	As Agreed	Suppliers
Computer System (11)	\$6,225 – \$49,095	Cash, Check or Wire Transfer	As Required	Us and Suppliers
Insurance (12)	\$30,000 - \$55,000	As required	As Required	Agent/Insurer
Organizational Expense (13)	\$1,000 - \$2,000	As Agreed	As Agreed	Accountant/Attorney
Permits and Licenses (14)	\$0 - \$1,000	As Required	As Required	Governmental Agency
Miscellaneous Preopening and Project Management Expenses (15)	\$0 - \$5,000	As Incurred	As Agreed	Suppliers
Additional Funds (3 months) (16)	\$150,000 - \$225,000	As Incurred	As Arranged	Suppliers
TOTAL (17)	\$266,375 to \$1,467,865			

YOUR ESTIMATED INITIAL INVESTMENT*

NEW CONSTRUCTION

SURESTAY STUDIO BY BEST WESTERN SYSTEM HOTEL

(100-ROOM)

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Franchise Application Fee (1)	\$2,500	Lump Sum	With Franchise Application	Us
Initial Fee (2)	\$35,000	Lump Sum	On Signing Franchise Agreement	Us
Impact Study Fee (3)	\$0 - \$4,000	Lump Sum	Before Commission of Impact Study if Required	Us
Construction Work Extension Fee (4)	\$0 - \$5,000	Lump Sum	When Requested	Us
Pre-Activation Re-Inspection Fee (5)	\$0 - \$2,000, plus a free room night for inspector	Lump Sum	As Required	Us
Distribution System Photographs and Virtual Tours Fee (6)	\$1,650 - \$2,270	Lump Sum	As Required	Us
Construction Work (7)	\$8,250,000 to \$12,200,000	As Agreed	As Agreed	Contractors
Furniture, Fixtures and Equipment (Including Telephone Systems) (8)	\$660,000 to \$990,000	As Agreed	As Agreed	Suppliers
Inventory and Operating Equipment (9)	\$30,000 - \$40,000	As Agreed	As Agreed	Suppliers
Signage (10)	\$20,000 to \$50,000	As Agreed	As Agreed	Suppliers

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Computer System (11)	\$48,095 – \$51,095	Cash, Check or Wire Transfer	As Required	Us and Suppliers
Insurance (12)	\$30,000 - \$55,000	As required	As Required	Agent/Insurer
Organizational Expense (13)	\$1,000 - \$2,000	As Agreed	As Agreed	Accountant/Attorney
Permits and Licenses (14)	\$25,000 - \$30,000	As Required	As Required	Governmental Agency
Miscellaneous Preopening and Project Management Expenses (15)	\$0 - \$5,000	As Incurred	As Agreed	Suppliers
Additional Funds (3 months) (16)	\$150,000 - \$225,000	As Incurred	As Arranged	Suppliers
TOTAL (17)	\$9,253,245 to \$13,698,865			

YOUR ESTIMATED INITIAL INVESTMENT*
CONVERSION
SURESTAY STUDIO BY BEST WESTERN SYSTEM HOTEL
(100-ROOM)

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Franchise Application Fee (1)	\$2,500	Lump Sum	With Franchise Application	Us
Initial Fee (2)	\$35,000	Lump Sum	On Signing Franchise Agreement	Us
Impact Study Fee (3)	\$0 - \$4,000	Lump Sum	Before Commission of Impact Study if Required	Us

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Renovation Work Extension Fee (4)	\$0 - \$5,000	Lump Sum	When Requested	Us
Pre-Activation Re-Inspection Fee (5)	\$0 - \$2,000, plus a free room night for inspector	Lump Sum	As Required	Us
Distribution System Photographs and Virtual Tours Fee (6)	\$1,650 - \$2,270	Lump Sum	As Required	Us
Renovation Work (7)	\$0 - \$500,000	As Agreed	As Agreed	Contractors
Furniture, Fixtures and Equipment (Including Telephone Systems) (8)	\$0 - \$490,000	As Agreed	As Agreed	Suppliers
Inventory and Operating Equipment (9)	\$30,000 - \$40,000	As Agreed	As Agreed	Suppliers
Signage (10)	\$10,000 - \$50,000	As Agreed	As Agreed	Suppliers
Computer System (11)	\$6,225 - \$51,095	Cash, Check or Wire Transfer	As Required	Us and Suppliers
Insurance (12)	\$30,000 - \$55,000	As required	As Required	Agent/Insurer
Organizational Expense (13)	\$1,000 - \$2,000	As Agreed	As Agreed	Accountant/Attorney
Permits and Licenses (14)	\$0 - \$1,000	As Required	As Required	Governmental Agency
Miscellaneous Preopening and Project Management Expenses (15)	\$0 - \$5,000	As Incurred	As Agreed	Suppliers
Additional Funds (3 months) (16)	\$150,000 - \$225,000	As Incurred	As Arranged	Suppliers
TOTAL (17)	\$266,375 to \$1,469,865			

Explanatory Notes

* All amounts listed in the above tables are non-refundable. All estimates are based on our and our affiliates' 70+ years of experience. The estimates in the above tables are for the new construction of, and conversion of an existing hotel to, a 60-room SureStay Hotel by Best Western, an 80-room SureStay Plus Hotel by Best Western, and a 100-room SureStay Studio by Best Western, as applicable. The costs in the above tables are only estimates, and the actual costs will vary substantially depending on the type, condition, age, physical structure and quality of furnishing of the existing hotel and the building construction, material and labor costs applicable to the geographic area in which the hotel is located. You are encouraged to independently investigate the actual costs before executing the Franchise Agreement.

1. All prospective franchisees must complete a Franchise Application for a System Hotel and pay a Franchise Application Fee.
2. All franchisees must pay us an Initial Fee upon signing the Franchise Agreement. The Initial Fee equals \$35,000, plus an additional \$100 per guest room over 100 guest rooms.
3. If upon receipt of your Franchise Application a Member requests an impact study, you will be required to pay us the Impact Study Fee so that we can conduct an impact study. If we deny your Franchise Application for any reason, we will refund the Impact Study Fee to you.
4. If your franchise is for the new construction of a System Hotel, you must complete construction of the Hotel within 2 years after signing the Franchise Agreement. If your franchise is for the conversion of an existing hotel to a System Hotel, you must complete renovations to the existing hotel to bring it into conformity with System Hotels and open the Hotel within 90 days after signing the Franchise Agreement. You may request an extension of these deadlines by paying a Construction Work Extension Fee or Renovation Work Extension Fee, as applicable. If you do not request an extension, you will not be required to pay any Construction Work Extension Fee or Renovation Work Extension Fee, as applicable.
5. You must pay the Pre-Activation Re-Inspection Fee if your Hotel fails to complete the pre-activation checklist prior to opening and we need to conduct a follow up inspection. If your Hotel completes the pre-activation checklist, you will not be required to pay a Pre-Activation Re-Inspection Fee.
6. You must pay us a Distribution System Photographs and Virtual Tours Fee ranging from \$1,650 to \$2,270 prior to opening in exchange for having still photographs and virtual tour videos (e.g., walking tours) of your Hotel. The Distribution System Photographs and Virtual Tours Fee will include development of, and three years of hosting, the virtual tour videos. You must also pay for one room night's accommodation for the photographer (if needed).
7. If your franchise is for the new construction of a System Hotel, you will have to incur construction work costs to build the Hotel so that is in conformity with the System, as specified in the Franchise Agreement. If your franchise is for the conversion of an existing hotel to a

System Hotel, depending on the type, condition, age and physical structure of the existing hotel, you may or may not have to incur renovation work costs to bring the existing hotel into conformity with the System, as specified in the Franchise Agreement. Construction or renovation costs, as applicable, will vary significantly and the amounts in the above table are just estimates.

8. If your franchise is for the new construction of a System Hotel, you will have to incur costs to furnish and equip the Hotel in conformity with the System, as specified in the Franchise Agreement. If your franchise is for the conversion of an existing hotel to a System Hotel, depending on the type, condition, age and quality of furnishing of the existing hotel, you may or may not have to incur costs to furnish and equip the existing property in conformity with the System, as specified in the Franchise Agreement. These costs will vary significantly and the amounts in the above table are just estimates.
9. “Inventory” includes food and beverages and other immediately consumable items such as fuel, soap, cleansing material, and similar items. "Operating equipment" includes such items as plates, cups, glasses, and uniforms. Although the estimated initial investment for inventory and operating equipment will vary significantly depending upon the Brand, the number of rooms at the hotel, occupancy and other similar factors, we anticipate the initial investment for inventory and operating equipment will equal roughly 8% to 10% of guest room revenue. The estimated ranges are for inventory and operating equipment for three months of operations. The estimated range in the SureStay Hotel by Best Western table was calculated for a System Hotel with 60 rooms, an average daily rate of \$60 and an occupancy rate of 80%. The estimated range in the SureStay Plus Hotel by Best Western table was calculated for a System Hotel with 80 rooms, an average daily rate of \$80 and an occupancy rate of 80%. The estimated range in the SureStay Studio by Best Western table was calculated for a System Hotel with 100 rooms, an average daily rate of \$60 and an occupancy rate of 80%. These estimates are for illustrative purposes only.
10. For the new construction of a SureStay Hotel by Best Western, SureStay Plus Hotel by Best Western, or SureStay Studio by Best Western System Hotel, you must obtain on-premises signage and off-premises signage (e.g., highway billboards). For the conversion of an existing hotel to a SureStay Hotel by Best Western, SureStay Plus Hotel by Best Western, or SureStay Studio by Best Western System Hotel, you must change the existing hotel’s on-premises signage, off-premises signage (e.g., highway billboards) and alter operating supplies and equipment, including brochures and paper items, to replace any existing brand names with the Marks.

Signs include freestanding signs and primary identification for the building. The cost of signage for your Hotel depends on location, type, quantity and sizes of exterior signs. The estimates include installation, freight, foundation and wiring. You must install, display, and maintain signage displaying or containing the Brand and other distinguishing characteristics in accordance with plans, specifications and standards we establish for existing hotels.
11. The range in the tables above for “Computer System” relate to (i) the cost for three computers that you may have to purchase to support the PMS (\$9,900), (ii) the cost for two credit card EMV (chip/pin) devices that you may have to purchase to support the PMS’s credit card interface (\$4,000), (iii) an installation fee of approximately \$1,500 you are required to pay us

to support the PMS's Best Western Two-Way Interface, (iv) the cost of installing HMSS, generally \$2,100 to \$3,500 depending on the complexity of the installation, (v) the cost of two printers to support guest folios, registration cards and back-office reports (\$1,200), (vi) the cost of one fax machine to support reservation delivery back-up services (\$400) (vii) the cost for the equipment and installation of the high speed internet that you are required to provide to your guests (\$21,000 for a 60-room SureStay Hotel by Best Western System Hotel; \$23,000 for an 80-room SureStay Plus Hotel by Best Western System Hotel; and \$25,000 for a 100-room SureStay Studio by Best Western System Hotel, (viii) a PMS installation/implementation fee of \$995 you are required to pay AutoClerk whether you choose the AutoClerk Cloud PMS or the AutoClerk PMS, (ix) a fee of \$1,500 you are required to pay Comtrol Corporation for Lodging Link, a product that provides connectivity and integration of the PMS into other guest and hotel service systems (e.g. Call Accounting, PBX, in-room entertainment, Key Card, etc.), and (x) if your Hotel is a SureStay Plus Hotel by Best Western or SureStay Studio by Best Western, the cost to purchase the required computer workstation(s) and/or printer (\$1,700 to purchase one workstation and one printer). Notwithstanding these costs, the low end of the ranges in the tables for the conversion of an existing hotel to a System Hotel for the various components of the Computer System includes only the Best Western Two-Way Interface installation fee of approximately \$1,500 franchisees are required to pay us, the fee of \$1,500 for Lodging Link, a product offered by Comtrol Corporation that provides connectivity and integration of the PMS into other guest and hotel service systems (e.g. Call Accounting, PBX, in-room entertainment, Key Card, etc.), and the HMSS installation fee that ranges in cost between \$2,100 and \$3,500.

12. You must maintain the minimum levels and types of insurance specified in the Manual (as defined in Item 8) at your expense. This insurance must be with insurers having minimum ratings we specify; name as additional insureds the parties we specify in the Manual; and carry the endorsements and notice requirements we specify in the Manual. Insurance premiums vary widely by reason of location, size of hotel and type of coverage purchased.
13. Actual cost depends on work done by an accountant and attorney, and standard regional rates.
14. The licenses and permits you must obtain to operate your Hotel vary depending on the state, county or other political subdivision in which the Hotel is located and the size of the Hotel. The low end of the ranges in the tables for the conversion of an existing hotel to a System Hotel presumes the System Hotel was open and operating as a hotel immediately prior to converting to a System Hotel and will not have permit and license fees. This range includes licensing or permits that will be necessary for your Hotel to offer food and alcoholic beverages. The price and related costs of obtaining an alcohol permit may vary substantially by jurisdiction, especially in those jurisdictions that consider a liquor license to be an asset.
15. You will incur pre-activation expenses for salaries and wages; personnel training; sales; administrative and general expenses; project management; technical services; advertising; and, opening festivities.
16. The additional funds required (e.g., working capital for staff salaries and operative expenses) for the initial period of your Hotel's business operations will vary by the area and the relative effectiveness of you and your staff. This does not include debt service or lease costs.

17. We and our affiliates do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your creditworthiness, collateral that you may make available, and the policies of local lending institutions. See Item 10.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We issue standards, specifications, requirements, criteria, and policies for use by franchisees in developing and operating System Hotels, and modifications of those standards and specifications, in our confidential operations manual (the “Manual”). In order to maintain the integrity, image uniformity and public reputation of the System, you are required to comply with all of our Standards and specifications. Among other things, the Standards may regulate the types, models, and brands of products and services your Hotel uses; required and authorized products and services that the Hotel must offer to customers and quality standards for those products and services; and designated and approved suppliers of these items and services. We may require you to purchase products or services from us or another supplier we designate and/or with our prior approval and/or according to our specifications.

You are currently required to license the System’s PMS (currently AutoClerk Cloud PMS or AutoClerk PMS) from our affiliate, AutoClerk. In order to license the PMS from AutoClerk, you will be required to enter into a Software as a Service Agreement in the form attached as Exhibit K-1 (if you choose to use the AutoClerk Cloud PMS) or an End User License in the form attached as Exhibit K-2 (if you choose to use the AutoClerk PMS). You are also currently required to purchase Lodging Link, a product offered by Comtrol Corporation that provides connectivity and integration of the PMS into other guest and hotel service systems (e.g. Call Accounting, PBX, in-room entertainment, Key Card, etc.). We, AutoClerk and Comtrol Corporation are the only approved suppliers of certain PMS-related installation, maintenance and licensing, and you will be required to make payments to us/AutoClerk for those services. We are also the only approved supplier of distribution system photographs and virtual tours that must be taken of your Hotel and certain other distribution services disclosed in Item 6.

You are required to purchase an approved shower head, purchase our required guest room amenities, purchase our required linen and terry pillows, use our designated chemical supplier, use our approved PMS provider and use our approved sign manufacturers. Except as described above, neither we nor any of our affiliates are currently approved suppliers, or the only approved suppliers, of any products or services you are required to purchase or lease.

Except as described above, you may purchase all other products and services from any source of distribution as long as the product or service meets the Standards. 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 in the future.

If you would like to purchase any items you are required to purchase from approved suppliers from any supplier or distributor we have not yet approved, you must submit to us a written request for

approval of the proposed supplier or distributor. We have the right to inspect a proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. We may charge you or the supplier a reasonable fee for the evaluation, or require the supplier to participate in a brand marketing or rebate program, and will decide within a reasonable time (no more than 120 days). We have no obligation to approve any new supplier you propose. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet any of our criteria.

Approval of a supplier or distributor may be conditioned on requirements relating to product quality and reviews, prices, consistency, reliability, financial capability, industry reviews, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, willingness to participate in brand marketing or rebate programs, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor at any time and from time to time. We will make available our then current criteria to you, as necessary, upon request if we are asked to evaluate and approve a new supplier, item, or service for use with the System.

Insurance. You must maintain, at your own expense, the insurance coverage that we periodically require. You currently must have commercial general liability insurance, employment practices insurance, automobile liability insurance (for owned, non-owned, and hired automobiles), cyber security insurance, and statutory workers' compensation insurance, each in the amount set forth in the Standards, currently as follows:

- Commercial General Liability: \$11M General/Excess/Umbrella. Assault and battery, abuse and molestation, and exposure to carbon monoxide may not be excluded and may not be limited to amounts less than the \$11M.
- Employment Practices Insurance: \$1M
- Automobile Liability: \$1M coverage for owned, hired and non-owned automobiles.
- Cyber Security Liability: \$1M
- Worker's Compensation: As required by law.

All required insurance must be with insurers having the minimum ratings we specify, name us and Best Western International as additional insureds, and carry the endorsements and notice requirements we specify in the Standards. Upon request, you must provide us with certificates and other documents that we request evidencing that you have obtained insurance policies that comply with the then-current insurance requirements set forth in the Standards.

Advertising Materials. You must obtain our approval before conducting any significant marketing and promotion activities, including before using any Internet sites or posting any content to those Internet sites.

System Hotel Development. The specifications and layout of the Hotel must conform to our policies and the policies of the System. You may not change the specifications and layout of the Hotel

without our prior written approval, except if changes are requested by a competent federal or state authority.

Collectively, the purchases and leases described above are approximately 15% of your overall purchases and leases in establishing the Hotel and 10% of your overall purchases and leases in operating the Hotel.

There is currently no supplier in which one of our officers owns an interest.

Our affiliate, AutoClerk, received \$250,217.21 in revenue during 2023 from selling required items to franchisees of System Hotels. Neither we nor any of our other affiliates received any revenue or other material consideration during 2023 from selling required items to franchisees of System Hotels, but we and they may do so in the future. Designated suppliers did, however, make payments (i.e., commissions and rebates) to our parent, Best Western International, in 2023 in connection with required and discretionary purchases by franchisees of System Hotels and our affiliates' licensees and franchisees operating under other hotel brands (collectively referred to as "BW Hotel Operators"). Best Western International generally receives a margin of approximately 8.7% from furniture, fixtures and equipment suppliers and commissions of 2.9% from direct order suppliers (i.e., suppliers of hotel operational items such as guest room amenities, linens, etc.) based on purchases made by BW Hotel Operators. During fiscal year 2023, Best Western International received total revenue of \$563 million and Best Western International received \$5.8 million, or 1.0% of its total revenue, from vendors (i.e., commissions and rebates) in connection with purchases by BW Hotel Operators. All such funds were used for the administration of the supply program.

We or an affiliate provide access to a procurement service. There are not currently any other purchasing or distribution cooperatives. We currently negotiate purchase arrangements with suppliers (including price terms). We do not provide material benefits to franchisees based on their purchase of particular products or services or use of particular suppliers.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1, 5.1.20 and 5.1.21; Addendum	Items 7, 8 and 12
b. Pre-opening purchases/leases	1, 6.1, 6.2, 6.3; Addendum	Items 5, 7, 8 and 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
c. Site development and other pre-opening requirements	1, 5.1.20, 6.1, 6.2, 6.3; Addendum	Items 5, 7, 8 and 11
d. Initial and ongoing training	5.1.9	Items 5, 6, 7, 11 and 15
e. Opening	1 and 6.4	Items 7 and 11
f. Fees	1, 4.1, 4.3, 4.5, 5.1.6, 5.1.12, 5.1.16, 5.1.23, 5.1.25, 6.6.3, 8.1, 8.2, 8.3, 8.4, 13.2.2; Addendum	Items 5, 6, and 7
g. Compliance with standards and policies/operating manual	1, 5 and 6.2	Items 8 and 11
h. Trademarks and proprietary information	1, 5.1.18 and 9; Addendum	Items 13 and 14
i. Restrictions on products/services offered	5.1.22, 5.1.23, 5.1.24, 5.1.25 and 5.1.26	Items 8, 11, 12, and 16
j. Warranty and customer service requirements	5.1.12 and 5.1.26	Items 8, 12, and 16
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	1, 5.1.4 and 5.1.10	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	5.1.5 and 6.6	Items 8, 11, 16, and 17
n. Insurance	5.1.26	Items 7 and 8
o. Advertising	5.1.2, 5.1.11, 5.1.17, 5.1.22, 5.1.23, and 5.1.24; Addendum	Items 6, 8 and 11
p. Indemnification	1 and 15	Item 6

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
q. Owner's participation/ management/staffing	1 and 7.1; Addendum	Items 11 and 15
r. Records and reports	10.1 and 10.2	Not Applicable
s. Inspections and audits	4.5 and 10.3	Items 8 and 11
t. Transfer	1 and 13	Item 17
u. Renewal	Not Applicable	Items 17
v. Post-termination obligations	13.6	Item 17
w. Non-competition covenants	5.1.19 and 7.3	Items 15 and 17
x. Dispute resolution	17.2.2	Item 17
y. Other. Guaranty of franchisee's obligations	1 and Guaranty	Item 15

Item 10

FINANCING

We and our affiliates do not offer direct or indirect financing. Neither we nor our affiliates will guarantee your note, lease, or obligation.

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 begin operating the Hotel, we (or our parent, affiliate, or designee) will:

1. Issue to you or make available a copy of our Manual. The Manual is confidential (Franchise Agreement, Sections 4.6 and 5.1.15). References to the Manual include the Standards, which include all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us in our sole business judgment for use by you in

connection with the design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, marketing, services, service levels, quality, and quality assurance of System Hotels, including the Hotel, and for Hotel advertising and accounting, whether in the Manual or in the Franchise Agreement or other written communication (Franchise Agreement, Sections 1.0 and 4.6). The current table of contents of the Manual is attached as Exhibit F.

2. Review designs and plans for constructing/renovating and furnishing the Hotel, and grant or deny approval, which may be conditioned on your architect or other certified professional certifying to us that the designs and plans comply with all laws related to accessibility/accommodations/facilities for those with disabilities. You may not start construction/renovations until you receive our approval. Once we have issued our approval, you may not make any changes to the designs and plans without our advance consent (Franchise Agreement, Sections 6.1 and 6.3).
3. Furnish you with a reservation service (Franchise Agreement, Section 4.2).
4. Approve the preventative maintenance program and a “deep clean” program you are required to put in place (Franchise Agreement, Section 6.4.2).
5. As discussed in Item 8, you are required to comply with the Standards and specifications issued to you in the Manual. Among other things, the Standards may regulate the designated and approved suppliers of equipment, signs, fixtures, opening inventory and supplies you are required to use. While we do not currently provide, deliver or install any of these items directly, we may do so in the future. We also make available to you for use in your Hotel various purchase, lease, or other arrangements with respect to exterior signs, operating equipment, operating supplies and furnishings, which we may have and which we make available to other System Hotels (Franchise Agreement, Section 4.7).
6. Specify initial and ongoing required and optional training programs on providing accommodations and related services (Franchise Agreement, Section 4.1). You must pay a fee for these programs and the training materials. You must also pay for all costs incurred in with training (see Training below).

During your operation of the Hotel, we (or our parent, affiliate, or designee) will:

1. Use commercially reasonable efforts to market your Hotel on our reservation service and any loyalty programs associated with the System. We will also include the Hotel, or cause the Hotel to be included, where applicable, in advertising of System Hotels and in marketing programs offered by us, subject to and in accordance with our general practice for System Hotels. (Franchise Agreement, Section 4.4)
2. Continue to furnish you access to the reservation service so long as you are in full compliance with the material obligations set forth in the Franchise Agreement, including all standards set forth in the Manual. (Franchise Agreement, Section 4.2).
3. Offer consultation services and advice in areas such as operations, facilities, and marketing. We may establish fees in advance, or on a project-by-project basis, for any consultation service

or advice you request, such as revenue management and sales support. You will be entitled to such services upon request and payment of any applicable fees (Franchise Agreement, Section 4.3).

4. Administer a quality assurance program for the System that may include conducting periodic inspections and audits (at least once every twelve (12) months on an unannounced basis) of the Hotel to ensure compliance with System Standards. (Franchise Agreement, Section 4.5).

Advertising

We will use your Monthly Sales and Marketing Fee (which is currently 4% of Gross Rooms Revenue) to pay for various programs, including: (i) advertising, promotions, publicity, public relations, market research, loyalty programs and other marketing programs for the benefit of BW Hotel Operators (defined in Item 8), (ii) investments in Best Western's internal technology platform and assets; and (iii) administrative costs and overhead related to the administration or direction of these projects and programs and other such services as we may determine from time to time. Any System Hotel that we or our affiliates establish and operate will pay a Monthly Sales and Marketing Fee in the same percentage as franchisees.

We will have the sole right to determine how and when we spend these funds, 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. We may enter into, modify or terminate arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services and/or personnel with any other entity, including any of our affiliates or a third party. We will not use Monthly Sales and Marketing Fees collected principally to solicit new franchise sales.

The Monthly Sales and Marketing Fees may be, together with marketing fees paid by other BW Hotel Operators, spent for the benefit of System Hotels and other BW Hotel Operators, and they will not be used to exclusively promote or benefit the Marks or any one System Hotel or market. We will have no obligation in administering any activities paid for with the Monthly Sales and Marketing 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.

We may create any programs and allocate monies derived from Monthly Sales and Marketing Fees to any regions or localities, as we consider appropriate in our sole business judgment. The aggregate of Monthly Sales and Marketing Fees paid to us by System Hotels does not constitute a trust and we are not a fiduciary with respect to the Monthly Sales and Marketing Fees paid by you and other System Hotels.

We are not obligated to expend funds in excess of the amounts received from System Hotels. If any interest is earned on unused Monthly Sales and Marketing Fees, we will use the interest before using the principal. The Monthly Sales and Marketing Fees 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 Sales and Marketing Fees also do not cover the cost of operating the Hotel in accordance with the Standards. There are no reimbursements or other funds to which you are entitled from the unused Monthly Sales and Marketing Fees.

We may fulfill any or all of our rights and obligations with respect to marketing and use of Monthly Sales and Marketing Fees either directly or through one or more designees.

The net amount of Monthly Sales and Marketing Fees collected and spent is not currently audited. Franchisees may obtain an accounting of the collection and expenditure of Monthly Sales and Marketing Fees by contacting us at: SureStay, Inc., Attention: Treasurer, 6201 N. 24th Parkway, Phoenix, AZ 85016. During the 2023 fiscal year, Monthly Sales and Marketing Fees collected from System Hotels and the marketing fees collected from other BW Hotel Operators were collectively spent in the following approximate amounts: 51% on advertising and media placement, production and other associated expenses, 9% on promotions for seasonal marketing, trade shows and other associated expenses and 40% on internal technology platforms, assets, disaster recovery and security. During our 2023 fiscal year, all Monthly Sales and Marketing Fees collected were spent. If in a future year we spend less than the total Monthly Sales and Marketing Fees collected, we will spend the unused Monthly Sales and Marketing Fees in the next fiscal year. During our last fiscal year, we did not spend any Monthly Sales and Marketing Fees to solicit new franchise sales.

There is currently no advertising council composed of franchisees that advises us on advertising policies. However, in the future, we may establish an advertising council, consisting of approximately five to seven members who will be franchisees selected by us in our sole judgment. If formed, the advertising council will serve only in an advisory capacity. We will have the sole authority to form, change or dissolve the advertising council.

There are also no local or regional advertising cooperatives in which you are required to participate.

We are not required to engage in or maintain any particular advertising program, apart from our general obligations to include the Hotel in group advertising of System Hotels, and to include the Hotel in marketing programs in accordance with our general practice for System Hotels. However, we will use commercially reasonable efforts to market the Hotel on our reservation service and any loyalty programs associated with the System. We may use print, radio, television, magazines, direct mail and the internet to advertise System Hotels. Media coverage is national in scope. The source of our advertising for System Hotels is a marketing department and a national advertising agency. We are not required to spend any amount on advertising in your Restricted Area (defined in Item 12 below) or your geographic area.

You must 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. 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.

You may not 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. “Other Hotels” means any hotel, motel, inn, lodging facility, conference center or other similar business, other than a System Hotel. You agree to refer guests and customers, wherever reasonably possible, only to System 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 allow advertising and promotion only of System Hotels on the Hotel site, unless we specifically direct you to include advertising or promotion of Other Hotels. You may only accept reservations through the approved reservation service we furnish to you. You may not use an individual hotel website, booking engine, extranet, channel manager or any other channel of distribution to accept reservations.

Computer System

The computer hardware, software, cabling and related equipment comprising the computer system (the “Computer System”) you are required to obtain and maintain through the term of the Franchise Agreement falls into one of three categories: (i) PMS-related equipment; (ii) other, non-PMS related-equipment needed to operate the Hotel; and, (iii) equipment for your Hotel’s guests’ use.

PMS-Related Equipment

As described in Item 8, you are currently required to license the Hotel’s Property Management System (“PMS”) (currently AutoClerk Cloud PMS or AutoClerk PMS) from our affiliate, AutoClerk. In order to license the PMS from AutoClerk, you will be required to enter into a Software as a Service Agreement in the form attached as Exhibit K-1 (if you choose to use the AutoClerk Cloud PMS) or an End User License Agreement in the form attached as Exhibit K-2 (if you choose to use the AutoClerk PMS). You will be required to pay AutoClerk an installation/implantation fee of \$995 whether you choose the AutoClerk Cloud PMS or the AutoClerk PMS. You will also be required to pay AutoClerk a support fee of \$3.97 per guest room (billed monthly) for the AutoClerk Cloud PMS or \$250 per month (billed quarterly) for the AutoClerk PMS. The current PMS software package includes a license for two users. The PMS will, among other things, manage availability, rates, restrictions, guarantees and reservation delivery in a reservation service; run the point-of-sale for restaurant, gift shop or other revenue centers; run the in-room entertainment and call accounting systems; and, track charges for internet and minibar. The PMS is bundled with the Best Western Two-Way Interface.

To support the PMS system as a whole, you will need to purchase (if you are not converting an existing hotel that already has them) three computers at a cost of approximately \$9,900. If you wish to account for guest room telephone calls and interface them with the PMS, you would be required to license call accounting software for approximately \$30 per month. To support the PMS’s credit card interface, you will be required to purchase (if you are not converting an existing hotel that already has them) two credit card EMV (chip/pin) devices for approximately \$4,000. To support the PMS’s Best Western Two-Way Interface, you will be required to pay us an installation fee of approximately \$1,500 and pay us a maintenance fee of between \$41 and \$65 per month. You will also be required to purchase Lodging Link, a product offered by Comtrol Corporation that provides connectivity and integration of the PMS into other guest and hotel service systems (e.g. Call Accounting, PBX, in-room entertainment, Key Card, etc.), for an initial cost of approximately \$1,500 and an ongoing support fee of \$40 per month.

We will have independent access to the information that will be generated by or stored in the PMS. There are no contractual limitations on our rights to access this information. Additionally, you agree that we may use information regarding brand-generated System Hotel revenue, in aggregate form, for the purpose of franchise development.

Hotel Managed Security Service (“HMSS”)

The HMSS program is critical to the establishment of a reservations system baseline security posture at all System hotels. HMSS provides PMS network segment patching and assists in the securing of devices in the reservations system, helping protect the hotel environment. Installation of the HMSS (and its associated equipment) costs in the range of \$2,100 to \$3,500, depending upon the complexity of the installation.

Non-PMS-Related Equipment

If you are not converting an existing hotel that already has them, you will be required to purchase two printers, at a cost of approximately \$600 each, to support guest folios, registration cards and back-office reports and (ii) one fax machine at a cost of approximately \$400 to support reservation delivery back-up services.

Guest Equipment

Unless you are converting an existing hotel that has already been equipped with high-speed internet, you will be required to acquire and install high speed internet equipment at the Hotel. We currently estimate that the equipment and installation will cost approximately \$21,000 for a 60-room SureStay Hotel by Best Western System Hotel, \$23,000 for an 80-room SureStay Plus Hotel by Best Western System Hotel, and \$25,000 for a 100-room SureStay Studio by Best Western System Hotel. These amounts may vary based on differences in building construction between hotels. We estimate that the monthly cost for high-speed internet bandwidth access will range from \$400 to \$3,000 for a 60-room SureStay Hotel by Best Western System Hotel, \$400 to \$3,000 for an 80-room SureStay Plus Hotel by Best Western System Hotel, and \$600 to \$3,000 for a 100-room SureStay Studio by Best Western System Hotel. You must also acquire 24/7 guest technical support for high-speed internet access which we expect to range from \$0 to \$120 per month for a 60-room SureStay Hotel by Best Western System Hotel, \$0 to \$160 per month for an 80-room SureStay Plus Hotel by Best Western System Hotel, and \$0 to \$180 per month for a 100-room SureStay Studio by Best Western System Hotel.

In addition to high-speed internet, if your Hotel is a SureStay Plus Hotel by Best Western System Hotel or a SureStay Studio by Best Western System Hotel, you will be required to purchase one workstation and one printer for guest use in the business center for an approximate cost of \$1,700. You must also acquire support and maintenance for the business center at a cost of \$0 to \$50 per kiosk computer, per month.

Miscellaneous

Except as described above, no other party has an obligation to provide ongoing maintenance, repairs, upgrades or updates to the Computer System. The cost of other optional maintenance, updating, upgrading and support contracts varies widely depending on the market and the level of support you

need. We may periodically require changes, upgrades, or updates to the Computer System. No contract limits the frequency or cost of changes, upgrades or updates. We or our affiliates may charge you reasonable fees for software or other technology that we license to the Hotel and for other Computer System maintenance and support services that we or they periodically provide to the Hotel.

Commencement of Operations

The typical length of time between signing a Franchise Agreement and commencing operations of a System Hotel is 2 years for a newly constructed System Hotel and 90 days for the conversion of an existing hotel to a System Hotel. The specific timetable for opening the Hotel and becoming active on the reservation system depends on various factors, including the time to complete the construction work or renovation work, as applicable, and anything specified in a property improvement plan (“PIP”), putting a preventative maintenance program and a “deep clean” program in place, deep cleaning the Hotel, successful completion of our pre-activation inspection, compliance with all branding requirements (e.g., signage and collateral material requirements), having professional photographs and virtual tours taken of the Hotel and successful completion of required training. You must commence operations of your Hotel no later than 2 years after signing the Franchise Agreement for a newly constructed System Hotel and no later than 90 days after signing the Franchise Agreement for the conversion of an existing hotel to a System Hotel. You will give us at least 10 days’ advance notice that you have complied with all the terms and conditions of the Franchise Agreement and the Hotel is ready to open. We will use reasonable efforts within 10 days after we receive your notice to visit the Hotel and to conduct inspections as we deem necessary to determine whether to authorize the opening of the Hotel, but we will not be liable for delays or loss occasioned by our inability to complete our inspection and to make this determination within the 10-day period. You will not open the Hotel unless and until you receive our written consent to do so.

Training

We provide between 3 to 5 days of initial training at each System Hotel before it opens. Your General Manager (defined in Item 15), the sales manager (if applicable), and all front desk, housekeeping, and maintenance personnel must successfully complete initial training to our satisfaction before you may open and begin operating the Hotel. You must open and begin operating the Hotel within 2 years after signing the Franchise Agreement for a newly constructed System Hotel, and within 90 days after signing the Franchise Agreement for the conversion of an existing hotel to a System Hotel. You must provide accommodations for our trainers at no cost while they provide the initial training at the Hotel. We will use the Manual and various instructional handouts and online materials as we conduct the initial training program. If any of your required personnel do not successfully complete initial training to our satisfaction, we may require you and/or your personnel to attend additional training programs at the Hotel or another location we designate in order to achieve the sufficient level of training we require. You also must pay for all travel and living expenses that you and your employees incur and for your employees’ wages and workers’ compensation insurance while they attend initial or additional training. (Franchise Agreement □ Section 4.1)

Additional people beyond the attendees we require may attend initial training, subject to our ability and capacity to accommodate these extra people in any training session.

As of the date of this Disclosure Document, the initial training program includes the following:

TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Customer Service	6	2	The Hotel or another location we designate
SureStay Brand Culture	4	2	The Hotel or another location we designate
Guest Satisfaction Survey	4	0	The Hotel or another location we designate
Operations Training: (i) Front Desk; (ii) Maintenance; and (iii) Housekeeping	6	2	The Hotel or another location we designate
General Manager / Leadership	6	2	The Hotel or another location we designate
Revenue Management	2	0	The Hotel or another location we designate
TOTAL	28	8	

The initial training program will be conducted by members of our staff who have been employed by us since our inception in August, 2016; have between 6 and 20 years of experience with our affiliates; and have between 11 and more than 33 years' experience in the hotel industry.

We may require that your General Manager or other employees complete ongoing training programs or refresher training to our satisfaction. We generally provide online refresher courses at no cost to you covering customer service, housekeeping, maintenance, front desk services, regional

services, and operational consultative training. However, we may charge you a fee for additional training provided to your General Manager or other employees. (See Item 6) You are responsible for all related travel and living expenses and wages incurred in connection with employees attending these training programs.

Item 12

TERRITORY

We grant franchisees a license to use the System during the term of the Franchise Agreement to operate the Hotel at a specified location. If your franchise is for the right to convert an existing hotel to a System Hotel, you will already have the location for your Hotel. We will not approve relocation of the Hotel under any circumstances.

Neither we nor any of our affiliates will open, or allow to open, a hotel or motel under your Hotel's Brand (i.e., SureStay Hotel by Best Western, SureStay Plus Hotel by Best Western or SureStay Studio by Best Western) within a radius of at least .25 miles around the Hotel (the "Restricted Area").

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. Our restrictions in the Restricted Area do not apply to any System Hotel under your Hotel's Brand that is, as of the effective date of the Franchise Agreement, already open, under construction or approved for development or opening. Our restrictions in the Restricted Area also do not apply to: (1) any hotel(s) or motel(s) under brands other than your Hotel's Brand and (2) any 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 your Hotel's Brand name or any other name.

Except for our restrictions within your Hotel's Restricted Area, we and our affiliates have the right to engage in any other businesses of any nature, whether in the lodging or hospitality industry or not, and whether under the Brand, a competing brand, or otherwise, even if they compete with your 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. We may also use or license to others all or part of the System; use the facilities, programs, services and/or personnel used in connection with the System in other businesses; use the System, the Brand and the Marks in other businesses; and add, alter, delete or otherwise modify elements of the System.

We are not restricted from soliciting or accepting reservations from customers located inside your Restricted Area. We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to accept reservations under your Hotel's Brand and under other trademarks from customers located in your Restricted Area. We do not need to pay you any compensation for soliciting or accepting reservations from customers located inside your Restricted Area. You are not restricted from soliciting reservations from customers located outside of your Restricted Area, except that all of your advertising is subject to our advance written approval. While you may accept reservations from customers located outside of your Restricted Area, you may only do so through the approved reservation service we furnish to you. You may not use an individual

hotel website, booking engine, extranet, channel manager or any other channel of distribution to accept reservations.

You have no options, rights of first refusal, or similar rights to acquire additional franchises. Continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration or other contingency. We may not alter your Restricted Area or territorial rights during the term of the Franchise Agreement without your written consent.

We, Best Western International and certain of our and Best Western International’s affiliates and subsidiaries operate hotels under the Best Western®, Best Western Plus®, Best Western Premier®, BW Premier Collection®, BW Signature Collection®, Executive Residency by Best Western®, Vīb®, GLō® Aiden®, Sadie®, SureStay Collection by Best Western® and WorldHotels® Collection names. (We disclose the principal business address for Best Western International in Item 1.) We share offices with Best Western International and some of our and Best Western International’s affiliates and subsidiaries. We, Best Western International and our and Best Western International’s affiliates and subsidiaries are engaged in a variety of business activities in the lodging and hospitality industry. Guest lodging properties owned, managed or licensed to use marks by us, Best Western International, or our and Best Western International’s affiliates or subsidiaries may currently or in the future be located in or near your Restricted Area. You may compete with these guest lodging properties. There is no mechanism for resolving any conflicts that may arise between your hotel and hotels which are owned, managed or licensed to use marks by us, Best Western International, or our or Best Western International’s affiliates or subsidiaries.

Item 13

TRADEMARKS

You may use certain Marks in operating the Hotel. The current principal Marks our parent Best Western International has registered (or applied for registration) on the Principal Register of the United States Patent and Trademark Office (“USPTO”) are:

TRADEMARK	REGISTRATION OR APPLICATION NUMBER	REGISTRATION OR APPLICATION DATE
SureStay	5178147 (Reg.)	April 04, 2017 (Reg.)
SureStay Hotel by Best Western	5590268 (Reg.)	October 23, 2018 (Reg.)
SureStay Plus	5168540 (Reg.)	March 21, 2017 (Reg.)
SureStay Plus Hotel by Best Western	5590269 (Reg.)	October 23, 2018 (Reg.)
SureStay Studio	6456388 (Reg.)	August 17, 2021 (Reg.)
SureStay Studio by Best Western	6420997 (Reg.)	July 13, 2021 (Reg.)

TRADEMARK	REGISTRATION OR APPLICATION NUMBER	REGISTRATION OR APPLICATION DATE
	5242695 (Reg.)	July 11, 2017 (Reg.)
	5188279 (Reg.)	April 18, 2017 (Reg.)
	5188514 (Reg.)	April 18, 2017 (Reg.)
	5188515 (Reg.)	April 18, 2017 (Reg.)
	6420996 (Reg.)	July 13, 2021 (Reg.)

Best Western International has licensed us to use, and to grant franchisees the right to use, the Marks and the System in a master license agreement dated as of August 29, 2016. The master license agreement provides for a term equal to the entire term of the Marks' registration and protection including any renewals or extensions thereof, unless earlier terminated in accordance with its provisions.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state. Other than the master license agreement we have entered into with Best Western International, described above, there are no currently effective agreements that significantly limit our rights to use or license the use of the principal Marks in a manner material to the franchise. No affidavits or renewal filings are yet due in connection with these registrations or applications.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us in protecting and maintaining our interests in any litigation or USPTO proceeding or other administrative proceeding. 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. You must timely notify us and comply with our directions in response to a trademark infringement proceeding that disputes your authorized use of the

Marks and we may, at our option, defend and/or control the defense of any proceeding arising from your use of any Mark.

We may change any of the Marks, or the way in which any of them are depicted, at any time at our sole option and at your expense.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the Hotel. We claim copyrights in the Manual (which contain our trade secrets), advertising and marketing materials, and similar items used in operating System Hotels. We have not registered these copyrights with the United States Copyright Office, but we need not do so at this time to protect them. You may use these items only as we specify while operating the Hotel (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the best interests of the System or all or some System Hotel franchisees, as we solely determine. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). The Manual is the written compilation of the Standards (as defined in Item 1) (in any form, including written or electronic) as determined in our sole business judgment.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Whether you are an individual, corporation, limited liability company, partnership or other entity, you must at all times retain and exercise direct management control over the Hotel's business. You may fulfill this responsibility only by providing (i) qualified and experienced management, which may be a third party management company ("Management Company"), or (ii) a full-time, dedicated, on-premises general manager ("General Manager"). You are required at all times to provide to us up-to-date information regarding the name and contact information of the Management Company (and its on premises management personnel) or the General Manager.

While you must retain and exercise direct management control over the Hotel's business, you need not exercise on-premises supervision of the Hotel. If you are an individual, we do not have a preference with respect to whether you or another individual you appoint as General Manager exercises on-premises supervision of the Hotel. If a General Manager will exercise on-premises supervision,

there are no limits on who you may hire as the General Manager. Your General Manager does not need to have an equity interest in the Hotel or you.

You must comply with Standards for the training of persons involved in the operation of the Hotel, including completion by the General Manager and other key personnel of the Hotel of a training program for operation of the Hotel under the System prior to the Hotel's opening date (see Item 11).

You must adopt and implement all procedures we periodically establish in our business judgment to prevent unauthorized use or disclosure of our 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.

As a condition to entering into a Franchise Agreement for a System Hotel, we may require one or more principals, officers, individuals, or third parties, as applicable, to sign a personal guaranty in the form attached as Exhibit J. Each proposed guarantor must submit financial documentation indicating his/her/its ability to satisfy the requirements of the guaranty. All guarantors are subject to our approval, in our sole discretion.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Hotel may only be used to provide lodging to the consuming traveling public, and the Hotel may never be used as a homeless shelter or for any other similar non-traditional, traveling public lodging purpose without our prior written consent. In general, you must comply with our requirements as to the types and levels of services, amenities and products that must or may be used, promoted or offered at or in connection with the Hotel. You must comply with our requirements regarding supplies, including our specifications for all supplies and our policies regarding suppliers from whom you purchase supplies.

There is no limit on our right to make changes to the System and you must comply with all changes we adopt. We may require that you purchase a particular brand of product or service for resale to be sold from the Hotel from us or from a source we designate.

You must participate in and use the required 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 required reservation service. The only reservation service or system you may use for outgoing reservations referred by or from the Hotel to other properties owned, licensed or franchised by us or one of our affiliates will be the reservation service we designate and require.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 3, Addendum	15 years from opening or another term we approve.
b. Renewal or extension of the term	Section 3	You do not have the right to renew or extend the Franchise Agreement.
c. Requirements for franchisee to renew or extend	Not Applicable	You do not have the right to renew or extend, but if we agree, in our sole discretion, to re-license, you may be asked to sign a contract with materially different terms and conditions from the original Franchise Agreement, and you must comply with any PIP performance conditions that we specify.
d. Termination by franchisee	Not Applicable	Not Applicable (subject to state law).
e. Termination by franchisor without cause	Section 11.1 and 11.2	<p>Condemnation: you must immediately inform us of any proposed taking of any portion of the Hotel by eminent domain, and we may terminate the Franchise Agreement on notice to you, and will release you from the obligation to pay liquidated damages.</p> <p>Casualty: You must notify us if the Hotel is damaged by fire or other casualty. If the casualty requires closing of the hotel, you may choose to repair or rebuild according to Standards, not later than 18 months after the closing. If you elect not to repair or rebuild the Hotel after a condemnation or casualty to the Hotel, we may terminate the Franchise Agreement on notice to you. We will release you from the obligation to pay liquidated damages as long as you and your</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		affiliates do not own or operate a hotel at the site under a lease, license or franchise with a competitor within 3 years after the termination. If you do, liquidated damages are owed as applicable for cancellation not associated with a termination at a permissible window.
f. Termination by franchisor with cause	Section 14	Except as described above, we can terminate only if you fail to satisfy any obligations under the Franchise Agreement or any attachment to it.
g. "Cause" defined- curable defaults	Sections 14.1 and 14.3	<p>We may terminate the Franchise Agreement by written notice to you at any time before its expiration on any of the following grounds: you fail to pay any sums due and owing to us or our affiliates by the time they become due and owing (cure period will be in the notice of termination and will be at least 10 days); you fail to begin or complete the construction work or renovation work by the relevant dates or fail to open the Hotel on the required opening date (cure period will be in the notice of termination and will be at least 10 days); or you fail to comply with any provision of the Franchise Agreement, the Manual or any Standard not listed in this (g) or (h) (cure period will be in the notice of termination and will be at least 30 days).</p> <p>If you fail to cure within the specified cure period, we may delay termination but suspend the Hotel from the reservation service and any reservation and/or website services provided through or by us, and divert reservations for your Hotel to other System Hotels; remove the listing of the Hotel from any advertising we publish; disable all or any part of the software provided to you and/or may suspend any one or more of the information technology and/or network services that we provide or support; and 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.</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined- non-curable defaults	Section 14.2	<p>We may terminate the Franchise Agreement immediately on notice to you, without give you any opportunity to cure the default if any of the following occur: after curing any material breach, you engage in the same noncompliance within any consecutive 24 month period, whether or not the non-compliance is corrected after notice; we send you 2 notices of material default and then you commit a third material default in any 12-month period, regardless of whether the two prior defaults have been cured or not; you fall into a specified bottom percentage of Brand System Hotels with regard to Medallia scoring (or, if Medallia is no longer in existence, Medallia's successor or other industry resource that is as equally reputable as Medallia) at any given time for specific ratings as detailed in the Manual; 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; you do not purchase or maintain insurance required by the Franchise Agreement; you do not comply with your obligation to (i) provide us with your Hotel's inventory at the best available rate and with last room availability, (ii) treat all employees and guests professionally, and with dignity and respect in order to protect the integrity and goodwill of the SureStay brand, and/or (iii) comply with the SureStay Human Rights Policy; 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; you or your guarantor lose possession or the right to</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		<p>possession of all or a significant part of the Hotel; you fail to operate the Hotel for 20 consecutive days, unless the failure to operate is due to an event of fire, flood, earthquake or similar causes of physical damage to the Hotel beyond your control; you contest in any court or proceeding our ownership of the System or any part of the System or the validity of any of the Marks; you or any equity owners with a controlling equity interest are or have been convicted of a felony or any other offense or conduct, if we determine in our business judgment it is likely to adversely reflect on or affect the Hotel, the System, us and/or any of our affiliates; you conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise attempt to defraud us; you, your affiliate or a guarantor become a competitor; you transfer any interest in yourself, the Franchise Agreement or the Hotel, other than in compliance with the Franchise Agreement; you, your affiliate or a guarantor become a sanctioned person or are owned or controlled by a sanctioned person or otherwise breach the representations in the Franchise Agreement; information involving you or your affiliates, whether provided by you or obtained through our own investigation, discloses facts concerning you or your affiliates, including your or your affiliates' respective officers, directors, shareholders, partners or members, and/or the Hotel, or title to the property over which the Hotel is constructed or any other property used by the Hotel, including leased commercial space, which, in our business judgment, is likely to adversely reflect on or affect in any manner, any gaming licenses or permits held by our affiliates or the then current stature of any of our affiliates with any gaming commission, board, or similar governmental or regulatory agency, or the reputation or business of any of our affiliates; any guarantor breaches its guaranty to us; or a threat or danger to public health, welfare or safety results from the</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		construction, maintenance, or operation of the Hotel.
i. Franchisee's obligations on termination/nonrenewal	Sections 5.1.31 and 14.5	On termination or expiration of the Franchise Agreement you must immediately do all of the following: pay all sums due and owing to us or any of our affiliates which then are unpaid; cease operating the Hotel as a System Hotel and cease using the System; cease using the Marks, and any confusingly similar names, marks, trade dress systems, insignia, symbols, or other rights, procedures, and methods; deliver all goods and materials containing the Marks to us; make any specified changes to the Hotel as we may reasonably require for this purpose, which will include removal of the signs, custom decorations, and promotional materials; cease representing yourself as then or formerly a System Hotel or affiliated with the Brand or System; return all copies of the Manual and any other proprietary information to us; 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 and any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses, search engine metatags and keywords associated with the Hotel, and authorize their transfer to us; irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations that contain any reference to our Marks, System or Brand; notify the applicable domain name registrars of the termination of your right to use any domain name or websites associated with the Marks or the Brand; authorize and instruct the cancellation of the domain name, or transfer

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		of the domain name to us (or our designee), as we specify; delete all references to our Marks, System and Brand from any websites you own, maintain or operate beyond the expiration or termination of the Franchise Agreement; and permit us to contact all guests with future reservations to notify them that the Hotel is no longer affiliated with SureStay and to offer alternative accommodations at a System Hotel.
j. Assignment of contract by franchisor	Section 13.1	We may change our ownership or form and/or assign the Franchise Agreement or any interest therein and any other agreement to a third party without restriction or notice to you.
k. "Transfer" by franchisee – defined	Section 1 and 13.2	Any sale, lease, assignment, spin-off, transfer, or other conveyance of a direct or indirect legal or beneficial interest, including a transfer of an interest in the Hotel, the Franchise Agreement, the site on which the Hotel is located or any direct or indirect equity interest. You may not transfer to a competitor or a sanctioned person.
l. Franchisor approval of transfer by franchisee	Section 13.2.1	You must give written notice and obtain our consent for all transfers, but you are not required to give written notice and obtain our consent if the transfer does not result in a change of control of you, the Hotel or the Hotel site provided that after the transaction (1) less than 50% of all equity interests in you will have changed hands since you first became a party to the Franchise Agreement, (2) less than 80% of all equity interests in you will have changed hands since you first became a party to the Franchise Agreement, and no equity interest(s) will be held by any natural person or entity other than those who held them when you first became a party to the Franchise Agreement, or (3) the equity interests are either (a) traded on any securities exchange; or (b) quoted in any publication or electronic reporting service maintained by the National Association of Securities Dealers, Inc., or any of its successors.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Section 13.2.2 through 13.2.5	<p>You must give 60 days' written notice, obtain our consent, follow our then-current procedure for processing permitted transfers; sign documents required by us, and pay a processing fee for all transfers to affiliates, family member or trusts, or on death. You must give 60 days' written notice and provide any information we may require in order to consent to the transfer; not be in default; pay all amounts due to us and our affiliates through closing; execute a termination agreement, including a general release; conclude any suit, action or proceeding that is pending or threatened against you, us or any of our affiliates with respect to the Hotel, or provide adequate security; proposed transferee meets our then-current business requirements for new franchisees, including credit, background investigation, operations experience, prior business dealings, and other relevant factors; proposed transferee submits a change of ownership application, pays our franchise application fee, signs our then current form of Franchise Agreement and agrees to our request for upgrades to the hotel (which may include payment of a PIP fee); and the transferee's guarantors sign our then-current form of guaranty of Franchise Agreement. You must give to us at least 60 days advance notice of a public offering or private placement. 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, if (i) you or the applicable equity owner are the sole borrower, and (ii) the loan is not secured by any other hotels or other collateral. You must notify us of any other proposed mortgage or pledge, including any collateral assignment of the Franchise Agreement, and obtain our consent, which we may withhold in our business judgment. We will evaluate the proposed mortgage or pledge according to our then-current procedure and standards for processing such requests. We may</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		issue our consent in the form of a “lender comfort letter” agreement in a form satisfactory to us, and may include an estoppel and general release of claims. We charge a fee for the processing of a lender comfort letter. You may lease or sublease commercial space in the hotel, or enter into concession arrangements for operations in connection with the hotel, in the ordinary course of business, subject to our right to review and approve the nature of the proposed business and the proposed brand and concept, all in keeping with our then current Standards for System Hotels.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 13	None, but you must notify us if you want to market any equity interests, other than a transfer under §§ 13.2.1 or 13.2.2.
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Section 13.2.2.3	On the death of a franchisee or equity owner who is a natural person, the Franchise Agreement or the equity interest of the deceased equity owner may transfer in accordance with the person’s will or, if the person dies intestate, in accordance with laws of intestacy governing the distribution of the person’s estate, provided that: (i) the transfer upon death is to an immediate family member or to a legal entity formed by the family member(s); and (ii) within 1 year after the death, the family member(s) or entity meet all of our then current requirements for an approved applicant and the transfer otherwise satisfies our conditions.
q. Non-competition covenants during the term of the franchise	Section 1 and 5.1.19	You must not become a competitor, or permit your affiliate to become a competitor, in the economy or lower-scale hotel market segment applicable to the Brand, or any substantially equivalent market segment. “Competitor” means any individual or entity that, at any time

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		during the term of the Franchise Agreement, 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 the competing brand name. (Subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the agreement	Section 17.6.1	All changes to the Franchise Agreement must be in writing and signed by an authorized person on behalf of you and us, but we can change the Standards, the Manual and other materials.
t. Integration/ merger clause	Section 17.5	Only the terms of the Franchise Agreement and all of its attachments, documents, schedules, exhibits, and any other information specifically incorporated into the Franchise Agreement by reference are enforceable (subject to state law). Any other promises may not be enforceable. However, nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Section 17.2.2	Unless waived by us, the courts located in the state of Arizona, State or Federal, have exclusive jurisdiction to hear and determine all claims, disputes and actions arising from or related to the Franchise Agreement, any application or to any relationship between the parties and venue shall be in the courts located in Maricopa County, Arizona. Each party expressly consents and submits to the jurisdiction of said courts and to venue being in

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Maricopa County, Arizona. (Subject to state law).
w. Choice of law	Section 17.2.1	Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. 11 1050 et seq.), as amended, the Franchise Agreement will be governed by the laws of the State of Arizona without recourse to Arizona choice of law or conflicts of law principles. (Subject to state law).

Item 18

PUBLIC FIGURES

We do not use any public figures to promote franchises for System Hotels.

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 franchisor’s management by contacting Jay Pricher, Secretary of SureStay, Inc., at 6201 N. 24th Parkway, Phoenix, AZ 85016, 602-957-4200, the FTC, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All year end numbers appearing in the tables below are as of November 30 in each year.

**Table 1
Systemwide Outlet Summary
For years 2021 to 2023***

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2021	195	214	+19
	2022	214	233	+19
	2023	233	238	+5
Company Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	195	214	+19
	2022	214	233	+19
	2023	233	238	+5

**Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023***

Column 1	Column 2	Column 3
State	Year	Number of Transfers
California	2021	4
	2022	0
	2023	1

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Florida	2021	0
	2022	2
	2023	2
Georgia	2021	0
	2022	1
	2023	0
Illinois	2021	0
	2022	0
	2023	1
Indiana	2021	0
	2022	1
	2023	0
Iowa	2021	0
	2022	0
	2023	1
Kentucky	2021	1
	2022	1
	2023	0
Louisiana	2021	0
	2022	0
	2023	1
Maine	2021	1
	2022	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
	2023	0
Mississippi	2021	0
	2022	1
	2023	0
Missouri	2021	2
	2022	1
	2023	0
Nebraska	2021	0
	2022	0
	2023	1
Nevada	2021	0
	2022	2
	2023	0
New Mexico	2021	0
	2022	2
	2023	1
North Carolina	2021	2
	2022	1
	2023	1
North Dakota	2021	0
	2022	1
	2023	0
Oklahoma	2021	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
	2022	0
	2023	2
Tennessee	2021	1
	2022	0
	2023	0
Texas	2021	0
	2022	1
	2023	2
Virginia	2021	0
	2022	0
	2023	1
Washington	2021	0
	2022	0
	2023	0
Totals	2021	11
	2022	15
	2023	14

Table 3
Status of Franchised Outlets
For years 2021 to 2023*

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired By Master Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
Arizona	2021	3	0	0	0	0	0	3
	2022	3	1	2	0	0	0	2
	2023	2	4	0	0	0	0	6
Arkansas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
California	2021	37	7	0	0	0	0	44
	2022	44	7	7	0	0	0	44
	2023	44	4	1	4	0	0	43
Colorado	2021	2	1	1	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	1	0	0	0
Delaware	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	0	0	1	0	0	2

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Master Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Florida	2021	5	0	0	0	0	0	5
	2022	5	4	0	0	0	0	9
	2023	9	1	0	1	0	0	9
Georgia	2021	7	2	1	0	0	0	8
	2022	8	1	2	0	0	0	7
	2023	7	0	0	1	0	0	6
Guam	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Idaho	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Illinois	2021	4	0	0	0	0	0	4
	2022	4	2	0	0	0	0	6
	2023	6	0	0	2	0	0	4
Indiana	2021	4	0	1	0	0	0	3
	2022	3	1	0	0	0	1	3
	2023	3	2	0	2	0	0	3
Iowa	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Master Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Kansas	2021	4	0	1	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
Kentucky	2021	5	0	0	0	0	0	5
	2022	5	0	1	0	0	0	4
	2023	4	2	0	0	0	0	6
Louisiana	2021	4	0	1	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
Maine	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Michigan	2021	0	4	0	0	0	0	4
	2022	4	0	1	0	0	0	3
	2023	3	1	0	1	0	0	3
Minnesota	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Mississippi	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Master Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Missouri	2021	8	0	0	0	0	1	7
	2022	7	0	1	0	0	0	6
	2023	6	1	0	2	0	0	5
Montana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Nebraska	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	1	0	0	0	0	2
Nevada	2021	2	0	0	0	0	0	2
	2022	2	3	0	0	0	0	5
	2023	5	0	0	0	0	0	5
New Jersey	2021	2	0	0	0	0	0	2
	2022	2	2	1	0	0	0	3
	2023	3	0	0	0	0	0	3
New Mexico	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	1	0	0	4
New York	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	2	0	0	2

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Master Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
North Dakota	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
North Carolina	2021	8	1	1	0	0	0	8
	2022	8	3	0	0	0	0	11
	2023	11	0	0	2	0	0	9
Ohio	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oklahoma	2021	10	0	1	0	0	0	9
	2022	9	1	0	0	0	0	10
	2023	10	1	0	0	0	0	11
Oregon	2021	2	1	1	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Pennsylvania	2021	6	1	0	0	0	1	6
	2022	6	2	1	0	0	0	7
	2023	7	1	0	1	0	0	7
Puerto Rico	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Master Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Rhode Island	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	1	0	0	0	0
South Carolina	2021	6	0	0	0	0	1	5
	2022	5	0	2	0	0	0	3
	2023	3	0	0	0	0	0	3
South Dakota	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Tennessee	2021	6	1	2	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	2	0	0	0	0	7
Texas	2021	30	2	1	0	0	0	31
	2022	31	4	0	0	0	0	35
	2023	35	7	0	2	0	0	40
Utah	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	1	0	0	0	0	4

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Master Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Virginia	2021	2	2	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2023	5	0	0	1	0	0	4
Washington	2021	3	2	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	6	1	1	1	0	0	4
West Virginia	2021	3	2	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wyoming	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Totals	2021	195	33	11	0	0	3	214
	2022	214	42	20	0	0	3	233
	2023	233	35	4	26	0	0	238

Table 4
Status of Company-Owned Outlets
For years 2021 to 2023*

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table 5
Projected Openings As of November 30, 2023

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets In The New Fiscal Year	Projected New Company-Owned Outlets In The New Fiscal Year
Alabama	2	3	0
Arizona	1	1	0
California	8	7	0
Colorado	0	1	0
Connecticut	0	0	0
Florida	1	2	0
Georgia	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	1	2	0
Iowa	0	0	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets In The New Fiscal Year	Projected New Company-Owned Outlets In The New Fiscal Year
Kansas	0	0	0
Kentucky	1	0	0
Louisiana	3	1	0
Michigan	0	0	0
Minnesota	1	0	0
Mississippi	1	1	0
Missouri	1	1	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Jersey	0	0	0
New Mexico	3	1	0
North Carolina	1	1	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
South Carolina	0	0	0
Tennessee	1	2	0
Texas	6	3	0
Utah	0	0	0
Virginia	0	0	0
Washington	1	0	0
West Virginia	0	0	0
Wyoming	0	0	0
Totals	32	27	0

* As described in Item 1, we offered hotel franchises using the mark “SureStay Collection by Best Western[®]” under this Disclosure Document from 2016 until March, 2024, since which date we have been offering hotel licenses using the mark “SureStay Collection by Best Western” under a separate disclosure document. The SureStay Collection by Best Western hotels that are operated by franchisees that entered into franchise agreements with us are reflected in the tables above, but the SureStay Collection by Best Western hotels that are operated by licensees that entered into distribution agreements with us are not reflected in the tables above.

Exhibit G lists the names of all franchisees operating a System Hotel as of the date of this Disclosure Document, along with each franchised System Hotel’s address and telephone number.

Exhibit G also lists the names of the franchisees that have signed Franchise Agreements as of the date of this Disclosure Document but have not yet opened their System Hotels, along with the addresses and telephone numbers of the System Hotels they will open, if available, or, if not available, the franchisees' cities and states and business telephone numbers or e-mail addresses.

Exhibit G also includes the franchisees who had a System Hotel franchises terminated, canceled, transferred, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during our last fiscal year or who have not communicated with us within 10 weeks of this Disclosure Document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in the System.

There are currently no trademark-specific franchisee organizations associated with the System.

Item 21

FINANCIAL STATEMENTS

Exhibit E contains the audited consolidated financial statements (and the related notes) of Best Western International as of and for the years ended November 30, 2023, November 30, 2022 and November 30, 2021.

Best Western International absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreement should we become unable to perform its duties and obligations under the Franchise Agreement. Best Western International's guaranty of performance is included in Exhibit E.

Item 22
CONTRACTS

The following agreements are exhibits:

- Exhibit C Franchise Agreement
- Exhibit D State Addenda to Franchise Agreement
- Exhibit H Franchise Application
- Exhibit J Form of Guaranty
- Exhibit K-1 AutoClerk Cloud PMS Software as a Service Agreement
- Exhibit K-2 AutoClerk PMS End User License Agreement

Item 23
RECEIPTS

Our and your copies of the receipt to this Disclosure Document are located at the last 2 pages of this Disclosure Document.

EXHIBIT A TO FDD

LIST OF STATE ADMINISTRATORS

Listed here is the contact information for each of the state agencies responsible for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Office of the Commissioner
California Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(866) 275-2677

HAWAII

Commissioner of Securities of the State of
Hawaii
Department of Commerce and Consumer
Affairs,
Business Registration Division,
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Division
Office of Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Franchise Section
Indiana Securities Commission
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

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

MICHIGAN

Corporate Oversight Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

NEW YORK

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue, 14th Floor
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Dept. of Consumer & Business Services
Division of Finance and Corporate
Securities
350 Winter St. NE, Rm. 410
Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance – Securities
Regulation
124 S. Euclid Ave., 2nd Floor
Pierre, South Dakota 57501-3185
(605) 773-3563

VIRGINIA

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

WASHINGTON

Securities Division
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN

Division of Securities, Department of
Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

EXHIBIT B TO FDD

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of the Department of
Financial Protection and Innovation:
Toll Free: 1 (866) 275-2677
Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500
(415) 972-8559

HAWAII

Commissioner of Securities
Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

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

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Department of Attorney General
Consumer Protection Division, Franchise
Section
525 West Ottawa Street
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

NEW YORK

Secretary of State of the State of New York
Division of Corporations, State Records &
Uniform Commercial Code
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231
(518) 473-2492

NORTH DAKOTA

Securities Commissioner, State of North
Dakota
600 East Boulevard Avenue, 14th Floor,
Bismarck, North Dakota 58505-0510
(701) 328-2910

OREGON

Oregon Division of Financial Regulation,
Corporate Securities Sections
350 Winter Street NE, Room 410
Salem, Oregon 97301-3881
(503) 378-4387

RHODE ISLAND

Director of Department of Business
Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance – Securities Regulation
124 S. Euclid Ave., 2nd Floor
Pierre, SD 57501
(605) 773-3563

VIRGINIA

Clerk, Virginia State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

Director, Department of Financial Institutions
Securities Division – 3rd Floor
150 Israel Road Southwest
Tumwater, Washington 98501
(360) 902-8760

WISCONSIN

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

EXHIBIT C TO FDD
FRANCHISE AGREEMENT

Address: [ADDRESS 1]
[ADDRESS 2]
[CITY] [STATE] [ZIP]

[NAME OF HOTEL]
FRANCHISE AGREEMENT
BETWEEN
[NAME OF OWNER]
AND
SURESTAY, INC.

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FRANCHISE AGREEMENT

This Franchise Agreement, entered into between SureStay, Inc. (“we,” “us,” “our” or “**Franchisor**”) and the Franchisee (“you,” “your” or “**Franchisee**”) set forth in the Addendum attached to this Agreement, is dated as of the Effective Date. We and you may collectively be referred to as the “**Parties**.”

INTRODUCTION

We and our Affiliates own, license, lease, operate, manage and provide various services for the SureStay System. We grant licenses for selected, independently owned or leased hotel properties, to operate under the Brand as provided for under this Agreement. 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.

NOW, THEREFORE, in consideration of the premises and the undertakings and commitments of each Party to the other Party in this Agreement, the Parties agree as follows:

1.0 DEFINITIONS

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

“**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 of the United States and the United Kingdom, including the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act of 2010.

“**Brand**” means the brand name (e.g., “SureStay”, “SureStay Plus”, or “SureStay Studio”) set forth in the Addendum.

“**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 Transfer**” means any proposed Transfer that results in a change of Control of Franchisee, the Hotel, or the Hotel Site and is not otherwise permitted by this Agreement, all as set out in Subsection 13.2.3.

“**Competing Brand**” means a hotel brand or trade name that, in our sole business judgment, competes with the System, or any System 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 is a licensee or franchisee of a Competing Brand owned by a third party.

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

“Construction Work” means all necessary action for the development, construction, renovation, furnishing and equipping of, and implementation of the Designs and/or Plans for, a new System Hotel that must be built from the ground up.

“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 and/or Controls the entity that Controls the Hotel.

“Designs and/or Plans” means your plans, layouts, specifications, drawings and designs for proposed furnishings, fixtures, equipment, signs and decor 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.

“Entities” means our present or future Affiliates and direct or indirect owners.

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

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

“Expiration Date” has the meaning set forth in Section 3.

“Financial and 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.

“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 the Franchisee’s financial inability to perform, inability to obtain financing, inability to obtain permits or any other similar events unique to the Franchisee or the Hotel, to general

economic downturn or conditions, or to the economic consequences of long-term interruptions of business due to, for example, a pandemic.

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

“Government Official” means the following: (i) officers and employees of any national, regional, local or other 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 Governmental 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.

“Gross Rooms Revenue” means all revenues derived from the sale or rental of Guest Rooms (both transient and permanent) of the Hotel, including revenue derived from the redemption of points or rewards under the loyalty programs in which the Hotel participates, amounts attributable to breakfast (where the guest room rate includes breakfast), and guaranteed no-show revenue and credit transactions, whether or not collected, at the actual rates charged, less allowances for any Guest Room rebates and overcharges, and will not include taxes collected directly from patrons or guests. Group booking rebates, if any, paid by you or on your behalf to third-party groups for group stays must be included in, and not deducted from, the calculation of Gross Rooms Revenue.

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

“Hotel” means the property you will operate under this Agreement to provide lodging to the traveling public 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 Work” means Construction Work and/or Renovation Work, as the case may be, and the context requires.

“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 without limitation 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 the Entities and our and their respective predecessors, successors and assigns, and the members, officers, directors, employees, managers, 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, Financial and Operational Information, Proprietary Information, and Personal Information.

“Initial Franchise Fee” means the initial franchise fee set forth in the Addendum.

“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” has the meaning set forth in Subsection 14.4.

“Manual” means all written compilations of the Standards (in any form, including without limitation, written or electronic) as determined by us in our sole business judgment.

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

“Monthly Fees” means, collectively, the Monthly Sales and Marketing Fee and the Monthly Royalty Fee, each of which is set forth in the Addendum.

“Monthly Sales and Marketing Fee” means the fee we require from you which is set forth in the Addendum.

“Monthly Royalty Fee” means the fee we require from you which is set forth in the Addendum.

“**Open**” means representing to the public that the Hotel is actually accommodating guests as a System Hotel.

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

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

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

“**Permitted Transfer**” means any Transfer by you or your Equity Owners as specified in Section 13.2 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.

“**Pre-Activation Re-Inspection Fee**” has the meaning set forth in Subsection 4.5.

“**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 and/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 Manual, 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 Re-Assessment Fee**” has the meaning set forth in Subsection 4.5.

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

“**Renovation Work**” means all necessary action for the renovation, furnishing and equipping of, and implementation of the Designs and/or Plans for, an existing hotel to become a System Hotel.

“**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.

“**Restricted Area Provision**” has the meaning set forth in the Addendum.

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

“**Sanctioned Person**” means any person or entity (including financial institutions): (a) who is, or is owned or controlled by, or acting on behalf of the Government of any country subject to comprehensive U.S. sanctions in force and which currently include the Government of Cuba, Iran, North Korea, Sudan, and Syria (“**Sanctioned Countries**”); (b) located in, organized under the laws of or ordinarily resident in Sanctioned Countries; (c) identified by any government or legal authority under applicable Trade Restrictions as a person with whom dealings and transactions by Franchisee and/or its Affiliates are prohibited or restricted, including but not limited to persons designated under United Nations Security Council Resolutions, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”) List of Specially Designated Nationals and Other Blocked Persons; the U.S. Department of State’s lists of persons subject to non-proliferation sanctions; the European Union Financial Sanctions List; persons and entities subject to Special Measures regulations under Section 311 of the USA PATRIOT Act and the Bank Secrecy Act.

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

“**Site**” means domain names, the World Wide Web, the Internet, computer network/distribution systems, or other electronic communications sites.

“**Standards**” means all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us in our sole business judgment for use by you in connection with the design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, marketing, services, service levels, quality, and quality assurance of System Hotels, including the Hotel, and for hotel advertising and accounting, whether contained in the Manual or set out in this Agreement or other written communication.

“**System**” or “**SureStay System**” means the elements, including know-how, that we designate in our sole business judgment to distinguish hotels operating worldwide under the Brand that provide to the consuming traveling public a similar, distinctive, high-quality hotel service. The System currently includes: the Brand, the Marks, the Trade Name, and the Standards; access to the 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.

“**Term**” has the meaning set forth in Section 3.0.

“**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.

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

2.0 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.

2.2 Reserved Rights.

2.2.1 This Agreement does not limit our right, or the right of the Entities, to engage in 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, even if they compete with the Hotel, the System, or the Brand, and whether we or the Entities start those businesses, or purchase, merge with, acquire, are acquired by, come under common ownership with, or associate with, such Other Businesses (the “Business Rights”).

2.2.2 We may also (i) use or license to others all or part of the System; (ii) use the facilities, programs, services and/or personnel used in connection with the System in Other Businesses; (iii) use the System, the Brand and the Marks in the Other Businesses; and, (iv) add, alter, delete or otherwise modify elements of the System (the “Use Rights”).

2.2.3 You acknowledge and agree that you have no rights to, and will not make any claims or demands for, damages or other relief arising from or related to our exercise of the Business Rights or Use Rights, and you acknowledge and agree that our exercise of the Business Rights or Use Rights 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 Restricted Area Provision. The Restricted Area Provision is set forth in the Addendum.

3.0 TERM

The Term shall begin on the Effective Date and will end, without further notice, on the Expiration Date set forth in the Addendum, unless terminated earlier under the terms of this Agreement. You acknowledge and agree that this Agreement is non-renewable and that this Agreement confers on you absolutely no rights of license renewal or extension whatsoever following the Expiration Date.

4.0 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 the Entities 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 on providing accommodations and related services 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 costs incurred 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 and shall be the exclusive Reservation Service used at the Hotel at all times unless otherwise approved by us in writing in our sole discretion. You will be required to participate in performance based marketing as determined by us from time to time.

4.3 Consultation. We may offer consultation services and advice in areas such as operations, facilities, and marketing. We may establish fees in advance, or on a project-by-project basis, for any consultation service or advice you request, such as revenue management and sales support. You will be entitled to such services upon request and payment of any applicable fees. You acknowledge that, although we provide consultation services and advice, you have exclusive day-to-day control of the business and operation of the Hotel and we do not in any way possess or exercise such control.

4.4 Marketing.

4.4.1 We will use commercially reasonable efforts to market the Hotel on our Reservation Service and any loyalty programs associated with the SureStay System.

4.4.2 We will include the Hotel in advertising of System Hotels and in marketing programs in accordance with our general practice for System Hotels.

4.4.3 We will use your Monthly Sales and Marketing Fee to pay for various programs, including: (i) advertising, promotions, publicity, public relations, market research, loyalty programs and other marketing programs for the benefit of System Hotels and our affiliates' licensees and franchisees operating under other hotel brands ("BW Hotel Operators"); (ii) investing in Best Western International, Inc.'s internal technology platform and assets; and (iii)

administrative costs and overhead related to the administration or direction of these projects and programs and other such services as we may determine from time to time.

4.4.4 We will have the sole right to determine how and when we spend these funds, 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.

4.4.5 We may enter into, modify or terminate arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services and/or personnel with any other entity, including any of the Entities or a third party.

4.4.6 You acknowledge that Monthly Sales and Marketing Fees may be, together with marketing fees paid by other BW Hotel Operators, spent for the benefit of System Hotels and other BW Hotel Operators, and they will not be used to exclusively promote or benefit the Marks or any one System Hotel or market. We will have no obligation in administering any activities paid for with the Monthly Sales and Marketing 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.

4.4.7 We may create any programs and allocate monies derived from Monthly Sales and Marketing Fees to any regions or localities, as we consider appropriate in our sole business judgment. The aggregate of Monthly Sales and Marketing Fees paid to us by System Hotels does not constitute a trust and we are not a fiduciary with respect to the Monthly Sales and Marketing Fees paid by you and other System Hotels.

4.4.8 We are not obligated to expend funds in excess of the amounts received from System Hotels. If any interest is earned on unused Monthly Sales and Marketing Fees, we will use the interest before using the principal. The Monthly Sales and Marketing 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 Sales and Marketing Fee also does not cover the cost of operating the Hotel in accordance with the Standards. There are no reimbursements or other funds to which you are entitled from the unused Monthly Sales and Marketing Fees.

4.5 Inspections/Compliance Assistance. We will administer a quality assurance program for the System that may include requiring you to complete a pre-activation checklist prior to opening and our conducting pre-opening and periodic inspections and audits (at least once every twelve (12) months on an unannounced basis) of the Hotel 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 from time to time, including any re-inspection or re-assessment with an associated cost-recovery fee. You may be charged a Pre-Activation Re-Inspection Fee if you fail to complete the pre-activation checklist prior to opening and/or a Quality Re-Assessment Fee if you fail an inspection or audit, in each case 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 to complete

a pre-activation checklist prior to opening or failed a regular quality assurance evaluation or to verify that deficiencies noted in a quality assurance evaluation report have been corrected or completed by the required dates.

4.6 Manual. We will issue to you or make available the Manual and any revisions and updates we may make to the Manual during the Term (either in writing or electronic form as may be determined from time to time). 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. There will be no charge for the Manual unless printed duplicates or copies are requested by you.

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.

5.0 YOUR RESPONSIBILITIES

5.1 Operational and Other Requirements. You must:

5.1.1 after the Opening Date, operate the Hotel twenty-four (24) hours a day;

5.1.2 at all times during the Term maintain the minimum rating, score or ranking that we require in our Standards with or from the customer management company or rating service that we designate in our Standards, as such rating, score or ranking and/or customer management company or rating service may be changed by us from time to time;

5.1.3 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 the Hotel shall only be used to provide lodging to the consuming traveling public, and that the Hotel shall never be used as a homeless shelter or for any other similar non-traditional, traveling public lodging purpose without our prior written consent, which may be withheld for any or no reason. You acknowledge that, although we provide the Standards, you have exclusive day-to-day control of the business and operation of the Hotel and we do not in any way possess or exercise such control and shall maintain those requirements which may change from time to time. You will successfully complete all quality assurance assessments as may be required by us from time to time;

5.1.4 comply with the Standards, including our specifications for all supplies, products and services as may be applicable. We may require you to purchase a particular brand of product or service to maintain the common identity and reputation of the 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;

5.1.5 install, display, and maintain signage displaying or containing the Brand name and other distinguishing and identifying characteristics in accordance with Standards we establish for System Hotels;

5.1.6 participate in and pay all charges in connection with all required loyalty or frequency programs;

5.1.7 use the Reservation Service as the sole means of offering reservations to the public and to third parties for booking (e.g., you may not use an individual Hotel website, booking engine, extranets, or channel manager);

5.1.8 provide to us all Hotel inventory at the best available rate and with last room availability;

5.1.9 comply with Standards for the training of persons involved in the operation of the Hotel, including completion by the general manager and other key personnel of the Hotel of a training program for operation of the Hotel under the System prior to the Opening Date, at a site we designate. You will 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 employees incur in attending these programs;

5.1.10 purchase and maintain property management, revenue management, in-room entertainment (e.g., televisions and programs/channels), 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;

5.1.11 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. 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;

5.1.12 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;

5.1.13 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;

5.1.14 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 properties will be the Reservation Service or other reservation services we designate;

5.1.15 comply with Laws and, on request, give evidence to us of compliance;

5.1.16 participate in, and promptly pay all fees, commissions and charges associated with, all travel agent commission programs and third-party reservation and distribution services (e.g., online travel agencies), all as required by the Standards and in accordance with the terms of these programs, all of which may be modified;

5.1.17 not 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. 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 allow advertising and promotion only of System Hotels on the Hotel Site, unless we specifically direct you to include advertising or promotion of Other Hotels;

5.1.18 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;

5.1.19 not become a Competitor, or permit your Affiliate to become a Competitor, in the economy or lower-scale hotel market segment applicable to the Brand, or any substantially equivalent market segment, as determined by Smith Travel Research (“STR”) (or, if STR is no longer in existence, STR’s successor or other such industry resource that is as equally as reputable as STR);

5.1.20 own fee simple title (or long-term ground leasehold interest for a term equal to the Term) 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;

5.1.21 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;

5.1.22 not 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;

5.1.23 participate in and pay all charges related to our marketing programs (in addition to programs covered by the Monthly Sales and Marketing Fee), all guest frequency programs we require, and any optional programs that you opt into;

5.1.24 honor the terms of any discount or promotional programs (including any frequent guest or loyalty program) that we offer to the public on your behalf, any room rate quoted to any guest at the time the guest makes an advance reservation, and any award certificates issued to Hotel guests participating in these programs;

5.1.25 if an overbooking occurs, be financially responsible for the cost of an alternative accommodation at a comparable hotel for at least one night, and arrange and pay for transportation to the alternative accommodation;

5.1.26 after the Effective Date, maintain, at your expense, insurance of the types and in the minimum amounts we specify in the Standards. As of the Effective Date, required types of insurance include, without limitation: general liability insurance, employment practices insurance, automobile liability insurance, cyber security insurance, and statutory workers' compensation insurance, each in the amount set forth 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. Upon request, you shall provide us with certificates and such other documents that we request evidencing that you have obtained insurance policies that comply with the then-current insurance requirements set forth in the Standards;

5.1.27 not share the business operations and Hotel facilities with any Other Hotel or other business;

5.1.28 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) and/or the Hotel, title to the property on which the Hotel is constructed and any other property used by the Hotel;

5.1.29 treat all employees and guests professionally, and with dignity and respect in order to protect the integrity and goodwill of the Brand;

5.1.30 comply with the SureStay Human Rights Policy; and

5.1.31 upon termination of the Agreement, consent to our contacting all guests with future reservations, to our notifying them that the Hotel is no longer affiliated with the Brand, and to our offering alternative accommodations at a different System Hotel.

6.0 HOTEL WORK

6.1 Necessary Consents.

6.1.1 You must comply with all design and brand standards as detailed in the Manual prior to activation. Designs and Plans must be submitted to us in accordance with the schedule specified in the Addendum. Before we approve your Designs and Plans, your architect or other certified professional must certify to us that the Designs and Plans comply with all Laws related to accessibility/accommodations/facilities for those with disabilities. You shall not commence any Hotel Work unless and until we have issued our written consent in respect of the Designs and Plans, which consent will not be unreasonably withheld. Once we have issued our approval, no changes to the Designs and Plans shall be made without our consent.

6.1.2 You are solely responsible for ensuring that the Designs and Plans (including Designs and Plans for Hotel Work) comply with our then-current Standards, the Manual, and all Laws.

6.2 Initial Hotel Work. You will perform or cause the Hotel Work to be performed in accordance with this Agreement, the approved Designs and Plans and the Manual. You will bear the entire cost of the Hotel Work, including the cost of the Designs and Plans, 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.

6.3 Completion of the Hotel Work.

6.3.1 Your Hotel will not be placed in the Reservation Service until you complete the Hotel Work. The Hotel Work must be completed on or before the Construction Completion Date or Renovation Completion Date specified in the Addendum. You may request an extension by submitting a written request for our approval before the applicable deadline, describing the status of the project and the reason for the requested extension, and paying our then-current extension fee. We may condition our approval on an update to the Designs and Plans. 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, and specifying that you have used, and continue to use, reasonable endeavours to mitigate the effects of such event until such event ceases to exist. On verification of the event of Force Majeure, we will approve an extension of the Construction Completion Date or Renovation Completion Date for up to six (6) months. You must promptly provide to us evidence that the Hotel Work has commenced if we request it.

6.3.2 On completion of the Hotel Work and, as a condition to our authorization to open the Hotel, your architect, general contractor or other certified professional must provide us with a certificate stating that the as-built premises comply with all Laws relating to accessibility/accommodations/facilities for those with disabilities, if applicable.

6.4 Opening the Hotel Under This Agreement.

6.4.1 You will Open the Hotel on the Opening Date. You will not Open the Hotel unless and until you receive our written consent to do so pursuant to Subsection 6.4.2 and 6.4.3.

6.4.2 Prior to being active on the Reservation Service:

6.4.2.1 you will put a preventative maintenance program and a “deep clean” program in place which shall be subject to our approval and comment and which we may require be modified to comply with Standards from time to time.

6.4.2.2 You, unless the Hotel will be a newly constructed System Hotel as opposed to a conversion from an existing hotel to a System Hotel, will deep clean the entire Hotel prior to the Opening Date;

6.4.2.3 you will successfully complete a pre-activation inspection as detailed in the Manual;

6.4.2.4 you will comply with all branding requirements (e.g., signage and collateral material requirements) as detailed in the Manual;

6.4.2.5 you will have professional photographs and virtual tours taken of the Hotel as detailed in the Manual; and

6.4.2.6 you will successfully complete all training as detailed in the Manual.

6.4.3 You will give us at least ten (10) 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 ten (10) days after we receive your notice to visit the Hotel and to conduct inspections as we deem necessary to determine whether to authorize the opening of the Hotel, but we will not be liable for delays or loss occasioned by our inability to complete our inspection and to make this determination within the ten (10) day period. If you fail to pass our initial opening site inspection, we may, in our sole business judgment, charge you reasonable fees associated with any additional visits.

6.4.4 Opening the Hotel before the Opening Date is a material breach of this Agreement.

6.4.4.1 You will pay us Liquidated Damages in the amount of One Thousand Dollars (\$1,000) per day if you Open the Hotel before the Opening Date 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.

6.4.4.2 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 Subsection represent a reasonable estimate

of the minimum just and fair compensation for the damages we will suffer as the result of the opening of the Hotel before the Opening Date in material breach of this Agreement.

6.5 Performance of Agreement. 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 We may periodically require you to modernize, rehabilitate and/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 You may not make any significant changes (including major changes in structure, design or decor) in the Hotel. Minor redecoration and minor structural changes that comply with our Standards will not be considered significant.

6.6.3 You may not make any change in the number of approved Guest Rooms in the Addendum. If you wish to add additional Guest Rooms to the Hotel after the Opening Date, you must submit an application to obtain our consent. If we consent to the addition of Guest Rooms at the Hotel, you must pay us our then-current Room Addition Fee. As a condition to our granting approval of your application, we may require you to modernize, rehabilitate or upgrade the Hotel in accordance with Subsection 6.6 of this Agreement. We may also require you to execute an amendment to this Agreement covering the terms and conditions of our consent to the addition of Guest Rooms.

7.0 MANAGEMENT OF THE HOTEL

You must at all times retain and exercise direct management control over the Hotel's business. You shall not enter into any lease, management agreement, or other similar arrangement for the operation of the Hotel or any part thereof (including without limitation, retail or food and/or beverage service facilities) with any natural person or entity without the prior written consent of us in each instance. The approval by us of any such lease, management agreement or other similar arrangement for operation of the Hotel or any part thereof shall in no way relieve, reduce, mitigate or waive any of the responsibilities you have under this Agreement, it being understood that all such responsibilities and obligations shall remain yours at all times. You must provide us with all information we request from time to time regarding ownership, control and management of the Hotel.

8.0 PAYMENT OF FEES

8.1 Initial Franchise Fee. Upon execution of this Agreement, you shall pay the Initial Franchise Fee to us in the amount set forth in the Addendum. We earned the Initial Franchise Fee when paid and it is not refundable under any circumstances.

8.2 Monthly Fees. Beginning on the Opening Date, you will pay to us for each month (or part of a month, including the 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 The Monthly Fees will be calculated in accordance with the accounting methods of the then-current GAAP or such other accounting methods specified by us in the Manual.

8.3.2 The Monthly Fees will be invoiced by us monthly and 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 You shall allow us to automatically debit Hotel's bank account each month in the amount owing us.

8.3.4 In the event of fire or other insured casualty that results in a reduction of Gross Rooms 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 Gross Rooms Revenue amounts agreed on between you and your insurance company that would have been paid to us in the absence of such casualty.

8.3.5 In the event that you owe us any funds, we have the right to offset any amounts we may owe you against the amount you owe and automatically debit Hotel's bank account the difference.

8.4 Other Fees, Charges and Expenses. You will timely pay all other amounts due us or any of the Entities under this Agreement.

8.5 Taxes. If a Gross Receipts Tax is imposed on us or the Entities based on payments made by you related to this Agreement, then you must reimburse us or the Entity for such Gross Receipts Tax to ensure that the amount we or the Entity retains, after paying the Gross Receipts Tax, equals the net amount of the payments you are required to pay us or the Entity had such Gross Receipts Tax not been imposed. You are not required to pay income taxes payable by us or any Entity 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.

9.0 PROPRIETARY RIGHTS

9.1 Our Proprietary Rights.

9.1.1 You will not contest, either directly or indirectly during or after the Term:

9.1.1.1 our (and/or any Entities') 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 Designs and Plans for any hotel or lodging project other than the Hotel;

9.1.1.2 our sole right to grant licenses to use all or any elements or components of the System;

9.1.1.3 that we (and/or the Entities) 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

9.1.1.4 the validity or ownership of the Marks.

9.1.2 You acknowledge that these Marks have acquired a secondary meaning 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 the applicable Entities), even if you develop them.

9.1.3 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 the Entities 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.

9.2.1.1 The Hotel will be initially known by the Trade Name set forth in the Addendum. We may change the Trade Name, the Brand name and/or any of the Marks, or the way in which any of them 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.

9.2.1.2 You acknowledge and agree that you are not acquiring the right to use any service marks, copyrights, trademarks, trade dress, logos, designs, insignia, emblems, symbols, slogans, distinguishing characteristics, trade names, domain names or 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 (including the word “SureStay”), trademarks, trade names or service marks, or any similar words or acronyms, in:

9.3.1 your corporate, partnership, business or trade name;

9.3.2 any Internet-related name (including a domain name); or

9.3.3 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 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 any applicable Entity 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 the Entities.

9.4.2 You appoint us as your exclusive attorney-in-fact, to prosecute, defend and/or settle all disputes of this type at our sole option. You will sign any documents we or the applicable Entity 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.

9.5.1 You may not register, own, maintain or use any Sites that relate to the SureStay System or the Hotel, that include the Marks, or have an independent booking engine. 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 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 Covenant.

9.6.1 You agree, as a direct covenant with us and the Entities, 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 and/or to the Entities and is a material breach of this Agreement.

9.6.2 If you engage in such non-compliance or unauthorized and/or improper use of the System or the Marks during or after the Term, we and any of the applicable Entities, 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 the Entities 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 and/or the Entities may incur in connection with your non-compliance with this covenant.

10.0 REPORTS, RECORDS, AUDITS, AND PRIVACY

10.1 Reports.

At least monthly, you shall prepare a statement which will include all information concerning Gross Rooms Revenue, other revenues generated at the Hotel, room occupancy rates, reservation data and other information required by us that may be useful in connection with marketing, reservations, guest loyalty and satisfaction and other functions, purposes or any requirements provided by us (collectively, the "Financial and Operational Information"). Subject to Laws, the Financial and Operational Information shall be our sole property although you shall have the non-exclusive right to use the Financial and Operational Information so long as its use is lawful and in connection with owning or operating the Hotel. The Financial and Operational Information will be permanently recorded and retained by you as may be reasonably required by us from time to time. By the third of each month, you will submit to us a statement setting forth the Financial and Operational Information and reflecting the computation of the amounts then due under this Agreement. The statement and Financial and Operational Information will be in such form (including but not limited to electronic transmission or automatic capture) and detail as we may reasonably request from time to time, and may be used by us for its reasonable purposes, including without limitation for company and industry reporting purposes. You agree that any Financial and Operational Information or other data provided by you pursuant to this Agreement shall be true and correct and not misleading and shall comply with all of our standards, policies and requirements with respect to privacy and security of Financial and Operational Information related to guests and other customers of the Hotel.

10.2 Audit.

10.2.1 We may require you to have the Gross Rooms Revenue, fees or other monies due to us computed and certified as accurate by a certified public accountant. We may at any time during your business hours, and without prior notice to you, examine your Financial and

Operation Information and other records. You agree to cooperate fully with our representatives and independent accountants in any audit. If any audit discloses that you understated or underpaid any payment due to us, you agree to immediately pay us the amount of the understatement, plus our service charges and interest (to be calculated as set forth in Section 17.16 below) on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our audit reveals an underpayment to us in an amount greater than two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and Laws.

10.2.2 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.

10.3 Ownership of Information. All Information we obtain from you and all revenues we derive from such Information will be our property and Proprietary Information 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, at any time during or after the Term, to the extent that your use is permitted by Law.

10.4 Privacy and Data Protection. You will: (i) comply with all applicable Privacy Laws; (ii) comply with all Standards that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause us or the Entities to breach any Privacy Laws; (iv) take any reasonable action we deem necessary in our business judgment to keep us and the Entities in compliance with the Privacy Laws; and (v) 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).

11.0 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 Designs and Plans 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 You must immediately inform us if the Hotel is damaged by fire or other casualty. 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 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 Subsection 11.2.1, provided the terminating Party gives the other Party sixty (60) days written notice. We will not require you to pay Liquidated Damages unless you or one of your Affiliates own and/or operate a hotel at the Hotel Site under a lease, license or franchise from a Competitor within three (3) years of the termination date in which case Liquidated Damages are owed as applicable for a cancellation not associated with a termination at a permissible window.

11.3 No Extensions of Term. Nothing in this Section 11 will extend the Term.

12.0 NOTICE OF INTENT TO MARKET

Except in the case of a Transfer governed by Subsection 13.2.1 or 13.2.2 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.

13.0 TRANSFERS

13.1 Our Transfer.

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, member or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement or any interest therein and any other agreement to a third party without restriction or notice to you. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

13.2 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, your officers, directors, partners, members, shareholders or trustees. A Transfer by you of any Equity Interest, or this Agreement, or any of your rights or obligations under this Agreement, or a Transfer by an Equity Owner is prohibited other than as expressly permitted herein.

13.2.1 Permitted Transfers That Require Notice. The following Transfers are permitted with prior written notice to us if the Permitted Transfer does not result in a change in Control of the Franchisee, the Hotel or the Hotel Site provided that after the transaction:

13.2.1.1 Less than 50% of all Equity Interests in Franchisee will have changed hands since Franchisee first became a party to this Agreement,

13.2.1.2 Less than 80% of all Equity Interests in Franchisee will have changed hands since Franchisee first became a party to this Agreement, and no Equity Interest(s) will be held by any natural person or Entity other than those who held them when Franchisee first became a party to this Agreement, or

13.2.1.3 Any Publicly Traded Equity Interest may be Transferred.

13.2.2 Permitted Transfers That Require Notice and Consent. We will permit you or any Equity Owner named in the Addendum as of the Effective Date (or any transferee Equity Owner we subsequently approve) to engage in the Permitted Transfers set forth below if any such Permitted Transfer does not result in a change of Control of the Franchisee, the Hotel or the Hotel Site and: (a) the proposed transferee is not a Sanctioned Person or a Competitor; (b) you give us at least sixty (60) days' advance written notice of the proposed Permitted Transfer (including the identity and contact information for any proposed transferee and any other information we may require in order to review the proposed Permitted Transfer); (c) you pay to us a nonrefundable processing fee of One Thousand Dollars (\$1,000) with the Permitted Transfer request; (d) you follow our then-current procedure for processing Permitted Transfers; and (e) you execute any documents required by us for processing Permitted Transfers. If a Permitted Transfer listed in Subsection 13.2.2 otherwise qualifies as a Permitted Transfer without notice or consent under Subsection 13.2.1, the provisions of Subsection 13.2.1 will control.

13.2.2.1 Affiliate Transfer. You or any Equity Owner may Transfer an Equity Interest or this Agreement to an Affiliate.

13.2.2.2 Transfers to a Family Member or Trust. If you or any Equity Owner as of the Effective Date are a natural person, you and such Equity Owner may Transfer an Equity Interest or this Agreement to an immediate family member (i.e., spouse, children, parents, siblings) or to a trust for your benefit or the benefit of the Equity Owner or the Equity Owner's immediate family members.

13.2.2.3 Transfer On Death. On the death of Franchisee or an Equity Owner who is a natural person, this Agreement or the Equity Interest of the deceased Equity Owner may Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that: (i) the transfer on death is to an immediate family member or to a legal entity formed by such family member(s); and (ii) within one (1) year after the death, such family member(s) or entity meet all of our then-current requirements for an approved Transferee.

13.2.3 Change of Ownership Transfer. Any proposed Transfer that is not described in Subsection 13.2.1 or 13.2.2 is a Change of Ownership Transfer. We will have sixty (60) days from our receipt of the completed and signed Change of Ownership Application

(described below) to consent or withhold our consent to any proposed Change of Ownership Transfer. You consent to our communication with any third party we deem necessary about the Hotel in order for us to evaluate the proposed Change of Ownership Transfer. Our consent to the Change of Ownership Transfer is subject to the following conditions, all of which must be satisfied at or before the date of closing the Change of Ownership Transfer (“**Closing**”):

13.2.3.1 the Transferee submits a Change of Ownership Application, pays our then current Application Fee and Initial Franchise Fee, executes our then-current form of new franchise agreement and all ancillary forms, including a guaranty from a third party acceptable to us, if required;

13.2.3.2 you are not in default of this Agreement or any other agreements with us or our Affiliates;

13.2.3.3 you or the Transferee pay all amounts due to us and the Entities through the date of the Closing;

13.2.3.4 you execute our then-current form of voluntary termination agreement, which may include a general release, covering termination of this Agreement;

13.2.3.5 you conclude to our satisfaction, or provide adequate security for, any suit, action, or proceeding pending or threatened against you, us or any Entity with respect to the Hotel, which may result in liability on the part of us or any Entity;

13.2.3.6 you, the Transferee and/or transferee Equity Owner(s) submit to us all information related to the Transfer that we require, including applications; and

13.2.3.7 the Transferee meets our then-current business requirements for new franchisees and is neither a Sanctioned Person nor a Competitor.

13.2.4 Public Offering or Private Placement.

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. Any review will be subject to fees then charged at such time in the System. 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 Subsection 15 of this Agreement.

13.2.5 Mortgages and Pledges to Lending Institutions.

13.2.5.1 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, provided that: (i) you or the applicable Equity Owner are the sole borrower; and (ii) the loan is not secured by any other hotels or other collateral.

13.2.5.2 You must notify us, in writing, before incurring other proposed indebtedness that involves a mortgage or pledge of the Hotel or any Equity Interest, or a collateral assignment of this Agreement, so that we can evaluate the structure to determine whether any special agreements and/or assurances from the lender, the Franchisee and/or its Equity Owners will be required including a “lender comfort letter” or a loan related guaranty, in a form satisfactory to us. We may charge a fee for our review of a proposed mortgage or pledge and for the processing of a lender comfort letter.

13.2.6 Commercial Leases. You may lease or sublease commercial space in the Hotel, or enter into concession arrangements for operations in connection with the Hotel, in the ordinary course of business, subject to our right to review and approve the nature of the proposed business and the proposed brand and concept, all in keeping with our Standards for System Hotels.

14.0 TERMINATION

14.1 Termination with Opportunity to Cure. This Agreement may be terminated by us by written notice to you and opportunity to cure at any time before its expiration on any of the following grounds:

14.1.1 You fail to pay us any sums due and owing to us or the Entities under this Agreement within the time such sums become due and owing; the cure period for any such failure will be set forth in the notice of termination and shall not be less than ten (10) days;

14.1.2 You fail to begin or complete the Hotel Work by the relevant dates set forth in the Addendum or fail to Open the Hotel on the Opening Date; the cure period for any such failure will be set forth in the notice of termination and shall not be less than ten (10) days; or

14.1.3 You fail to comply with any provision of this Agreement, the Manual or any Standard not otherwise already described in this Section 14.0; the cure period for any such failure will be set forth in the notice of termination and shall not be less than thirty (30) days.

14.2 Immediate Termination by Us. This Agreement may be terminated by us immediately (or at the earliest time permitted by applicable law) if:

14.2.1 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 a material breach;

14.2.2 you receive two (2) notices of material default and then commit a third material default in any twelve (12) month period, regardless of whether the two (2) prior defaults have been cured or not;

14.2.3 you fall into a specified bottom percentage of System Hotels with regard to Medallia scoring (or, if Medallia is no longer in existence, Medallia’s successor or other such industry resource that is as equally as reputable as Medallia) at any given time for specific ratings as detailed in the Manual;

14.2.4 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;

14.2.5 you do not purchase or maintain insurance required by this Agreement;

14.2.6 you do not comply with Subsection 5.1.8, 5.1.29 or 5.1.30;

14.2.7 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;

14.2.8 you or your Guarantor 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;

14.2.9 you fail to operate the Hotel for twenty (20) consecutive days, unless the failure to operate is due to fire, flood, earthquake or similar causes of physical damage to the Hotel beyond your control, provided that you have taken reasonable steps to minimize the impact of such events;

14.2.10 you contest in any court or proceeding our ownership of the System or any part of the System or the validity of any of the Marks;

14.2.11 you or any Equity Owner with a controlling Equity Interest are or have been convicted of a felony or any other offense or conduct, if we determine in our business judgment it is likely to adversely reflect on or affect the Hotel, the System, us and/or any Entity;

14.2.12 you conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise attempt to defraud us;

14.2.13 you, your Affiliate or a Guarantor become a Competitor;

14.2.14 you Transfer any interest in yourself, this Agreement, the Hotel or the Hotel Site, other than in compliance with this Agreement;

14.2.15 you, your Affiliate or a Guarantor become a Sanctioned Person or are owned or controlled by a Sanctioned Person or fail to comply with the provisions of Subsection 17.14;

14.2.16 information is disclosed involving you or your Affiliates, which, in our business judgment, is likely to adversely reflect on or affect in any manner, any gaming licenses or permits held by the Entities or the then-current stature of any of the Entities with any gaming commission, board, or similar governmental or regulatory agency, or the reputation or business of any of the Entities;

14.2.17 any Guarantor breaches its guaranty to us; or

14.2.18 a threat or danger to public health, welfare or safety results from the construction, maintenance, or operation of the Hotel.

14.3 Suspension Interim Remedies. If you are in default of this Agreement, we may, in addition to and without limiting our other rights and remedies under this Agreement, any other agreement or applicable law, elect at our sole option to impose one or more interim remedies, including the suspension of our obligations under this Agreement (e.g., access to the Reservation System), the suspension of our and/or the Entities' obligations under any other of Your Agreements, the suspension of your rights under this Agreement or any other of Your Agreements (e.g., your right to participate in any discount or promotional program we offer to the public, your right to benefit from certain discounted fees), and/or your obligation to fulfill new conditions we impose (e.g., performance of a property improvement plan, satisfaction of more stringent quality assurance requirements).

14.4 Liquidated Damages on Termination.

14.4.1 Calculation of Liquidated Damages. You acknowledge and agree that the premature termination of this Agreement for any reason will cause substantial damage to us. You agree that Liquidated Damages are not a penalty, but represent a reasonable estimate of the minimum just and fair compensation for the damages we will suffer as the result of your failure to operate the Hotel for the Term. If this Agreement terminates before the Expiration Date, you will pay us Liquidated Damages as follows:

14.4.1.1 If before the Opening Date we terminate the Agreement because you default, or you terminate the Agreement without cause, you will pay us Liquidated Damages in an amount equal to \$1,500 multiplied by the number of approved Guest Rooms at the Hotel.

14.4.1.2 If within the first ten (10) years of the Agreement, we terminate the Agreement pursuant to Subsection 14.1 (and the Hotel fails to cure) or Subsection 14.2, or you terminate the Agreement without cause, you owe Liquidated Damages in the amount of: the sum of the prior twelve (12) months Monthly Fees, divided by twelve (12), and then multiplied by twenty-four (24). If this should occur within twelve (12) months of the Opening Date, the Liquidated Damages you owe are the highest Monthly Fee since the Opening Date multiplied by eighteen (18).

14.4.1.3 If after the first ten (10) years of the Agreement, we terminate the Agreement pursuant to Subsection 14.1 (and the Hotel fails to cure) or Subsection 14.2, or you terminate the Agreement without cause, you owe Liquidated Damages in the amount of: the sum of the prior twelve (12) months Monthly Fees, divided by twelve (12), and then multiplied by the lesser of: (i) twenty-four (24) or (ii) the number of months remaining in the Term.

14.4.2 Payment of Liquidated Damages. Payment of Liquidated Damages is due on the date of the termination of this Agreement.

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

14.5.1 immediately (or on any later date that we determine) pay us all amounts owed to us (and our affiliates) which then are unpaid;

14.5.2 immediately cease operating the Hotel as a System Hotel and cease using the System;

14.5.3 immediately cease using the Marks, the Trade Name, and any 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 Hotel as we may reasonably require for this purpose, which will include removal of the signs, custom decorations, and promotional materials. You agree, at your expense, to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Marks;

14.5.4 immediately cease representing yourself as then or formerly a System Hotel or affiliated with the Brand;

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

14.5.6 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;

14.5.7 irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations that contain any reference to our Marks, System, or Brand; notify the applicable domain name 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, or Brand from any Sites you own, maintain or operate beyond the expiration or termination of this Agreement; and

14.5.8 you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

15.0 INDEMNITY

15.1 Your Indemnification Obligation. Beginning on the Effective Date, you agree to indemnify, defend, and hold harmless us, our Affiliates, and our and their respective shareholders, members, directors, officers, employees, agents, successors, assignees and insurers (the “Indemnified Parties”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly (i) arising out of any breach by you or any third parties of this Agreement, Laws, the Manual or the Standards, (ii) the Hotel’s operation, employment matters and the business you conduct under this Agreement (including, without limitation, any claimed occurrence at the Hotel including personal injury, death or property damage), (iii) your alleged or actual infringement or violation of any patent, Mark or copyright or other proprietary right owned or controlled by third parties, or (iv) your breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. You agree to give us and the Indemnified Parties written notice of any action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any of the Indemnified Parties within three (3) days of your actual or constructive knowledge of it. The Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their own choosing to represent them with respect to any claim; and (b) control the response thereto and the defense thereof, including the right to enter into settlements or take any other remedial, corrective, or other actions. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such claim, including court costs and reasonable attorneys’ fees, within ten (10) days of the date of each invoice delivered by the Indemnified Parties to you enumerating such costs, expenses and attorneys’ fees.

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

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

15.4 Survival of Obligations. Your obligations under this Section 15 will survive expiration or termination of this Agreement.

16.0 RELATIONSHIP OF THE PARTIES

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

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

16.2 Notices to Public Concerning Your Independent Status. All contracts for the Hotel's operations and services at the Hotel will be in your name or in the name of your management company. You will not enter into or sign any contracts in our name or any Entity's name or using the Marks or any acronyms or variations of the Marks. You will disclose in all dealings with the public, suppliers and third parties that you are an independent entity and that we have no liability for your debts.

17.0 MISCELLANEOUS

17.1 Severability and Interpretation.

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

17.1.2 If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced

to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity

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

17.1.4 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.

17.1.5 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.

17.2 Governing Law, Jurisdiction and Venue.

17.2.1 The Parties agree that, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. 11 1050 et seq.), as amended, this Agreement will be governed by the laws of the State of Arizona without recourse to Arizona 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 Arizona or any other state that would not otherwise apply absent this Subsection 17.2.1.

17.2.2 UNLESS WAIVED BY US IN WHOLE OR IN PART, THE COURTS LOCATED IN THE STATE OF ARIZONA, STATE OR FEDERAL, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ALL CLAIMS, DISPUTES AND ACTIONS ARISING FROM OR RELATED TO THIS AGREEMENT, ANY APPLICATION OR TO ANY RELATIONSHIP BETWEEN THE PARTIES HERETO AND VENUE SHALL BE IN THE COURTS LOCATED IN MARICOPA COUNTY, ARIZONA. EACH PARTY HERETO EXPRESSLY CONSENTS AND SUBMITS TO THE JURISDICTION OF SAID COURTS AND TO VENUE BEING IN MARICOPA COUNTY, ARIZONA.

17.3 WAIVER OF JURY TRIAL, AND LIMITATION AND WAIVER OF DAMAGES. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US AGAINST THIRD PARTY CLAIMS UNDER THIS AGREEMENT AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO ESTIMATED

LOST PROFITS) AGAINST THE OTHER. WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

17.4 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 the Entities or covenants in favor of the Entities, which rights and covenants will run to and be enforceable by the Entities or their successors and assigns) or give rise to liability to a third party, except as otherwise specifically set forth in this Agreement.

17.5 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 in any franchise disclosure document that we provided to you for the Brand in connection with the offer of this Agreement) 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 and/or contemporaneous discussions or writings between you and us.

17.6 Amendment and Waiver.

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

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

17.7 Consent; Business Judgment.

17.7.1 Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our 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 or approvals required by this Agreement if you are in default or breach of this Agreement. Our approvals and consents will not be effective unless given in writing and signed by one of our duly authorized representatives.

17.7.2 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, including but not limited to a claim for breach of the implied covenant of good faith and fair dealing. 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.

17.8 Notices. All notices provided for under this Agreement must be in writing and must be delivered in person, by prepaid overnight commercial delivery service, or by prepaid overnight mail, registered or certified, with return-receipt requested. Any notice given to us under this Agreement shall be given in writing to SureStay, Inc., 6201 North 24th Parkway, Phoenix, Arizona 85016-2023, Attention Legal Department, or such other location as may be specified by us. We will send notices to your address set forth in the Addendum. If you want to change the name or address for notice to you, you must do so in writing, signed by you or your duly authorized representative, designating a single address for notice. Notice will be deemed effective on the earlier of: 1) receipt or first refusal of delivery; 2) one (1) day after posting if sent via overnight commercial delivery service or overnight United States Mail; or 3) three (3) days after placement in the United States mail if overnight delivery is not available to the notice address. Email correspondence shall not constitute a notice, consent, approval or other communication under this Agreement. Notwithstanding the foregoing, we may provide you with routine information, invoices, the Manual and information regarding any other System requirements and/or programs and any changes to them, by regular mail, email, fax or by making them available to you on the internet, an extranet or other forms of digital media.

17.9 General Release. With the exception of claims related to representations contained in the franchise disclosure document for the Brand, 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 the Entities 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. This release will survive the termination of this Agreement.

17.10 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.

17.11 Economic Conditions Not a Defense. General economic downturn or conditions, the economic consequences of a long-term interruption of business, and your own financial inability to perform, even if caused by an event beyond your control that does not constitute a Force Majeure, are not a defense to an action by us or one of the Entities for your breach of this Agreement.

17.12 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:

17.12.1 you have independently investigated the risks of operating the Hotel under the Brand, including current and potential market conditions and competitive factors and

risks, and have made an independent evaluation of all such matters and reviewed our franchise disclosure document, if applicable;

17.12.2 neither we nor our representatives have made any promises, representations or agreements other than those provided in the Agreement or in our franchise disclosure document provided to you in connection with the offer of this Agreement, if applicable, and you acknowledge that you are not relying on any promises, representations or agreements about us or the franchise not expressly contained in this Agreement in making your decision to sign this Agreement;

17.12.3 you have the full legal power authority and legal right to enter into this Agreement;

17.12.4 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;

17.12.5 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

17.12.6 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.

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

17.14 Sanctioned Persons and Anti-bribery Representations and Warranties.

17.14.1 You represent, warrant and covenant to us and the Entities, on a continuing basis, that:

17.14.1.1 You (including your directors and officers, senior management and shareholders (or other Persons) having a controlling interest in you), and any Controlling Affiliate of the Hotel or the Hotel Site are not, and are not owned or controlled by, or acting on behalf of, a Sanctioned Person or, to your actual knowledge, otherwise the target of Trade Restrictions;

17.14.1.2 you have not and will not obtain, receive, transfer or provide any funds, property, debt, equity, or other financing related to this Agreement and the Hotel or Hotel Site to/from a Person that qualifies as a Sanctioned Person or, to your actual or constructive knowledge, is otherwise the target of any applicable Trade Restrictions;

17.14.1.3 you are familiar with the provisions of applicable Anti-Corruption Laws and shall comply with applicable Anti-Corruption Laws in performance of your respective obligations under or in connection with this Agreement;

17.14.1.4 any funds received or paid in connection with entry into or performance of this Agreement have not been and will not be derived from or commingled with the proceeds of any activities that are proscribed and punishable under the criminal laws of the United States, and that you are not engaging in this transaction in furtherance of a criminal act, including acts in violation of applicable Anti-Corruption Laws;

17.14.1.5 in preparation for and in entering into this Agreement, you have not 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, you will not directly or indirectly make, offer to make, or authorize any Improper Payment or engage in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws;

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

17.14.1.7 any statements, oral, written, electronic or otherwise, that you submit to us or to any third party in connection with the representations, warranties, and covenants described in this Subsection 17.14 are truthful and accurate and do not contain any materially false, misleading, or inaccurate statements or omissions; and

17.14.1.8 you will make reasonable efforts to assure that your respective appointed agents in relation to this Agreement comply in all material respects with the representations, warranties, and covenants described in this Subsection 17.14.

17.14.2 You will notify us in writing immediately on the occurrence of any event which would render the foregoing representations and warranties of this Subsection 17.14 incorrect.

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

17.16 Service Charge. Any sum owed to us or the Entities by you or paid by us or the Entities on your behalf will be subject to a service charge from the date due until paid by you at the rate of eighteen percent (18%) per annum or, if lower, the maximum lawful rate.

17.17 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.

17.18 Our Delegation of Rights and Responsibility. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

ADDENDUM TO FRANCHISE AGREEMENT

Effective Date:

Facility Number:

Franchisor Name: **SureStay, Inc., an Arizona Corporation**

Brand: **SureStay [] (excluding any other brands or product lines containing “SureStay” in the name)**

Initial Approved Hotel Name
(Trade Name):

Franchisee Name and Address
(Attn:

Principal Legal Correspondent):

Address of Hotel:

Initial Number of Approved
Guest Rooms:

Construction Completion Date:

Renovation Completion Date:

Required Opening Date: **[Due three (3) months from the Effective Date]**

Expiration Date: All Properties —fifteen (15) years from Opening or such other Term we may approve

Change of Ownership — Remaining Term under the existing franchise agreement or such other Term we may approve

Application Fee \$2,500

Initial Franchise Fee: \$35,000 plus \$100 per room over 100 rooms

Monthly Fees:

Monthly Sales and Marketing Fee: **Four percent (4.0%) of the Hotel’s Gross Rooms Revenue for the preceding calendar month.** The Monthly Sales and Marketing Fee is subject to change by us

Monthly Fee:

Four percent (4.0%) of the Hotel's Gross Rooms Revenue for the preceding calendar month

Additional Requirements/Special Provisions:

Restricted Area Provision: Notwithstanding the provisions of Section 2 of this Agreement, neither we nor any of the Entities will open, or allow to open, a hotel or motel under your Hotel's Brand, as such Brand name may be periodically changed by us, within the **Restricted Area** (described below). 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 hotel under your Hotel's Brand as of the Effective Date ("**Existing Hotel**"). The term Existing Hotel also includes any hotel under your Hotel's Brand located or to be located within the Restricted Area that replaces such Existing Hotel. This restriction also does not apply to (i) any hotel(s) or motel(s) under brands other than the Brand and (ii) any 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 your Hotel's Brand name or any other name.

Restricted Area as used in this provision means a mile radius around the front entrance of the Hotel.

Existing Third-Party Agreement. You acknowledge and agree that your right to operate the Hotel under the Brand will not become effective until after the existing third-party franchise (or similar) agreement for this Hotel, if any, has terminated or expired and you are solely responsible for ensuring that any such agreement has terminated or expired on or before the Opening Date.

FOR CHANGE OF OWNERSHIP TRANSACTIONS ONLY:

Obligations of Prior Franchisee. You acknowledge and agree that you are directly responsible for, and will pay on demand, all fees and charges due and owing us and the Entities related to the prior franchise agreement for the Hotel if any such fees and charges remain outstanding as of or accrue after the Effective Date of this Agreement.

Your Ownership Structure:

See Attached Schedule 1

TO BE ADDED IF FRANCHISEE'S AFFILIATE IS THE FEE TITLE OWNER, LESSOR OR SUBLESSOR OF THE HOTEL OR THE HOTEL SITE:

Ownership Structure of Affiliate Fee Owner or Lessor/Sublessor of the Hotel or Hotel Site: See Attached Schedule 2

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

FRANCHISEE:

[INSERT FRANCHISEE ENTITY], a
[INSERT TYPE OF ENTITY]

By: _____

Name: _____

Title: _____

Executed on: _____

FRANCHISOR:

SureStay, Inc., an Arizona corporation

By: _____

Name: _____

Authorized Signatory

Executed on: _____

SCHEDULE 1

Your Ownership Structure:

<u>Name (Shareholder, Partner, Member and Manager)</u>	<u>Nature of Ownership Interest</u>	<u>% Interest</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE 2

Ownership Structure of Affiliate Fee Owner or Lessor/Sublessor of the Hotel or Hotel Site:

<u>Name (Shareholder, Partner, Member and Manager)</u>	<u>Nature of Ownership Interest</u>	<u>% Interest</u>
---	--	--------------------------

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT D TO FDD

STATE ADDENDA TO FRANCHISE AGREEMENT

**RIDER TO THE SURESTAY, INC. FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA HAWAII, INDIANA, MICHIGAN, SOUTH DAKOTA, VIRGINIA
AND WISCONSIN**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between Surestay, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**Franchisor**”), and _____ (“**you,**” “**your,**” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement.

2. **No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Indiana, Michigan, South Dakota, Virginia or Wisconsin:

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

[INSERT FRANCHISEE ENTITY], a Surestay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]

By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Executed on: _____	Executed on: _____

**RIDER TO THE SURESTAY, INC.
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between SureStay, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**Franchisor**”), and _____ (“**you,**” “**your,**” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer to sell or buy the franchise for the Hotel was made in the State of Illinois, and/or (b) the offer to sell or buy the franchise for the Hotel was made outside of the State of Illinois and accepted in the State of Illinois, and/or (c) you are domiciled in the State of Illinois, and/or (d) the franchised Hotel will be located in the State of Illinois.

2. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 17.2 of the Franchise Agreement:

However, Illinois law will apply to claims arising under the Illinois Franchise Disclosure Act and the parties submit to the jurisdiction and venue of the state and federal courts of competent jurisdiction in Illinois for claims arising under the Illinois Franchise Disclosure Act

3. **Waiver of Jury Trial.** The following language is added to the end of Section 17.3 of the Franchise Agreement:

However, the waiver jury trial in this Section shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

4. **Limitation of Claims.** The following language is added as a new Section 17.19 of the Franchise Agreement:

Nothing in this Agreement shall shorten any period within which Franchisee may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

5. **Waivers Void.** The following language is added as a new Section 17.20 of the Franchise Agreement:

Nothing in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with

any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

6. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

[INSERT FRANCHISEE ENTITY], a SureStay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE SURESTAY, INC.
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between SureStay, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**Franchisor**”), and _____ (“**you,**” “**your,**” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland and/or (b) the franchised Hotel will be or is operated in the State of Maryland, and/or (c) the offer to sell the franchise for the Hotel was made in the State or Maryland; and/or (d) the offer to buy the franchise for the Hotel was accepted in the State of Maryland.

2. **Releases.** The following language is added to the end of Subsection 13.2.3.4 (entitled "Change of Ownership Transfer") and Section 17.9 (entitled "General Release") of the Franchise Agreement:

However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **Insolvency.** The following language is added to the end of Section 14.2.8 of the Franchise Agreement:

; termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce this provision to the maximum extent the law allows.

4. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 17.2 of the Franchise Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law. In addition, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Limitation of Claims.** The following language is added as a new Section 17.19 of the Franchise Agreement:

However, nothing in this Agreement shall act to reduce the three (3)-year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

6. **Acknowledgements.** The following language is added as a new Section 17.20 of

the Franchise Agreement:

All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

[INSERT FRANCHISEE ENTITY], a SureStay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE SURESTAY, INC.
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between SureStay, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**Franchisor**”), and _____ (“**you,**” “**your,**” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Hotel that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **Releases.** The following language is added to the end of Section 13.2.3.4 of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **Infringement.** The following language is added to the end of Section 9.4 of the Franchise Agreement:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. **Termination.** The following is added to the end of Sections 14.1, 14.2, and 14.3 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

5. **Governing Law/Consent to Jurisdiction.** The following is added to the end of Section 17.2 of the Franchise Agreement:

Minn. Statutes. 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 Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or

your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. **Waiver of Jury Trial and Punitive Damages.** If required by the Minnesota Franchises Law, Section 17.3 of the Franchise Agreement is deleted.

7. **Limitations of Claims.** The following language is added as a new Section 17.19 of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

8. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

[INSERT FRANCHISEE ENTITY], a SureStay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE SURESTAY, INC.
FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between SureStay, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**Franchisor**”), and _____ (“**you,**” “**your,**” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Hotel that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Hotel in New York.

2. **Releases.** The following language is added to the end of Sections 13.2.3.4 and 17.9 of the Franchise Agreement:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **Our Transfer.** The following language is added to the end of Section 13.1 of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. **Termination by You.** The following language is added to the end of Section 14.0 of the Franchise Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 17.2 of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **Limitation of Claims.** The following language is added as a new Section 17.19 of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied

7. **Application of Rider.** There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled in and the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

8. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

[INSERT FRANCHISEE ENTITY], a SureStay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE SURESTAY, INC.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between SureStay, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**Franchisor**”), and _____ (“**you,**” “**your,**” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Hotel will be located in North Dakota, and/or (b) the offer or sale of the franchise for the Hotel that you will operate under the Franchise Agreement was made in the State of North Dakota.

2. **Releases.** The following language is added to the end of Sections 13.2.3.4 and 17.9 of the Franchise Agreement:

Any general release shall not apply to the extent prohibited by law with respect to claims arising under the North Dakota Franchise Investment Law.

3. **Liquidated Damages on Termination.** The following language is added to the end of Section 14.4 of the Franchise Agreement:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, Franchisor and Franchisee agree to enforce these provisions to the extent the law allows.

4. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 17.2 of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement. In addition, to the extent required by applicable law, you may bring an action in North Dakota.

5. **Waiver of Jury Trial and Punitive Damages.** To the extent required by the North Dakota Franchise Investment Law, Section 17.3 of the Franchise Agreement is deleted.

6. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor.

This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

[INSERT FRANCHISEE ENTITY], a SureStay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]

By: _____
Name: _____
Title: _____
Executed on: _____

By: _____
Name: _____
Title: _____
Executed on: _____

**RIDER TO THE SURESTAY, INC.
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between SureStay, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**Franchisor**”), and _____ (“**you,**” “**your,**” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the Hotel that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 17.2 of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

To the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

3. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

[INSERT FRANCHISEE ENTITY], a SureStay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE SURESTAY, INC.
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between SureStay, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**Franchisor**”), and _____ (“**you,**” “**your,**” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Hotel that you will operate under the Franchise Agreement will be located in Washington; and/or (b) you are a resident of Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **Addition of Paragraphs.** The following is added to the end of the Franchise Agreement:

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the “**Act**”), the Franchise Agreement of SureStay, Inc. shall be modified as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of

limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a 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.

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.

3. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FRANCHISEE:

FRANCHISOR:

[INSERT FRANCHISEE ENTITY], a SureStay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

EXHIBIT E TO FDD
FINANCIAL STATEMENTS

Report of Independent Auditors

To the Board of Directors and Members of Best Western International, Inc.

Opinion

We have audited the consolidated financial statements of Best Western International, Inc. (the Company), which comprise the consolidated statements of financial position as of November 30, 2023 and 2022, and the related consolidated statements of revenues and expenses, other comprehensive revenues and expenses, cash flows and changes in net assets for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at November 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management is responsible for the preparation and fair presentation of the financial statements 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 statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 the Company's internal control. Accordingly, no such opinion is expressed.

Report of Independent Auditors

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Other Information

Management is responsible for the other information. The other information comprises the Financial Highlights in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst & Young LLP

Phoenix, Arizona
February 23, 2024

Consolidated Statements of Financial Position

(in thousands)	As of November 30,	
	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 161,159	\$ 239,426
Restricted cash	12,194	11,089
Short-term investments	15,939	16,396
Accounts receivable, principally from Members, net	61,858	72,182
Prepaid expenses and other current assets	18,017	17,265
Income taxes receivable	9,748	8,430
TOTAL CURRENT ASSETS	278,915	364,788
Property, equipment and computer software, net	34,476	31,252
Hotel investments, net	52,025	53,403
Long-term investments	281,094	110,512
Restricted Rabbi Trust investments	17,037	19,063
Deferred income taxes	47,276	49,204
Other assets, net	23,014	23,293
TOTAL ASSETS	\$ 733,837	\$ 651,515
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 81,708	\$ 78,042
Current frequent stay program liability	117,949	96,193
Current deferred revenue	16,845	16,327
Deposits	10,109	12,460
Line of credit	-	-
TOTAL CURRENT LIABILITIES	226,611	203,022
Non-current frequent stay program liability	175,298	198,148
Non-current deferred affiliation fee revenue	45,980	48,558
Non-current deferred compensation plans liability	15,358	17,183
Non-current construction loans	37,963	37,861
Non-current lease liability	790	-
TOTAL LIABILITIES	502,000	504,772
NET ASSETS:		
Retained earnings	233,532	144,213
Accumulated other comprehensive (loss) income	(3,525)	576
TOTAL BEST WESTERN INTERNATIONAL, INC. NET ASSETS	230,007	144,789
Non-controlling interests	1,830	1,954
TOTAL NET ASSETS	231,837	146,743
TOTAL LIABILITIES AND NET ASSETS	\$ 733,837	\$ 651,515

See accompanying notes to consolidated financial statements.

Consolidated Statements of Revenues and Expenses

(in thousands)	Years Ended November 30,	
	2023	2022
REVENUES:		
Fees, dues and assessments	\$ 293,536	\$ 276,766
Program revenues	180,273	165,915
Other revenues	62,787	51,199
TOTAL REVENUES	536,596	493,880
EXPENSES:		
Compensation, taxes and benefits	197,303	175,005
Advertising and promotion	121,415	105,950
Depreciation and amortization	18,162	14,748
General and administrative	88,222	77,477
Program cost of sales	19,540	16,531
TOTAL EXPENSES	444,642	389,711
Net realized and unrealized gains (losses) on investments	12,414	(1,391)
Interest and dividend income, and interest expense, net	12,150	2,160
Excess of revenues over expenses before income taxes	116,518	104,938
Income tax provision	(27,498)	(17,169)
Excess of revenues over expenses	89,020	87,769
Excess of expenses over revenues attributable to non-controlling interests	299	310
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$ 89,319	\$ 88,079

See accompanying notes to consolidated financial statements.

Consolidated Statements of Other Comprehensive Revenues and Expenses

(in thousands)	Years Ended November 30,	
	2023	2022
EXCESS OF REVENUES OVER EXPENSES	\$ 89,020	\$ 87,769
Foreign currency translation adjustment, net of tax	(755)	982
Change in net unrealized gains (losses) on available-for-sale debt securities, net of tax:		
Net unrealized (losses) on available-for-sale debt securities	(3,825)	(675)
Adjustment for net losses realized and included in excess of revenues over expenses	479	134
Total change in net unrealized losses on available-for-sale debt securities	(3,346)	(541)
Comprehensive excess of revenues over expenses	84,919	88,210
Comprehensive excess of expenses over revenues attributable to non-controlling interests	299	310
COMPREHENSIVE EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$ 85,218	\$ 88,520

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 89,020	\$ 87,769
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	18,162	14,748
Provision for doubtful accounts	794	(1,650)
Net losses (gains) on Restricted Rabbi Trust investments	(996)	1,977
Net losses on available for sale debt securities	479	-
Net (gains) on equity securities	(11,629)	(761)
Amortization of bond premiums/(discounts) on held-to-maturity securities, net	79	131
Amortization/(accretion) of premiums/(discounts) on available-for-sale debt securities, net	(1,732)	(144)
Change in accrued interest on held-to-maturity securities, net	66	-
Change in accrued interest on available-for-sale debt securities, net	(6)	36
Provision for deferred income taxes	2,999	1,393
Loss on disposition of property, equipment and computer software	27	216
Changes in assets and liabilities:		
Accounts receivable	9,528	(7,988)
Prepaid expenses and other current assets	(741)	(2,473)
Income taxes	(1,327)	(9,710)
Other assets, net	(735)	1,002
Accounts payable, accrued liabilities and deferred compensation plans liability	5,239	2,749
Deferred revenue	(2,089)	(510)
Frequent stay program liability	(1,094)	15,033
Deposits	(3,567)	952
NET CASH PROVIDED BY OPERATING ACTIVITIES	102,477	102,770
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity of held-to-maturity debt securities	13,000	16,500
Proceeds from maturity of available-for-sale debt securities	4,118	-
Proceeds from sale of available-for-sale debt securities	41,029	3,460
Proceeds from sale of equity securities	9,722	843
Purchase of available-for-sale debt securities	(149,432)	(76,005)
Purchase of equity securities	(80,164)	(37,712)
Development costs of hotel investments	(820)	(11,211)
Fund Restricted Rabbi Trust investments	(285)	(439)
Purchase of property, equipment and computer software	(17,683)	(15,197)
NET CASH USED IN INVESTING ACTIVITIES	(180,515)	(119,761)

Continues on next page.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30,	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of construction loan	\$ (456)	\$ -
Proceeds from construction loans	1,135	12,515
NET CASH PROVIDED BY FINANCING ACTIVITIES	679	12,515
Net decrease in cash and cash equivalents, and restricted cash	(77,359)	(4,476)
Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	197	(177)
Cash and cash equivalents, and restricted cash at beginning of period	250,515	255,168
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$ 173,353	\$ 250,515
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest, net of capitalized interest of \$0 and \$396 for the years ended November 30, 2023 and 2022, respectively	\$ 1,386	\$ 501
Income taxes	26,317	26,067
Income tax refunds received	\$ 532	\$ 486
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	\$ 1,043	\$ -
Non-cash operating activities:		
Amortization of operating lease right-of-use assets	\$ 958	\$ -
Net increase in operating lease right-of-use assets and operating lease liabilities due to adoption of ASC 842	2,191	-
Right-of-use assets obtained in exchange for operating lease liabilities	330	-
Non-cash impact to right-of-use assets and lease liabilities due to lease cancellation	(39)	-
Non-cash investing activities:		
Disposal of fully depreciated property, equipment and computer software	\$ 8,156	\$ 5,365
Accrued additions to hotel investments	104	1,364
Accrued additions to property, equipment and computer software	57	780
Employee contributions to the Restricted Rabbi Trust investments	176	312
Distributions from Restricted Rabbi Trust investments	3,483	4,426
Non-cash financing activities:		
Equity contribution from joint venture partner	\$ 175	\$ 239

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(in thousands)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Net Assets
Balance - November 30, 2021	\$ 56,134	\$ 135	\$ 2,025	\$ 58,294
Total excess of revenues over expenses (expenses over revenue)	88,079	-	(310)	87,769
Foreign currency translation adjustment, net of tax	-	982	-	982
Unrealized (losses) on available-for-sale debt securities, net of tax	-	(541)	-	(541)
Contributions from non-controlling interests	-	-	239	239
Balance - November 30, 2022	144,213	576	1,954	146,743
Total excess of revenues over expenses (expenses over revenue)	89,319	-	(299)	89,020
Foreign currency translation adjustment, net of tax	-	(755)	-	(755)
Unrealized (losses) on available-for-sale debt securities, net of tax	-	(3,346)	-	(3,346)
Contributions from non-controlling interests	-	-	175	175
Balance - November 30, 2023	\$233,532	\$ (3,525)	\$ 1,830	\$ 231,837

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

November 30, 2023

(1) Business, Organization and Summary of Significant Accounting Policies

(a) Nature of Business

Best Western International, Inc. and its consolidated subsidiaries ("Best Western" or the "Company") is a membership organization incorporated as a non-profit corporation in the State of Arizona. The Company is a membership association of hotels established solely to provide revenue generating opportunities and to leverage marketing and purchasing power to benefit the holders of the Company's membership interests (the "Members"). The exceptions to the membership structure are the wholly owned subsidiaries: (i) SureStay, Inc. ("SureStay"), which is a franchisor, (ii) soft brand licensees, (iii) World Hotels GmbH ("WorldHotels"), which is a licensor, (iv) AutoClerk, Inc. ("AutoClerk"), which provides property management services, and (v) BWI DevCo Tempe, LLC ("DevCo Tempe"), which owns and operates a Best Western branded hotel. The Company's wholly owned subsidiary, BWI DevCo Denver 3560, LLC, and T.W.C. LLC ("TWC"), entered into a joint venture Contribution Agreement and formed Denver 3560, LLC ("Denver 3560"), a Colorado limited liability company to develop, build, own and operate a Best Western branded hotel.

Best Western branded hotels, SureStay branded hotels, soft brand licensees, and WorldHotels branded hotels, collectively referred to as BWH Hotels ("BWH"), are located throughout the world. As of November 30, 2023, there are approximately 4,300 hotels in over 100 countries and territories worldwide associated with BWH, that are activated or currently in the development pipeline to be activated on our reservations platform.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, our wholly owned subsidiaries and entities in which the Company has a controlling financial interest, including variable interest entities where the Company is the primary beneficiary.

The determination of a controlling financial interest is based upon the terms of the governing agreements of the respective entities, including the evaluation of rights held by other ownership interests. If the entity is considered to be a variable interest entity, the Company determines whether the Company is the primary beneficiary, and then consolidates those variable interest entities for which the Company has determined that the Company is the primary beneficiary.

All significant intercompany transactions and balances are eliminated in consolidation.

(c) Basis of Presentation

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and, accordingly, ultimate results could differ from those estimates. In our opinion, the consolidated financial statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of financial performance.

(d) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid money market instruments that have original maturities of three months or less at the date of purchase.

(e) Restricted Cash

Restricted cash is primarily comprised of annual dues paid by Members prior to the related service period as well as funds required to pay the principal and interest on the DevCo Tempe Construction Loan ("Tempe Loan") for the period January 1, 2024 through December 1, 2024 (see note 17). Annual dues are held in a custodial account and are not available to the Company until December of the following fiscal year. As of November 30, 2023 and 2022, there was \$12.2 million and \$11.1 million of restricted cash, respectively.

Notes to Consolidated Financial Statements

November 30, 2023

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported in the Consolidated Statements of Financial Position that sum to the total of such amounts shown in the Consolidated Statements of Cash Flows:

(in thousands)	As of November 30,	
	2023	2022
Cash and cash equivalents	\$161,159	\$239,426
Restricted cash	12,194	11,089
Total cash and cash equivalents, and restricted cash shown in the Consolidated Statements of Cash Flows	\$173,353	\$250,515

(f) *Investments*

Investments consist of certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds, and are classified as short-term or long-term investments based on maturity dates for debt securities, and equity securities are classified as long-term based on the Company's liquidity position. The Company has not recognized any investment impairments during the years ended November 30, 2023 and 2022 (see note 3).

(g) *Restricted Rabbi Trust Investments*

The Company has a Nonqualified Deferred Compensation Plan ("NQP") in which key management employees of the Company, as determined by the Board of Directors, are selected to participate. The NQP was restated effective December 1, 2020, to provide for the use of a Rabbi Trust and to amend the design of the Company's contributions. Effective December 1, 2020, the Company established a NQP Rabbi Trust ("Trust"), whereby the Company makes contributions to this Trust to provide the Company a source of funds to assist in satisfying the NQP liability. The investments included in this Trust are carried at fair value and recorded in Restricted Rabbi Trust investments in the Consolidated Statements of Financial Position (see note 13).

(h) *Fair Value of Financial Instruments*

The carrying amount reflected in the Consolidated Statements of Financial Position for cash and cash equivalents, restricted cash, prepaid expenses and other current assets, accounts receivable, principally from members, net, accounts payable and accrued liabilities, and deposits approximate their respective fair values based on their liquidity and/or the short-term nature of these instruments. The Company measures and discloses the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- Level 1 – quoted prices for identical instruments in active markets;
- Level 2 – quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3 – fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company measures fair value using a set of standardized procedures for all assets and liabilities which are required to be measured at their estimated fair value on either a recurring or non-recurring basis. When available, the Company utilizes quoted market prices from an independent third-party source to determine fair value and classifies such items in Level 1.

Notes to Consolidated Financial Statements

November 30, 2023

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments.

The investments in the Trust are restricted and are designated as trading securities and carried at fair value. The fair market value of these restricted investments are measured using Level 1 inputs (quoted prices for identical assets in active markets).

The following tables present information about the carrying value of the Company's financial assets compared to fair value as of November 30, 2023 and 2022, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value. The investments in certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds are included in both short-term and long-term investments in the Consolidated Statements of Financial Position, and the investments held in a Restricted Rabbi Trust are included in Restricted Rabbi Trust investments in the Consolidated Statements of Financial Position.

Carrying Value vs. Fair Value Measurements

(in thousands)	November 30, 2023			
	Carrying Value	Total	Fair Value	
			Quoted Prices in Significant Other Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Mutual funds	\$ 75,070	\$ 75,070	\$ 75,070	\$ -
Mortgage and asset-backed securities	74,452	74,185	74,185	-
Corporate bonds	64,357	63,702	63,702	-
Common shares	44,630	44,630	44,630	-
U.S. treasury and government agency bonds	32,649	32,538	32,538	-
Municipal and provincial notes and bonds	3,622	3,594	3,594	-
Investments in certificates of deposits	2,253	2,234	2,234	-
Restricted Rabbi Trust investments	17,037	17,037	17,037	-
Total	\$ 314,070	\$ 312,990	\$ 312,990	\$ -

(in thousands)	November 30, 2022			
	Carrying Value	Total	Fair Value	
			Quoted Prices in Significant Other Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Corporate bonds	\$ 39,107	\$ 38,674	\$ 38,674	\$ -
Mortgage and asset-backed securities	25,708	25,632	25,632	-
Mutual funds	19,126	19,126	19,126	-
Common shares	18,504	18,504	18,504	-
U.S. treasury and government agency bonds	15,415	15,319	15,319	-
Investments in certificates of deposits	5,250	5,121	5,121	-
Municipal and provincial notes and bonds	3,798	3,770	3,770	-
Restricted Rabbi Trust investments	19,063	19,063	19,063	-
Total	\$ 145,971	\$ 145,209	\$ 145,209	\$ -

Notes to Consolidated Financial Statements

November 30, 2023

(i) *Property, Equipment and Computer Software and Hotel Investments*

Property, equipment and computer software and hotel investments are recorded at cost. Costs of improvements that extend the economic life or improve service potential are also capitalized. Depreciation on land improvements, buildings, and furniture and equipment is computed using straight-line and accelerated methods over estimated useful lives ranging from 3 to 39 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the related lease term or the estimated useful lives of the assets.

Purchased software license fees and related implementation costs, and costs to develop software for internal use are capitalized and amortized on a straight-line basis over a three-year useful life. Repair and maintenance costs are charged to expenses as incurred.

The Company developed, opened and is operating two hotels and the property and equipment related to these hotels are included in hotel investments, net in the Consolidated Statements of Financial Position (see notes 7, 16, and 17).

(j) *Goodwill and Other Intangible Assets*

Goodwill arises from business combinations and represents the excess of the cost of an acquired entity over the net fair value amounts that were assigned to the identifiable assets acquired and the liabilities assumed. Goodwill is amortized on a straight-line basis over a ten-year useful life and is tested for impairment if circumstances indicate that the goodwill carrying value may exceed its fair value. Goodwill is included in other assets, net in the Consolidated Statements of Financial Position.

Other intangible assets include acquired customers, developed technologies, and trademarks and trade names resulting from business acquisitions. Other intangible assets are valued based on their acquisition date fair values and, other than trademarks and trade names which are indefinite-lived, are amortized using the straight-line method over their estimated useful lives, ranging from 7.5 years to 10 years. Other intangible assets are included in other assets, net in the Consolidated Statements of Financial Position.

The Company evaluates the potential impairment of goodwill and other intangible assets annually. In evaluating these assets for impairment, the Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit or the intangible assets is less than its carrying amount. If the conclusion is that the fair value of the assets is not more likely than not less than its carrying value, then no further testing is required. If the conclusion is that the fair value of the assets is more likely than not less than its carrying value, then a quantitative impairment test is performed. For intangible assets, if the carrying value is greater than the fair value of the assets, an impairment charge is recognized for this excess. The Company may elect to forgo the qualitative assessment and move directly to the quantitative impairment tests for goodwill and other intangible assets. The Company determines the fair value of its reporting units and intangible assets using income and market methods.

Goodwill has been allocated to two reporting units: (i) WorldHotels, and (ii) AutoClerk. The Company performed a quantitative impairment analysis for the WorldHotels reporting unit in both 2023 and 2022. As of November 30, 2023 and November 30, 2022, the Company determined that the fair value of the WorldHotels reporting unit exceeded the carrying value and no impairment was recorded. The Company performed a qualitative impairment analysis for the AutoClerk reporting unit during both 2023 and 2022, concluding that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount (see note 15).

(k) *Impairment or Disposal of Long-Lived Assets*

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Company has not recognized any impairments during the years ended November 30, 2023 and 2022.

Notes to Consolidated Financial Statements

November 30, 2023

(l) *Leases*

The Company primarily leases office space, vehicles, and office equipment from third parties. The Company determines if a contract is a lease at inception. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term begins on the commencement date, which is the date the Company takes possession of the asset and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Certain of the Company's leases contain renewal options for varying periods, which can be exercised at the Company's sole discretion. Leases are classified as operating or finance leases based on factors such as the lease term, lease payments, and the economic life, fair value and estimated residual value of the asset. Where leases include options to purchase the leased asset at the end of the lease term, this is assessed as a part of the Company's lease classification determination.

Under Accounting Standards Codification ("ASC") Leases ("ASC 842"), which the Company adopted as of December 1, 2022 (see note 1(u)), the Company recognizes a right-of-use ("ROU") asset and lease liability to account for its leases. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. ROU assets are based on the lease liability and are increased by prepaid lease payments and decreased by lease incentives received. Lease incentives are amortized through the lease asset as reductions of expense over the lease term. For leases where the Company is reasonably certain to exercise a renewal option, such option periods have been included in the determination of the Company's ROU assets and lease liabilities.

Leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Certain leases require the Company to pay taxes, insurance, maintenance and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the ROU assets and lease liabilities to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a practical expedient, lease agreements with lease and non-lease components are accounted for as a single lease component for all asset classes. The Company estimates contingent lease incentives when it is probable that the Company is entitled to the incentive at lease commencement. The Company elected the short-term lease recognition exemption for all leases. Therefore, leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; instead, lease payments are recognized as lease expense on a straight-line basis over the lease term. The depreciable life of the ROU assets are limited by the expected lease term unless the Company is reasonably certain of a transfer of title or purchase option.

The Company elected to use a risk-free rate as the discount rate for all asset classes.

(m) *Income Taxes*

The Company utilizes the liability method of accounting for income taxes whereby deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future period.

The Company assesses whether a valuation allowance should be established based on its determination of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Both positive and negative evidence is considered when determining the necessity of the valuation allowance as well as the sources of taxable income supporting the realization of the deferred tax assets, including taxable income in carryback years, future reversals of existing taxable temporary differences, tax-planning strategies and projected taxable income from future operations.

Based on the history of positive earnings, in addition to the expected reversal of taxable temporary differences and forecasted positive results of operations, management determined, based on its assessment of both positive and negative evidence and objective and subjective evidence, that it is more likely than not that the Company will realize

Notes to Consolidated Financial Statements

November 30, 2023

its deferred tax assets, with the exception of certain deferred tax assets related to foreign net operating losses, ("NOL"), and foreign tax credit, ("FTC"), carryforwards. The Company has provided a valuation allowance against net deferred tax assets for certain foreign loss entities as the realization of such assets are not more likely than not to occur.

As of November 30, 2023, the Company had foreign NOL carryforwards of \$11.1 million and U.S. FTC carryforwards of \$0.6 million. The foreign NOLs will not expire and will carryforward indefinitely. The FTC carryforwards were generated in the years ended November 30, 2019 and 2020, in the amounts of \$0.2 million and \$0.4 million, respectively, and expire in the years ended November 30, 2029 and 2030, respectively.

The Company reviews uncertain tax positions taken, or expected to be taken, in the course of preparing the Company's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Management of the Company is required to analyze all open tax years, as defined by the statutes of limitations for all major jurisdictions, which include federal, state, and foreign. As of November 30, 2023 and 2022, the Company has not recognized any asset or liability for unrecognized income tax benefits or liabilities. It is the Company's policy to recognize interest and penalties related to uncertain tax positions as a component of the income tax provision.

(n) *Revenue Recognition*

Fees, dues and assessments

Fees, dues and assessments are established by the membership and the Board of Directors to compensate the Company for providing services to Members, soft brand licensees, SureStay franchisees, and WorldHotels licensees. The Company has performance obligations to provide hotel support and marketing, and a license to our hotel system intellectual property for the use of our brand names. Our performance obligations are a series of distinct goods or services, for which the Company receives the following types of variable consideration through our membership agreements with our Members. Monthly fees and assessments (which include advertising, sales and marketing and reimbursement for the Company's technology expenses) represent fixed and variable consideration and are billed monthly and recognized as revenue in the same month as the services are provided and charges become fixed or determinable and payable. Annual dues are established, billed and payable each year for continuing membership during the succeeding year. Annual dues are recognized as revenue ratably in the year to which the continuing membership applies. Any Member may resign from the Company at any time, but if the Member resigns or is terminated, fees and dues become immediately due and payable per the terms of the applicable contract and are recognized as revenue when cash is received regardless of the term of the contract.

Affiliation fee revenues from Best Western branded hotels are fixed consideration payable upon approval of the Member or licensee by the Board of Directors and acceptance of membership or license terms by the property owner. These revenues are recognized on a straight-line basis over the hotelier's expected life as a Best Western branded hotel or over the initial contract term. SureStay franchisee initial fees are due upon execution of a franchise agreement and recognized over the initial term of the franchise agreement. WorldHotels hotel integration fees are recognized on a straight-line basis over the expected life as a WorldHotels branded hotel. Affiliation fee revenues were \$9.8 million and \$8.9 million for the years ended November 30, 2023 and 2022, respectively.

Best Western Rewards® frequent stay program ("BWR® program")

The Company administers the BWR program for the benefit of BWH and BWR program members. Under our BWR program, the Company has a performance obligation to provide or arrange for the provision of goods or services between BWR program members and BWH hotels in exchange for the redemption of points earned from past activities. Costs of operating the BWR program, including costs for marketing, promotion, and other member services, are charged to the BWH hotels through an assessment fee that is based on members' qualified expenditures. The assessment fees received from BWH hotels are deferred and recognized as program revenues as the loyalty points are redeemed and the related service, net of redemption expense, is provided. The amount of revenue the Company recognizes upon point redemption is impacted by the Company's estimate of the breakage for points that BWR members will never redeem. The Company estimates breakage based on historical experience and expectations of future BWR member behavior, including analyses performed by and input of third-party actuaries. All BWR program costs are recognized as incurred.

Notes to Consolidated Financial Statements

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Program revenues in excess of redemption costs are used to fund the operational expenses of the BWR program.

Best Western Travel Card® (a card having no expiration date and no usage or non-usage fees) revenue is recognized when: (i) the Best Western Travel Card is redeemed, or (ii) the likelihood of the Best Western Travel Card being redeemed is remote (Best Western Travel Card breakage), and the Company determines that there is not a legal obligation to remit the unredeemed Best Western Travel Card balance to the relevant jurisdiction. The determination of the Best Western Travel Card breakage rate is based upon Company specific historical redemption patterns. Best Western Travel Card breakage is included in program revenues in the Consolidated Statements of Revenues and Expenses.

Other revenues

Other revenues in the Consolidated Statements of Revenues and Expenses consist of: (i) international fees and other fees from hotelier meetings, training, quality assurance inspections and other services, and (ii) owned hotel operations revenues, and are recognized in the month the services are provided. International fees include fees and charges for reservations and other services billed to international organizations monthly and were \$23.0 million and \$21.2 million for the years ended November 30, 2023 and 2022, respectively. Owned hotel operations revenues were \$9.5 million and \$3.3 million for the years ended November 30, 2023 and 2022, respectively.

All other revenue sources, such as program fees, are recognized in the month that the product or service is provided. Revenues, including rebates from vendors, and associated costs of product sold to hoteliers when the Company does not assume the risk and rewards of ownership of the product, is not the primary obligator, and does not possess other indicators of gross reporting, are reported as a net amount earned and included in program revenues in the Consolidated Statements of Revenues and Expenses.

Contract balances

The Company records a receivable as performance obligations are satisfied and there is an unconditional right to receive payment. Deferred revenue is recorded when the Company receives payment, or has the unconditional right to receive payment, in advance of the satisfaction of the Company’s performance obligations related to initial affiliation fees and the BWR program.

Certain costs to obtain contracts with Members, soft brand licensees, SureStay franchisees, and WorldHotels licensees are capitalized and amortized on a straight-line basis over the hotelier’s expected life as a branded hotel or over the initial contract term. The costs of obtaining a contract with a Member, soft brand licensee, SureStay franchisee, and WorldHotels licensee are recorded in prepaid expenses and other current assets, and other assets, net in our Consolidated Statements of Financial Position. The related amortization is recorded in compensation, taxes and benefits in our Consolidated Statements of Revenues and Expenses. The Company had capitalized costs to obtain contracts with customers of \$12.9 million and \$13.3 million at November 30, 2023 and 2022, respectively, consisting of the following:

(in thousands)	As of November 30,	
	2023	2022
Current contract assets	\$ 957	\$ 964
Non-current contract assets	11,903	12,305
Total contract assets	\$ 12,860	\$ 13,269

Notes to Consolidated Financial Statements

November 30, 2023

At November 30, 2023 and 2022, the contract liabilities balances related to affiliation fees and the BWR program include the following components and are included in current frequent stay program liability, current deferred revenue, non-current frequent stay program liability, and non-current deferred affiliation fee revenue in the Consolidated Statements of Financial Position:

(in thousands)	As of November 30,	
	2023	2022
Current contract liabilities	\$ 122,503	\$ 100,161
Non-current contract liabilities	221,278	246,706
Total contract liabilities	\$ 343,781	\$ 346,867

(in thousands)	As of November 30,	
	2023	2022
Liability related to the loyalty program	\$ 292,438	\$ 292,993
Affiliation fees received from hoteliers	51,343	53,874
Total contract liabilities	\$ 343,781	\$ 346,867

(o) *Significant Estimates and Assumptions*

Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with GAAP. Actual results could differ from those estimates.

(p) *Concentration of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, principally from Members, net, and investments.

The Company has concentrated its credit risk for cash by maintaining deposits in financial institutions which exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash and cash equivalents.

Accounts receivable, principally from Members, net, are primarily from Member, franchisee, licensee fees and services, and product sales. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of hoteliers located throughout the world comprising the Company's customer base. The Company does not require collateral within credit limits established. In those instances when a Member, franchisee, or licensee requests product in excess of the credit limit allowed by Company policy, the Company requests a letter of credit, deposit, or prepayment to secure the collection of accounts receivable. The Company performs ongoing evaluations of its hotelier receivables; non-payment can lead to cancellation of the applicable Best Western membership, license or franchise.

The Company is also potentially subject to concentrations of credit risk in its investments. The Company has investments in certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds. The Company has appointed an investment advisory firm to oversee the Company's investment strategy who have assigned various fund managers to manage the Company's investments. The Company has not experienced any other-than-temporary impairment losses in such accounts and believes it is not exposed to any significant credit risk to investments based on its ability to hold investments until recovery as well as the active management of the portfolio.

(q) *Advertising Costs*

Advertising costs are expensed as incurred and recorded as advertising and promotion expenses.

Notes to Consolidated Financial Statements

November 30, 2023

(r) *Foreign Currency*

Non-U.S. dollar assets and liabilities are remeasured using period-end exchange rates; income and expense items are remeasured at average exchange rates prevailing during the periods reported. Exchange rate gains and losses, unrealized and realized, are included in general and administrative expenses in the Consolidated Statements of Revenues and Expenses and were approximately a \$0.4 million gain and a \$1.8 million loss during the years ended November 30, 2023 and 2022, respectively.

(s) *Self-Insurance Programs*

The Company self-insures for certain levels of employee medical and dental coverage. For medical, the Company accrues estimated costs of this self-insurance program based on its history of claims experience and the estimated time lag between incidents and the dates claims are payable. Because of the short-term nature of the time lag, no discount rate is used when evaluating the present value of the projected settlements. The ultimate cost of claims for a covered period may differ from original estimates.

(t) *Recent Accounting Guidance Not Yet Adopted*

In November 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-10 "Financial Instruments – Credit Losses (Topic 326): Effective Dates". This ASU was related to prior standards issued by the FASB, including ASU 2019-04 "Codification Improvements", which was issued in April 2019, and ASU 2018-19 "Codification Improvements", which was issued in November 2018 amending ASU 2016-13 "Financial Instruments — Credit Losses", which was issued in June 2016. The main objective of this new guidance is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. ASU 2019-10 defers the effective date for private companies by two years. The standard is effective for fiscal years beginning after December 15, 2022 for private companies, and early adoption is permitted. The Company is currently assessing the impact of the adoption of this guidance.

(u) *New Accounting Standards Adopted*

On December 1, 2022, the Company adopted ASU 2016-02, "Leases (Topic 842)," using the modified retrospective approach. This pronouncement requires lessees to recognize a lease liability and a right-of-use asset for each lease with a term longer than twelve months and adds new presentation and disclosure requirements for both lessees and lessors. The recognized liability is measured at the present value of lease payments not yet paid, and the corresponding asset represents the lessee's right to use the underlying asset over the lease term and is based on the liability, subject to certain adjustments. For purposes of the the consolidated financial statements, the standard retains the dual model with leases classified as either operating or finance leases. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. The accounting guidance for lessors remains largely unchanged.

The Company elected the optional transition method to apply the standard as of the effective date. Under this method, the Company has not adjusted its comparative period consolidated financial statements for the effects of the new standard or made the new, expanded required disclosures for years prior to the effective date. Therefore, the consolidated financial statements for the year ended November 30, 2023 reflect the application of ASC 842 while the consolidated financial statements for the year ended November 30, 2022 were not adjusted and continue to be reported under the accounting guidance, ASC 840, Leases ("ASC 840"), in effect for that year.

The Company elected the package of practical expedients permitted under the transition guidance in ASC 842 and did not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs.

The adoption of the new lease standard resulted in the recognition of operating lease ROU assets and lease liabilities for lease arrangements with an initial term greater than twelve months. The adoption of ASC 842 did not have a material impact on the Company's consolidated financial statements.

Notes to Consolidated Financial Statements

November 30, 2023

The impact on the consolidated statement of financial position is as follows:

(in thousands)	As of November 30, 2022	Effect of the Adoption of ASU 2016-02	As of December 1, 2022
Other assets, net	\$ 23,293	\$ 2,191	\$ 25,484
Accounts payable and accrued liabilities	78,042	846	72,888
Non-current lease liability	-	1,345	1,345

In December 2019, the FASB issued ASU 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes". This new guidance is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The standard is effective for fiscal years beginning after December 15, 2021 for private companies. The Company adopted ASU 2019-12 on December 1, 2022 and the adoption did not have a material impact on the Company's consolidated financial statements and disclosures.

(2) Accounts Receivable, Principally from Members, net and Allowance for Doubtful Accounts

Accounts receivable, principally from Members, net primarily consists of amounts due from hoteliers with whom the Company has membership, franchise, or license agreements and include reimbursements of costs the Company incurred on behalf of the hoteliers. The Company records an allowance for doubtful accounts when losses are probable, based on an assessment of historical collection activity and current business conditions.

The activity in the allowance for doubtful accounts which is included in accounts receivable, principally from Members, net in the Consolidated Statements of Financial Position consisted of the following:

(in thousands)	As of November 30,	
	2023	2022
Beginning balance	\$ 17,373	\$ 21,213
Recoveries	1,478	1,210
Provisions	794	(1,650)
Write offs	(3,220)	(3,400)
Ending balance	\$ 16,425	\$ 17,373

In the normal course of business, the Company extends credit to its hoteliers, tour operators, central bill accounts and other third parties. The Company evaluates the collectability of the accounts receivable balances based on a combination of factors. These factors include the type of relationship the Company has with the account, the prior experience the Company has with accounts in each relationship type, and an evaluation of current and projected economic conditions as of the Consolidated Statements of Financial Position date. Based on the current economic conditions, the Company believes the estimate to be appropriate as of November 30, 2023. Actual collections of accounts receivable could differ from management's estimates.

Notes to Consolidated Financial Statements

November 30, 2023

(3) Debt and Equity Securities

The Company invests in debt and equity securities as part of the Company's investment strategy.

Marketable securities held for investment purposes, which are recorded at cost or fair value, depending on the nature of the investment, in the Consolidated Statements of Financial Position, were as follows:

(in thousands)	As of November 30,	
	2023	2022
Short-term debt securities available-for-sale (at fair value)	\$ 11,643	\$ 3,361
Short-term debt securities held-to-maturity (at cost)	4,296	13,035
Total short-term debt securities	\$ 15,939	\$ 16,396

(in thousands)	As of November 30,	
	2023	2022
Long-term debt securities available-for-sale (at fair value)	\$ 161,394	\$ 68,573
Long-term equity securities (at fair value)	119,700	37,630
Long-term debt securities held-to-maturity (at cost)	-	4,309
Total long-term debt and equity securities	\$ 281,094	\$ 110,512

Gross unrealized gains and losses for available-for-sale securities recognized on our Consolidated Statements of Financial Position were as follows:

November 30, 2023

(in thousands)	Available-For-Sale Debt Securities			
	Amortized Cost basis	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Mortgage and asset-backed securities	\$ 76,129	\$ 170	\$ (1,848)	\$ 74,451
Corporate bonds	63,165	318	(1,168)	62,315
U.S. treasury and government agency bonds	35,236	16	(2,603)	32,649
Municipal and provincial notes and bonds	3,668	13	(59)	3,622
Total available-for-sale debt securities	\$ 178,198	\$ 517	\$ (5,678)	\$ 173,037

November 30, 2022

(in thousands)	Available-For-Sale Debt Securities			
	Amortized Cost basis	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Corporate bonds	\$ 29,381	\$ 362	\$ (710)	\$ 29,033
Mortgage and asset-backed securities	25,856	350	(497)	25,709
U.S. treasury and government agency bonds	13,584	361	(551)	13,394
Municipal and provincial notes and bonds	3,831	58	(91)	3,798
Total available-for-sale debt securities	\$ 72,652	\$ 1,131	\$ (1,849)	\$ 71,934

Notes to Consolidated Financial Statements

November 30, 2023

A majority of the Company's available-for-sale debt securities are in an unrealized loss position as of November 30, 2023 due to the interest rate environment and the Company has evaluated these investments for whether an other than temporary impairment ("OTTI") exists. The Company considered information including whether the Company has decided to sell the debt security or whether it is more likely than not that the Company will be required to sell the debt security before the recovery of the entire amortized cost basis, including working capital and contractual or regulatory obligations. The Company determined based upon: (i) the fact it does not intend to sell the investments, and (ii) the evaluation of other factors above, that it is not more likely than not that the Company will be required to sell these debt securities before the recovery of the amortized cost basis and therefore there is no OTTI as of November 30, 2023 and November 30, 2022, respectively.

The aggregate fair value of investments in an unrealized loss position, the amount of unrealized losses, and the duration of the losses are shown below:

(in thousands)	Available-For-Sale Debt Securities					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
November 30, 2023						
Mortgage and asset-backed securities	\$ 47,833	\$ (1,208)	\$ 7,559	\$ (640)	\$ 55,392	\$ (1,848)
Corporate bonds	35,061	(715)	9,117	(453)	44,178	(1,168)
U.S. treasury and government agency bonds	25,638	(1,714)	3,587	(889)	29,225	(2,603)
Municipal and provincial notes and bonds	2,477	(47)	224	(12)	2,701	(59)
Total available-for-sale debt securities	\$ 111,009	\$ (3,684)	\$ 20,487	\$ (1,994)	\$ 131,496	\$ (5,678)

(in thousands)	Available-For-Sale Debt Securities					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
November 30, 2022						
Corporate bonds	\$ 18,638	\$ (710)	\$ -	\$ -	\$ 18,638	\$ (710)
Mortgage and asset-backed securities	15,205	(497)	-	-	15,205	(497)
U.S. treasury and government agency bonds	7,926	(551)	-	-	7,926	(551)
Municipal and provincial notes and bonds	1,725	(91)	-	-	1,725	(91)
Total available-for-sale debt securities	\$ 43,494	\$ (1,849)	\$ -	\$ -	\$ 43,494	\$ (1,849)

Notes to Consolidated Financial Statements

November 30, 2023

The amortized cost basis and fair value of debt securities at November 30, 2023, by contractual maturity date, are shown below:

(in thousands)	Available-For-Sale Debt Securities	
	As of November 30, 2023	
	Amortized cost	Fair Value
Due in one year or less	\$ 11,691	\$ 11,643
Due after one year through five years	46,351	46,070
Due after five years through ten years	24,421	23,749
Due after ten years	95,735	91,575
Total	\$ 178,198	\$ 173,037

(in thousands)	Held-To-Maturity Debt Securities	
	As of November 30, 2023	
	Amortized cost	Fair Value
Due in one year or less	\$ 4,296	\$ 4,235
Due after one year through five years	-	-
Due after five years through ten years	-	-
Due after ten years	-	-
Total	\$ 4,296	\$ 4,235

Amortized costs for held-to-maturity debt securities recognized on our Consolidated Statements of Financial Position were as follows:

(in thousands)	Held-To-Maturity Debt Securities	
	As of November 30, 2023	
	2023	2022
Investments in certificates of deposits	\$ 2,253	\$ 5,250
Corporate bonds	2,043	10,074
U.S. treasury and government agency bonds	-	2,020
Total held-to-maturity debt securities	\$ 4,296	\$ 17,344

The portion of unrealized gains and losses for the period related to equity securities still held at the reporting date is calculated as follows:

(in thousands)	Years Ended November 30,	
	2023	2022
Net unrealized gains recognized during the period on equity securities still held	\$ 11,137	\$ 762
Net realized gains (losses) recognized during the period on equity securities sold during the period	760	(43)
Net gains recognized during the period on equity securities	\$ 11,897	\$ 719

(4) Prepaid Expenses and Other Current Assets

Prepaid expenses (primarily related to payments for insurance, software and hardware maintenance and support costs, third party internet, Global Distribution System's reservation fees, and advertising costs) and other current assets are expensed when services are rendered. Contract assets represent the current portion of the costs incurred to obtain a membership, licensee, or franchise agreement.

Notes to Consolidated Financial Statements

November 30, 2023

Prepaid expenses and other current assets consisted of the following:

(in thousands)	Years Ended November 30,	
	2023	2022
Prepaid expenses and other current assets	\$ 17,060	\$ 16,301
Current contract assets	957	964
Total	\$ 18,017	\$ 17,265

(5) Income Taxes

The income tax provision for the years ended November 30, 2023 and 2022, consisted of the following:

(in thousands)	Years Ended November 30,	
	2023	2022
Current:		
Federal	\$ 19,580	\$ 15,966
Foreign	856	335
State	5,135	(311)
Total current	25,571	15,990
Deferred:		
Federal	1,405	1,019
Foreign	46	28
State	476	132
Total deferred	1,927	1,179
Income tax provision	\$ 27,498	\$ 17,169

The following table reconciles the U.S. statutory tax rate to the Company's effective income tax rate and presents the associated income tax provision:

(in thousands)	Years Ended November 30,			
	2023		2022	
	\$	%	\$	%
Income taxes computed at statutory rates	\$ 24,478	21.0%	\$ 22,042	21.0%
State taxes, net of federal benefit	4,445	3.8%	3,364	3.2%
Non-deductible meals and entertainment	775	0.7%	236	0.2%
Other non-deductible items	272	0.2%	276	0.3%
Valuation allowance	150	0.1%	912	0.9%
Foreign-derived intangible income	(1,214)	(1.0%)	(819)	(0.8%)
Research and development and foreign tax credit	(1,041)	(0.9%)	(7,802)	(7.4%)
Other	(367)	(0.3%)	(1,040)	(1.0%)
Income tax provision	\$ 27,498	23.6%	\$ 17,169	16.4%

The effective tax rates for years ended November 30, 2023 and 2022 were 23.6% and 16.4%, respectively, noting the effective tax rate for 2022 is lower compared to 2023 primarily due to a non-recurring portion of the research and development tax credits related to prior years.

Notes to Consolidated Financial Statements

November 30, 2023

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of November 30, 2023 and 2022, are presented below:

(in thousands)	As of November 30,	
	2023	2022
Deferred tax assets:		
Loyalty program	\$ 32,756	\$ 33,375
Deferred revenue	9,492	10,017
Deferred compensation plans	4,977	5,766
Allowance for doubtful accounts	4,053	4,286
Net operating loss	3,521	3,367
Capitalized R&D expenses	3,436	-
Compensated absences	1,779	1,519
Acquisition of new trademarks and trade names	626	690
Tax credits	572	572
Travel Card liability	506	646
Free night voucher liability	198	333
Total deferred tax assets	61,916	60,571
Deferred tax liabilities:		
Fixed assets	\$ 7,350	\$ 6,354
Prepaid expenses	1,791	1,614
Other	1,191	(814)
Intangible assets	140	195
Total deferred tax liabilities	10,472	7,349
Less valuation allowance	(4,168)	(4,018)
Net deferred tax assets	\$ 47,276	\$ 49,204

As of November 30, 2023 and 2022, the Company had no unrecognized tax benefits which would impact the Company's effective tax rate if recognized, and the Company has no accrued interest or penalties related to uncertain tax positions. Management is unaware of any provisions that need to be made for any penalties and fees that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty and the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

The Company is subject to taxation and files income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions. Currently, the Company has statutes of limitation open in various states ranging from fiscal years ended November 30, 2019 through November 30, 2022, which relate to tax years 2018 through 2021. The federal statute of limitations is currently open from fiscal years ended November 30, 2020 through November 30, 2022, which relate to tax years 2019 through 2021.

The Company has not provided for applicable income or withholding taxes on the undistributed earnings from continuing operations of its subsidiaries operating outside of the United States. Undistributed net income of these subsidiaries as of November 30, 2023 and 2022, net to zero. Any undistributed earnings are considered permanently reinvested.

Notes to Consolidated Financial Statements

November 30, 2023

(6) Property, Equipment and Computer Software, net

Property, equipment and computer software consisted of the following:

(in thousands)	As of November 30,	
	2023	2022
Property and equipment, at cost:		
Furniture and equipment	\$ 27,359	\$ 29,189
Buildings	19,815	19,385
Land	2,335	2,335
Leasehold improvements	2,160	2,155
Land improvements	1,234	1,234
Work in process	56	70
Property and equipment	52,959	54,368
Less accumulated depreciation	(43,795)	(44,756)
Property and equipment, net	9,164	9,612
Computer software, at cost:		
Developed	96,145	80,819
Purchased	8,158	13,367
Work in process	2,844	2,260
Computer software	107,147	96,446
Less accumulated amortization	(81,835)	(74,806)
Computer software, net	25,312	21,640
Property, equipment and computer software, net	\$ 34,476	\$ 31,252

Depreciation and amortization expense consisted of the following:

(in thousands)	Years Ended November 30,	
	2023	2022
Depreciation of property and equipment	\$ 1,805	\$ 2,111
Amortization of computer software	12,684	10,064
Depreciation and amortization of property, equipment and computer software	14,489	12,175
Depreciation of hotel investments (Note 7)	2,477	1,377
Amortization of goodwill and other intangible assets (Note 15)	1,196	1,196
Depreciation and amortization	\$ 18,162	\$ 14,748

(7) Hotel Investments, net

In December 2019 and March 2020, the Company acquired land to develop two hotels, located in Tempe, Arizona, and Denver, Colorado, respectively. Property development costs, including property construction costs, interest and other financing fees, property taxes, architectural and engineering fees, and other direct and indirect development costs, are capitalized beginning when the development activity commences and ending when all infrastructure is substantially complete and the property is available for occupancy.

The Vib in Tempe, Arizona opened in March 2022 and the Vib in Denver, Colorado opened in June 2022. During the month the respective hotel opened, the development in process assets were placed into service and depreciation of these assets commenced.

Notes to Consolidated Financial Statements

November 30, 2023

The results of operations for the hotels are reported in other revenues and general and administrative expenses in the Consolidated Statements of Revenues and Expenses. Hotel operations revenues were \$9.5 million and \$3.3 million for the years ended November 30, 2023 and 2022, respectively. Hotel operations expenses were \$8.0 million and \$4.4 million for the years ended November 30, 2023 and 2022, respectively.

Hotel investments, net, consisted of the following:

(in thousands)	As of November 30,	
	2023	2022
Hotel investments, at cost:		
Buildings	\$ 40,263	\$ 39,328
Land	6,985	6,985
Furniture and equipment	6,785	6,431
Land improvements	1,742	1,362
Work in process	104	674
Hotel investments	55,879	54,780
Less accumulated depreciation	(3,854)	(1,377)
Hotel investments, net	\$ 52,025	\$ 53,403

Depreciation expense on hotel investments was approximately \$2.5 million and \$1.4 million for the years ended November 30, 2023 and 2022, respectively.

(8) Line of Credit

The Company had a Uncommitted Revolving Line of Credit and Security Agreement (the "LOC Agreement") with the Royal Bank of Canada ("RBC") at November 30, 2023 and 2022. The LOC Agreement allows for up to a \$160 million credit advance and is secured by the Company's unencumbered and unrestricted marketable securities ("Securities") at RBC. Based on the Company's Securities at RBC as of November 30, 2023, the Company may request a credit advance up to \$9 million at a variable interest rate based on the 1 month Secured Overnight Financing Rate ("SOFR") plus 0.75%. Interest is due and payable monthly, with the principal due and payable upon demand of the bank. The Company had no outstanding borrowings against this line of credit at November 30, 2023 and 2022.

(9) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

(in thousands)	As of November 30,	
	2023	2022
Accrued compensation and benefits	\$ 27,155	\$ 26,034
Accounts payable	26,273	24,180
Accrued liabilities	21,851	22,931
Travel Card liability	4,542	4,398
Current construction loans payable	1,039	499
Current lease liability	848	-
Total	\$ 81,708	\$ 78,042

(10) Contingencies and Commitments

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources, divert management's attention from the Company's business objectives, and adversely affect the Company's business, results of operations, financial condition and cash flow.

Notes to Consolidated Financial Statements

November 30, 2023

The Company is committed to providing certain payments or credits to: (i) applicants who were offered an incentive to become a new Member, and (ii) Members who were offered an incentive to allow approval of an application in a Member's protected area. These payments or credits are due and payable when the contract terms are met and refundable back to the Company or cease, pursuant to contract terms. As of November 30, 2023 and 2022, the amount of commitments not yet paid was \$14.3 million and \$11.4 million, respectively, which is not recorded in the Consolidated Statements of Financial Position.

(11) Leases

The Company elected the optional transition method to apply ASC 842 as of the effective date. Under this method, the Company has not adjusted its comparative period consolidated financial statements for the effects of the new standard or made the new, expanded required disclosures for years prior to the effective date. Therefore, the consolidated financial statements for the year ended November 30, 2023 reflect the application of ASC 842 while the consolidated financial statements for the year ended November 30, 2022 were not adjusted and continue to be reported under the accounting guidance ASC 840 in effect for the prior year.

Accounting for leases under ASC 842 for the year ended November 30, 2023

The Company has lease arrangements for office space, vehicles, and office equipment. These leases expire at various dates through 2028.

Operating lease ROU assets and lease liabilities consisted of the following:

(in thousands)	As of November 30, 2023	
Assets		
Total non-current operating lease assets (1)	\$	1,600
Liabilities		
Current operating lease liabilities (2)	\$	848
Non-current operating lease liabilities (3)		791
Total operating lease liabilities	\$	1,639

- (1) Non-current operating lease assets are recorded in other assets, net, in the Consolidated Statements of Financial Position.
- (2) Current operating lease liabilities are recorded in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position.
- (3) Non-current operating lease liabilities are recorded in non-current lease liability in the Consolidated Statements of Financial Position.

Lease-related expenses consisted of the following:

(in thousands)	Year Ended November 30, 2023	
Operating lease cost	\$	958
Variable lease cost		50
Total lease costs	\$	1,008

For operating leases, the weighted average remaining lease term is 2.3 years and the weighted average discount rate is 3.42%.

Notes to Consolidated Financial Statements

November 30, 2023

Minimum future rentals on non-cancelable operating leases, having an initial or remaining term in excess of one year as of November 30, 2023 were as follows (in thousands):

Years ending November 30,	Operating Leases	
2024	\$	891
2025		607
2026		109
2027		82
2028 and thereafter		19
Total minimum lease payments		1,708
Less interest		69
Net present value of minimum lease payments	\$	1,639

Accounting for leases under ASC 840 for the year ended November 30, 2022

The Company leases certain office space, vehicles, and equipment under various operating leases, which expire on various dates through March 2028. Rental expenses on operating leases are recorded on a straight-line basis. Rental expense for operating leases was \$1.5 million for the year ended November 30, 2022. The Company also has certain software agreements for which rental expense is recorded on a straight-line basis. Rental expense for software agreements was \$9.1 million for the year ended November 30, 2022. These amounts are included in general and administrative expenses in the Consolidated Statements of Revenues and Expenses. Minimum future rentals on non-cancelable operating leases, having an initial or remaining term in excess of one year as of November 30, 2022 were as follows (in thousands):

Years ending November 30,	Office Space	Equipment	Total Minimum Rental
2023	\$ 719	\$ 205	\$ 924
2024	652	99	751
2025	446	50	496
2026	58	17	75
2027 and thereafter	77	-	77
Total	\$ 1,952	\$ 371	\$ 2,323

(12) Employee Retirement Savings Plans

The Company sponsors a 401(k) investment plan which is available to all U.S. employees on the first day of service, and a Canadian Registered Retirement Savings Plan (the "RRSP") which is available to all Canadian employees on the first day of service. Under the plans, employees may contribute a percentage of their eligible wages to the plans, subject to maximum statutory regulations. The Company contributes 3% of the annual salary of all eligible employees to these plans.

The Company may also contribute a discretionary amount, as determined by the Board of Directors, up to 6% of employees' eligible compensation, to be allocated in proportion to the employees' contributions provided an employee has worked 1,000 hours during the plan year and is employed on the last day of the plan year.

The Company's expense related to the 401(k) investment plan was \$8.2 million and \$7.1 million for the years ended November 30, 2023 and 2022, respectively, and the Company's expense related to the RRSP was \$163.1 thousand and \$124.0 thousand for the years ended November 30, 2023 and 2022, respectively. These amounts are included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's liability related to the 401(k) investment plan was \$5.5 million and \$4.8 million as of November 30, 2023 and 2022, respectively, and \$110.0 thousand and \$75.2 thousand as of November 30, 2023 and 2022, respectively, for the RRSP and is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

November 30, 2023

(13) Deferred Compensation Plans and Restricted Rabbi Trust Investments

Nonqualified Deferred Compensation Plan and Restricted Rabbi Trust Investments

The Company has a NQP in which key management employees of the Company, as determined by the Board of Directors, are selected to participate. The NQP is a defined contribution plan, in which participating employees may defer a percentage of their annual salaries and a percentage of any incentive compensation into the NQP. The Company contributes: (i) a non-discretionary contribution of 3% of a participating employee's compensation each pay period, and (ii) an annual discretionary contribution, as determined by the Board of Directors, up to 9% of a participating employee's annual compensation.

The Company utilizes a Trust, whereby the Company makes contributions to this Trust to provide the Company a source of funds to assist in satisfying the NQP liability. It is the intention of the Company that the NQP and the Trust shall constitute an unfunded arrangement for the purpose of providing tax-deferred compensation in accordance with Title I of the Employee Retirement Income Security Act of 1974, as amended. It is also the intention of the Company to fund the Trust and have its assets invested in a manner that matches each participant's deemed investment elections under the NQP, so that the investment gains and losses of the Trust mirror the investment gains and losses credited/debited to participants' accounts. The Trust balance was \$17.0 million and \$19.1 million as of November 30, 2023 and 2022, respectively. Realized and unrealized gains and losses on these investments were realized gains of \$0.3 million and unrealized gains of \$0.7 million, for the year ended November 30, 2023, and were realized gains of \$0.5 million and unrealized losses of \$2.5 million, for the year ended November 30, 2022, and are recognized in net realized and unrealized gains (losses) on investments, interest and dividend income, and interest expense in the Consolidated Statements of Revenues and Expenses.

The Company's expense related to the NQP was \$1.3 million (including a liability increase associated with net investment gains of \$1.0 million as of November 30, 2023) and \$1.6 million (including a liability reduction associated with net investment losses of \$2.0 million as of November 30, 2022) for the years ended November 30, 2023 and 2022, respectively, and is included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's total liability for the NQP was \$17.3 million and \$19.3 million as of November 30, 2023 and 2022, respectively, of which the current portion of \$3.9 million and \$3.6 million is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2023 and 2022, respectively.

Long-term Incentive Plan

The Company has a long-term incentive plan for key executives, as determined by the Board of Directors. Amounts awarded under the plan for each performance period are payable to each key executive in March of the third year from the beginning of the fiscal year for which the award is granted. The key executive must be employed by the Company or retired from the Company on the payment date, noting there are qualifying events with regard to vesting. The plan allows for proration of the accrued benefit for key executives because of death, disability or retirement. The Company records expense for this plan over the three-year required service period. The Company's expense related to this plan was \$1.6 million and \$1.7 million for the years ended November 30, 2023 and 2022, respectively, and is included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's total liability for this long-term incentive plan was \$2.9 million and \$4.1 million as of November 30, 2023 and 2022, respectively, of which the current portion of \$1.2 million and \$2.9 million is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2023 and 2022, respectively.

(14) Related Party Transactions

Each member of our Board of Directors ("Director", or an entity affiliated with a Director) is a party to a membership agreement with the Company, and as a result, our Directors pay system and other fees to us based upon the terms of their respective membership agreements. Our Directors are party to such membership agreements on the same terms and conditions as each of the other Members of the Company.

The Company entered into a Revolving Credit Facility agreement with a Limited Liability Company, partially owned by a Director, to assist in development of @Home by Best WesternSM ("@Home") hotels (see note 18).

Director compensation consisted of \$114,351 and \$109,218 in annual Director fees per district for the years ended November 30, 2023 and 2022, respectively. Directors are reimbursed reasonable, ordinary and necessary business and travel expenses in accordance with the Company's travel and expense policies.

Notes to Consolidated Financial Statements

November 30, 2023

(15) Goodwill and Other Intangible Assets

Goodwill is allocated to two reporting units: (i) WorldHotels, and (ii) AutoClerk. Activity by reporting unit in the current and prior period is organized by reporting unit noted below.

WorldHotels

On February 15, 2019, the Company entered into and closed a definitive Share Sale and Purchase Agreement with WorldHotels Holdings, LLC ("WH Holdings") and ALHI Holdings, LLC ("ALHI") to purchase 100% of the outstanding shares of BV Acquisitions X GmbH from WH Holdings (thereby also acquiring BV Acquisitions' approximately 98% ownership of the outstanding shares of WorldHotels Aktiengesellschaft ("WH")), and assumed certain rights and obligations of ALHI. During 2020, the Company acquired the remaining approximately 2% ownership of the outstanding shares of WH and now owns 100% of the outstanding shares. The WorldHotels Acquisition was accounted for as a business combination in accordance with ASC Topic 805, Business Combinations.

The total purchase price was allocated based upon: (i) the amounts reported in the WH historical financial statements for any assets that were reported at fair value in accordance with WH's historical accounting policies, and (ii) management's estimates of fair value. The Company determined estimated fair value for other intangible assets with the assistance of valuations performed by third-party specialists. Other intangible assets of acquired customers and trademarks and trade names were valued at \$2.1 million and \$1.3 million, respectively. To the extent the consideration exceeded the fair value of the net assets acquired in this transaction, the excess was assigned to goodwill.

As of August 31, 2023 and 2022, a quantitative analysis of goodwill and other intangible asset impairment was performed. To estimate the fair value for the reporting unit, the Company utilized a combination of market and income approach valuation methods via quoted market prices, market multiples of comparable businesses, and performance of a discounted cash flow analysis. No impairment was recorded for the years ended November 30, 2023 and 2022.

AutoClerk

On July 31, 2019, the Company entered into and closed a definitive Share Sale and Purchase Agreement with the shareholders of AutoClerk, Inc. ("AC"), to purchase 100% of the outstanding shares of AC. The AC acquisition was accounted for as a business combination in accordance with ASC Topic 805, Business Combinations.

The total purchase price was allocated based upon: (i) the amounts reported in the AC historical financial statements for any assets that were reported at fair value in accordance with AC's historical accounting policies, and (ii) management's estimates of fair value. The Company determined estimated fair value for other intangible assets with the assistance of valuations performed by third-party specialists. Other intangible assets of developed technology and acquired customers were valued at \$1.9 million and \$1.5 million, respectively. To the extent the consideration exceeded the fair value of the net assets acquired in this transaction, the excess was assigned to goodwill.

The Company assessed the qualitative factors attributable to the AC reporting unit and determined that the fair value of the reporting unit is not more likely than not less than its carrying amount as of August 31, 2023 and 2022. Therefore, no quantitative analysis was performed and no impairment was recorded for the years ended November 30, 2023 and 2022.

Amortized goodwill and other intangible assets consisted of the following:

(in thousands)	As of November 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill:			
WorldHotels	\$ 4,554	\$ (1,750)	\$ 2,804
AutoClerk	2,198	(953)	1,245
Amortizing other intangible assets:			
Acquired customers:			
AutoClerk	1,500	(867)	633
Developed technology:			
AutoClerk	1,900	(1,029)	871

Notes to Consolidated Financial Statements

November 30, 2023

(in thousands)	As of November 30, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill:			
WorldHotels	\$ 4,554	\$ (1,211)	\$ 3,343
AutoClerk	2,198	(733)	1,465
Amortizing other intangible assets:			
Acquired customers:			
AutoClerk	1,500	(667)	833
Developed technology:			
AutoClerk	1,900	(792)	1,108

The Company has elected the private-company alternative to amortize goodwill over 10 years. Amortization expense for goodwill was approximately \$0.8 million and \$0.8 million for the years ended November 30, 2023 and 2022, respectively, and is estimated to be approximately \$0.8 million annually for fiscal years ended 2024 through 2028.

Acquired customers and developed technology are definite-life intangible assets, and as such, amortization expense is calculated using a method that most appropriately reflects expected cash flows from these assets with an amortization period, ranging from 7.5 years to 10 years, depending on the type of asset. Amortization expense for definite-life intangible assets was approximately \$0.4 million and \$0.4 million for the years ended November 30, 2023 and 2022, respectively, and is estimated to be approximately \$0.4 million annually for fiscal years ended 2024 through 2026.

Trademarks and trade names are indefinite-life assets as there is no foreseeable limit to the cash flows generated by these assets. The Company has determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of these acquired trademarks and trade names and therefore are considered to be indefinite-lived intangible assets that are not subject to amortization. Trademarks and trade names value resulting from the WorldHotels acquisition was \$1.3 million as of November 30, 2023 and 2022.

(16) Joint Venture

On May 2, 2019, the Company's wholly owned subsidiary, BWI DevCo Denver 3560, LLC, and a third-party, TWC, entered into a joint venture Contribution Agreement and formed Denver 3560, a Colorado limited liability company to develop, build, own and operate a Best Western Vīb-branded hotel in Denver. Under the terms of the Contribution Agreement, the Company's interest in the joint venture is seventy-five percent (75%) and the TWC interest in the joint venture is twenty-five percent (25%). The hotel started operations in mid-2022.

The joint venture was accounted for as a variable interest entity in accordance with ASC Topic 810, "Consolidations". The Company evaluated the provisions of this standard and determined that the joint venture should be consolidated as the Company has both the power to direct the activities of the joint venture and will participate in the benefits.

The Company has consolidated the results of the Denver 3560 joint venture as of November 30, 2023 and 2022. The contribution by the Company was \$0.6 million and \$0.7 million in the fiscal years ending November 30, 2023 and 2022, respectively, with total contributions of \$7.4 million since inception. The contribution by TWC was \$0.2 million and \$0.2 million in the fiscal years ending November 30, 2023 and 2022, respectively, with total contributions of \$2.4 million since inception through November 30, 2023. The total contributions were used primarily for the land purchase, development and other start-up construction related costs, which are included in hotel investments, net in the Consolidated Statements of Financial Position. The equity contribution from the joint venture partner of \$2.4 million, offset by 25% of the net cumulative losses from operations amounting to \$0.6 million, are included in non-controlling interests in the Consolidated Statement of Financial Position. The contributions by TWC are presented as a supplemental disclosure in the Consolidated Statements of Cash Flows.

Notes to Consolidated Financial Statements

(17) Construction Loans

Denver 3560

In March 2020, Denver 3560 entered into an initial Construction Loan Agreement (the "Denver Loan") with UMB Bank, which allowed Denver 3560 to request advances up to \$21.6 million. In July 2021, this Denver Loan was modified to increase the availability of loan advances from \$21.6 million to \$24.4 million. For the period May 1, 2020 through April 1, 2023, interest on the outstanding principal balance of the Denver Loan was due and payable monthly. Beginning April 1, 2023, through the maturity date of March 11, 2027, principal and interest are due and payable in an amount determined by UMB to be sufficient to amortize the outstanding principal balance of the Denver Loan over a twenty-five (25) year period. The outstanding principal balance of this Denver Loan is due and payable on the maturity date. Principal due over the next four years as of November 30, 2023 is as follows (in thousands):

Years ending November 30,	Principal
2024	\$ 654
2025	677
2026	699
2027	21,908
Total	\$ 23,938

The interest rate on the Denver Loan is a fixed annual rate of 3.21% and is computed and accrued on an ACT/360 basis. The Denver Loan is secured by, among other things, the Deed of Trust and is guaranteed by the Company.

The Company had borrowed \$24.4 million and \$23.8 million as of November 30, 2023 and 2022, respectively. The current portion of \$0.7 million and \$0.4 million is included in accounts payable and accrued liabilities and \$23.2 million and \$23.4 million is included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2023 and 2022, respectively.

Construction loan interest of \$0.8 million and \$0.7 million was incurred for the years ended November 30, 2023 and 2022, of which \$0.0 million and \$0.3 million was capitalized and included in hotel investments, net in the Consolidated Statements of Financial Position for the years ended November 30, 2023 and 2022, respectively. \$0.8 million and \$0.4 million of construction loan interest was expensed in interest and dividend income, and interest expense, net in the Consolidated Statements of Revenues and Expenses for the years ended November 30, 2023 and 2022, respectively.

The Company is required to maintain certain financial and operational covenants. At November 30, 2023 and 2022, the Company was in compliance with all covenants.

DevCo Tempe

In October 2020, DevCo Tempe entered into the Tempe Loan with UMB Bank. Under terms of the Tempe Loan, DevCo Tempe can request advances up to \$15.3 million. For the period November 1, 2020 through October 31, 2023, interest on the outstanding principal balance of the Tempe Loan was due and payable monthly. Beginning November 1, 2023, through the maturity date of October 2, 2027, principal and interest are due and payable in an amount determined by UMB to be sufficient to amortize the outstanding principal balance of the Tempe Loan over a twenty-five (25) year period. The outstanding principal balance of this Tempe Loan is due and payable on the maturity date. Principal due over the next four years as of November 30, 2023 is as follows (in thousands):

Years ending November 30,	Principal
2024	\$ 385
2025	400
2026	414
2027	13,966
Total	\$ 15,165

Notes to Consolidated Financial Statements

The interest rate on the Tempe Loan is a fixed annual rate of 3.50% and is computed and accrued on an ACT/360 basis. The Tempe Loan is secured by, among other things, the Deed of Trust and is guaranteed by the Company.

The Company had borrowed \$15.2 million and \$14.6 million as of November 30, 2023 and 2022, respectively. The current portion of \$0.4 million and \$0.1 million is included in accounts payable and accrued liabilities and \$14.8 million and \$14.5 million is included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2023 and 2022, respectively.

Construction loan interest of \$0.5 million and \$0.5 million was incurred for the years ended November 30, 2023 and 2022, of which \$0.0 million and \$0.1 million was capitalized and included in hotel investments, net in the Consolidated Statements of Financial Position for the years ended November 30, 2023 and 2022, respectively. \$0.5 million and \$0.4 million of construction loan interest was expensed in interest and dividend income, and interest expense, net in the Consolidated Statements of Revenues and Expenses for the years ended November 30, 2023 and 2022, respectively.

The Company is required to maintain certain financial and operational covenants. At November 30, 2023 and 2022, the Company was in compliance with all covenants.

(18) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Company evaluated events and transactions occurring after November 30, 2023, for potential recognition or disclosure. The Company has evaluated its subsequent events through February 23, 2024, the date financial statements were available to be issued.

In January 2024, the Company entered into an agreement with a Limited Liability Company, partially owned by a Director, to provide a Revolving Credit Facility ("LOC") to assist in the development of a number of @Home hotels. The available LOC is \$10 million at a variable interest rate based on the SOFR plus 7.0%. For each @Home hotel, a one-time draw on this LOC, which is capped at a designated amount, is available through November 30, 2028. The LOC expires on May 31, 2031. Repayment of principal and interest will be made to the Company within thirty (30) months from the date of the original LOC draw for each @Home hotel. The LOC requires the borrower to maintain certain covenants once a draw on the LOC is executed.

Report of Independent Auditors

To the Board of Directors and Members of Best Western International, Inc.

Opinion

We have audited the consolidated financial statements of Best Western International, Inc. (the Company), which comprise the consolidated statements of financial position as of November 30, 2022 and 2021, and the related consolidated statements of revenues and expenses, other comprehensive revenues and expenses, cash flows and changes in net assets for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at November 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management is responsible for the preparation and fair presentation of the financial statements 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 statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 the Company’s internal control. Accordingly, no such opinion is expressed.

Report of Independent Auditors

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Other Information

Management is responsible for the other information. The other information comprises the Financial Highlights in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst & Young LLP

Phoenix, Arizona
February 21, 2023

Consolidated Statements of Financial Position

(in thousands)	As of November 30,	
	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 239,426	\$ 244,555
Restricted cash	11,089	10,613
Short-term investments	16,396	16,509
Accounts receivable, principally from Members, net	72,182	62,626
Prepaid expenses and other current assets	17,265	14,803
Income taxes receivable	8,430	-
TOTAL CURRENT ASSETS	364,788	349,106
Property, equipment and computer software, net	31,252	27,668
Hotel investments, net	53,403	41,966
Long-term investments	110,512	17,467
Restricted Rabbi Trust investments	19,063	24,715
Deferred income taxes	49,204	50,383
Other assets, net	23,293	25,437
TOTAL ASSETS	\$ 651,515	\$ 536,742
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 78,042	\$ 70,600
Current frequent stay program liability	96,193	88,837
Current deferred revenue	16,327	16,261
Deposits	12,460	12,617
Income taxes payable	-	1,294
Line of credit	-	-
TOTAL CURRENT LIABILITIES	203,022	189,609
Non-current frequent stay program liability	198,148	190,471
Non-current deferred affiliation fee revenue	48,558	49,170
Non-current deferred compensation plans liability	17,183	24,248
Non-current construction loans	37,861	24,950
TOTAL LIABILITIES	504,772	478,448
NET ASSETS:		
Retained earnings	144,213	56,134
Accumulated other comprehensive income	576	135
TOTAL BEST WESTERN INTERNATIONAL, INC. NET ASSETS	144,789	56,269
Non-controlling interests	1,954	2,025
TOTAL NET ASSETS	146,743	58,294
TOTAL LIABILITIES AND NET ASSETS	\$ 651,515	\$ 536,742

See accompanying notes to consolidated financial statements.

Consolidated Statements of Revenues and Expenses

(in thousands)	Years Ended November 30,	
	2022	2021
REVENUES:		
Fees, dues and assessments	\$ 276,766	\$ 232,086
Program revenues	165,915	109,038
Other revenues	51,199	36,638
TOTAL REVENUES	493,880	377,762
EXPENSES:		
Compensation, taxes and benefits	175,005	151,246
Advertising and promotion	105,950	83,808
Depreciation and amortization	14,748	13,146
General and administrative	77,477	61,104
Program cost of sales	16,531	12,580
TOTAL EXPENSES	389,711	321,884
Net realized and unrealized gains (losses) on investments, interest and dividend income, and interest expense	769	4,955
Excess of revenues over expenses before income taxes	104,938	60,833
Income tax provision	(17,169)	(15,868)
Excess of revenues over expenses	87,769	44,965
Excess of expenses over revenues attributable to non-controlling interests	310	-
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$ 88,079	\$ 44,965

See accompanying notes to consolidated financial statements.

Consolidated Statements of Other Comprehensive Revenues and Expenses

(in thousands)	Years Ended November 30,	
	2022	2021
EXCESS OF REVENUES OVER EXPENSES	\$ 87,769	\$ 44,965
Foreign currency translation adjustment, net of tax	982	678
Change in net unrealized gains (losses) on available-for-sale debt securities, net of tax:		
Net unrealized (losses) on available-for-sale debt securities	(675)	-
Adjustment for net losses realized and included in excess of revenues over expenses	134	-
Total change in net unrealized losses on available-for-sale debt securities	(541)	-
Comprehensive excess of revenues over expenses	88,210	45,643
Comprehensive excess of expenses over revenues attributable to non-controlling interests	310	-
COMPREHENSIVE EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$ 88,520	\$ 45,643

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 87,769	\$ 44,965
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	14,748	13,146
Provision for doubtful accounts	(1,650)	(1,760)
Net losses (gains) on Restricted Rabbi Trust investments	1,977	(3,823)
Net unrealized (gains) on equity securities	(761)	-
Amortization of bond discounts/premiums on held-to-maturity securities, net	131	105
Amortization/accretion of discounts/premiums on available-for-sale debt securities, net	(144)	-
Change in accrued interest on available-for-sale debt securities	36	-
Provision for deferred income taxes	1,393	(4,613)
Loss on disposition of property, equipment and computer software	216	64
Changes in assets and liabilities:		
Accounts receivable	(7,988)	(30,758)
Prepaid expenses and other current assets	(2,473)	(760)
Income taxes	(9,710)	893
Other assets, net	1,002	2,182
Accounts payable, accrued liabilities and deferred compensation plans liability	2,749	19,390
Deferred revenue	(510)	(1,722)
Frequent stay program liability	15,033	25,830
Deposits	952	1,002
NET CASH PROVIDED BY OPERATING ACTIVITIES	102,770	64,141
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity of held-to-maturity debt securities	16,500	41,500
Proceeds from sale of available-for-sale debt securities	3,460	-
Proceeds from sale of equity securities	843	-
Purchase of available-for-sale debt securities	(76,005)	-
Purchase of equity securities	(37,712)	-
Development costs of hotel investments	(11,211)	(24,976)
Fund Restricted Rabbi Trust investments	(439)	(20,661)
Purchase of property, equipment and computer software	(15,197)	(12,719)
NET CASH USED IN INVESTING ACTIVITIES	(119,761)	(16,856)

Continues on next page.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30,	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from construction loans	\$ 12,515	\$ 24,684
NET CASH PROVIDED BY FINANCING ACTIVITIES	12,515	24,684
Net (decrease) increase in cash and cash equivalents, and restricted cash	(4,476)	71,969
Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	(177)	(129)
Cash and cash equivalents, and restricted cash at beginning of period	255,168	183,328
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$ 250,515	\$ 255,168
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest, net of capitalized interest of \$396 and \$266 for the years ended November 30, 2022 and 2021, respectively	\$ 501	\$ 23
Income taxes	26,067	19,836
Income tax refunds received	\$ 486	\$ 195
Non-cash investing activities:		
Disposal of fully depreciated property, equipment and computer software	\$ 5,365	\$ 5,445
Accrued additions to hotel investments	1,364	4,148
Accrued additions to property, equipment and computer software	780	421
Employee contributions to the Restricted Rabbi Trust investments	312	231
Distributions from Restricted Rabbi Trust investments	4,426	-
Non-cash financing activities:		
Equity contribution from joint venture partner	\$ 239	\$ 234

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(in thousands)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Net Assets
Balance - November 30, 2020	\$ 11,169	\$ (543)	\$ 1,791	\$ 12,417
Total excess of revenues over expenses	44,965	-	-	44,965
Foreign currency translation adjustment, net of tax	-	678	-	678
Contributions from non-controlling interests	-	-	234	234
Balance - November 30, 2021	56,134	135	2,025	58,294
Total excess of revenues over expenses (expenses over revenue)	88,079	-	(310)	87,769
Foreign currency translation adjustment, net of tax	-	982	-	982
Unrealized (losses) on available-for-sale debt securities, net of tax	-	(541)	-	(541)
Contributions from non-controlling interests	-	-	239	239
Balance - November 30, 2022	\$ 144,213	\$ 576	\$ 1,954	\$ 146,743

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

November 30, 2022

(1) Business, Organization and Summary of Significant Accounting Policies

(a) Nature of Business

Best Western International, Inc. and its consolidated subsidiaries ("Best Western" or the "Company") is a membership organization incorporated as a non-profit corporation in the State of Arizona. The Company is a membership association of hotels established solely to provide revenue generating opportunities and to leverage marketing and purchasing power to benefit the holders of the Company's membership interests (the "Members"). The exceptions to the membership structure are the wholly owned subsidiaries: (i) SureStay, Inc. ("SureStay"), which is a franchisor, (ii) soft brand licensees, (iii) World Hotels GmbH ("WorldHotels"), which is a licensor, (iv) AutoClerk, Inc. ("AutoClerk"), which provides property management services, and (v) BWI DevCo Tempe, LLC ("DevCo Tempe"), which owns and operates a Best Western branded hotel. The Company's wholly owned subsidiary, BWI DevCo Denver 3560, LLC, and T.W.C. LLC ("TWC"), entered into a joint venture Contribution Agreement and formed Denver 3560, LLC ("Denver 3560"), a Colorado limited liability company to develop, build, own and operate a Best Western branded hotel.

Best Western branded hotels, SureStay branded hotels, soft brand licensees, and WorldHotels branded hotels, collectively referred to as BWH Hotel Group ("BWHG"), are located throughout the world. As of November 30, 2022, there are approximately 4,300 hotels in over 100 countries and territories worldwide associated with BWHG, that are activated or currently in the development pipeline to be activated on our reservations platform.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, our wholly owned subsidiaries and entities in which the Company has a controlling financial interest, including variable interest entities where the Company is the primary beneficiary.

The determination of a controlling financial interest is based upon the terms of the governing agreements of the respective entities, including the evaluation of rights held by other ownership interests. If the entity is considered to be a variable interest entity, the Company determines whether the Company is the primary beneficiary, and then consolidates those variable interest entities for which the Company has determined that the Company is the primary beneficiary.

All significant intercompany transactions and balances are eliminated in consolidation.

(c) Basis of Presentation

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and, accordingly, ultimate results could differ from those estimates. The coronavirus ("COVID-19") pandemic began in early 2020 and had an impact on our results for the twelve months ended November 30, 2021. Due to the post-pandemic recovery which occurred during 2021 and 2022, COVID-19 did not significantly impact the results for the twelve months ended November 30, 2022. In our opinion, the consolidated financial statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of financial performance.

(d) Reclassifications

In the Consolidated Statements of Revenues and Expenses for the year ended November 30, 2021, other revenues of \$74 thousand and general and administrative expense of \$73 thousand were reclassified to net realized and unrealized gains (losses) on investments, interest and dividend income, and interest expense to conform with the current year presentation.

(e) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid money market instruments that have original maturities of three months or less at the date of purchase.

Notes to Consolidated Financial Statements

November 30, 2022

(f) *Restricted Cash*

Restricted cash is primarily comprised of annual dues paid by Members prior to the related service period. Annual dues are held in a custodial account and are not available to the Company until December of the following fiscal year. As of November 30, 2022 and 2021, there was \$11.1 million and \$10.6 million of restricted cash, respectively.

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported in the Consolidated Statements of Financial Position that sum to the total of such amounts shown in the Consolidated Statements of Cash Flows:

(in thousands)	As of November 30,	
	2022	2021
Cash and cash equivalents	\$239,426	\$244,555
Restricted cash	11,089	10,613
Total cash and cash equivalents, and restricted cash shown in the consolidated statements of cash flows	\$250,515	\$255,168

(g) *Investments*

Investments consist of certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds, and are classified as short-term or long-term investments based on maturity dates for debt securities, and equity securities are classified as long-term based on the Company's liquidity position. The Company has not recognized any investment impairments during the years ended November 30, 2022 and 2021 (see note 3).

(h) *Restricted Rabbi Trust Investments*

The Company has a Nonqualified Deferred Compensation Plan ("NQP") in which key management employees of the Company, as determined by the Board of Directors, are selected to participate. The NQP was restated effective December 1, 2020, to provide for the use of a Rabbi Trust and to amend the design of the Company's contributions. Effective December 1, 2020, the Company established a NQP Rabbi Trust ("Trust"), whereby the Company makes contributions to this Trust to provide the Company a source of funds to assist in satisfying the NQP liability. The investments included in this Trust are carried at fair value and recorded in Restricted Rabbi Trust investments in the Consolidated Statements of Financial Position (see note 13).

(i) *Fair Value of Financial Instruments*

The carrying amount reflected in the Consolidated Statements of Financial Position for cash and cash equivalents, other assets, accounts receivable and accounts payable approximate their respective fair values based on their liquidity and/or the short-term nature of these instruments. The Company measures and discloses the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- Level 1 – quoted prices for identical instruments in active markets;
- Level 2 – quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3 – fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Notes to Consolidated Financial Statements

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The Company measures fair value using a set of standardized procedures for all assets and liabilities which are required to be measured at their estimated fair value on either a recurring or non-recurring basis. When available, the Company utilizes quoted market prices from an independent third-party source to determine fair value and classifies such items in Level 1.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments.

The investments in the Trust are restricted and are designated as trading securities and carried at fair value. The fair market value of these restricted investments are measured using Level 1 inputs (quoted prices for identical assets in active markets).

The following tables present information about the carrying value of the Company's financial assets compared to fair value as of November 30, 2022 and 2021, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value. The investments in certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds are included in both short-term and long-term investments in the Consolidated Statements of Financial Position, and the investments held in a Restricted Rabbi Trust are included in Restricted Rabbi Trust investments in the Consolidated Statements of Financial Position.

Carrying Value vs. Fair Value Measurements

(in thousands)	November 30, 2022			
	Carrying Value	Total	Fair Value	
			Quoted Prices in Significant Other Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Corporate bonds	\$ 39,107	\$ 38,674	\$ 38,674	\$ -
Mortgage and asset-backed securities	25,708	25,632	25,632	-
Mutual funds	19,126	19,126	19,126	-
Common shares	18,504	18,504	18,504	-
U.S. treasury and government agency bonds	15,415	15,319	15,319	-
Investments in certificates of deposits	5,250	5,121	5,121	-
Municipal and provincial notes and bonds	3,798	3,770	3,770	-
Restricted Rabbi Trust investments	19,063	19,063	19,063	-
Total	\$ 145,971	\$ 145,209	\$ 145,209	\$ -

(in thousands)	November 30, 2021			
	Carrying Value	Total	Fair Value	
			Quoted Prices in Significant Other Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Corporate bonds	\$ 13,175	\$ 13,298	\$ -	\$ 13,298
U.S. treasury and government agency bonds	11,051	11,126	11,126	-
Investments in certificates of deposits	9,750	9,904	9,904	-
Restricted Rabbi Trust investments	24,715	24,703	24,703	-
Total	\$ 58,691	\$ 59,031	\$ 45,733	\$ 13,298

Notes to Consolidated Financial Statements

November 30, 2022

(j) *Property, Equipment and Computer Software and Hotel Investments*

Property, equipment and computer software and hotel investments are recorded at cost. Costs of improvements that extend the economic life or improve service potential are also capitalized. Depreciation on land improvements, buildings, and furniture and equipment is computed using straight-line and accelerated methods over estimated useful lives ranging from 3 to 39 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the related lease term or the estimated useful lives of the assets.

Purchased software license fees and related implementation costs, and costs to develop software for internal use are capitalized and amortized on a straight-line basis over a three-year useful life. Repair and maintenance costs are charged to expenses as incurred.

The Company developed, opened and is operating two hotels and the property and equipment related to these hotels are included in hotel investments, net in the Consolidated Statements of Financial Position (see notes 7, 16, and 17).

(k) *Goodwill and Other Intangible Assets*

Goodwill arises from business combinations and represents the excess of the cost of an acquired entity over the net fair value amounts that were assigned to the identifiable assets acquired and the liabilities assumed. Goodwill is amortized on a straight-line basis over a ten-year useful life and is tested for impairment if circumstances indicate that the goodwill carrying value may exceed its fair value. Goodwill is included in other assets, net in the Consolidated Statements of Financial Position.

Other intangible assets include acquired customers, developed technologies, and trademarks and trade names resulting from business acquisitions. Other intangible assets are valued based on their acquisition date fair values and, other than trademarks and trade names, are amortized using the straight-line method over their estimated useful lives, ranging from 7.5 years to 10 years. Other intangible assets are included in other assets, net in the Consolidated Statements of Financial Position.

The Company evaluates the potential impairment of goodwill and other intangible assets annually. In evaluating these assets for impairment, the Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit or the intangible assets is less than its carrying amount. If the conclusion is that the fair value of the assets is not more likely than not less than its carrying value, then no further testing is required. If the conclusion is that the fair value of the assets is more likely than not less than its carrying value, then a quantitative impairment test is performed. For intangible assets, if the carrying value is greater than the fair value of the assets, an impairment charge is recognized for this excess. The Company may elect to forgo the qualitative assessment and move directly to the quantitative impairment tests for goodwill and other intangible assets. The Company determines the fair value of its reporting units and intangible assets using income and market methods.

Goodwill has been allocated to two reporting units: (i) WorldHotels, and (ii) AutoClerk. The Company performed a quantitative impairment analysis for the WorldHotels reporting unit in both 2022 and 2021. As of November 30, 2022 and November 30, 2021, the Company determined that the fair value of the WorldHotels reporting unit exceeded the carrying value and no impairment was recorded. The Company performed a qualitative impairment analysis for the AutoClerk reporting unit during both 2022 and 2021, concluding that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount (see note 15).

(l) *Impairment or Disposal of Long-Lived Assets*

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Company has not recognized any impairments during the years ended November 30, 2022 and 2021.

Notes to Consolidated Financial Statements

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(m) Income Taxes

The Company utilizes the liability method of accounting for income taxes whereby deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future period.

The Company assesses whether a valuation allowance should be established based on its determination of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Both positive and negative evidence is considered when determining the necessity of the valuation allowance as well as the sources of taxable income supporting the realization of the deferred tax assets, including taxable income in carryback years, future reversals of existing taxable temporary differences, tax-planning strategies and projected taxable income from future operations.

Based on the history of positive earnings, in addition to the expected reversal of taxable temporary differences and forecasted positive results of operations, management determined, based on its assessment of both positive and negative evidence and objective and subjective evidence, that it is more likely than not that the Company will realize its deferred tax assets, with the exception of certain deferred tax assets related to foreign net operating losses, ("NOL"), and foreign tax credit, ("FTC"), carryforwards. The Company has provided a valuation allowance against net deferred tax assets for certain foreign loss entities as the realization of such assets are not more likely than not to occur.

As of November 30, 2022, the Company had foreign NOL carryforwards of \$10.5 million and U.S. FTC carryforwards of \$0.6 million. The foreign NOLs will not expire and will carryforward indefinitely. The FTC carryforwards were generated in the years ended November 30, 2019 and 2020, in the amounts of \$0.2 million and \$0.4 million, respectively, and expire in the years ended November 30, 2029 and 2030, respectively.

The Company reviews uncertain tax positions taken, or expected to be taken, in the course of preparing the Company's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Management of the Company is required to analyze all open tax years, as defined by the statutes of limitations for all major jurisdictions, which include federal, state, and foreign. As of November 30, 2022 and 2021, the Company has not recognized any asset or liability for unrecognized income tax benefits or liabilities. It is the Company's policy to recognize interest and penalties related to uncertain tax positions as a component of the income tax provision.

(n) Revenue Recognition

Fees, dues and assessments

Fees, dues and assessments are established by the membership and the Board of Directors to compensate the Company for providing services to Members, soft brand licensees, SureStay franchisees, and WorldHotels licensees. The Company has performance obligations to provide hotel support, and marketing, and a license to our hotel system intellectual property for the use of our brand names. Our performance obligations are a series of distinct goods or services for which we receive the following types of variable consideration through our membership agreements with our Members. Monthly fees and assessments (which include advertising, sales and marketing and reimbursement for the Company's technology expenses) represent fixed and variable consideration and are billed monthly and recognized as revenue in the same month as the services are provided and charges become fixed or determinable and payable. Annual dues are established, billed and payable each year for continuing membership during the succeeding year. Annual dues are recognized as revenue ratably in the year to which the continuing membership applies. Any Member may resign from the Company at any time, but if the Member resigns or is terminated, fees and dues become immediately due and payable per the terms of the applicable contract and are recognized as revenue when cash is received regardless of the term of the contract.

Affiliation fee revenues from Best Western branded hotels are fixed consideration payable upon approval of the Member or licensee by the Board of Directors and acceptance of membership or license terms by the property owner. These revenues are recognized on a straight-line basis over the hotelier's expected life as a Best Western branded hotel or over the initial contract term. SureStay franchisee initial fees are due upon execution of a franchise agreement and recognized over the initial term of the franchise agreement. WorldHotels hotel integration fees are recognized on

Notes to Consolidated Financial Statements

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a straight-line basis over the expected life as a WorldHotels branded hotel. Affiliation fee revenues were \$8.9 million and \$7.8 million for the years ended November 30, 2022 and 2021, respectively.

Best Western Rewards® frequent stay program ("BWR® program").

The Company administers the BWR program for the benefit of BWHG and BWR program members. Under our BWR program, we have a performance obligation to provide or arrange for the provision of goods or services between BWR program members and BWHG hotels in exchange for the redemption of points earned from past activities. Costs of operating the BWR program, including costs for marketing, promotion, and other member services, are charged to the BWHG hotels through an assessment fee that is based on members' qualified expenditures. The assessment fees received from the BWHG hotels are deferred and recognized as program revenues as the loyalty points are redeemed and the related service, net of redemption expense, is provided. The amount of revenue the Company recognizes upon point redemption is impacted by the Company's estimate of the breakage for points that BWR members will never redeem. The Company estimates breakage based on historical experience and expectations of future BWR member behavior. All BWR program costs are recognized as incurred.

Program revenues in excess of redemption costs are used to fund the operational expenses of the BWR program.

Best Western Travel Card® (a card having no expiration date and no usage or non-usage fees) revenue is recognized when: (i) the Best Western Travel Card is redeemed, or (ii) the likelihood of the Best Western Travel Card being redeemed is remote (Best Western Travel Card breakage), and the Company determines that there is not a legal obligation to remit the unredeemed Best Western Travel Card balance to the relevant jurisdiction. The determination of the Best Western Travel Card breakage rate is based upon Company specific historical redemption patterns. Best Western Travel Card breakage is included in program revenues in the Consolidated Statements of Revenues and Expenses.

Other revenues

Other revenues in the Consolidated Statements of Revenues and Expenses consist of: (i) international fees and other fees from hotelier meetings, training, quality assurance inspections and other services, and (ii) owned-hotel operations revenues, and are recognized in the month the services are provided. International fees include fees and charges for reservations and other services billed to international organizations monthly and were \$21.2 million and \$16.5 million for the years ended November 30, 2022 and 2021, respectively. Owned-hotel operations revenues were \$3.3 million and \$0.0 million for the years ended November 30, 2022 and 2021, respectively.

All other revenue sources, such as program fees, are recognized in the month that the product or service is provided. Revenues, including rebates from vendors, and associated costs of product sold to hoteliers when the Company does not assume the risk and rewards of ownership of the product, is not the primary obligator, and does not possess other indicators of gross reporting, are reported as a net amount earned and included in program revenues in the Consolidated Statements of Revenues and Expenses.

Contract balances

The Company records a receivable as performance obligations are satisfied and there is an unconditional right to receive payment. Deferred revenue is recorded when the Company receives payment, or has the unconditional right to receive payment, in advance of the satisfaction of the Company's performance obligations related to initial affiliation fees and the BWR program.

Certain costs to obtain contracts with customers are capitalized and amortized on a straight-line basis over the hotelier's expected life as a branded hotel or over the initial contract term. The costs of obtaining a contract with a customer are recorded in prepaid expenses and other current assets, and other assets, net in our Consolidated Statements of Financial Position. The related amortization is recorded in compensation, taxes and benefits in our Consolidated Statements of Revenues and Expenses. The Company had capitalized costs to obtain contracts with customers of \$13.3 million and \$13.7 million at November 30, 2022 and 2021, respectively.

Notes to Consolidated Financial Statements

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The contract asset balances consisted of the following:

(in thousands)	As of November 30,	
	2022	2021
Current contract assets	\$ 964	\$ 943
Non-current contract assets	12,305	12,740
Total contract assets	\$ 13,269	\$ 13,683

At November 30, 2022 and 2021, the contract liabilities balances related to affiliation fees and the BWR program include the following components and are included in current frequent stay program liability, current deferred revenue, non-current frequent stay program liability, and non-current deferred affiliation fee revenue in the Consolidated Statements of Financial Position:

(in thousands)	As of November 30,	
	2022	2021
Current contract liabilities	\$ 100,161	\$ 93,306
Non-current contract liabilities	246,706	239,641
Total contract liabilities	\$ 346,867	\$ 332,947

(in thousands)	As of November 30,	
	2022	2021
Liability related to the loyalty program	\$ 292,993	\$ 278,774
Affiliation fees received from hoteliers	53,874	54,173
Total contract liabilities	\$ 346,867	\$ 332,947

(o) *Significant Estimates and Assumptions*

Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with GAAP. Actual results could differ from those estimates.

(p) *Concentration of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable, principally from Members, net.

The Company has concentrated its credit risk for cash by maintaining deposits in financial institutions which exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash and cash equivalents.

Accounts receivable, principally from Members, net, are primarily from Member, franchisee, licensee fees and services, and product sales. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of hoteliers located throughout the world comprising the Company's customer base. The Company does not require collateral within credit limits established. In those instances when a Member, franchisee, or licensee requests product in excess of the credit limit allowed by Company policy, the Company requests a letter of credit, deposit, or prepayment to secure the collection of accounts receivable. The Company performs ongoing evaluations of its hotelier receivables; non-payment can lead to cancellation of the applicable Best Western membership, license or franchise.

Notes to Consolidated Financial Statements

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(q) *Advertising Costs*

Advertising costs are expensed as incurred and recorded as advertising and promotion expenses.

(r) *Foreign Currency*

Non-U.S. dollar assets and liabilities are remeasured using period-end exchange rates; income and expense items are remeasured at average exchange rates prevailing during the periods reported. Exchange rate gains and losses, unrealized and realized, are included in general and administrative expenses in the Consolidated Statements of Revenues and Expenses and were losses of approximately \$1.8 million and \$0.9 million during the years ended November 30, 2022 and 2021, respectively.

(s) *Self-Insurance Programs*

The Company self-insures for certain levels of employee medical and dental coverage. For medical, the Company accrues estimated costs of this self-insurance program based on its history of claims experience and the estimated time lag between the incident and the date claims are payable. Because of the short-term nature of the time lag, no discount rate is used when evaluating the present value of the projected settlements. The ultimate cost of claims for a covered period may differ from the original estimates.

(t) *Recent Accounting Guidance Not Yet Adopted*

In November 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-10 "Leases (Topic 842): Effective Dates" ("ASU 2019-10"). This was related to prior standards issued by the FASB, including ASU 2019-01 "Codification Improvements", which was issued in March 2019, and ASU 2018-11 "Targeted Improvements", which was issued in July 2018, amending ASU 2016-02 "Leases", which was issued in February 2016. This new guidance is intended to improve financial reporting regarding leasing transactions. These new standards will require companies that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. ASU 2019-10 deferred the effective date for private companies by one year to be effective for fiscal years beginning after December 15, 2020 for private companies. In June 2020, the FASB issued ASU 2020-05 "Leases (Topic 842): Effective Dates for Certain Entities", which allows for private companies to elect to defer adoption of the guidance by one additional year to become effective for reporting periods beginning after December 15, 2021. The Company is currently assessing the impact of the adoption of this guidance.

In November 2019, the FASB issued ASU 2019-10 "Financial Instruments – Credit Losses (Topic 326): Effective Dates". This was related to prior standards issued by the FASB, including ASU 2019-04 "Codification Improvements", which was issued in April 2019, ASU 2018-19 "Codification Improvements", which was issued in November 2018 amending ASU 2016-13 "Financial Instruments — Credit Losses", which was issued in June 2016. The main objective of this new guidance is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. ASU 2019-10 defers the effective date for private companies by two years. The standard is effective for fiscal years beginning after December 15, 2022 for private companies, and early adoption is permitted. The Company is currently assessing the impact of the adoption of this guidance.

In December 2019, the FASB issued ASU 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes". This new guidance is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The standard is effective for fiscal years beginning after December 15, 2021 for private companies. The Company is currently assessing the impact of the adoption of this guidance.

(u) *New Accounting Standards Adopted*

In August 2018, the FASB issued ASU 2018-15 "Intangibles - Goodwill and Other - Internal Use Software (Subtopic 350-40)", which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Company adopted this guidance in the first quarter of fiscal year 2022. There was no impact on the Company's financial statements.

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(2) Accounts Receivable, Principally from Members, net and Allowance for Doubtful Accounts

Accounts receivable, principally from Members, net primarily consists of amounts due from hoteliers with whom we have membership, franchise, or license agreements and include reimbursements of costs we incurred on behalf of the hoteliers. We record an allowance for doubtful accounts when losses are probable, based on an assessment of historical collection activity and current business conditions.

The activity in the allowance for doubtful accounts which is included in accounts receivable, principally from Members, net in the Consolidated Statements of Financial Position consisted of the following:

(in thousands)	As of November 30,	
	2022	2021
Beginning balance	\$ 21,213	\$ 24,362
Recoveries	1,210	1,225
Provisions	(1,650)	(1,760)
Write offs	(3,400)	(2,614)
Ending balance	\$ 17,373	\$ 21,213

In the normal course of business, the Company extends credit to its hoteliers, tour operators, central bill accounts and other third parties. The Company evaluates the collectability of the accounts receivable balances based on a combination of factors. These factors include the type of relationship the Company has with the account, the prior experience the Company has with accounts in each relationship type, and an evaluation of current and projected economic conditions including the impact of COVID-19 as of the Consolidated Statements of Financial Position date. Based on the current economic conditions, the Company believes the estimate to be appropriate as of November 30, 2022. Actual collections of accounts receivable could differ from management's estimates.

(3) Debt and Equity Securities

The Company invests in debt and equity securities that are strategically and operationally important to the business.

Marketable securities held for investment purposes, which are recorded at cost or fair value, depending on the nature of the investment, in the Consolidated Statements of Financial Position, were as follows:

(in thousands)	As of November 30,	
	2022	2021
Short-term debt securities held-to-maturity (at cost)	\$ 13,035	\$ 16,509
Short-term debt securities available-for-sale (at fair value)	3,361	-
Total short-term debt securities	\$ 16,396	\$ 16,509

(in thousands)	As of November 30,	
	2022	2021
Long-term debt securities available-for-sale (at fair value)	\$ 68,573	\$ -
Long-term equity securities (at fair value)	37,630	-
Long-term debt securities held-to-maturity (at cost)	4,309	17,467
Total long-term debt and equity securities	\$ 110,512	\$ 17,467

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Gross unrealized gains and losses for available-for-sale securities recognized on our Consolidated Statements of Financial Position were as follows:

November 30, 2022	Available-For-Sale Debt Securities				
	Amortized Cost basis	Gross Unrealized Gains	Gross Unrealized Losses	Accrued Interest	Fair Value
(in thousands)					
Corporate bonds	\$ 29,124	\$ 38	\$ (386)	\$ 257	\$ 29,033
Mortgage and asset-backed securities	25,780	185	(332)	77	25,710
U.S. treasury and government agency bonds	13,539	-	(190)	45	13,394
Municipal and provincial notes and bonds	3,803	51	(85)	28	3,797
Total available-for-sale debt securities	\$ 72,246	\$ 274	\$ (993)	\$ 407	\$ 71,934

The amortized cost basis and fair value of debt securities at November 30, 2022, by contractual maturity date, are shown below:

(in thousands)	Available-For-Sale Debt Securities	
	As of November 30, 2022 Amortized cost	Fair Value
Due in one year or less	\$ 3,364	\$ 3,361
Due after one year through five years	23,172	23,129
Due after five years through ten years	11,616	11,493
Due after ten years	34,094	33,951
Total	\$ 72,246	\$ 71,934

(in thousands)	Held-To-Maturity Debt Securities	
	As of November 30, 2022 Amortized cost	Fair Value
Due in one year or less	\$ 13,035	\$ 12,871
Due after one year through five years	4,309	4,118
Due after five years through ten years	-	-
Due after ten years	-	-
Total	\$ 17,344	\$ 16,989

The portion of unrealized gains and losses for the period related to equity securities still held at the reporting date is calculated as follows:

(in thousands)	Years Ended November 30,	
	2022	2021
Net unrealized gains recognized during the period on equity securities still held	\$ 762	\$ -
Less: Net realized losses recognized during the period on equity securities sold during the period	(43)	-
Net gains recognized during the period on equity securities	\$ 719	\$ -

Notes to Consolidated Financial Statements

November 30, 2022

(4) Prepaid Expenses and Other Current Assets

Prepaid expenses (primarily related to payments for insurance, software and hardware maintenance and support costs, third party internet, Global Distribution System's reservation fees, and advertising costs) and other current assets are expensed when services are rendered. Contract assets represent the current portion of the costs incurred to obtain a membership, licensee, or franchise agreement.

Prepaid expenses and other current assets consisted of the following:

(in thousands)	Years Ended November 30,	
	2022	2021
Prepaid expenses and other current assets	\$ 16,301	\$ 13,860
Current contract assets	964	943
Total	\$ 17,265	\$ 14,803

(5) Income Taxes

The income tax provision for the years ended November 30, 2022 and 2021, consisted of the following:

(in thousands)	Years Ended November 30,	
	2022	2021
Current:		
Federal	\$ 15,966	\$ 16,776
Foreign	335	275
State	(311)	3,453
Total current	15,990	20,504
Deferred:		
Federal	1,019	(3,795)
Foreign	28	(104)
State	132	(737)
Total deferred	1,179	(4,636)
Income tax provision	\$ 17,169	\$ 15,868

The provision for income tax differs from that computed using the federal statutory rate applied to income before taxes as follows:

(in thousands)	Years Ended November 30,	
	2022	2021
Income taxes computed at statutory rates	\$ 22,042	\$ 12,774
State taxes, net of federal benefit	3,364	2,089
Valuation allowance	912	1,493
Other non-deductible items	276	189
Non-deductible meals and entertainment	236	103
Research and development and foreign tax credit	(7,802)	60
Other	(1,040)	(294)
Foreign-derived intangible income	(819)	(546)
Income tax provision	\$ 17,169	\$ 15,868

Notes to Consolidated Financial Statements

November 30, 2022

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of November 30, 2022 and 2021, are presented below:

(in thousands)	As of November 30,	
	2022	2021
Deferred tax assets:		
Loyalty program	\$ 33,375	\$ 31,232
Deferred revenue	10,017	9,997
Deferred compensation plans	5,766	7,298
Allowance for doubtful accounts	4,286	5,237
Net operating loss	3,367	2,559
Compensated absences	1,519	1,424
Acquisition of new trademarks and trade names	690	729
Travel Card liability	646	1,042
Tax credits	572	572
Free night voucher liability	333	132
Total deferred tax assets	60,571	60,222
Deferred tax liabilities:		
Fixed assets	6,354	4,336
Prepaid expenses	1,614	1,638
Intangible assets	195	422
Other	(814)	337
Total deferred tax liabilities	7,349	6,733
Less valuation allowance	(4,018)	(3,106)
Net deferred tax assets	\$ 49,204	\$ 50,383

As of November 30, 2022 and 2021, the Company had no unrecognized tax benefits which would impact the Company's effective tax rate if recognized, and the Company has no accrued interest or penalties related to uncertain tax positions. Management is unaware of any provisions that need to be made for any penalties and fees that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty and the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

The Company is subject to taxation and files income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions. Currently, the Company has statutes of limitation open in various states ranging from fiscal years ended November 30, 2018 through November 30, 2021, which relate to tax years 2017 through 2020. The federal statute of limitations is currently open from fiscal years ended November 30, 2019 through November 30, 2021, which relate to tax years 2018 through 2020.

The Company has not provided for applicable income or withholding taxes on the undistributed earnings from continuing operations of its subsidiaries operating outside of the United States. Undistributed net income of these subsidiaries as of November 30, 2022 and 2021, net to zero. Any undistributed earnings are considered permanently reinvested.

Notes to Consolidated Financial Statements

November 30, 2022

(6) Property, Equipment and Computer Software, net

Property, equipment and computer software consisted of the following:

(in thousands)	As of November 30,	
	2022	2021
Property and equipment, at cost:		
Furniture and equipment	\$ 29,189	\$ 30,827
Buildings	19,385	19,244
Land	2,335	2,335
Leasehold improvements	2,155	2,632
Land improvements	1,234	1,234
Work in process	70	6
Property and equipment	54,368	56,278
Less accumulated depreciation	(44,756)	(45,365)
Property and equipment, net	9,612	10,913
Computer software, at cost:		
Developed	80,819	65,740
Purchased	13,367	15,800
Work in process	2,260	3,182
Computer software	96,446	84,722
Less accumulated amortization	(74,806)	(67,967)
Computer software, net	21,640	16,755
Property, equipment and computer software, net	\$ 31,252	\$ 27,668

Depreciation and amortization expense consisted of the following:

(in thousands)	Years Ended November 30,	
	2022	2021
Depreciation of property and equipment	\$ 2,111	\$ 2,672
Amortization of computer software	10,064	9,278
Depreciation and amortization of property, equipment and computer software	12,175	11,950
Depreciation of hotel investments (Note 7)	1,377	-
Amortization of goodwill and other intangible assets (Note 15)	1,196	1,196
Depreciation and amortization	\$ 14,748	\$ 13,146

(7) Hotel Investments, net

In December 2019 and March 2020, the Company acquired land to develop two hotels, located in Tempe, Arizona, and Denver, Colorado, respectively. Property development costs, including property construction costs, interest and other financing fees, property taxes, architectural and engineering fees, and other direct and indirect development costs, are capitalized beginning when the development activity commences and ending when all infrastructure is substantially complete and the property is available for occupancy.

The hotels were under construction as of November 30, 2021. The Vib in Tempe, Arizona opened in March 2022 and the Vib in Denver, Colorado opened in June 2022. During the month the respective hotel opened, the development in process assets were placed into service and depreciation of these assets commenced.

The results of operations for the hotels are reported in other revenues and general and administrative expenses in the Consolidated Statements of Revenues and Expenses. Hotel operations revenues were \$3.3 million and \$0.0 million for the years ended November 30, 2022 and 2021, respectively. Hotel operations expenses were \$4.4 million and \$0.0 million for the years ended November 30, 2022 and 2021, respectively.

Notes to Consolidated Financial Statements

November 30, 2022

Hotel investments, net consisted of the following:

(in thousands)	As of November 30,	
	2022	2021
Hotel investments, at cost:		
Buildings	\$ 39,328	\$ -
Land	6,985	6,985
Furniture and equipment	6,431	-
Land improvements	1,362	-
Development in process	674	34,981
Hotel investments	54,780	41,966
Less accumulated depreciation	(1,377)	-
Hotel investments, net	\$ 53,403	\$ 41,966

Depreciation expense on hotel investments was approximately \$1.4 million and \$0.0 million for the years ended November 30, 2022 and 2021, respectively.

(8) Line of Credit

The Company had a Uncommitted Revolving Line of Credit and Security Agreement (the "LOC Agreement") with the Royal Bank of Canada ("RBC") at November 30, 2022 and 2021. The LOC Agreement allows for up to a \$160 million credit advance and is secured by the Company's unencumbered and unrestricted marketable securities ("Securities") at RBC. Based on the Company's Securities at RBC as of November 30, 2022, the Company may request a credit advance up to \$64 million at a variable interest rate based on the 1 month SOFR plus 0.75%. Interest is due and payable monthly, with the principal due and payable upon demand of the bank. The Company had no outstanding borrowings against this line of credit at November 30, 2022 and 2021.

(9) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

(in thousands)	As of November 30,	
	2022	2021
Accrued compensation and benefits	\$ 26,034	\$ 23,600
Accounts payable	24,679	20,047
Accrued liabilities	22,931	18,635
Travel Card liability	4,398	8,318
Total	\$ 78,042	\$ 70,600

(10) Contingencies and Commitments

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources, divert management's attention from the Company's business objectives, and adversely affect the Company's business, results of operations, financial condition and cash flow.

The Company is committed to providing certain payments or credits to: (i) applicants who were offered an incentive to become a new Member, and (ii) Members who were offered an incentive to allow approval of an application in a Member's protected area. These payments or credits are due and payable when the contract terms are met and refundable back to the Company or cease, pursuant to contract terms. As of November 30, 2022 and 2021, the amount of commitments not yet paid was \$11.4 million and \$11.2 million, respectively, which is not recorded in the Consolidated Statements of Financial Position.

Notes to Consolidated Financial Statements

November 30, 2022

(11) Leases

The Company leases certain office space and equipment under various operating leases, which expire on various dates through March 2028. Rental expenses on operating leases are recorded on a straight-line basis. Rental expense for operating leases was \$1.5 million and \$2.1 million for the years ended November 30, 2022 and 2021, respectively. The Company also has certain software agreements for which rental expense is recorded on a straight-line basis. Rental expense for software agreements was \$9.1 million and \$9.6 million for the years ended November 30, 2022 and 2021, respectively. These amounts are included in general and administrative expenses in the Consolidated Statements of Revenues and Expenses. Minimum future rentals on non-cancelable operating leases, having an initial or remaining term in excess of one year as of November 30, 2022 are as follows (in thousands):

Years ending November 30,	Office Space	Equipment	Total Minimum Rental
2023	\$ 719	\$ 205	\$ 924
2024	652	99	751
2025	446	50	496
2026	58	17	75
2027 and thereafter	77	-	77
Total	\$ 1,952	\$ 371	\$ 2,323

Future payments under the existing non-cancelable software agreements having an initial or remaining term in excess of one year are \$5.3 million over the next three years.

(12) Employee Retirement Savings Plans

The Company sponsors a 401(k) investment plan which is available to all U.S. employees on the first day of service, and a Canadian Registered Retirement Savings Plan (the "RRSP") which is available to all Canadian employees on the first day of service. Under the plans, employees may contribute a percentage of their eligible wages to the plans, subject to maximum statutory regulations. The Company contributes 3% of the annual salary of all eligible employees to these plans.

The Company may also contribute a discretionary amount, as determined by the Board of Directors, up to 6% of employees' eligible compensation, to be allocated in proportion to the employees' contributions provided an employee has worked 1,000 hours during the plan year and is employed on the last day of the plan year.

The Company's expense related to the 401(k) investment plan was \$7.1 million and \$5.8 million for the years ended November 30, 2022 and 2021, respectively, and the Company's expense related to the RRSP was \$124.0 thousand and \$95.2 thousand for the years ended November 30, 2022 and 2021, respectively. These amounts are included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's liability related to the 401(k) investment plan was \$4.8 million and \$3.6 million as of November 30, 2022 and 2021, respectively, and \$75.2 thousand and \$55.7 thousand as of November 30, 2022 and 2021, respectively, for the RRSP and is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2022 and 2021, respectively.

(13) Deferred Compensation Plans and Restricted Rabbi Trust Investments

Nonqualified Deferred Compensation Plan ("NQP") and Restricted Rabbi Trust ("Trust") Investments

The Company has a NQP in which key management employees of the Company, as determined by the Board of Directors, are selected to participate. The NQP is a defined contribution plan, in which participating employees may defer a percentage of their annual salaries and a percentage of any incentive compensation into the NQP. The Company contributes: (i) a non-discretionary contribution of 3% of a participating employee's compensation each pay period, and (ii) an annual discretionary contribution, as determined by the Board of Directors, up to 9% of a participating employee's annual compensation.

Notes to Consolidated Financial Statements

November 30, 2022

Effective December 1, 2020, the Company established a Trust, whereby the Company makes contributions to this Trust to provide the Company a source of funds to assist in satisfying the NQP liability. It is the intention of the Company that the NQP and the Trust shall constitute an unfunded arrangement for the purpose of providing tax-deferred compensation in accordance with Title I of the Employee Retirement Income Security Act of 1974, as amended. It is also the intention of the Company to fund the Trust and have its assets invested in a manner that matches each participant's deemed investment elections under the NQP, so that the investment gains and losses of the Trust mirror the investment gains and losses credited/debited to participants' accounts. Accordingly, the Company funded the Trust during fiscal year 2021, including an initial funding of \$20.2 million into the Trust in December 2020, based on amounts due and owing to participating employees at that time. The Trust balance was \$19.1 million and \$24.7 million as of November 30, 2022 and 2021, respectively. Realized and unrealized gains and losses on these investments were realized losses of \$0.5 million and unrealized gains of \$2.5 million, for the year ended November 30, 2022, and were realized gains of \$1.5 million and unrealized gains of \$2.3 million, respectively, for the year ended November 30, 2021, and are recognized in net realized and unrealized gains/losses on investments, interest and dividend income, and interest expense in the Consolidated Statements of Revenues and Expenses.

The Company's expense related to this NQP was \$1.6 million (including a liability reduction associated with net investment losses of \$2.0 million as of November 30, 2022) and \$4.4 million (including a liability provision associated with net investment gains of \$3.8 million as of November 30, 2021) for the years ended November 30, 2022 and 2021, respectively, and is included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's total liability for the NQP was \$19.3 million and \$25.0 million as of November 30, 2022 and 2021, respectively, of which the current portion of \$3.6 million and \$3.2 million is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2022 and 2021, respectively.

Long-term Incentive Plan

The Company has a long-term incentive plan for key executives, as determined by the Board of Directors. Amounts awarded under the plan for each performance period are payable to each key executive in March of the third year after the performance period ends. The key executive must be employed by the Company or retired from the Company on the payment date, noting there are qualifying events with regard to vesting. The plan allows for proration of the accrued benefit for key executives because of death, disability or retirement. The Company records expense for this plan over the three-year required service period. The Company's expense related to this plan was \$1.7 million and \$1.9 million for the years ended November 30, 2022 and 2021, respectively, and is included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's total liability for this long-term incentive plan was \$4.1 million and \$4.5 million as of November 30, 2022 and 2021, respectively, of which the current portion of \$2.9 million and \$2.1 million is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2022 and 2021, respectively.

(14) Related Party Transactions

Each member of our Board of Directors ("Director", or an entity affiliated with a Director) is a party to a membership agreement with the Company, and as a result, our Directors pay system and other fees to us based upon the terms of their respective membership agreements. Our Directors are party to such membership agreements on the same terms and conditions as each of the other Members of the Company.

Director compensation consisted of \$109,218 and \$104,198 in annual Director fees per district for the years ended November 30, 2022 and 2021, respectively. Directors are reimbursed reasonable, ordinary and necessary business and travel expenses in accordance with the Company's travel and expense policies.

Notes to Consolidated Financial Statements

November 30, 2022

(15) Amortizing Goodwill and Other Intangible Assets

Goodwill is allocated to two reporting units: (i) WorldHotels, and (ii) AutoClerk. Activity by reporting unit in the current and prior period is organized by reporting unit noted below.

WorldHotels

On February 15, 2019, the Company entered into and closed a definitive Share Sale and Purchase Agreement with WorldHotels Holdings, LLC ("WH Holdings") and ALHI Holdings, LLC ("ALHI") to purchase 100% of the outstanding shares of BV Acquisitions X GmbH from WH Holdings (thereby also acquiring BV Acquisitions' approximately 98% ownership of the outstanding shares of WorldHotels Aktiengesellschaft ("WH")), and assumed certain rights and obligations of ALHI. During 2020, the Company acquired the remaining approximately 2% ownership of the outstanding shares of WH and now owns 100% of the outstanding shares. The WorldHotels Acquisition was accounted for as a business combination in accordance with ASC Topic 805, Business Combinations.

The total purchase price was allocated based upon: (i) the amounts reported in the WH historical financial statements for any assets that were reported at fair value in accordance with WH's historical accounting policies, or (ii) management's estimates of fair value. The Company determined estimated fair value for other intangible assets with the assistance of valuations performed by third-party specialists. Other intangible assets of acquired customers and trademarks and trade names were valued at \$2.1 million and \$1.3 million, respectively. To the extent the consideration exceeded the fair value of the net assets acquired in this transaction, the excess was assigned to goodwill.

As of August 31, 2022 and 2021, a quantitative analysis of goodwill and other intangible asset impairment was performed. An impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. To estimate the fair value for the reporting unit, the Company utilized a combination of market and income approach valuation methods via quoted market prices, market multiples of comparable businesses, and performance of a discounted cash flow analysis. No impairment was recorded for the years ended November 30, 2022 and 2021.

AutoClerk

On July 31, 2019, the Company entered into and closed a definitive Share Sale and Purchase Agreement with the shareholders of AutoClerk, Inc. ("AC"), to purchase 100% of the outstanding shares of AC. The AC Acquisition was accounted for as a business combination in accordance with ASC Topic 805, Business Combinations.

The total purchase price was allocated based upon: (i) the amounts reported in the AC historical financial statements for any assets that were reported at fair value in accordance with AC's historical accounting policies, or (ii) management's estimates of fair value. The Company determined estimated fair value for other intangible assets with the assistance of valuations performed by third-party specialists. Other intangible assets of developed technology and acquired customers were valued at \$1.9 million and \$1.5 million, respectively. To the extent the consideration exceeded the fair value of the net assets acquired in this transaction, the excess was assigned to goodwill.

The Company assessed the qualitative factors attributable to the AC reporting unit and determined that the fair value of the reporting unit is not more likely than not less than its carrying amount as of August 31, 2022 and 2021. Therefore, no quantitative analysis was performed and no impairment was recorded for the years ended November 30, 2022 and 2021.

Notes to Consolidated Financial Statements

November 30, 2022

Amortized goodwill and other intangible assets consisted of the following:

(in thousands)	As of November 30, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill:			
WorldHotels	\$ 4,554	\$ (1,211)	\$ 3,343
AutoClerk	2,198	(733)	1,465
Amortizing other intangible assets:			
Acquired customers:			
AutoClerk	1,500	(667)	833
Developed technology:			
AutoClerk	1,900	(792)	1,108
(in thousands)	As of November 30, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill:			
WorldHotels	\$ 4,554	\$ (673)	\$ 3,881
AutoClerk	2,198	(513)	1,685
Amortizing other intangible assets:			
Acquired customers:			
AutoClerk	1,500	(467)	1,033
Developed technology:			
AutoClerk	1,900	(554)	1,346

The Company has elected the private-company alternative to amortize goodwill over 10 years. Amortization expense for goodwill was approximately \$0.8 million and \$0.8 million for the years ended November 30, 2022 and 2021, respectively, and is estimated to be approximately \$0.8 million annually for fiscal years ended 2023 through 2027.

Acquired customers and developed technology are definite-life intangible assets, and as such, amortization expense is calculated using a method that most appropriately reflects expected cash flows from these assets with an amortization period, ranging from 7.5 years to 10 years, depending on the type of asset. Amortization expense for definite-life intangible assets was approximately \$0.4 million and \$0.4 million for the years ended November 30, 2022 and 2021, respectively, and is estimated to be approximately \$0.4 million annually for fiscal years ended 2023 through 2027.

Trademarks and trade names are indefinite-life assets as there is no foreseeable limit to the cash flows generated by these assets. The Company has determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of these acquired trademarks and trade names and therefore are considered to be indefinite-lived intangible assets that are not subject to amortization. Trademarks and trade names value resulting from the WorldHotels acquisition was \$1.3 million as of November 30, 2022 and 2021.

(16) Joint Venture

On May 2, 2019, the Company's wholly owned subsidiary, BWI DevCo Denver 3560, LLC, and a third-party, TWC, entered into a joint venture Contribution Agreement and formed Denver 3560, a Colorado limited liability company to develop, build, own and operate a Best Western Vīb-branded hotel in Denver. Under the terms of the Contribution Agreement, the Company's interest in the joint venture is seventy-five percent (75%) and the TWC interest in the joint venture is twenty-five percent (25%). The hotel started operations in mid-2022.

The joint venture was accounted for as a variable interest entity in accordance with ASC Topic 810, "Consolidations". The Company evaluated the provisions of this standard and determined that the joint venture should be consolidated as the Company has both the power to direct the activities of the joint venture and will participate in the benefits.

Notes to Consolidated Financial Statements

November 30, 2022

The Company has consolidated the results of the Denver 3560 joint venture as of November 30, 2022 and 2021. The contribution by the Company was \$0.7 million and \$0.7 million in the fiscal years ending November 30, 2022 and 2021, respectively, with total contributions of \$6.8 million since inception. The contribution by TWC was \$0.2 million and \$0.2 million in the fiscal years ending November 30, 2022 and 2021, respectively, with total contributions of \$2.3 million since inception through November 30, 2022. The total contributions were used primarily for the land purchase, development and other start-up construction related costs, which are included in hotel investments, net in the Consolidated Statements of Financial Position. The equity contribution from the joint venture partner of \$2.3 million, offset by 25% of the net loss from operations amounting to \$0.3 million, are included in non-controlling interests in the Consolidated Statements of Financial Position. The contributions by TWC are presented as a supplemental disclosure in the Consolidated Statements of Cash Flows.

(17) Construction Loans

Denver 3560

In March 2020, Denver 3560 entered into an initial Construction Loan Agreement (the "Denver Loan") with UMB Bank, which allowed Denver 3560 to request advances up to \$21.6 million. In July 2021, this Denver Loan was modified to increase the availability of loan advances from \$21.6 million to \$24.4 million. For the period May 1, 2020 through April 1, 2023, interest on the outstanding principal balance of the Denver Loan is due and payable monthly. Beginning April 1, 2023, through the maturity date of March 11, 2027, principal and interest are due and payable in an amount determined by UMB to be sufficient to amortize the outstanding principal balance of the Denver Loan over a twenty-five (25) year period. The outstanding principal balance of this Denver Loan is due and payable on the maturity date. Principal due over the next five years as of November 30, 2022 is as follows (in thousands):

Years ending November 30,	Principal
2023	\$ 424
2024	644
2025	665
2026	687
2027	21,365
Total	\$ 23,785

The interest rate on the Denver Loan is a fixed annual rate of 3.21% and is computed and accrued on an ACT/360 basis. The Denver Loan is secured by, among other things, the Deed of Trust and is guaranteed by the Company.

The Company had borrowings of \$23.8 million and \$14.6 million as of November 30, 2022 and 2021, respectively. The current portion of \$0.4 million and \$0.0 million is included in accounts payable and accrued liabilities and \$23.4 million and \$14.6 million is included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2022 and 2021, respectively.

Interest costs of \$0.5 million and \$0.2 million were capitalized and included in hotel investments, net in the Consolidated Statements of Financial Position for the years ended November 30, 2022 and 2021, respectively. Accrued interest of \$0.7 million and \$0.2 million was included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2022 and 2021, respectively.

The Company is required to maintain certain financial and operational covenants. At November 30, 2022 and 2021, the Company was in compliance with all covenants.

Notes to Consolidated Financial Statements

November 30, 2022

DevCo Tempe

In October 2020, company wholly owned DevCo Tempe entered into a Construction Loan Agreement (the “Tempe Loan”) with UMB Bank. Under terms of the Tempe Loan, DevCo Tempe can request advances up to \$15.3 million. For the period November 1, 2020 through October 31, 2023, interest on the outstanding principal balance of the Tempe Loan is due and payable monthly. Beginning November 1, 2023, through the maturity date of October 2, 2027, principal and interest are due and payable in an amount determined by UMB to be sufficient to amortize the outstanding principal balance of the Tempe Loan over a twenty-five (25) year period. The outstanding principal balance of this Tempe Loan is due and payable on the maturity date. Principal due over the next five years as of November 30, 2022 is as follows (in thousands):

Years ending November 30,	Principal
2023	\$ 74
2024	372
2025	386
2026	399
2027	13,343
Total	\$ 14,574

The interest rate on the Tempe Loan is a fixed annual rate of 3.50% and is computed and accrued on an ACT/360 basis. The Tempe Loan is secured by, among other things, the Deed of Trust and is guaranteed by the Company.

The Company had borrowed \$14.6 million and \$10.4 million as of November 30, 2022 and 2021, respectively. The current portion of \$0.1 million and \$0.0 million is included in accounts payable and accrued liabilities and \$14.5 million and \$10.4 million is included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2022 and 2021, respectively.

Interest costs of \$0.2 million and \$0.1 million were capitalized and included in hotel investments, net in the Consolidated Statements of Financial Position for the years ended November 30, 2022 and 2021, respectively. Accrued interest of \$0.3 million and \$0.1 million was included in non-current construction loans in the Consolidated Statements of Financial Position at November 30, 2022 and 2021, respectively.

The Company is required to maintain certain financial and operational covenants. At November 30, 2022 and 2021, the Company was in compliance with all covenants.

(18) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Company evaluated events and transactions occurring after November 30, 2022, for potential recognition or disclosure. The Company has evaluated its subsequent events through February 21, 2023, the date financial statements were available to be issued.

GUARANTY OF PERFORMANCE

For value received, Best Western International, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties of SureStay, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (the "Franchisor") under its franchise registration in each state where its franchise is registered or exempt from registration, as applicable, and under its Franchise Agreement as identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended, from time to time. This guaranty continues until all such obligations of the Franchisor under the franchise registration or franchise exemption (as applicable) and Franchise Agreement are satisfied or until liability of the Franchisor under the Franchise Agreement has been completely discharged, whichever first occurs. Guarantor is not discharged from liability if a claim by the franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and on its successors and assigns.

The Guarantor signs this guarantee at Phoenix, Arizona on the 28 day of February, 2024.

Guarantor:

BEST WESTERN INTERNATIONAL, INC.

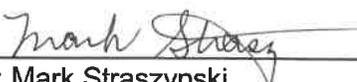

By: Mark Straszynski
Title: Senior Vice President and Chief
Financial Officer

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LISTS OF CURRENT AND FORMER FRANCHISEES

Open Hotels as of 11/30/23

Hotel Name	Franchisee Entity	Franchisee Contact	Address	City	State/Province	ZIP	Phone
SURESTAY BY BEST WESTERN JASPER	Mall Way Motel, Inc.	Girishkumar Patel	200 The Mall Way	JASPER	ALABAMA	35504-7515	(205) 221-1161
SURESTAY BY BEST WESTERN TUSCALOOSA SOUTHEAST	OM Hotels, LLC	Dhaval Patel	4700 Doris Pate Dr	TUSCALOOSA	ALABAMA	35405-3599	(205) 556-3232
THE COPPER HOTEL, SURESTAY COLLECTION BY BEST WESTERN	Harinder Amarjeet LLC	Chitkamal Arora	1550 W Highway 260	CAMP VERDE	ARIZONA		(928) 274-4424
SURESTAY PLUS BY BEST WESTERN MESA SUPERSTITION SPRINGS	Jai Sai Baba LLC	Dipesh Patel	6347 E Southern Ave	MESA	ARIZONA	85206-3713	(480) 807-7760
SURESTAY BY BEST WESTERN PHOENIX AIRPORT	Airport Hotel, LLC	Dipesh Patel	3037 E Van Buren St	PHOENIX	ARIZONA	85008-6806	(602) 273-1601
SURESTAY PLUS BY BEST WESTERN SCOTTSDALE NORTH	BW North Scottsdale Hotel LP	Calum DeSouza	13440 N Scottsdale Rd	SCOTTSDALE	ARIZONA	85254-4041	(480) 590-1807
SURESTAY PLUS BY BEST WESTERN TEMPE UNIVERSITY	MANI HOTELS LLC	Mehulkumar Ahir	1429 N Scottsdale Rd	TEMPE	ARIZONA	85288-1714	(480) 675-9799
SURESTAY BY BEST WESTERN WILLIAMS - GRAND CANYON	SMS Lodging LLC	Sunesh Tewari	800 E Route 66	WILLIAMS	ARIZONA	86046-3002	(928) 564-0001
SATHER BERKELEY, SURESTAY COLLECTION BY BEST WESTERN	Shree Laxmi, LLC	Manish Amin	1820 University Ave	BERKELEY	CALIFORNIA		(510) 843-4262
SURESTAY BY BEST WESTERN BLYTHE	UJAS Blythe, LLC	Satish Patel	825 W Hobson way	BLYTHE	CALIFORNIA	92225-1415	(760) 922-7105
SURESTAY BY BEST WESTERN BUENA PARK ANAHEIM	DHSM LLC	Danisha Patel	7921 Orangethorpe Ave	BUENA PARK	CALIFORNIA	90621-3436	(714) 739-5885
SURESTAY BY BEST WESTERN CAMARILLO	LU CHARITABLE REMAINDER UNITRUST	Yeoung Lu	295 E Daily Dr	CAMARILLO	CALIFORNIA	93010-5813	(805) 987-4991
SURESTAY BY BEST WESTERN CASTRO VALLEY	Rajesh Khatri / Hansaben Khatri	Rajesh Khatri	3954 E Castro Valley Blvd	CASTRO VALLEY	CALIFORNIA	94552-4811	(510) 538-5757
SURESTAY BY BEST WESTERN CHOWCHILLA YOSEMITE	Mitra Hospitality, LLC	Mitesh Patel	205 Carlyle Way	CHOWCHILLA	CALIFORNIA	93610-9377	(559) 665-8700
SURESTAY PLUS BY BEST WESTERN CHULA VISTA WEST	Best Choice, LLC	Nayan Ahir	778 Broadway	CHULA VISTA	CALIFORNIA	91910-5329	(619) 271-9554
SURESTAY BY BEST WESTERN CHULA VISTA SAN DIEGO BAY	Shri Lakshmiiji Enterprises LLC	Devendra Patel	699 E St	CHULA VISTA	CALIFORNIA	91910-2116	(619) 585-1999
SURESTAY BY BEST WESTERN FAIRFIELD NAPA VALLEY	Sona Sales & Management, Inc	Bharat Patel	3331 N Texas St	FAIRFIELD	CALIFORNIA	94533-9715	(707) 426-6161
SURESTAY BY BEST WESTERN FONTANA	Century Sierra LLC	Surendra Patel	17133 Valley Blvd	FONTANA	CALIFORNIA	92335-6811	(909) 822-5411
SURESTAY PLUS BY BEST WESTERN HAYWARD	KJS Hospitality, LLC	Paresh Gajiwala	2460 Whipple Rd	HAYWARD	CALIFORNIA	94544-7808	(510) 491-2430
SURESTAY PLUS BY BEST WESTERN HESPERIA	Panch Ratna, LLC	Divyeshkumar Patel	12033 Oakwood Ave	HESPERIA	CALIFORNIA	92345-1649	(760) 949-3231
SURESTAY BY BEST WESTERN HOLLISTER	OHM Hospitality, LLC	Kanji Patel	600 San Felipe Rd	HOLLISTER	CALIFORNIA	95023-2805	(831) 637-9248
SENS SUITES LIVERMORE, SURESTAY COLLECTION BY BEST WESTERN	RIHH LP	Dean Banks	1000 Airway Blvd	LIVERMORE	CALIFORNIA		(925) 373-1800
SURESTAY BY BEST WESTERN BEVERLY HILLS WEST LA	BMK Hospitality, LLC	Rajesh Patel	7721 Beverly Blvd	LOS ANGELES	CALIFORNIA	90036-2113	(323) 692-1777
SUNSET WEST HOTEL, SURESTAY COLLECTION BY BEST WESTERN	Saharan Motor Hotel LLC	Rajesh Patel	7212 Sunset Blvd	LOS ANGELES	CALIFORNIA		(323) 874-6700
SURESTAY PLUS BY BEST WESTERN MAMMOTH LAKES	Shri Tirupati Balaji LLC	Pankajkumar Patel	54 Sierra Blvd	MAMMOTH LAKES	CALIFORNIA	93546	(760) 934-8892
SFO EL RANCHO INN, SURESTAY COLLECTION BY BEST WESTERN	Anton Millbrae, LLC	Brian Jenkins	1100 El Camino Real	MILLBRAE	CALIFORNIA		(650) 588-8500
SURESTAY PLUS BY BEST WESTERN MOUNTAIN VIEW	BPR Properties Mountain View, LLC	Bhupendra Patel	2300 W El Camino Real	MOUNTAIN VIEW	CALIFORNIA	94040-1420	(650) 962-9912
SURESTAY BY BEST WESTERN ONTARIO AIRPORT	Centrelake Hospitality, Inc.	Prakash Bhakta	3201 Centre Lake Dr	ONTARIO	CALIFORNIA	91761-1214	(909) 390-9855
SURESTAY PLUS BY BEST WESTERN REDDING	BMV Hospitality, LP	Natverbhai Patel	2600 Larkspur Lane	REDDING	CALIFORNIA	96002-1016	(530) 722-9100
SURESTAY PLUS BY BEST WESTERN POINT RICHMOND	Richmond Hotels, LLC	Nupen Patel	915 W Cutting Blvd	RICHMOND	CALIFORNIA	94804-2027	(510) 237-3000
SURESTAY PLUS BY BEST WESTERN ROCKLIN	Heritage Inn Rocklin, LLC	Kusum Pitamber	4480 Rocklin Rd	ROCKLIN	CALIFORNIA	95677-2835	(916) 632-3366
SURESTAY PLUS BY BEST WESTERN SACRAMENTO NORTH	Sumukha Investments, LLC	Ramesh (Ron) Pitamber	3500 Bercut Drive	SACRAMENTO	CALIFORNIA	95811-0102	(916) 497-0955
SURESTAY PLUS BY BEST WESTERN SACRAMENTO CAL EXPO	1900 Canterbury Rd	Dipchand Shah	1900 Canterbury Ln	SACRAMENTO	CALIFORNIA	95815-3719	(916) 634-4640
SURESTAY PLUS BY BEST WESTERN SAN BERNARDINO SOUTH	Skylark Hotels, Inc.	Kalpesh Solanki	294 E Hospitality Rd	SAN BERNARDINO	CALIFORNIA	92408-3415	(909) 381-1681
SURESTAY BY BEST WESTERN SAN DIEGO PACIFIC BEACH	Palacio Mission Bay LLC	Ketan Patel	4545 Mission Bay Dr	SAN DIEGO	CALIFORNIA	92109-4920	(858) 483-4222
SURESTAY BY BEST WESTERN SAN FRANCISCO MARINA DISTRICT	Asura Inc	Savita Patel	1940 Lombard St	SAN FRANCISCO	CALIFORNIA	94123-2807	(415) 775-8116
SURESTAY PLUS BY BEST WESTERN SAN JOSE CENTRAL CITY	Oasis Hospitality LLC	Surendra Patel	2650 Monterey Rd	SAN JOSE	CALIFORNIA	95111	(408) 279-6600
SURESTAY BY BEST WESTERN SAN RAFAEL	Damyanti Nikul Patel	Damyanti Patel	865 Francisco Blvd E	SAN RAFAEL	CALIFORNIA	94901-4759	(415) 454-9470
PACIFIC COAST ROADHOUSE, SURESTAY COLLECTION BY BEST WESTERN	San Simeon Hotels LLC	Bhavesh Patel	9280 Castillo Dr	SAN SIMEON	CALIFORNIA		(805) 927-8650
SURESTAY PLUS BY BEST WESTERN SANTA CLARA SILICON VALLEY	Mission Group, Inc.	Paresh Patel	859 El Camino Real	SANTA CLARA	CALIFORNIA	95050-3924	(408) 244-2840
SURESTAY BY BEST WESTERN SANTA CRUZ	Jay Siyaram Hotels LLC	Bhavesh Patel	516 Water St	SANTA CRUZ	CALIFORNIA	95060-4113	(831) 426-6111
SURESTAY BY BEST WESTERN SANTA MONICA	Pico Bundy Hotel Co, LLC	Robert Jackson	3102 Pico Blvd	SANTA MONICA	CALIFORNIA	90405-2006	(310) 450-5766
SURESTAY BY BEST WESTERN SEASIDE MONTEREY	Sidd Corporation	Bharat Patel	1893 Fremont Blvd	SEASIDE	CALIFORNIA	93955-3610	(831) 394-8566
SURESTAY PLUS BY BEST WESTERN SUSANVILLE	Malhi Hotels, LLC	Sukhjinder Malhi	2785 Main St	SUSANVILLE	CALIFORNIA	96130-4741	(530) 257-4123
SURESTAY BY BEST WESTERN TEHACHAPI	C & K Kern, Inc	Kay Yoo	418 W Tehachapi Blvd	TEHACHAPI	CALIFORNIA	93561-1638	(661) 822-5591
SURESTAY PLUS BY BEST WESTERN TWENTYNINE PALMS JOSHUA TREE	UJAS 29 Palms, LLC	Satish Patel	71487 Twentynine Palms Hwy	TWENTYNINE PALMS	CALIFORNIA	92277-4304	(760) 367-9141
SURESTAY BY BEST WESTERN UKIAH	A.J.P.J. LLC	Jitu Ishwar	1720 N State St	UKIAH	CALIFORNIA	95482-3117	(707) 376-7826
SURESTAY PLUS BY BEST WESTERN UPLAND ONTARIO NORTH	A C Wang, Inc.	Gerald Wang	1191 E Foothill Blvd	UPLAND	CALIFORNIA	91786-4049	(909) 949-4800
SURESTAY BY BEST WESTERN VALLEJO NAPA VALLEY	AAAH Hospitality, LLC	Hiteshkumar Patel	300 Fairgrounds Dr	VALLEJO	CALIFORNIA	94589-2873	(707) 554-8000
SURESTAY BY BEST WESTERN WILLIAMS	MISTRY AND PANCHAL INVESTMENTS L.L.C.	Divyang Mistry	400 C St.	WILLIAMS	CALIFORNIA	95987-5211	(530) 473-2381
SURESTAY PLUS BY BEST WESTERN YUCCA VALLEY JOSHUA TREE	Sunrise Yucca Valley, Inc	Hiren Govind	56525 29 Palms Hwy	YUCCA VALLEY	CALIFORNIA	92284-2863	(760) 365-3555
SURESTAY PLUS BY BEST WESTERN BRANDYWINE VALLEY	Jaysons, LLC	Sima Patel	1807 Concord Pike (Rte. 202)	WILMINGTON	DELAWARE	19803-2901	(302) 656-9436
SURESTAY BY BEST WESTERN ST. PETE CLEARWATER AIRPORT	Sasha Clearwater, LLC	Vivek Jagasia	3655 Hospitality Ln	CLEARWATER	FLORIDA	33762-3802	(727) 577-9200
SURESTAY BY BEST WESTERN CLERMONT THEME PARK WEST	Jai Arya Corp	Shalini Patel	9240 US Highway 192	CLERMONT	FLORIDA	34714-8200	(863) 424-6099
SURESTAY BY BEST WESTERN FORT PIERCE	Satay Group LLC	Sachit Patel	2831 Reynolds Dr	FORT PIERCE	FLORIDA	34945-2702	(772) 460-9855
SURESTAY BY BEST WESTERN JACKSONVILLE SOUTH	Miraj III LLC	Manharlal Patel	5018 University Blvd W	JACKSONVILLE	FLORIDA	32216-5938	(904) 731-0800

Hotel Name	Franchisee Entity	Franchisee Contact	Address	City	State/Province	ZIP	Phone
SURESTAY PLUS BY BEST WESTERN THE VILLAGES	North Star Florida Motel, LLC	Craig Musil	1201 Avenida Central	LADY LAKE	FLORIDA	32159-7725	(352) 750-6863
SURESTAY PLUS BY BEST WESTERN ORLANDO LAKE BUENA VISTA	Jumani Hospitality Group, Inc.	Fahad Jumani	8200 Palm Pkwy	ORLANDO	FLORIDA	32836-6427	(407) 465-8200
SURESTAY STUDIO BY BEST WESTERN PENSACOLA	Shanti Lodging, LLC	Ankit Patel	7230 Plantation Rd	PENSACOLA	FLORIDA	32504-6334	(850) 479-1000
SURESTAY BY BEST WESTERN SARASOTA LIDO BEACH	Lotus Florida LLC	Sunil Patel	5340 N Tamiami Trail	SARASOTA	FLORIDA	34234-2746	(941) 355-8867
SURESTAY PLUS BY BEST WESTERN VERO BEACH	Sakhi-2 LLC	Pritesh Patel	9330 19th Ln	VERO BEACH	FLORIDA	32966-3070	(772) 257-0252
SURESTAY BY BEST WESTERN BRUNSWICK	Jalaram LLC	Bharat Patel	2300 Perry Lane Road	BRUNSWICK	GEORGIA	31525-9748	(912) 264-8666
SURESTAY BY BEST WESTERN COLUMBUS DOWNTOWN	Sai Mahan LLC	Sweta Desai	1024 Veterans Pkwy #1034	COLUMBUS	GEORGIA	31901-2506	(706) 430-2114
SURESTAY BY BEST WESTERN HELEN DOWNTOWN	JJ Motel, Inc	Jetash Gangwal	8396 S Main St	HELEN	GEORGIA	30545-3655	(706) 878-2191
SURESTAY PLUS BY BEST WESTERN MACON WEST	Vijya, LLC	Sanjiv Patel	140 Plantation Inn Dr	MACON	GEORGIA	31210-2075	(478) 476-8111
SURESTAY PLUS BY BEST WESTERN ST MARYS CUMBERLAND	Cumberland Hospitality, Inc.	Chandra Yadav	2710 Osborne Rd	ST. MARYS	GEORGIA	31558-4000	(912) 882-6250
SURESTAY PLUS BY BEST WESTERN WARNER ROBINS AFB	ND Investment Group, LLC	Mitul Patel	102 Rigby	WARNER ROBINS	GEORGIA	31088-7406	(478) 918-0046
SURESTAY BY BEST WESTERN GUAM AIRPORT SOUTH	The Tent Corporation	Pacita Tomada	122 Hasalao Street	BARRIGADA	GUAM	96913	(671) 472-3001
SURESTAY PLUS BY BEST WESTERN POST FALLS	Idawa Investments, LLC	Myung Kang	3647 W 5th Ave	POST FALLS	IDAHO	83854-7420	(208) 773-4541
SURESTAY PLUS BY BEST WESTERN REXBURG	Sleeping Bear Inc	Haily Wilson	8855 W Main St	REXBURG	IDAHO	83440-5062	(208) 359-1311
SURESTAY BY BEST WESTERN TWIN FALLS	AC & Q, LLC	Chau Quach	1260 Blue Lakes Blvd N	TWIN FALLS	IDAHO	83301-3307	(208) 734-5801
SURESTAY BY BEST WESTERN GREENVILLE	UNT HOTEL LLC	Urmilaben Patel	1731 S State Route 127	GREENVILLE	ILLINOIS	62246-2565	(618) 664-3030
SURESTAY PLUS BY BEST WESTERN CHICAGO LOMBARD	Lombard Gold Hospitality, LLC	Kishor Patel	222 E 22nd St	LOMBARD	ILLINOIS	60148-6142	(630) 916-9000
SURESTAY BY BEST WESTERN THOMSON	Sandburr Run, LLC	Michael Sprinkle	5020 Illinois Route 84	THOMSON	ILLINOIS	61285-7695	(815) 902-6063
SURESTAY BY BEST WESTERN WHITTINGTON REND LAKE	I Khodal, LLC	Jalpa Patel	13277 Freeway Ln	WHITTINGTON	ILLINOIS	62897-1028	(618) 200-4116
SURESTAY PLUS BY BEST WESTERN AUBURN	Ocean Hotel LLC	Rajiv Patel	225 Touring Dr	AUBURN	INDIANA	46706-2050	(260) 925-6363
SURESTAY PLUS BY BEST WESTERN FREMONT I-69	Eshk, LLC	Jignasabahn Patel	6245 N. Old 27 Suite 400	FREMONT	INDIANA	46737-8711	(260) 833-6464
SURESTAY PLUS BY BEST WESTERN JASPER	Basra Brothers, LLC	Gagandeep Basra	951 Wernsing Rd	JASPER	INDIANA	47546-8143	(812) 482-5555
SURESTAY PLUS BY BEST WESTERN BETTENDORF	Jai Gayatri, Inc.	Manesh Patel	890 Golden Valley Drive	BETTENDORF	IOWA	52722-1604	(563) 355-7341
SURESTAY BY BEST WESTERN CEDAR RAPIDS	Blue Star Hospitality, LLC	Mayankumar Patel	222 E Southgate Ct SW	CEDAR RAPIDS	IOWA	52404-5412	(319) 362-9012
SURESTAY PLUS BY BEST WESTERN CORALVILLE IOWA CITY	Dharma Hospitality, Inc	Girishkumar Patel	200 6th St	CORALVILLE	IOWA	52241-2508	(319) 337-9797
SURESTAY BY BEST WESTERN MANCHESTER	Shree Jay Ambe LLC	Pratik Patel	1020 W Main St	MANCHESTER	IOWA	52057-2301	(563) 927-2533
BW OTTUMWA INN & SUITES	NNDYM OTK, Inc.	Anil Chaudhari	212 E Court St	OTTUMWA	IOWA	52501-1134	(641) 682-0000
SURESTAY PLUS BY BEST WESTERN COFFEYVILLE	Shree Madhav Kansas LLC	Narendra Rathod	605 Northeast St	COFFEYVILLE	KANSAS	67337-7212	(620) 251-3700
SURESTAY BY BEST WESTERN OLATHE	Utsav, Inc	Bhargav Patel	211 N Rawhide Dr	OLATHE	KANSAS	66061-3634	(913) 782-4343
SURESTAY BY BEST WESTERN OTTAWA	KB & Sons II, Inc	Kishor Patel	212 E 23rd St	OTTAWA	KANSAS	66067-9537	(785) 242-2224
SURESTAY PLUS BY BEST WESTERN TOPEKA NORTHWEST	ASAP, LLC	Viren Patel	700 SW Fairlawn Rd	TOPEKA	KANSAS	66606-2337	(785) 228-2223
SURESTAY BY BEST WESTERN BARDSTOWN GENERAL NELSON	Dhamdhani, LLC	Jagdishbhair Patel	411 W Stephen Foster Ave	BARDSTOWN	KENTUCKY	40004-1435	(502) 348-3977
SURESTAY BY BEST WESTERN BOWLING GREEN NORTH	Om Sai 700 Inc	Sanket Patel	700 Interstate Dr	BOWLING GREEN	KENTUCKY	42101-7100	(270) 781-5200
SURESTAY BY BEST WESTERN FLORENCE	Sunrise North KY, Inc	Vimal Patel	8075 Steilen Dr	FLORENCE	KENTUCKY	41042-9641	(859) 817-9180
SURESTAY BY BEST WESTERN GRAYSON	ANSH Hospitality, LLC	Ashish Chaudhari	501 CW Stevens Blvd	GRAYSON	KENTUCKY	41143-2004	(606) 474-0000
SURESTAY PLUS BY BEST WESTERN HOPKINSVILLE	S&P Group, LLC	Hemal Patel	4101 Fort Campbell Blvd	HOPKINSVILLE	KENTUCKY	42240-4946	(270) 874-2680
SURESTAY PLUS BY BEST WESTERN LOUISVILLE AIRPORT EXPO	Sai Louisville Airport Expo LLC	Virendra Patel	4125 Preston Hwy	LOUISVILLE	KENTUCKY	40213-1652	(502) 368-0007
SURESTAY BY BEST WESTERN ALEXANDRIA	AirPort Lodgings, Inc	Nainesh Patel	6017 Old Boyce Rd	ALEXANDRIA	LOUISIANA	71303-5057	(318) 619-9200
SURESTAY PLUS BY BEST WESTERN COVINGTON	Jalaram Covington LLC	Dhaval Kumar Patel	625 N Highway 190	COVINGTON	LOUISIANA	70433-8961	(985) 892-2681
SURESTAY PLUS BY BEST WESTERN HAMMOND	Rohan & Aayush Hospitality LLC	Ashok Patel	107 Duo Dr	HAMMOND	LOUISIANA	70403-6131	(985) 419-2001
SURESTAY BY BEST WESTERN LEESVILLE	Hospitality LA, LLC	Junaid Rizvi	1200 N 6th St	LEESVILLE	LOUISIANA	71446-2806	(337) 392-1672
SURESTAY BY BEST WESTERN LEWISTON	A & Y Hospitality LLC	Gunjan Patel	516 Pleasant St	LEWISTON	MAINE	04240-3938	(207) 705-2040
SURESTAY BY BEST WESTERN PRESQUE ISLE	All Star Hospitality, LLC	Amarjit Dhillon	71 Main St	PRESQUE ISLE	MAINE	04769-2867	(207) 769-0111
CHARLEVOIX INN & SUITES SURESTAY COLLECTION BY BEST WESTERN	Charlevoix Hospitality Operating, Inc.	Gerald Loveland	800 Petoskey Avenue	CHARLEVOIX	MICHIGAN	(231) 547-0300	
APPLE TREE INN, SURESTAY COLLECTION BY BEST WESTERN	Winner's Circle Car Wash II, Inc.	Gerald Loveland	915 Spring St	PETOSKEY	MICHIGAN	(231) 348-2900	
SURESTAY PLUS BY BEST WESTERN STEVENSVILLE ST. JOSEPH	Pink Arrow LLC	Vijay Patel	5050 Red Arrow Hwy	STEVENSVILLE	MICHIGAN	49127-1014	(269) 588-1996
SURESTAY PLUS BY BEST WESTERN LITCHFIELD	QUAD Hospitality, LLC	Rodney Lindquist	1525 E Highway 12	LITCHFIELD	MINNESOTA	55355-5326	(320) 693-1600
SURESTAY BY BEST WESTERN SPICER	KG Hospitality LP	Gordon Einck	154 Lake Ave S	SPICER	MINNESOTA	56288-9617	(320) 796-2300
SURESTAY PLUS BY BEST WESTERN GREENWOOD	Jalaram Inn, LLC	Rakesh Padhiar	635 Highway 82 W	GREENWOOD	MISSISSIPPI	38930-5029	(662) 455-5777
SURESTAY BY BEST WESTERN MERIDIAN	DB Hotels LLC	Divyeshkumar Patel	146 US Highway 11 and 80	MERIDIAN	MISSISSIPPI	39301-4553	(601) 482-4400
SURESTAY BY BEST WESTERN RICHLAND	Vrishab Hospitality LLC	Uday Patel	390 Highway 49 S	RICHLAND	MISSISSIPPI	39218-9440	(601) 664-3456
SURESTAY BY BEST WESTERN ROBINSONVILLE TUNICA RESORTS	Nilkanth Hospitality LLC	Hareshkumar Patel	7500 Casino Strip Blvd.	ROBINSONVILLE	MISSISSIPPI	38664-9747	(662) 363-6711
SURESTAY BY BEST WESTERN TUPELO NORTH	JB Lodging, LLC	Bhupender Patel	852A N Gloster St	TUPELO	MISSISSIPPI	38804-1949	(662) 346-4156
SURESTAY PLUS BY BEST WESTERN BLUE SPRINGS	Aum Sai LLC	Reshma Patel	701 NW South Outer Rd	BLUE SPRINGS	MISSOURI	64015-3063	(816) 220-7400
SURESTAY BY BEST WESTERN CAMERON	Sandip Ilc	Raman Patel	2210 US Highway 36	CAMERON	MISSOURI	64429-5244	(816) 632-2187
SURESTAY PLUS BY BEST WESTERN FENTON	Fenton Park Investments, LLC	Hiral Parikh	1680 Fenton Business Park Ct	FENTON	MISSOURI	63026-2990	(636) 305-1500
SURESTAY BY BEST WESTERN HIGGINSVILLE	Kalaya Hotels, LLC	Hitesh Bhakta	6683 S Highway 13	HIGGINSVILLE	MISSOURI	64037-8262	(660) 584-3646
SURESTAY PLUS BY BEST WESTERN KEARNEY LIBERTY NORTH	Pramukh Saa21 LLC	Ankitkumar Patel	210 S Platte Clay Way	KEARNEY	MISSOURI	64060-7564	(816) 628-6800

Hotel Name	Franchisee Entity	Franchisee Contact	Address	City	State/Province	ZIP	Phone
SURESTAY PLUS BY BEST WESTERN BILLINGS	Fathers & Sons Hospitality, LLC	Minh Quach	3040 King Ave W	BILLINGS	MONTANA	59102-6436	(406) 294-9090
SURESTAY BY BEST WESTERN GLENDIVE YELLOWSTONE RIVER	WARC Inc.	Stanley Wang	2000 N Merrill Ave	GLENDIVE	MONTANA	59330-2062	(406) 506-8707
SURESTAY PLUS BY BEST WESTERN GRAND ISLAND	GI Lodging L.L.C.	Ketan Patel	2603 S Locust St	GRAND ISLAND	NEBRASKA	68801-8227	(308) 384-4380
SURESTAY BY BEST WESTERN LINCOLN	Chiranjeevi Properties, LLC	Yogeswaran Muttu	2001 W. O Street	LINCOLN	NEBRASKA	68528-1148	(402) 477-4488
SURESTAY BY BEST WESTERN EUREKA	Eureka Gold Hotel LLC	Balbir Gosal	251 N. Main St	EUREKA	NEVADA	89316	(775) 237-5247
SURESTAY BY BEST WESTERN FERNLEY	Happy Hotel	Nav Bajwa	1405 Newlands Dr E	FERNLEY	NEVADA	89408-8907	(775) 302-0148
SURESTAY BY BEST WESTERN LOVELOCK	LoveLock Junction Hotel LLC	Dylan Gosal	1420 Cornell Ave	LOVELOCK	NEVADA	89419	(775) 273-2971
SURESTAY PLUS BY BEST WESTERN RENO AIRPORT	Bajwa Hotel, LLC	Nav Bajwa	1981 Terminal Way	RENO	NEVADA	89502-5215	(775) 348-6370
SURESTAY BY BEST WESTERN WELLS	Sukhi and Ranjeet Sander Family Trust	Jujaar Singh	1509 6th St	WELLS	NEVADA	89835	(775) 752-2277
SURESTAY PLUS BY BEST WESTERN MCGUIRE AFB JACKSON	myGHM Cookstown LLC	Dharam Goragandhi	21 Wrightstown Cookstown R	COOKSTOWN	NEW JERSEY	08511-1021	(609) 723-6500
SURESTAY BY BEST WESTERN EAST BRUNSWICK	East Brunswick Properties I LLC	Steven Mendel	764 Route 18	EAST BRUNSWICK	NEW JERSEY	08816-4907	(732) 238-4900
SURESTAY BY BEST WESTERN SECAUCUS MEADOWLANDS	Turnpike Lodging LLC	Balvant Patel	250 Harmon Meadow Blvd	SECAUCUS	NEW JERSEY	07094-3620	(201) 867-4400
SURESTAY BY BEST WESTERN ALBUQUERQUE MIDTOWN	Albuquerque 1635, LLC	Yogesh Kumar	1635 Candelaria Rd NE	ALBUQUERQUE	NEW MEXICO	87107-2114	(505) 344-5311
SURESTAY BY BEST WESTERN GRANTS	Prasad Bhaskaran	Prasad Bhaskaran	1608 E. Santa Fe Ave	GRANTS	NEW MEXICO	87020-4006	(505) 287-7000
INN AT SANTA FE, SURESTAY COLLECTION BY BEST WESTERN	InnatSF Concept LLC	Bimal Patel	8376 Cerrillos Rd	SANTA FE	NEW MEXICO		(505) 474-9500
SURESTAY PLUS BY BEST WESTERN SILVER CITY	Ganesh Investments LLC	Dilip Patel	1120 E US Highway 180 E	SILVER CITY	NEW MEXICO	88061-7877	(575) 534-1111
SURESTAY PLUS BY BEST WESTERN HIGHLAND POUGHKEEPSIE	Banta Realty 2001	George Banta	3423 Route 9 W	HIGHLAND	NEW YORK	12528-1902	(845) 834-2584
SURESTAY PLUS BY BEST WESTERN NIAGARA FALLS EAST	Seven Group Inc	Paresh Patel	9100 Niagara Falls Blvd	NIAGARA FALLS	NEW YORK	14304-6900	(716) 297-9902
SURESTAY PLUS BY BEST WESTERN ASHEBORO	Siya Shiv Gauri, LLC	Sureshkumar Patel	242 Lakecrest Rd	ASHEBORO	NORTH CAROLINA	27203-7854	(336) 626-3680
SURESTAY PLUS BY BEST WESTERN DURHAM MEDICAL CENTER	Shri Hari Durham LLC	Niral Patel	3719 Hillsborough Rd	DURHAM	NORTH CAROLINA	27705-2906	(919) 382-3388
SURESTAY PLUS BY BEST WESTERN ELIZABETH CITY	Ram Chaya LLC	Khusbu Patel	848 Halstead Blvd	ELIZABETH CITY	NORTH CAROLINA	27909-6919	(252) 331-7751
SURESTAY PLUS BY BEST WESTERN FAYETTEVILLE	Shree Kanha LLC	Nilay Shah	1957 Cedar Creek Rd	FAYETTEVILLE	NORTH CAROLINA	28312-9543	(910) 323-8333
SURESTAY BY BEST WESTERN MORGANTON	BW Morganton LLC	Bhavesh Patel	1100 Burkemont Ave	MORGANTON	NORTH CAROLINA	28655-4538	(828) 430-8778
SURESTAY PLUS BY BEST WESTERN ROANOKE RAPIDS I 95	KVR Hospitality LLC	Krishna Aireddy	3720 Sheraton Dr	ROANOKE RAPIDS	NORTH CAROLINA	27870-8488	(252) 536-2300
SURESTAY BY BEST WESTERN SHALLOTTE	TDK Hospitality, LLC	Daxeshkumar Patel	4646 Eastcoast Ln	SHALLOTTE	NORTH CAROLINA	28470-1892	(910) 755-6444
SURESTAY PLUS BY BEST WESTERN SOUTHERN PINES PINEHURST	JDG Management 1675 Inc	Raviraj Viradiya	1675 US Highway 1 S	SOUTHERN PINES	NORTH CAROLINA	28387-7038	(910) 704-0010
SURESTAY PLUS BY BEST WESTERN TARBORO	Kovas Hotels LLC	Deepen Parikh	102 Market Center Dr	TARBORO	NORTH CAROLINA	27886-4851	(252) 824-0700
ROOSEVELT GRAND DAKOTA, SURESTAY COLLECTION BY BEST WESTERN	Merlin Hotel Group LLC	Darinder Pandher	532 15th Street West	DICKINSON	NORTH DAKOTA		(701) 483-5600
SURESTAY PLUS BY BEST WESTERN MINOT	Cross Country Equity LLC	Kelly Heitz	900 24th Ave SW	MINOT	NORTH DAKOTA	58701-7067	(701) 838-2424
REVEL MINOT, SURESTAY COLLECTION BY BEST WESTERN	Liberty Sierra Vista, LLC	Rajiv Kanani	1510 26th Ave SW	MINOT	NORTH DAKOTA		(701) 852-4300
SURESTAY BY BEST WESTERN FINDLAY	Sahajanand Hospitality LLC	Jagruti Patel	316 Emma St	FINDLAY	OHIO	45840-1704	(419) 422-0154
SURESTAY PLUS BY BEST WESTERN ADA	Ganeshaya, LLC	Ripul Gandhi	2830 Arlington St	ADA	OKLAHOMA	74820	(580) 279-0800
SURESTAY BY BEST WESTERN BLACKWELL	Continental INN III LLC	Senthilkumar Manoharan	4545 W White Ave	BLACKWELL	OKLAHOMA	74631-9500	(580) 363-1300
SURESTAY BY BEST WESTERN DUNCAN	Prama Investment, L.L.C.	Pravinbhai Patel	3729 N Highway 81	DUNCAN	OKLAHOMA	73533	(580) 252-0810
SURESTAY PLUS BY BEST WESTERN EDMOND	NEER LLC	Shaileshkumar Patel	2700 E 2nd St	EDMOND	OKLAHOMA	73034-6711	(405) 216-0300
SURESTAY PLUS BY BEST WESTERN LAWTON	Thirty Three Hospitality Group, Inc.	Andrew Higgins	1125 E Gore Blvd	LAWTON	OKLAHOMA	73501-3023	(580) 713-0255
SURESTAY PLUS BY BEST WESTERN MCALESTER	Geeta LLC	Sanjay Gandhi	1204 S George Nigh Expy	MCALESTER	OKLAHOMA	74501-7303	(918) 423-0000
SURESTAY PLUS BY BEST WESTERN NORMAN	Shree Dutt, LLC	Paresh Patel	309 Norman Center Ct	NORMAN	OKLAHOMA	73072-4867	(405) 366-2100
SURESTAY BY BEST WESTERN OKLAHOMA CITY WEST	Khushi Enterprise, Inc.	Dharmesh Patel	321 S Rockwell Ave	OKLAHOMA CITY	OKLAHOMA	73128-2221	(405) 787-1350
SURESTAY PLUS BY BEST WESTERN OWASSO TULSA NORTH	Sai Milan, LLC	Pragnesh Patel	11604 E 76th St N	OWASSO	OKLAHOMA	74055-3636	(918) 609-6828
SURESTAY PLUS BY BEST WESTERN POTEAU	Shri Ganesh Hotel, LLC	Amitkumar Gandhi	3111 N Broadway St	POTEAU	OKLAHOMA	74953-5412	(918) 647-4001
SURESTAY PLUS BY BEST WESTERN TULSA EAST	Shiv Shambhu Inc	Hirenkumar Patel	12416 E 51st St	TULSA	OKLAHOMA	74146-6200	(918) 249-8008
SURESTAY PLUS BY BEST WESTERN ENTERPRISE	OHG LLC	Erik Ogaard	1200 Highland Ave	ENTERPRISE	OREGON	97828-3118	(541) 426-2700
SURESTAY PLUS BY BEST WESTERN GOLD BEACH	Angels Management Inc.	Mary Ki	29232 Ellensburg Ave	GOLD BEACH	OREGON	97444-7719	(541) 247-7066
SURESTAY BY BEST WESTERN PORTLAND CITY CENTER	MSC Enterprises, Inc	Phillip Chung	2401 SW 4th Ave	PORTLAND	OREGON	97201-4913	(503) 226-1121
SURESTAY PLUS BY BEST WESTERN LEHIGH VALLEY	Eastupland Associates	Richard Thulin	100 Gateway Dr	BETHLEHEM	PENNSYLVANIA	18017-9076	(610) 866-5800
SURESTAY PLUS BY BEST WESTERN ELIZABETHTOWN HERSHEY	Elizabethtown Properties, Inc.	Robert Stillman	347 Merts Dr	ELIZABETHTOWN	PENNSYLVANIA	17022-8803	(717) 367-4000
INN AT CHOCOLATE AVE, SURESTAY COLLECTION BY BEST WESTERN	SSN Hershey LLC	Piyush Bhaidaswala	84 Sipe Ave	HUMMELSTOWN	PENNSYLVANIA		(717) 533-5665
SURESTAY PLUS BY BEST WESTERN JONESTOWN LEBANON VALLEY	Vtree Hospitality, LLC	Vivek Jagasia	16 Marsanna Ln	JONESTOWN	PENNSYLVANIA	17038-8203	(717) 865-8080
SURESTAY BY BEST WESTERN MARIENVILLE	M J Hotels LLC	Hari Patel	264 Cherry St	MARIENVILLE	PENNSYLVANIA	16239	(814) 927-8300
SURESTAY PLUS BY BEST WESTERN READING NORTH	Reading Hotels, LLC	Vijay Joshi	2200 Stacey Dr	READING	PENNSYLVANIA	19605-2856	(610) 371-0500
GENETTI HOTEL, SURESTAY COLLECTION BY BEST WESTERN	Gus Genetti Hotel & Restaurant of Williamsport	Gus Genetti	200 W Fourth St	WILLIAMSPORT	PENNSYLVANIA		(570) 326-6600
MAYAGUEZ PLAZA HOTEL, SURESTAY COLLECTION BY BEST WESTERN	Ramey Resort, Inc	Nestor Ruiz Colon	70 Calle Mendez Vigo Este	MAYAGUEZ	PUERTO RICO		(787) 832-9191
SURESTAY BY BEST WESTERN CONWAY	S&S of MB, LLC	Rajan Patel	1004 Waccamaw Dr	CONWAY	SOUTH CAROLINA	29526-8519	(843) 234-1678
SURESTAY BY BEST WESTERN MANNING	Tiya 12, LLC	Dharmeshkumar Patel	2816 Paxville Hwy	MANNING	SOUTH CAROLINA	29102-6446	(803) 473-5135
SURESTAY BY BEST WESTERN NORTH MYRTLE BEACH	J & M Hospitality, LLC	James Jethwa	1591 Highway 17 N	NORTH MYRTLE BEACH	SOUTH CAROLINA	29582-2553	(843) 249-7339
SURESTAY PLUS BY BEST WESTERN CHATTANOOGA HAMILTON PLAC	Aum Ganesh Sai, LLC	Dipak Mistry	6914 Shallowford Rd	CHATTANOOGA	TENNESSEE	37421-1713	(423) 892-5050
SURESTAY PLUS BY BEST WESTERN GATLINBURG	Laxmi Hotels of Gat, Inc	Balvant Jariwala	218 Ski Mountain Rd	GATLINBURG	TENNESSEE	37738-3125	(865) 325-1516

Hotel Name	Franchisee Entity	Franchisee Contact	Address	City	State/Province	ZIP	Phone
SURESTAY PLUS BY BEST WESTERN JACKSON	JTN Lodging, LLC	Bhupender Patel	1936 Highway 45 Byp	JACKSON	TENNESSEE	38305-2478	(731) 664-3030
SURESTAY BY BEST WESTERN LENOIR CITY	Maa Bhavani, LLC	Kirankumar Patel	400 Interchange Park Dr	LENOIR CITY	TENNESSEE	37772-5635	(865) 986-9000
SURESTAY PLUS BY BEST WESTERN PIGEON FORGE	Krishnamaya Hotel, Inc.	Balvant Jariwala	125 Pine Mountain Rd	PIGEON FORGE	TENNESSEE	37863-3308	(865) 832-3939
SURESTAY PLUS BY BEST WESTERN PORTLAND ROUTE 52 WEST	Jeet Hospitality, Inc.	Indravadan Patel	9239 Highway 52	PORTLAND	TENNESSEE	37148-8459	(615) 325-8887
SURESTAY PLUS BY BEST WESTERN SEVIERVILLE	GM Lodging, Inc.	Gaurav Patel	680 Winfield Dunn Pkwy	SEVIERVILLE	TENNESSEE	37876-5510	(865) 429-7797
THE ADDISON HOTEL, SURESTAY COLLECTION BY BEST WESTERN	Weinfund III, LLC	Marc Weinstein	4505 Beltway Dr	ADDISON	TEXAS		(972) 991-2800
SURESTAY BY BEST WESTERN ALICE	Dev & D, LLC	Dhaval Kumar Bhakta	1350 S US Highway 281	ALICE	TEXAS	78332-5701	(361) 664-2133
SURESTAY PLUS BY BEST WESTERN ALVIN	Aniya Lodging LLC	Kirtikumar Bhakta	1535 S Bypass 35	ALVIN	TEXAS	77511-4102	(281) 756-8800
SURESTAY BY BEST WESTERN BAYTOWN	Gavaksh, LLC	Rajendrakumar Bhakta	802 Park St	BAYTOWN	TEXAS	77520-2344	(281) 422-1501
SURESTAY PLUS BY BEST WESTERN BENBROOK FT WORTH	AJNM Hospitality, LLC	Denish Patel	590 Winscott Rd	BENBROOK	TEXAS	76126-2116	(817) 249-0076
SURESTAY BY BEST WESTERN BROWNSVILLE	MDN Hospitality, LLC	Mohan Doraiswamy	825 N Expressway 83	BROWNSVILLE	TEXAS	78520-8537	(956) 504-3331
SURESTAY BY BEST WESTERN BRYAN COLLEGE STATION	Hibiscus Hotels, LLC	Neil Ratanji	4613 S Texas Ave	BRYAN	TEXAS	77802-4348	(979) 268-1552
SURESTAY BY BEST WESTERN CHILDRESS	Ashkay, LLC	Kiran Bhakta	1804 Avenue F NW	CHILDRESS	TEXAS	79201-3323	(940) 937-6363
SURESTAY STUDIO BY BEST WESTERN CONROE DOWNTOWN	JMP Investments Conroe, LLC.	Miteshbhai Patel	1000 Cable St	CONROE	TEXAS	77301-2045	(936) 217-1282
SURESTAY BY BEST WESTERN DEER PARK	Ganpati Sai Hospitality LLC	Keral Patel	1401 Center St	DEER PARK	TEXAS	77536-3503	(281) 476-1900
SURESTAY BY BEST WESTERN FALFURRIAS	RJ Hotelier, Inc.	Viralkumar Bhakta	2299 S US Highway 281	FALFURRIAS	TEXAS	78355-5265	(361) 325-4848
SURESTAY BY BEST WESTERN FLORESVILLE	Floresville Properties LP	Niraj Patel	1720 10th St	FLORESVILLE	TEXAS	78114-2764	(830) 393-0443
SURESTAY PLUS BY BEST WESTERN HOUSTON MEDICAL CENTER	Medistar Main Street, LP	Jeff Horton	6700 Main St	HOUSTON	TEXAS	77030-2202	(713) 522-2811
SURESTAY PLUS BY BEST WESTERN HUMBLE	Saurav Investment Group, Inc.	Ashesh Shah	15617 Eastex Fwy	HUMBLE	TEXAS	77396	(281) 973-9951
SURESTAY BY BEST WESTERN LAREDO	Axis Hospitality, LLC	Ajay Patel	4820 San Bernardo Ave	LAREDO	TEXAS	78041-5710	(956) 568-9990
SURESTAY PLUS BY BEST WESTERN LUBBOCK MEDICAL CENTER	Shayona Inc	Jay Patel	3901 19th St	LUBBOCK	TEXAS	79410-1002	(806) 792-5181
SURESTAY PLUS BY BEST WESTERN MESQUITE	KBC Properties, LTD	Kirankumar Patel	2100 N Belt Line Rd	MESQUITE	TEXAS	75150-5817	(972) 329-9400
SURESTAY BY BEST WESTERN MISSION	LIDHAR HOSPITALITY LLC	Dilbag Singh	609 East Interstate Highway 2	MISSION	TEXAS	78572-5700	(956) 583-9290
SURESTAY BY BEST WESTERN MT PLEASANT	AMERICAN HOTELS LLC	Ragothamreddy Vallapureddy	102 E Burton Rd.	MOUNT PLEASANT	TEXAS	75455-2238	(903) 577-7377
SURESTAY BY BEST WESTERN NEW BRAUNFELS	Ambition Development Inc.	Shailesh Bhakta	510 S State Highway 46	NEW BRAUNFELS	TEXAS	78130-2841	(830) 629-1155
SURESTAY PLUS BY BEST WESTERN ODESSA	Shivkrishna LLC	Manish Bhakta	110 W Interstate 20	ODESSA	TEXAS	79761-6836	(432) 337-3006
SURESTAY BY BEST WESTERN ORANGE	Venus Hospitality, LLC	Girirajan Mohan	270 Lutcher Dr	ORANGE	TEXAS	77632-1627	(409) 882-0888
SURESTAY PLUS BY BEST WESTERN PLANO	JAI KAPISHWAR LLC	Rakesh Patel	640 E Park Blvd	PLANO	TEXAS	75074-5430	(972) 578-2243
SURESTAY PLUS BY BEST WESTERN QUANAH	Rising Stars Hospitality, LLC	Tejas Ganjawala	1100 W 11th St	QUANAH	TEXAS	79252-5216	(940) 663-5407
SURESTAY BY BEST WESTERN ROCKDALE	Om Nilkhanth Namah, LLC	Ankitkumar Solanki	381 N US Highway 77	ROCKDALE	TEXAS	76567-9513	(512) 446-6163
PEARL ON THE CONCHO SURESTAY COLLECTION BY BEST WESTERN	Pearl on the Concho, Inc	David Robertson	333 Rio Concho Dr	SAN ANGELO	TEXAS		(325) 653-4500
SURESTAY BY BEST WESTERN SAN ANTONIO WEST SEAWORLD	Blue Sapphire Hospitality, LLC	Aman Patel	1605 W Loop 1604 S	SAN ANTONIO	TEXAS	78245-3199	(210) 562-3065
SURESTAY PLUS BY BEST WESTERN SAN ANTONIO SEAWORLD	CDTB, LLC	Shashikant Patel	143 Richland Hills Dr	SAN ANTONIO	TEXAS	78245-2450	(210) 670-2500
SURESTAY PLUS BY BEST WESTERN SAN ANTONIO NORTH 281 N	Khushal Hospitality, Ltd.	Hament Khushal	11355 San Pedro Ave	SAN ANTONIO	TEXAS	78216-3121	(210) 342-8488
SURESTAY PLUS BY BEST WESTERN SAN ANTONIO NORTH	Sai Kaneeval LLC	Ankita Patel	10815 I-35 Frontage Rd	SAN ANTONIO	TEXAS	78233-6632	(210) 655-3500
SURESTAY PLUS BY BEST WESTERN SAN ANTONIO FORT SAM HOUST	Jai Bhimnath LLC	Yogeshkumar Patel	6900 N Interstate 35	SAN ANTONIO	TEXAS	78218-4461	(210) 798-3900
SURESTAY BY BEST WESTERN SONORA	Hwy 90 Management, Inc	Pratik Patel	270 Highway 277 North	SONORA	TEXAS	76950-2200	(325) 387-9111
SURESTAY BY BEST WESTERN HOUSTON SOUTHEAST	Sai A N Hospitality LLC	Mehul Rana	1712 Houston Blvd	SOUTH HOUSTON	TEXAS	77587-4515	(281) 974-1501
SURESTAY BY BEST WESTERN SPRING NORTH HOUSTON	Springwood Village Hotels LLC	Nupen Patel	24903 IH 45 N	SPRING	TEXAS	77380-3049	(281) 465-8161
SURESTAY BY BEST WESTERN TERRELL	Jai Ganesh Inc	Pravin Desai	1795 Highway 34 S	TERRELL	TEXAS	75160-2093	(972) 563-1511
SURESTAY BY BEST WESTERN TEXAS CITY I-45	Yellow Sapphire Hospitality Inc	Haresh Patel	10620 Emmett F Lowry Expy	TEXAS CITY	TEXAS	77591-2658	(409) 986-6600
SURESTAY STUDIO BY BEST WESTERN VICTORIA	Victoria10 Hospitality LLC	Jiten Patel	3110 Houston Hwy	VICTORIA	TEXAS	77901-4671	(361) 578-2030
SURESTAY BY BEST WESTERN VICTORIA	Victoria10 Hospitality LLC	Jiten Patel	3112 Houston Hwy	VICTORIA	TEXAS	77901-4671	(361) 578-2030
SURESTAY BY BEST WESTERN WEIMAR	HM Lodging, LLC	Hinas Yasin	102 Townsend Dr	WEIMAR	TEXAS	78962-3314	(979) 725-9700
SURESTAY BY BEST WESTERN ZAPATA	Best Lake, Ltd.	Prakash Patel	1896 S US Highway 83	ZAPATA	TEXAS	78076-4061	(956) 765-8403
BAUGH MOTEL, SURESTAY COLLECTION BY BEST WESTERN	Baugh Motel, Inc.	David Werts	153 S Main St	LOGAN	UTAH		(435) 752-5220
SURESTAY PLUS BY BEST WESTERN VERNAL	Shree, Inc	Bharat Chaudhari	1935 S 1500 E	NAPLES	UTAH	84078-8619	(435) 789-6625
SURESTAY PLUS BY BEST WESTERN PRICE	Best Western Castle Country, Inc.	Stephen Henderson	838 Westwood Blvd	PRICE	UTAH	84501-4232	(435) 637-8880
SALT LAKE PLAZA SURESTAY COLLECTION BY BEST WESTERN	City Creek Reserve, Inc	Peter Bray	122 W South Temple	SALT LAKE CITY	UTAH		(801) 521-0130
SURESTAY BY BEST WESTERN CHRISTIANSBURG BLACKSBURG	Southwest Hotel LLC	Tejas Vaishnav	135 Ponderosa Dr	CHRISTIANSBURG	VIRGINIA	24073-6584	(540) 381-0500
SURESTAY BY BEST WESTERN VIRGINIA BEACH ROYAL CLIPPER	Royal Hospitality Inc.	Aekta Javia	3508 Atlantic Ave	VIRGINIA BEACH	VIRGINIA	23451-2817	(757) 428-8992
SURESTAY STUDIO BY BEST WESTERN VIRGINIA BEACH OCEANFRONT	Global Hospitality II LLC	Varshid Vachhani	2315 Atlantic Ave	VIRGINIA BEACH	VIRGINIA	23451-3201	(757) 428-1111
SURESTAY PLUS BY BEST WESTERN WYTHEVILLE	BW VA Real Estate LLC	Praveen Nalla	355 Nye Rd	WYTHEVILLE	VIRGINIA	24382-4921	(276) 228-7300
SURESTAY BY BEST WESTERN WENATCHEE	Shree Balaji, LLC	Sushil Verma	580 Valley Mall Pkwy	EAST WENATCHEE	WASHINGTON	98802-4836	(509) 888-7378
SURESTAY BY BEST WESTERN ELLENSBURG	Shree Lakshmi Ganesha LLC	Sushil Verma	1500 S Canyon Rd.	ELLENSBURG	WASHINGTON	98926-9737	(509) 962-6888
SURESTAY PLUS BY BEST WESTERN KENNEWICK TRI-CITIES	Core Hotels Corp.	Gurbir Sandhu	192 N Young St	KENNEWICK	WASHINGTON	99336-7736	(509) 396-9979
SURESTAY PLUS BY BEST WESTERN SEATAC AIRPORT	Seasure Hotel Investment LLC	Binchi Zhang	60260 28th Ave S	SEATAC	WASHINGTON	98188-5121	(206) 670-9755
SURESTAY BY BEST WESTERN SEATAC AIRPORT NORTH	Wirrulla SeaTac LLC	Dharmesh Bhanabhai	3000 S 176th St	SEATAC	WASHINGTON	98188-4004	(206) 242-0200

Hotel Name	Franchisee Entity	Franchisee Contact	Address	City	State/Province	ZIP	Phone
SURESTAY PLUS BY BEST WESTERN BERKELEY SPRINGS	Berkley Springs Inn LLC	Andrew Omps	1776 Valley Rd	BERKELEY SPRINGS	WEST VIRGINIA	25411-4804	(304) 258-9400
SURESTAY PLUS BY BEST WESTERN BUCKHANNON	WVMIG LLC	Tracy Dunn-Cunningham	2 Northridge Dr	BUCKHANNON	WEST VIRGINIA	26201-8429	(304) 460-2525
SURESTAY PLUS BY BEST WESTERN KEYSER	Messenger Hospitality, LLC	Mark Messenger	70 N Tornado Way	KEYSER	WEST VIRGINIA	26726-9498	(304) 597-1400
SURESTAY PLUS BY BEST WESTERN MORGANTOWN	Wilfong Hospitality, LLC	Chris Chesebrough	15 Lawless Rd	MORGANTOWN	WEST VIRGINIA	26501-2019	(304) 292-0055
SURESTAY BY BEST WESTERN SUMMERSVILLE	YOGI INC.	Ashvin Patel	1203 Broad St	SUMMERSVILLE	WEST VIRGINIA	26651-1805	(304) 872-6900
SURESTAY PLUS BY BEST WESTERN BLACK RIVER FALLS	Arrowhead Lodge BRF Inc	Rajiv Judge	600 Oasis Rd	BLACK RIVER FALLS	WISCONSIN	54615-5468	(715) 284-9471
SURESTAY PLUS BY BEST WESTERN BUFFALO	T Cross Bar, LLC	Richard Butler	65 US Highway 16 E	BUFFALO	WYOMING	82834-9393	(307) 684-9564
SURESTAY PLUS BY BEST WESTERN CHEYENNE	PJP Enterprises, Inc	Piyush Patel	1781 Fleischli Pkwy	CHEYENNE	WYOMING	82001-3355	(307) 632-2747

Franchise Agreement Signed But Outlets Not Open as of 11/30/23

Hotel Name	Franchisee Entity	Franchisee Contact	Address	City	State	Zip Code	Phone
SureStay by Best Western Huntsville University Area	Horizon Hotels Inc	Girishkumar Patel	4404 University Dr NW	Huntsville	AL	35816-2805	(256) 864-0388
SureStay Plus by Best Western Mobile I-65	Durva Hospitality, LLP	Virendra Mody	180 W I65 Service Rd S	Mobile	AL	36608-5950	(251) 930-5450
SureStay by Best Western Williams - Grand Canyon	SMS Lodging LLC	Sunesh Tewari	800 E Route 66	Williams	AZ	86046-3002	(928) 564-0001
Heartland Inn & Suites, SureStay Collection by Best Wes	Shree Laxmi, LLC	Manish Amin	1820 University Ave	Berkeley	CA	94703-1516	(510) 843-4262
SureStay by Best Western Fresno Central	Ramesh Panchal / Kalpana Panchal	Ramesh Panchal	2127 Inyo St	Fresno	CA	93721-2610	(559) 268-0621
SFO El Rancho Inn, SureStay Collection by Best Western	Anton Millbrae, LLC	Brian Jenkins	1100 El Camino Real	Millbrae	CA	94030-2015	(650) 588-8500
The Addison Hotel, SureStay Collection by Best Western	Kaylee & Haley Hospitality LLC	Bhavesh Ahir	29601 S Western Ave	Rancho Palos Verde	CA	90275-1314	(000) 000-0000
Sather Berkeley, SureStay Collection by Best Western	OM SHREE GANESHA LLC	Devendra M. Patel	1319 30th St	Sacramento	CA	95816-5201	(415) 310-5315
SureStay by Best Western San Francisco Marina District	Asura Inc	Savita Patel	1940 Lombard St	San Francisco	CA	94123-2807	(415) 775-8116
Lighthouse Suites Inn, SureStay Collection by Best West	UK Star, Inc.	Tejas Waland	972 Sutter Street	San Francisco	CA	94109-6025	(415) 441-9297
SureStay Plus by Best Western Yucca Valley Joshua Tree	Sunrise Yucca Valley, Inc	Hiren Govind	56525 29 Palms Hwy	Yucca Valley	CA	92284-2863	(760) 365-3555
Hotel Aqua Mar SureStay Collection by Best Western	Deerfield Hotel Two LLC	Sanjay Patel	1040 E Newport Center Dr	Deerfield Beach	FL	33442-7723	(954) 570-8887
SureStay Plus by Best Western Fremont I-69	Eshk, LLC	Jignasababen Patel	6245 N. Old 27 Suite 400	Fremont	IN	46737-8711	(260) 833-6464
SureStay Plus by Best Western Hopkinsville	S&P Group, LLC	Hemal Patel	4101 Fort Campbell Blvd	Hopkinsville	KY	42240-4946	(270) 874-2680
SureStay Plus by Best Western Covington	Jalaram Covington LLC	Dhavalkumar Patel	625 N Highway 190	Covington	LA	70433-8961	(985) 892-2681
SureStay by Best Western Monroe	Shivam Lodging, Inc	Bharat Patel	1475 Garrett Rd	Monroe	LA	71202-3909	(318) 345-4000
SureStay Plus by Best Western St. James Donaldsonville	Shri Sai LA LLC	Jayesh Patel	10441 Highway 70	Saint James	LA	70086-7675	(225) 244-6418
Mithila San Francisco, SureStay Collection by Best West	DNP Hospitality, Inc.	Meet Patel	1009 1st St E	Park Rapids	MN	56470-1751	(218) 732-1471
SureStay Plus by Best Western Fenton	Fenton Park Investments, LLC	Hiral Parikh	1680 Fenton Business Park Ct	Fenton	MO	63026-2990	(636) 305-1500
SureStay by Best Western Gulfport	LA DHRUV HOSPITALITY LLC	Riddhi Patel	9265 Canal Rd	Gulfport	MS	39503-9050	(000) 000-0000
SureStay Studio by Best Western Rowland I95	Rowland 7 Hospitality LLC	Shivraj Bansal	14733 US Highway 301 S	Rowland	NC	28383-6973	(000) 000-0000
SureStay Plus by Best Western Alamogordo White Sand	Shree Hospitality LLC	Dhawal Jariwala	1020 S White Sands Blvd	Alamogordo	NM	88310-7242	(575) 434-4200
SureStay Plus by Best Western Cannon A.F.B.	Meera Hospitality LLC	Dhawal Jariwala	2912 Mabry Dr	Clovis	NM	88101-8373	(575) 762-5600
SureStay Studio by Best Western Loving	Prestige Hospitality Management, I	Hitendra Bhakta	910 W. Willow Rd	Loving	NM	88256	(575) 562-8297
SureStay Plus by Best Western Woodbury Inn	7940 WOODBURY PARTNERS LLC	Jonathan Reiss	7940 Jericho Tpke	Woodbury	NY	11797-1204	(516) 921-6900
The Midtowner Hotel, SureStay Collection by Best West	Rudraksh Corporation	Riteshkumar Patel	2423 Teaster Ln	Pigeon Forge	TN	37863-5265	(865) 429-3700
Vista Suites Pigeon Forge, SureStay Collection by BW	Weinfund III, LLC	Marc D. Weinstein	4505 Beltway Dr	Addison	TX	75001-3708	(972) 991-2800
SureStay Plus by Best Western Beaumont	Beaumont Hotel LLC	Subhash Patel	2155 N 11th St	Beaumont	TX	77703-4911	(409) 898-8150
SureStay by Best Western Brownsville	MDN Hospitality, LLC	Mohan Doraiswamy	825 N Expressway 83	Brownsville	TX	78520-8537	(956) 504-3331
SureStay by Best Western Bryan College Station	Hibiscus Hotels, LLC	Neil Ratanji	4613 S Texas Ave	Bryan	TX	77802-4348	(979) 268-1552
B/W Texas City I-45	Yellow Sapphire Hospitality Inc	Aman Patel	10620 Emmett F Lowry Expy	Texas City	TX	77591-2658	(409) 986-6600
SureStay by Best Western Victoria	Victoria10 Hospitality LLC	Jiten Patel	3112 Houston Hwy	Victoria	TX	77901-4671	(361) 578-2030
Boca Suites Deerfield Beach, SureStay Collection by BW	Virk Hospitality Reedsport, LLC	Amandeep S. Virk	491 Damon Rd	Ocean Shores	WA	98569-9341	(360) 289-2311

Left System Between 12/1/22 and 11/30/23

If you buy this franchise your contact information may be disclosed to other buyers when you leave the System

Hotel Name	Franchisee Entity	Franchisee Contact	City	State	Phone
SureStay Hotel by Best Western Montgomery Southwest	Best Choice Hotel Partners, LLC	Faizal Babvani	Montgomery	AL	(334) 239-8644
SureStay by Best Western Buttonwillow	Shree Hari Investment Inc.	Nandalal Patel	Buttonwillow	CA	(661) 764-5207
SureStay Plus by Best Western Lompoc	Lompoc Valley Hotels, LLC	Pankaj Patel	Lompoc	CA	(805) 735-8555
Lincoln Hotel, SureStay Collection by Best Western	Risen MP LLC	Xiuren (Ethan) Gao	Monterey Park	CA	(626) 571-8818
Lincoln Hotel, SureStay Collection by Best Western	Risen MP LLC	Xiuren Gao	Monterey Park	CA	(626) 571-8818
SureStay by Best Western South Gate	Brena Corporation	Narandra Patel	South Gate	CA	(323) 374-0413
SureStay Plus by Best Western Thornton Denver North	Colorado Visionaries LLC	Kumar Merchant	Thornton	CO	(303) 280-9818
Brandywine Plaza Hotel, SureStay Collection by Best Western	NR Hospitality, LLC	Interpreet (IP) Singh	Claymont	DE	(302) 792-2700
SureStay Plus by Best Western Orlando International Drive	Radix Hawk Holdings, LLC	Jim Hannon	Orlando	FL	(407) 203-2664
SureStay Plus Hotel by Best Western Atlanta Airport South	Krishna Q. Investments, LLC	Nimesh Bhagat	Atlanta	GA	(404) 761-8371
SureStay Plus Hotel by Best Western Peoria	DEAA HOSPITALITY LLC	Paresh Patel	Peoria	IL	(309) 682-3322
SureStay by Best Western Rockford East	Welcome Rockford Inc.	Bankim Hirpara	Rockford	IL	(815) 397-8000
SureStay Plus Hotel by Best Western Indianapolis Northeast	Castleton Hospitality, LLC	Champak B. Patel	Indianapolis	IN	(317) 577-0455
SureStay Plus Hotel by Best Western South Bend Notre Dame	Platinum Hotels LLC	Atit Bhatt	South Bend	IN	(574) 222-2614
SureStay Hotel by Best Western New Buffalo	Avyay MI, LLC	Shantilal Patel	New Buffalo	MI	(269) 586-3055
SureStay Plus by Best Western Farmington	Farmington Friends LLC	Miralkumar Patel	Farmington	MO	(573) 756-8031
SureStay Plus Hotel by Best Western Kansas City Northeast	SSNKC LLC	Jay Patel	Kansas City	MO	(816) 455-1060
SureStay Plus Hotel by Best Western Jacksonville	ARKE Hospitality, LLC	Manish Patel	Jacksonville	NC	(910) 347-1900
SureStay Plus Hotel by Best Western Raleigh North Downtown	BR KARSON LLC	Sheri K. Erhart	Raleigh	NC	(919) 872-5000
SureStay Plus Hotel by Best Western Albuquerque I40 Eubanks	Newstream Hotel Partners - ABQ, L	Louis Scott Tarwater	Albuquerque	NM	(505) 275-8900
SureStay Plus by Best Western Albany Airport	ES MAIN ST LLC	Amandeep Dillon	Albany	NY	(518) 458-1000
SureStay Plus by Best Western Johnson City Binghamton	JSK Lakes LLC	Sima Patel	Johnson City	NY	(607) 729-9194
SureStay Plus by Best Western Erie Presque Isle	Schwab Hotel Corporation	Kerry J. Schwab	Erie	PA	(814) 835-4200
SureStay Plus by Best Western Smithfield	B & B Hospitality, Inc	Bharat Patel	Smithfield	RI	(401) 232-2400
SureStay Plus Hotel by Best Western Beeville	Moe Town District, DBA Texas Inn	Mohammad Motaghi	Beeville	TX	(361) 542-4751
SureStay by Best Western San Antonio Riverwalk	Bullhead Riverwalk LLC	Neesha Patel	San Antonio	TX	(210) 223-2951
SureStay Hotel by Best Western Norfolk Little Creek	Gokuldharm LLC	Manan Shah	Norfolk	VA	(757) 588-7888
SureStay Plus Hotel by Best Western Moses Lake	Grace Hotel Management Inc.	Reza Firouzi	Moses Lake	WA	(509) 350-8310
Riverfront Hotel, SureStay Collection by Best Western	Traum Ventures, LLC	Jitesh Desai	Richland	WA	(509) 946-4661

Transferred Hotels Between 12/1/22 and 11/30/23

If you buy this franchise your contact information may be disclosed to other buyers when you leave the System

Hotel Name	Franchisee Entity	Franchisee Contact	City	State/Province	Phone
SureStay Plus by Best Western Sacramento Cal Expo	1900 Canterbury Rd	Dipchand Shah	Sacramento	CA	(618) 664-3030
SureStay Studio by Best Western Pensacola	Shanti Lodging, LLC	Ankit Patel	Pensacola	FL	(540) 381-0500
SureStay Plus by Best Western Vero Beach	Sakhi-2 LLC	Pritesh Patel	Vero Beach	FL	(916) 634-4640
SureStay by Best Western Cedar Rapids	Blue Star Hospitality, LLC	Mayankkumar Patel	Cedar Rapids	IA	(505) 287-7000
SureStay by Best Western Greenville	UNT HOTEL LLC	Urmilaben Patel	Greenville	IL	(580) 363-1300
SureStay by Best Western Leesville	Hospitality LA, LLC	Junaib Rizvi	Leesville	LA	(910) 704-0010
SureStay Plus by Best Western Southern Pines Pinehurst	JDG Management 1675 In	Raviraj Viradiya	Southern Pines	NC	(850) 479-1000
SureStay Plus by Best Western Grand Island	GI Lodging L.L.C.	Ketan Patel	Grand Island	NE	(940) 663-5407
SureStay by Best Western Grants	Prasad Bhaskaran	Prasad Bhaskaran	Grants	NM	(337) 392-1672
SureStay by Best Western Blackwell	Continental INN III LLC	Senthilkumar Manoharan	Blackwell	OK	(319) 362-9012
SureStay Plus by Best Western Edmond	NEER LLC	Shaileshkumar Patel	Edmond	OK	(772) 257-0252
SureStay Plus by Best Western Quanah	Rising Stars Hospitality, LL	Tejas Ganjawala	Quanah	TX	(308) 384-4380
SureStay Plus by Best Western San Antonio Fort Sam Hous	Jai Bhimnath LLC	Yogeshkumar Patel	San Antonio	TX	(405) 216-0300
SureStay by Best Western Christiansburg Blacksburg	Southwest Hotel LLC	Tejas Vaishnav	Christiansburg	VA	(210) 798-3900

EXHIBIT H TO FDD
FRANCHISE APPLICATION



Please complete this SureStaySM Application (“Application”) in its entirety and provide all required documents.

The following terms and conditions apply to the Application.

1. SureStay, Inc. (“SureStay”) requires payment of a \$2,500 *non-refundable* Application Fee (includes costs associated with a SureStay evaluation site visit).
2. Payment of the Application Fee or submission of this Application does not give an Applicant the right to affiliate with SureStay. By submitting this Application, Applicant acknowledges and agrees that the Application may be denied for any or for no reason.
3. Applicant must execute the Agreement and pay the Initial Fee prior to execution by SureStay. Unless otherwise agreed, (i) if a conversion hotel, Applicant will have ninety (90) days from the Effective Date of the Agreement to activate as a SureStay branded hotel; (ii) if a new construction hotel, Applicant will have two (2) years from the Effective Date of the Agreement to activate as a SureStay branded hotel. Applicant may not hold the hotel out to the public (e.g., market, sell, advertise, promote, etc.) as a SureStay branded hotel until all conditions and requirements are met.
4. All fees are payable in U.S. funds.
5. Applicant agrees that it shall have no recourse of any kind against SureStay, its directors, officers, employees, or agents if this Application is denied.

APPLICATION CONTINUES ON THE FOLLOWING PAGE

**FAILURE TO COMPLETE THIS APPLICATION FULLY AND IN ITS ENTIRETY
IS GROUNDS FOR ITS DENIAL**

ALL PAGES MUST BE RETURNED

I. HOTEL INFORMATION

Please provide the following with regard to the project:

Current hotel name _____

Select One: SureStay_{SM} SureStay Plus_{SM} SureStay Studio_{SM}

Proposed SureStay_{SM} hotel name _____

Current number of guest units _____ Proposed number of guest units (if different) _____ Number of floors _____

Explain variance between current and proposed number of guest units (if applicable) _____

Hotel phone number _____ Hotel fax number _____

Hotel address _____

City _____ State _____ Postal code _____

Name of county/parish _____

Name of closest major airport _____ Distance to airport _____

Select applicable boxes and list any other services and amenities.

- | | |
|---|---|
| <input type="checkbox"/> Water park | <input type="checkbox"/> Business center |
| <input type="checkbox"/> Indoor swimming pool | <input type="checkbox"/> Airport courtesy car |
| <input type="checkbox"/> Outdoor swimming pool | <input type="checkbox"/> Concierge |
| <input type="checkbox"/> Fitness room | <input type="checkbox"/> Gift Shop <input type="checkbox"/> Owned <input type="checkbox"/> Leased |
| <input type="checkbox"/> Sauna | <input type="checkbox"/> Tennis courts <input type="checkbox"/> On premises <input type="checkbox"/> Adjacent |
| <input type="checkbox"/> Whirlpool | <input type="checkbox"/> Golf Course <input type="checkbox"/> On premises <input type="checkbox"/> Adjacent |
| <input type="checkbox"/> Game room | <input type="checkbox"/> Interior corridors |
| <input type="checkbox"/> Guest laundry | <input type="checkbox"/> Exterior corridors |
| <input type="checkbox"/> Elevator (# _____) | <input type="checkbox"/> Continental breakfast |
| <input type="checkbox"/> Banquet service | |
| <input type="checkbox"/> Meeting/function space total sq. ft. _____
<input type="checkbox"/> Owned <input type="checkbox"/> Leased | <input type="checkbox"/> Cocktail lounge on premises
<input type="checkbox"/> Owned <input type="checkbox"/> Leased |
| <input type="checkbox"/> Other (explain): _____ | <input type="checkbox"/> Restaurant on premises (inside, within or attached to the hotel)
<input type="checkbox"/> Owned <input type="checkbox"/> Leased |

Name of current 2-way
PMS vendor: _____

Is the hotel currently or has it previously been affiliated with any chain, franchise, or other hotel/lodging company?

Yes No

If yes, provide the name and date of each affiliation and the reason for the termination of the affiliation.

Brand name _____

Brand name _____

Contract start date _____

Contract start date _____

Contract end date _____

Contract end date _____

Reason for termination: _____

Reason for termination: _____

III. PROPOSED CONSTRUCTION / UNDER CONSTRUCTION PROJECT

Select one:

Proposed construction hotel

Estimated date when construction will begin _____ (Mo/Yr)

Under construction hotel (soil bearing elements and foundation in place; concrete footings have been poured) Estimated opening date _____ (Mo/Yr)

Estimated construction cost \$ _____

Proposed financing

Is financing in place? Yes No

If so, who? _____

IV. OWNER/LESSEE INFORMATION

Complete ownership or leasing information is required for consideration of an Application. Copies of recorded ownership/leasing documents and financial statements for each individual and entity listed are required.

Select one:

- Applicant owns/will own the hotel (**provide a copy of the Bill of Sale, Deed, Title Insurance or other document confirming ownership or potential ownership of the hotel**).

Date Property Purchased/Estimated Close of Escrow (Mo/Day/Yr) _____

- Applicant leases/will lease the hotel (**provide a copy of the lease or evidence of intent to lease**).

Start of Lease/Estimated Start of Lease (Mo/Day/Yr) _____

Select ownership/lessee type:

Corporation

Trust

Limited Liability Company

Individuals

Limited Partnership

Other Entity (state entity type):

Partnership

A. ENTITY BREAKDOWN

Complete the following for the entity that holds the ownership or leasing interest in the hotel (provide a copy of entity formation documentation). ATTACHMENT A must be completed.

Name of Entity _____

Address _____

City _____ State/Province _____ Postal code _____

Phone number _____ Extension _____

Date entity formed (Mo/Day/Yr) _____ State/Province where entity formed _____

V. BACKGROUND INFORMATION

1. Have any applicant entities or individuals ever owned, leased, or operated any other hotels? Use additional pages if necessary.

Yes No

Name of Hotel _____

Address _____ City _____ State/Province _____

Name of entity or individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Is the Hotel branded? Yes No If not, explain why not: _____

Name of Hotel _____

Address _____ City _____ State/Province _____

Name of entity or individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Is the Hotel branded? Yes No If not, explain why not: _____

Name of Hotel _____

Address _____ City _____ State/Province _____

Name of entity or individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Is the Hotel branded? Yes No If not, explain why not: _____

Name of Hotel _____

Address _____ City _____ State/Province _____

Name of entity or individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Is the Hotel branded? Yes No If not, explain why not: _____

2. Have any applicant entities or individuals been involved in any material litigation or dispute related to hotel operations? Use additional pages if necessary.

Yes No

Name of entity or individual _____

Explain litigation or dispute _____

Date resolved _____

3. Has the applicant entity or an owner been placed in bankruptcy or receivership, or been subject to a judicial or non-judicial foreclosure action within the last 10 years? Use additional pages if necessary.

Yes * No

Name of entity or individual _____

Explain bankruptcy, receivership, foreclosure, other _____

Date resolved _____

Name of entity or individual _____

Explain bankruptcy, receivership, foreclosure, other _____

Date resolved _____

*** Provide final documentation.**

4. Has the applicant entity or an owner been involved in any civil or criminal action or litigation within the last 10 years (other than for minor traffic violations)? Use additional pages if necessary.

Yes * No

Name of entity or individual _____

Nature of action _____

Date _____

Name of entity or individual _____

Nature of action _____

Date _____

*** Provide documentation of Court decision.**

VI. MANAGEMENT COMPANY INFORMATION

Regarding the hotel's operations, a management company:

WILL NOT BE USED

WILL BE USED (complete below)

TO BE DETERMINED

1. If a management company will be used, and has already been selected or is already in place at the hotel, please list the management company's experience below:

Name of management company _____

Address _____ Unit # _____

City _____ State/Province _____ Postal code _____

Phone number _____ Ext. _____ Fax number _____

Email address _____

2. List all hotels currently owned and/or operated by the management company. Use additional pages if necessary.

Hotel Name _____

Address _____ City _____ State/Province _____

Since (Mo/Yr) _____

Hotel Name _____

Address _____ City _____ State/Province _____

Since (Mo/Yr) _____

Hotel Name _____

Address _____ City _____ State/Province _____

Since (Mo/Yr) _____

Hotel Name _____

Address _____ City _____ State/Province _____

Since (Mo/Yr) _____

3. List all hotels previously (past 5 years) owned and/or operated by the management company. Use additional pages if necessary.

Hotel Name _____

Address _____ City _____ State/Province _____

Position held _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Hotel Name _____

Address _____ City _____ State/Province _____

Position held _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Hotel Name _____

Address _____ City _____ State/Province _____

Position held _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Hotel Name _____

Address _____ City _____ State/Province _____

Position held _____ From (Mo/Yr) _____ To (Mo/Yr) _____

VII. REQUIRED DOCUMENTS CHECKLIST

- Site Plan - Required for new construction
- Hotel map showing location of all guest room types
- Recorded ownership or leasing documents (reference Page 5, Owner/Lessee information)
- Entity formation documentation (reference Page 5, Owner/Lessee information)
- Final documentation for bankruptcy, receivership, judicial or non-judicial foreclosure action (reference Page 7, Background Information)
- Documentation of court decision for any civil or criminal action or litigation (reference Page 7, Background Information)
- Application Fee - \$2,500 USD

VIII. CERTIFICATION

I HEREBY CERTIFY THAT ALL INFORMATION PROVIDED IN THIS APPLICATION IS TRUE AND ACCURATE. BY EXECUTING THIS APPLICATION, THE UNDERSIGNED HEREBY REPRESENTS AND WARRANTS THAT IT HAS THE PROPER AUTHORITY AND CONSENT, WHETHER DULY GRANTED BY LAW, CONTRACT OR OTHERWISE, TO SUBMIT THIS APPLICATION ON BEHALF OF ANY AND ALL OTHER INTERESTED PARTIES TO THE TRANSACTION CONTEMPLATED HEREUNDER (THE "APPLICANT").

I UNDERSTAND AND AGREE THAT FALSIFICATION OF ANY INFORMATION SHALL BE GROUNDS FOR DENIAL OF THE APPLICATION OR TERMINATION OF THE FRANCHISE AGREEMENT.

Signature of Authorized Representative

Office PhoneNo.

Cell PhoneNo.

Name of Authorized Representative

Fax No.

Email Address

Title

Street Address (no P.O. Boxes)

Date

City

State/Province

Postal Code

ATTACHMENT A

OWNER/LESSEE INFORMATION

ENTITY

Name of entity _____ Tax ID #/Employer ID # _____

Breakdown of entity shareholders (use additional pages if necessary).

Full legalname _____ SS#/SI#/TaxID# _____

Percentage of Interest _____ Nature of Interest _____

Full legalname _____ SS#/SI#/TaxID# _____

Percentage of Interest _____ Nature of Interest _____

Full legalname _____ SS#/SI#/TaxID# _____

Percentage of Interest _____ Nature of Interest _____

Full legalname _____ SS#/SI#/TaxID# _____

Percentage of Interest _____ Nature of Interest _____

Full legalname _____ SS#/SI#/TaxID# _____

Percentage of Interest _____ Nature of Interest _____

Full legalname _____ SS#/SI#/TaxID# _____

Percentage of Interest _____ Nature of Interest _____

EXHIBIT I TO FDD

STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF SURESTAY, INC.

The following are additional disclosures for the Franchise Disclosure Document of SureStay, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

No Waiver of Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA

1. The following paragraph is added at the end of Item 3 of the Disclosure Document:

Except as disclosed above, neither we nor any person identified in Item 2 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, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

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

3. OUR WEBSITE, www.surestayhotels.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. The Item 6 chart row entitled “Interest” is replaced with the following:

Interest	18% (10% in California)	Payable monthly by the 15th day of the following month.	You must pay service charges if you do not make any payment to us or our affiliates when due.
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5. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

Material Modification. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

Releases. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

6. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

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

ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

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

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

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

MARYLAND

1. The following is added to the end of the seventh paragraph under the heading “Advertising” in Item 11 of the Disclosure Document:

You may obtain an accounting of Monthly Sales and Marketing Fee expenditures upon written request to us.

2. The “Summary” sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The “Summary” section of Item 17(h), entitled **"Cause" defined – non-curable defaults**, of the Disclosure Document is amended by adding the following:

The agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

4. The “Summary” section of Item 17(v), entitled **Choice of forum**, of the Disclosure Document is amended by adding the following:

Although you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The “Summary” section of Item 17(w), entitled **Choice of law**, of the Disclosure Document is amended by adding the following:

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. 11 1050 et seq.), as amended, and as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law, the Franchise Agreement will be governed by the laws of the State of Arizona without recourse to Arizona choice of law or conflicts of law principles. (subject to state law).

6. The following language is added to the end of Item 17 of the Disclosure Document:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

MICHIGAN

The following language is added after the “State Effective Date” page and before the “Table of Contents” page of the Disclosure Document:

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW

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.

- (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 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 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 reasonably 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 of 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 or 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 service.

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
Office of the Attorney General
Consumer Protection Division
Attention: Franchise Section
670 Law Building
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

1. The Item 6 chart row entitled “ACH Processing Charge” is replaced with the following to meet the requirements of Minnesota Statute 604.113 regarding the maximum allowable amount of the fee chargeable for insufficient payments:

ACH Processing Charge	\$30	Payable monthly by the 15th day of the following month.	Payable if we have to resubmit an ACH payment to the bank after an initial ACH payment is rejected for insufficient funds.
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2. The following language is added to the end of Item 13:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

3. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 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.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.

NEW YORK

1. The following is added to the State Cover Page of the Disclosure Document as an additional Risk Factor:

FEES ARE SUBJECT TO CHANGE BY THE FRANCHISOR WITHOUT LIMITATION. YOUR INABILITY TO PAY THOSE FEES MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

2. The following information is added to the State Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

3. The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:

Except as provided below, neither we, any predecessor, any person identified in Item 2, or an affiliate offering franchises under our principal trademark:

(a) has an administrative, criminal, or civil action pending against us, it, him, or her 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) 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 been held liable in a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.

(c) 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, as a result of 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.

4. The following paragraph is added at the beginning of Item 4 of the Disclosure Document:

Except as described below, neither we nor any of our affiliates, predecessors, or officers identified in Item 2 have, during the 10-year period immediately preceding the date of the Disclosure Document: (a) filed as debtor (or had filed against us, it, him, or her) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy code; (b) obtained a discharge of our, its, his, or her debts under the U.S. Bankruptcy Code or any foreign bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy code or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy code during or within 1 year after the officer or general partner held this position in the company or partnership.

5. The following is added at the end of Item 5 of the Disclosure Document:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

6. The first paragraph of the Item 17 chart is deleted and replaced with the following:

EACH TABLE BELOW LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

7. The “Summary” sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 GBL Sections 687.4 and 687.5 be satisfied.

8. The “Summary” section of Item 17(d), entitled **Termination by franchisee**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

You also may terminate the agreement on any grounds available by law.

9. The “Summary” section of Item 17(j), entitled **Assignment of contract by franchisor**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

However, to the extent required by applicable law, we will not make an assignment except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the agreement.

10. The “Summary” sections of Items 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**, of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

This choice of law and forum should not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

11. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in and the franchise will be operated in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

NORTH DAKOTA

1. The “Summary” sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The “Summary” sections of Item 17(i), entitled **Franchisee's obligations on termination/non-renewal**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

3. The “Summary” sections of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The “Summary” sections of Item 17(v), entitled **Choice of Forum**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

To the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The “Summary” sections of Item 17(w), entitled **Choice of law**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

Except for Federal Arbitration Act and other federal law, North Dakota law governs.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**, is amended by adding 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 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

The following is added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a 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.

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.

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

EXHIBIT J TO THE FDD

FORM OF GUARANTY

**GUARANTY OF
SURESTAY FRANCHISE AGREEMENT**

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated the _____ day of _____, _____, between SureStay, Inc. ("Franchisor") and _____ ("Franchisee") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guaranty the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guaranty, the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

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

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

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

Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guaranty shall inure to the benefit of the Franchisor, its successors and assigns. This Guaranty may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

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

Any litigation arising out of or related to this Guaranty will be instituted exclusively in a court of competent jurisdiction in Maricopa County, Arizona. The undersigned agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by such aforementioned court. The undersigned hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

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

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

Attest:

By: _____

Signature

Printed Name

Address

[Signatures continued on following page]

Attest:

By: _____

Signature

Printed Name

Address

Attest:

By: _____

Signature

Printed Name

Address

EXHIBIT K-1 TO FDD

AUTOCLERK CLOUD PMS SOFTWARE AS A SERVICE AGREEMENT



AutoClerk® Software as a Service Agreement

This Software as a Service Agreement (this “Agreement”) governs your use of the Service (defined below). By accepting this Agreement, either by clicking the “Accept Terms of Use” or by executing a purchase order that references this Agreement, you agree to the terms and conditions of this Agreement. If you are entering into this Agreement on behalf of a company or other legal entity, you represent that you have the authority to bind that entity and its Affiliates (as defined below) to these terms and conditions, in which case the term “Customer” shall refer to that entity and its Affiliates. If you do not have the authority, or if you do not agree with these terms and conditions, you must not accept this Agreement and you may not use the Service. This Agreement was last updated on October 1, 2019. This Agreement is effective between Customer and AutoClerk, Inc. (“AutoClerk”) as of the date that Customer accepts this Agreement (the “Effective Date”).

1. Definitions.

“Action” means any claim, suit, or proceeding.

“Affiliate” means a legal entity controlling, controlled by, or under common control with a party.

“AutoClerk Systems” means the information technology infrastructure used by or on behalf of AutoClerk in performing the Service, including all computers, software, hardware, databases, electronic systems.

“Customer Content” data and other content, in any form or medium, that is collected, downloaded or otherwise received, directly or indirectly from Customer by or through the Service.

“Customer Systems” means Customer’s information technology infrastructure, including computers, software, hardware, databases, and networks, including those provide by a third party for Customer.

“Documentation” means manuals, documents, specifications, and other instruments AutoClerk provides to Customer in connection with the Service.

“Intellectual Property Rights” means common law, statutory and other intellectual property rights, including copyrights, trademarks, trade secrets, patents and other proprietary rights issued, honored or enforceable under any applicable laws anywhere in the world, and all moral rights related thereto.

“Law” means any local, state, national, tribal, and/or foreign law, treaties, and/or regulations.

“Loss” means losses, damages, liabilities, claims, actions, judgments, settlements, awards, penalties, fines, costs and expenses, including reasonable attorneys’ fees.

“Person” means an individual, corporation, partnership, organization, association, government authority, or other entity.

“Service” means the AutoClerk SaaS application known as AutoClerk myHMS Property Management System, including software applications, Documentation, and all Updates.

“Territory” means the United States and Canada.

“Updates” means updates, upgrades, releases, improvements, changes, new versions, and other modifications to the Service.

2. Use of the Service; Restrictions and Obligations.

2.1 Authorized Use.

(a) Subject to the terms and conditions of this Agreement, AutoClerk authorizes Customer to access and use, solely in the Territory and during the Term (defined below), the Service in accordance with this Agreement and the Documentation. This authorization is non-exclusive and non-transferable.

(b) AutoClerk shall use commercially reasonable efforts to provide to Customer the Service twenty-four (24) hours per day, seven (7) days per week, except for: (i) scheduled downtime; (ii) downtime or degradation due to a Force Majeure Event (defined below); (iii) Customer’s acts or omissions or use of the Service that does not comply with this Agreement and the Documentation; (iv) failure, interruption, outage or other problem with any software, system, network, facility or other matter not supplied by AutoClerk, including Customer Systems and Internet connectivity; (v) disabling, suspension, or termination of the Service in accordance with this Agreement; or (vi) any other circumstances beyond AutoClerk’s reasonable control.

2.2 The Service and System Control.

(a) Except as otherwise expressly provided in this Agreement, AutoClerk has and will retain sole control over (i) the operation, provision, maintenance and management of the Service, including, AutoClerk Systems; (ii) the selection, deployment, modification and replacement of the Service; (iii) and the performance of Updates.

(b) Except as otherwise expressly provided in this Agreement, Customer has and will retain sole control over the operation, maintenance, and management of, and all access to and use of, the Customer Systems, and sole responsibility for all access to and use of the Service.

2.3 Changes, Suspension or Termination of the Service. AutoClerk reserves the right, in its sole discretion, to make any Updates to the Service that it deems necessary or useful, including to maintain or enhance the Service, the competitive strength of the Service, the Service’s cost or performance, or to comply with applicable Law.

2.4 Suspension or Termination of the Service. AutoClerk may, directly or indirectly, and by use of any disabling device or any other lawful means, suspend, terminate or otherwise deny Customer’s or any other Person’s access to or use of all or any part of the Service, without incurring any obligation or liability, if: (i) AutoClerk receives a judicial or other governmental demand or order, subpoena or law enforcement request that requires AutoClerk to do so; or (ii) AutoClerk believes, in its sole discretion, that: (a) Customer has failed to comply with this Agreement or the Documentation; (b) Customer is, has been, or is likely to be involved in any unlawful activities; or (c) this Agreement expires or is terminated. This Section does not limit AutoClerk’s other rights or remedies, whether at law, in equity, or under this Agreement.

2.5 Reservation of Rights; Restrictions.

(a) Nothing in this Agreement grants any right, title, or interest in or to the Service (including any license) or any Intellectual Property Rights related to the Service, whether expressly, by estoppel or otherwise. All right, title, and interest in and to the Services (including all Intellectual Property Rights) are and will remain with AutoClerk and the respective rights holders.

(b) Customer shall not and shall not assist or permit any other Person to: (i) copy, modify, translate, enhance, prepare derivative works, or improvements of the Service; (ii) rent, sell, sublicense, assign, distribute, publish, transfer or otherwise make available the Service to any Person; (iii) reverse engineer, disassemble, decompile, decode or adapt the Service, or otherwise attempt to derive or gain access to the source code of the Service; (iv) breach any security device of the Service; (v) input, upload, transmit or provide to or through the Service any information or materials that are unlawful or injurious; (vi) damage, destroy, disable, impair or otherwise impede in any manner the Service or AutoClerk's provision of services to any Person; (vii) remove, or change any terms of the Service, including warranties, disclaimers, or Intellectual Property Rights notices; (viii) use the Service in any manner or for any purpose that infringes, misappropriates or violates any Intellectual Property Rights or other right of any Person, or that violates any applicable Law; (ix) use the Service for purposes of developing, using or providing a competing service or any other purpose to AutoClerk's detriment or commercial disadvantage; or (x) use the Service except as expressly permitted by this Agreement.

2.6 Service Level and Support.

(a) Customer acknowledges that (i) it is not possible for AutoClerk to guarantee that the Service will be available or will function properly at all times and (ii) from time to time the Service will not be available because of the need to conduct routine or non-routine Updates. AutoClerk will use reasonable efforts to ensure that, when possible, downtime will be scheduled with Customer in advance. AutoClerk will use commercially reasonable efforts to make the Service available 99.0% of the time, subject to the exceptions listed in this Agreement, including Section 2.1.

(b) AutoClerk will provide telephone support twenty-four (24) hours per day, seven (7) days per week. Generally, Customer will receive an initial response within thirty (30) minutes during hours between 9:00 a.m. and 5:00 p.m. PT Monday through Friday and within two (2) hours at all other times. AutoClerk will use reasonable efforts to solve all issues promptly. However, Customer acknowledges and agrees that (i) at certain times, for reasons that may be outside AutoClerk's control, demand for customer support may exceed availability and (ii) particularly complex issues may require a higher degree of support from that which can be provided by the first response and therefore may take longer to provide.

2.7 Data Backup. Customer Content uploaded to the Service by Customer will be backed-up daily. Content that is backed-up will be stored until the next daily backup. The Service does not replace the need for Customer to maintain regular data backups or redundant data archives.

2.8 Security. In connection with the use of the Service, Customer will be provided with passwords that will permit persons authorized by Customer to access Content and to use the Service. Customer is solely responsible for implementing appropriate security measures regarding authorized use of all passwords.

AutoClerk has partnered with Shift4 Corporation ("Shift4") and other third Party Processing Entities ("PPE") to ensure the Service's data center does not store, process or transmit Sensitive Credit Card Information. Sensitive Credit Card Information includes the Card Number or PAN, Card Swipe information and Security code such as the CVV. To use this Service, Customer must at minimum contract with Shift4 (or PPE) to obtain a Shift4 Account (or PPE Account) to allow Customer to use Shift4 (or PPE) security services. A Shift4 Account for only tokenization purposes can be obtained by Customer directly from Shift4 or through the AutoClerk Account. Customer may optionally extend the contract with Shift4 (or PPE) to provide gateway

services to enable the Service to be integrated with Customer's preferred Merchant Processor in North America. Shift4 (or PPE) will charge Customer for these extended services. Customer understands that in order for the Service to be secure Customer must ensure that Sensitive Credit Card Information is only entered in data entry screens that have been designed to hold this information. If Customer opts to use the Service's Central Reservation System ("CRS") interface, then Customer agrees to have Customer's CRS to deliver all CRS reservations to the Shift4 4Res™ proxy gateway (or PPE proxy gateway) for the purpose of performing True Tokenization® (or PPE tokenization) of all Sensitive Credit Card Information before the reservation is delivered to the Service's data center. Entering Card Holder Information in ways other than documented within the Service or Shift4 User information or PPE User information is a violation of Payment Card Industry Data Security Standards, PCI DSS, and Customer would be responsible for all penalties.

2.9 Additional Customer Obligations.

(a) Customer is solely responsible for: (i) all Customer Content, including its content and use; (ii) all information, instructions and materials provided by or on behalf of Customer in connection with the Service; (iii) Customer's Systems, including Internet access to ensure effective connectivity; (iv) the security and use of Customer's access credentials; and (v) all access to and use of the Service directly or indirectly by or through the Customer Systems, with or without Customer's knowledge or consent.

(b) Customer is solely responsible for providing current and accurate information regarding Customer's cancellation policies, minimum stay requirements, rates, availability, amenities, location, or any other information that may reflect the current positioning of Customer's properties through the use of the Service.

3. **Intellectual Property Rights.**

3.1 The Service. All right, title, and interest in and to the Service, including all Intellectual Property Rights therein, are and will remain with AutoClerk and the respective rights holders. Customer has no right, license, or authorization with respect to the Service except as expressly set forth in this Agreement. All other rights in and to the Service are expressly reserved by AutoClerk and the respective rights holders.

3.2 Customer Content. As between Customer and AutoClerk, Customer is and will remain the sole and exclusive owner of all right, title and interest in and to all Customer Content, including all Intellectual Property Rights related thereto.

3.3 Consent to Use Customer Content. Customer hereby irrevocably grants all rights and permissions in or related to Customer Content to AutoClerk and its subcontractors as are necessary or useful to perform the Service and as necessary or useful to enforce this Agreement and to exercise AutoClerk's rights and perform its obligations.

4. **Indemnification; Limitation of Liability.**

4.1 AutoClerk's Indemnification. AutoClerk shall indemnify, defend and hold harmless Customer from and against Losses incurred by Customer arising out of or related to an Action by a third party that Customer's use of the Service in accordance with this Agreement infringes any U.S. Intellectual Property Right.

The foregoing obligation does not apply to the extent that an Action or Loss arises from or is related to: (i) access to or use of the Service in combination with any hardware, system, network, or other service not provided or authorized by AutoClerk, including Customer Content or any third party materials; (ii) modification of the Service other than by AutoClerk or with AutoClerk's express written authorization; (iii) failure to timely implement Updates provided by AutoClerk; (vi) use of the Service after AutoClerk's notice to Customer about

alleged or actual infringement, misappropriation or other violation of a Person's rights; (v) use of the Service by or on behalf of Customer that is outside the purpose or scope authorized by this Agreement; (vi) events or circumstances outside of AutoClerk's commercially reasonable control; or (vii) Actions or Losses for which Customer is obligated to indemnify AutoClerk pursuant to this Agreement.

4.2 Customer's Indemnification. Customer shall indemnify, defend and hold harmless AutoClerk and its Affiliates, and each of its and their respective officers, members, directors, employees, agents, subcontractors, successors and assigns (each, including AutoClerk, an "AutoClerk Indemnitee") from and against any and all Losses incurred by the AutoClerk Indemnitees in connection with any Action by a third party arising out of or related to: (i) Customer Content; (ii) use of the Service by or on behalf of Customer with any hardware, software, system, or service that is neither provided by AutoClerk nor authorized by AutoClerk; (iii) a breach by or on behalf of Customer of any representation, warranty, covenant or obligation under this Agreement; (iv) any gross negligence, misuse or act or omission by or on behalf of Customer with respect to the Service or in connection with this Agreement; or (v) use of the Service by or on behalf of Customer that is outside the use authorized by this Agreement.

4.3 Indemnification Procedure. Each party shall promptly notify the other party in writing of any Action for which that party believes it is entitled to be indemnified. The party seeking indemnification (the "Indemnitee") shall cooperate with the other party (the "Indemnitor") at the Indemnitor's sole cost and expense. The Indemnitor shall immediately take control of the defense and investigation of the Action and shall employ counsel of its choice at the Indemnitor's sole cost and expense. The Indemnitee's failure to perform any obligations under this Section 4 will not relieve the Indemnitor of its obligations except to the extent that the Indemnitor can demonstrate that it has been prejudiced as a result of that failure. The Indemnitee may participate in the proceedings at its own cost and expense with counsel of its own choosing.

4.4 Mitigation. If the Service, or any part of the Service, is, or in AutoClerk's opinion is likely to infringe, misappropriate or otherwise violate any third party's Intellectual Property Rights, or if Customer's use of the Service is enjoined or threatened to be enjoined, AutoClerk may, at its option: (i) obtain the right for Customer to continue to use the Service as contemplated by this Agreement; (ii) modify or replace the Service; or (iii) terminate this Agreement, in its entirety or with respect to the affected feature of the Service, effective immediately on written notice to Customer. In the event this Agreement is terminated pursuant to the foregoing, Customer shall cease all use of the Service, and AutoClerk shall refund to Customer, a pro rata share of any Fees prepaid by Customer for the remaining portion of the Term.

4.5 Sole Remedy. SECTION 4 SETS FORTH CUSTOMER'S SOLE REMEDIES AND AUTOCLERK'S AND ITS AFFILIATES' SOLE LIABILITY AND OBLIGATION FOR ANY ACTUAL, THREATENED OR ALLEGED ACTIONS THAT THIS AGREEMENT OR ANY SUBJECT MATTER HEREOF (INCLUDING THE SERVICE) INFRINGES, MISAPPROPRIATES OR OTHERWISE VIOLATES ANY INTELLECTUAL PROPERTY RIGHTS OF ANY PARTY.

4.6 LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 4, IN NO EVENT WILL THE AGGREGATE LIABILITY OF AUTOCLERK AND ITS AFFILIATES, ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING UNDER OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE THEORY, EXCEED THE AMOUNTS PAID TO AUTOCLERK UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE ACTION. THE FOREGOING LIMITATIONS APPLY EVEN IF A REMEDY FAILS OF ITS ESSENTIAL PURPOSE. THE LIMITATIONS IN THIS SECTION DO NOT APPLY TO EACH PARTY'S INDEMNIFICATION OBLIGATION, BREACH OF CONFIDENTIALITY, FRAUD, OR WILLFUL MISCONDUCT.

5. Disclaimer of Warranties.

AUTOCLERK MAKES NO REPRESENTATION OR WARRANTY TO CUSTOMER WITH RESPECT TO THE SERVICE EXCEPT AS EXPRESSLY STATED HEREIN. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AUTOCLERK DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES INCLUDING, WITHOUT LIMITATION, ALL IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. AUTOCLERK DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT. WITHOUT LIMITING THE FOREGOING, AUTOCLERK MAKES NO WARRANTY OF ANY KIND THAT THE SERVICE, ANY OTHER GOODS, SERVICES WILL MEET CUSTOMER'S OR OTHER THIRD PARTY'S REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, BE COMPATIBLE WITH ANY OTHER GOODS, SERVICES, OR TECHNOLOGY, OR BE SECURE, ACCURATE, COMPLETE, FREE OF HARMFUL CODE OR ERROR FREE. AUTOCLERK AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY LOSS OF DATA, INTERRUPTION OR LOSS OF BUSINESS CAUSED BY OR RESULTING FROM THE USE OF THE SERVICE. AUTOCLERK AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY ACTUAL OR ALLEGED SECURITY BREACHES INTO CUSTOMER'S COMPUTER SYSTEMS OR NETWORKS, OR FROM ANY RESULTING ACTIONS TAKEN AGAINST CUSTOMER.

AUTOCLERK DOES NOT AND CANNOT CONTROL THE FLOW OF DATA TO OR FROM THE WEBSITE FROM WHICH THE SERVICE IS PROVIDED OR OTHER PORTIONS OF THE INTERNET. THAT FLOW DEPENDS IN LARGE PART ON THE PERFORMANCE OF INTERNET SERVICES PROVIDED OR CONTROLLED BY THIRD PARTIES. AT TIMES, ACTIONS OR INACTIONS CAUSED BY THESE THIRD PARTIES CAN PRODUCE SITUATIONS IN WHICH AUTOCLERK'S OR CUSTOMER'S CONNECTIONS THROUGH THE INTERNET (OR PORTIONS THEREOF) MAY BE IMPAIRED OR DISRUPTED. AUTOCLERK CANNOT GUARANTEE THAT THESE EVENTS WILL NOT OCCUR. ACCORDINGLY, AUTOCLERK DISCLAIMS ANY AND ALL LIABILITY RESULTING FROM OR RELATED TO THOSE EVENTS.

6. Term and Termination.

6.1 Term. This Agreement shall have an initial term of one (1) year ("Initial Term"), and will automatically renew for additional one (1) year terms unless terminated earlier pursuant to this Agreement or either party gives the other party written notice of non-renewal at least ninety (90) days prior to the expiration of the then-current term (each a "Renewal Term" and together with the Initial Term, the "Term").

6.2 Termination for Cause. This Agreement may be terminated:

(a) by AutoClerk, effective on written notice to Customer, if Customer fails to pay any amount due under this Agreement, and that failure continues for more than thirty (30) days after AutoClerk's delivery of the written notice;

(b) by either Party, upon thirty (30) days prior written notice to the other Party if the other Party breaches this Agreement and the breach remains uncured thirty (30) days after the non-breaching Party provides the breaching Party with written notice of that breach;

(c) by either party, effective immediately, if the other party: (i) is dissolved or liquidated or takes any corporate action for such purpose; (ii) becomes insolvent or is generally unable to pay its debts; (iii) becomes the subject of any voluntary or involuntary bankruptcy proceeding under any domestic or foreign bankruptcy or insolvency Law; (iv) makes or seeks to make a general assignment for the benefit of its creditors; or (v) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property.

6.3 Early Termination. If, for any reason other than material breach of this Agreement by AutoClerk, Customer requests termination or terminates this Agreement prior to completion of the current Term, and provided that AutoClerk agrees to the early termination of this Agreement, the following early termination fee shall be paid by Customer to AutoClerk prior to AutoClerk releasing Customer from its obligations under this Agreement: Average monthly subscription fee paid by Customer to AutoClerk from the Effective Date multiplied by the number of months remaining in the Term. Regardless of the number of months remaining in the Term, the early termination fee paid to AutoClerk by the Customer shall be a minimum of six (6) months average fee.

6.4 Effect of Termination. Except as otherwise set forth in this Agreement, on the expiration or early termination of this Agreement: (i) all rights, licenses and authorizations granted to Customer hereunder will immediately terminate and Customer shall immediately cease all use of the Service; (ii) within thirty (30) days, Customer shall deliver to AutoClerk, or at AutoClerk's written request, destroy, and permanently delete from all devices and systems the Service and AutoClerk's Confidential Information; (iii) certify to AutoClerk in writing that it has complied with the requirements of this Section 6.4; and (iv) Customer shall pay, within thirty (30) days, all amounts payable by Customer under this Agreement. Except as otherwise required by applicable Law, upon termination for any reason, all Customer Content will be immediately and irrevocably deleted from the Service.

7. Fees; Payment Terms.

7.1 Fees. Customer shall pay AutoClerk the fees, including any reimbursable expenses, set forth in Exhibit A ("Fees") in accordance with this Section 7.

7.2 Fee Increases. AutoClerk may increase the Fees upon thirty (30) days written notice to Customer. The increased Fees shall become effective on the date specified in the notice unless Customer terminates this Agreement by providing written notice to AutoClerk on or before the date on which the increased Fees would otherwise go into effect.

7.3 Taxes. All Fees and other amounts payable by Customer under this Agreement are exclusive of taxes and similar assessments. Without limiting the foregoing, Customer is responsible for all sales, service, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state or local governmental or regulatory authority on any amounts payable by Customer hereunder, other than taxes imposed on AutoClerk's income.

7.4 Payment. Fees are payable to AutoClerk by credit card payment or Automated Clearing House (ACH) transfer within thirty (30) days of the invoice date. All Fees are payable in U.S. funds to AutoClerk's corporate address at: 1981 North Broadway, Suite 430, Walnut Creek, California 94596 or such other address as AutoClerk provides to Customer from time to time.

All amounts over thirty (30) days past due shall bear interest from the date due at 1.5% of the outstanding balance or a \$50.00 late fee (whichever is greater) billed monthly. If the invoice is over sixty (60) days past due, Customer's use of the Service will be suspended and subject to a \$500.00 reinstatement fee and potential termination. Customer shall be responsible for all fees and Losses AutoClerk incurs in the collecting of past due amounts including attorneys' fees, expenses and court costs.

7.5 Refunds. Except as set forth in this Agreement, no refunds of any amounts will be paid to Customer in the event of termination of this Agreement.

8. Confidentiality.

8.1 Confidential Information. “Confidential Information” means all confidential, proprietary, and trade secret information of the disclosing party, in tangible or intangible form, disclosed to the receiving party. Confidential Information includes: (i) information designated by the disclosing party as confidential; (ii) information that contains, or that relates to, the disclosing party’s plans, pricing, methods, methodologies, processes, financial data, lists, Intellectual Property Rights, customer information, programs, research, development, and information technology; and (iii) the terms and conditions of this Agreement.

The Parties agree that Confidential Information provided by the disclosing party is and will remain the property of the disclosing party and that nothing contained in this Agreement is to be construed to be a grant of, or as an intention or commitment to grant to the receiving party, any right, title or interest of any nature in or to the Confidential Information or any property derived therefrom. The Parties further agree that all rights and title in and to the Confidential Information will remain at all times in the disclosing party.

8.2 Obligations of the Receiving Party. The receiving party agrees (i) it will hold in strict confidence all Confidential Information received from the disclosing party; (ii) it will use the Confidential Information only as authorized by the disclosing party; and (iii) it will not make any use of the Confidential Information for its own benefit at any time, and will not knowingly permit or facilitate such use by any other Person, without the prior written consent of the disclosing party.

Notwithstanding the foregoing, the receiving party may disclose Confidential Information without the disclosing party’s prior written consent to any of its officers, employees, or representatives (collectively, the “Representatives”), but only to those Representatives that (i) have a “need to know” in order to carry out the purposes of this Agreement or to provide professional advice in connection with this Agreement, (ii) are legally bound to the receiving party to protect information such as the Confidential Information under terms at least as restrictive as those provided herein, and (iii) have been informed by the receiving party of the confidential nature of the Confidential Information and the requirements regarding restrictions on disclosure and use as set forth in this Section. The receiving party shall be liable to the disclosing party for the acts or omissions of any Representatives to which it discloses Confidential Information which, if done by the receiving party, would be a breach of this Agreement.

8.3 Exceptions to the Obligation of Confidentiality. The receiving party will not be liable for the disclosure of any Confidential Information which is: (i) generally made available publicly or to third parties by the disclosing party without restriction on disclosure; (ii) rightfully received from a third party without any obligation of confidentiality; (iii) rightfully known to the receiving party without any limitation on disclosure prior to its receipt from the disclosing party; (iv) independently developed by employees of the receiving party without reference to the Confidential Information of the disclosing party, which can be demonstrated by written record; or (v) required to be disclosed in accordance with applicable Laws, court, judicial, or other government order; provided, however, that the receiving party shall give the disclosing party reasonable notice prior to such disclosure (to the extent that it is legally permitted to do so) and shall comply with any applicable protective order.

9. Additional Provisions.

9.1 Attorneys’ Fees. If any legal action is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys’ fees in addition to any relief to which that party may be entitled.

9.2 Governing Law; Venue. This Agreement shall be deemed to have been made in, and shall be

construed pursuant to, the laws of the State of Arizona. Customer expressly agrees to submit to the venue and jurisdiction of the Federal and State courts located in Maricopa County, Arizona.

9.3 Assignment. Customer may not assign or delegate any or all of its rights, obligations and duties under this Agreement without the prior written consent of AutoClerk, which may be withheld in AutoClerk's sole discretion. This Agreement will bind and inure to the benefit of a party's permitted successors and assigns.

9.4 Force Majeure. In the event either party is delayed or prevented from performing this Agreement (except for payment obligations) due to any cause beyond its reasonable control and without its fault or negligence, including but not limited to, strike, labor or civil unrest or dispute, embargo, work stoppage, delay, protest, acts of God or acts of terrorism, such delay shall be excused during the continuance of such delay, and the period of performance shall be extended to such extent as may be reasonable to perform after the cause of delay has been removed. In the event any such delay continues for a period of more than thirty (30) days, either party may terminate the Agreement under which performance is delayed upon written notice to the other party.

9.5 Survival. All provisions of this Agreement, including without limitation confidentiality, indemnification, limitation of liability, and intellectual property, which by their nature reasonably should survive termination or expiration of this Agreement shall be deemed to so survive.

9.6 Severability. The invalidity or unenforceability of any particular provision or condition of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

9.7 Independent Contractors. The parties agree that each shall perform its respective obligations under this Agreement as independent contractors and nothing herein shall be construed as creating any partnership, joint venture, employment, franchise or agency relationship between the parties. Nothing in this Agreement will constitute a party as a legal representative or agent of the other party, nor will a party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other party or its related entities.

9.8 Waiver. No delay or failure of either party in exercising any right and no partial or single exercise of any right shall be deemed to constitute a waiver of that right or any other rights under this Agreement.

9.9 Notices. Any notice, request, demand, or other communication required or permitted under this Agreement will be given in writing, with all communication charges prepaid, to the party being notified. All communications will be deemed given only upon receipt. A party may change its address only by notifying the other party in writing in accordance with this notice provision, in which case this Agreement will be deemed to have been modified for that purpose.

9.10 Entire Agreement. This Agreement, including all exhibits attached hereto, is the complete and exclusive statement of the mutual understanding of the parties and it supersedes and cancels all previous written and oral agreements and communications relating to the subject matter of this Agreement.

EXHIBIT K-2 TO FDD

AUTOCLERK PMS END USER LICENSE AGREEMENT



AutoClerk® End-User License Agreement

This End-User License Agreement (this “Agreement”) is entered into as of the last date signed below (the “Effective Date”) by and between AutoClerk, Inc. (“Licensor”) and the undersigned (“Licensee”). Licensor and Licensee may be referred to herein individually as a “Party” and collectively as the “Parties.” Licensee desires to license the Software Product (defined below) from Licensor on the terms and conditions set forth in this Agreement.

In consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Definitions.

“Action” means any claim, suit, or proceeding.

“Affiliate” means a legal entity controlling, controlled by, or under common control with a Party.

“Documentation” means manuals, documents, and other instruments Licensor provides to Licensee in connection with the Software Product.

“Intellectual Property Rights” means common law, statutory and other intellectual property rights, including copyrights, trademarks, trade secrets, patents and other proprietary rights issued, honored or enforceable under any applicable laws anywhere in the world, and all moral rights related thereto.

“Law” means any local, state, national, tribal, and/or foreign law, treaties, and/or regulations.

“Loss” means losses, damages, liabilities, claims, actions, judgments, settlements, awards, penalties, fines, costs, and expenses, including reasonable attorneys’ fees.

“Person” means an individual, corporation, partnership, organization, association, government authority, or other entity.

“Site” means Licensee’s property identified on Exhibit A.

“Software Product” means the software package known as the AutoClerk Property Management System that is licensed to Licensee pursuant to this Agreement. The Software Product includes Updates (defined below), Documentation, derivative works, and other modifications to the Software Product. The Software Product also includes the interface software identified on Exhibit A.

“Updates” means updates, upgrades, releases, improvements, changes or other modifications to the Software Product.

2. **License Grant, Restrictions and Requirements.**

2.1 **Authorized Use.** Subject to the terms and conditions set forth in this Agreement, Licensor grants to Licensee, during the Term (as defined below), a nonexclusive, non-assignable, revocable, non-sublicenseable limited license to use the Software Product in accordance with this Agreement. Licensee may use the Software Product for its internal use only, including for purposes of internal training by Licensee of its employees.

2.2 **Scope and Location.** The Software Product includes separate software that may reside on the Licensee's (i) network server; (ii) local computers at the Site; and (iii) remote computers located away from the Site, as set forth on **Exhibit A**. Licensee shall use the Software Product on the number of computers identified on **Exhibit A**. **Exhibit A** may be amended from time to time by purchase orders issued by Licensor and signed by both Parties.

2.3 **Approved Hardware and Administrator.** Licensor authorizes use of and support for the Software Product on computer systems that meet Licensor's hardware, network, and system specifications posted at <https://www.myautoclerk.com>, and that have sufficient quality and performance to run the Software Product in a stable and efficient manner. Additionally, Licensor requires that Licensee use a competent network administrator, as described at <https://www.myautoclerk.com>.

2.4 **Credit Card Processing.** If the Software Product requires a credit card interface, then Licensor, because of transaction security concerns, shall require that Licensee utilize software provided by a third party payment gateway provider that has been approved by Licensor or that is acceptable to Licensor, in its sole and absolute discretion, to process payment transactions involving the Software Product. In no event will Licensor be responsible or liable for any consequences or alleged consequences stemming from Licensee's credit card processing. Licensor will also not be responsible or liable for Licensee's failure to adhere to applicable Laws, including applicable banking regulations, relating to the processing and storing of credit information.

2.5 **Restrictions.** Licensee shall not and shall not assist or permit any other Person to: (i) copy, modify, translate, or prepare derivative works or improvements of the Software Product; (ii) rent, sell, sublicense, assign, distribute, publish, transfer or otherwise make available the Software Product to any Person; (iii) reverse engineer, disassemble, decompile, decode or adapt the Software Product, or otherwise attempt to derive or gain access to the source code of the Software Product; (iv) breach any security device of the Software Product; (v) remove or change any terms of the Software Product, including warranties, disclaimers, or Intellectual Property Rights notices; (vi) use the Software Product in any manner or for any purpose that infringes, misappropriates or violates any Intellectual Property Rights or other rights of any Person, or that violates any applicable Law; (vii) use the Software Product for purposes of developing, using or providing a competing software product or any other purpose to Licensor's detriment or commercial disadvantage; (viii) move or transfer the Software Product from the Site; or (ix) use the Software Product except as expressly permitted by this Agreement and the Documentation.

2.6 **Training and Installation.** Only Licensor may install the Software Product. Installation is normally handled by remote access. Under no circumstances is Licensee authorized to install any portion of the Software Product. Licensor and Licensee will schedule dates for Software Product installation and Software Product training that are agreeable to both Parties. Licensee may elect to postpone either scheduled date, without penalty, if Licensee provides written notice of the postponement to Licensor at least thirty (30) days prior to a scheduled date. If Licensee unilaterally postpones a scheduled date with thirty (30) days or less notice to Licensor, then Licensee will be charged a rescheduling fee equal to one-third of the labor charges.

2.7 Additional Licensee Obligations. Licensee is solely responsible for providing current and accurate information regarding Licensee's cancellation policies, minimum stay requirements, rates, availability, amenities, location, or any other information that may reflect the current positioning of Licensee's property through the use of the Software Product.

3. Intellectual Property Rights.

3.1 Intellectual Property Ownership. Licensee acknowledges and agrees that:

(a) the Software Product is licensed, not sold, to Licensee by Licensor, and Licensee does not and will not have or acquire any ownership interest in the Software Product, or in any related Intellectual Property Rights;

(b) Licensor is and will remain the sole and exclusive owner of all right, title and interest in and to the Software Product, including all related Intellectual Property Rights, subject only to the rights of any applicable third-party licensors; and

(c) Licensee hereby unconditionally and irrevocably assigns to Licensor its entire right, title, and interest in and to any Intellectual Property Rights that Licensee may have in or to the Software Product (including any rights in derivative works, patent improvements, or feedback).

3.2 Licensee Cooperation Regarding Infringement. Licensee shall:

(a) take all reasonable measures to safeguard the Software Product from infringement, misappropriation, misuse, or unauthorized access;

(b) at Licensor's expense, take all necessary actions that Licensor may request to assist Licensor in maintaining the validity and Licensor's ownership of Licensor's Intellectual Property Rights;

(c) promptly notify Licensor in writing if Licensee becomes aware of (i) any actual or suspected infringement or other violation of Licensor's Intellectual Property Rights; or (ii) any claim that the Software Product infringes, misappropriates or otherwise violates the Intellectual Property Rights or other rights of any Person; and

(d) cooperate with and assist Licensor in all reasonable ways in the conduct of an Action by Licensor to prevent or stop any actual or threatened infringement or violation of Licensor's rights in or to the Software Product.

3.3 No Implied Rights. Except for the limited rights and licenses expressly granted under this Agreement, nothing in this Agreement grants, by implication, waiver, estoppel or otherwise, to Licensee or to any third party any Intellectual Property Rights or other right, title, or interest in or to the Software Product.

4. Indemnification; Limitation of Liability.

4.1 Licensor's Indemnification. Licensor shall indemnify, defend, and hold harmless Licensee from and against Losses incurred by Licensee arising out of or related to an Action by a third party alleging that Licensee's use of the Software Product in accordance with this Agreement infringes any U.S. Intellectual Property Right.

The foregoing obligation does not apply to the extent that an Action or Loss arises from or is related to: (i) open-source components or other third-party materials; (ii) patent issued or a patent application published after the Effective Date; (iii) use of the Software Product with technology or service not provided by Licensor or specified in the Documentation; (iv) modification of the Software Product other than by

Licensor; (v) failure to timely implement any Updates provided by Licensor; (vi) use of the Software Product after Licensor's notice to Licensee about alleged or actual infringement or other violation of a Person's rights; (vii) use of the Software Product by or on behalf of Licensee that is outside the purpose or scope of this Agreement; (viii) events or circumstances outside of Licensor's commercially reasonable control; or (ix) Actions and Losses for which Licensee is obligated to indemnify Licensor pursuant to this Agreement.

4.2 Licensee's Indemnification. Licensee shall indemnify, defend, and hold harmless Licensor and its Affiliates, and its and their respective officers, members, directors, employees, agents, subcontractors, successors and assigns from and against Losses arising out of or related to: (i) use of the Software Product by or on behalf of Licensee with any hardware, software, system, or service that is neither provided by Licensor nor authorized by Licensor; (ii) information or technology directly or indirectly provided by Licensee to be installed or used with the Software Product; (iii) a breach by or on behalf of Licensee of any representation, warranty, covenant, or obligation under this Agreement; (iv) any gross negligence, misuse or act or omission by or on behalf of Licensee with respect to the Software Product or in connection with this Agreement; or (v) use of the Software Product by or on behalf of Licensee that is outside the purpose or scope authorized by this Agreement.

4.3 Indemnification Procedure. Each Party shall promptly notify the other Party in writing of any Action for which the Party believes it is entitled to be indemnified. The Party seeking indemnification (the "Indemnitee") shall cooperate with the other Party (the "Indemnitor") at the Indemnitor's sole cost and expense. The Indemnitor shall immediately take control of the defense and investigation of the Action and shall employ counsel of its choice at the Indemnitor's sole cost and expense. The Indemnitee's failure to perform any obligations under this Section 4 will not relieve the Indemnitor of its obligations except to the extent that the Indemnitor can demonstrate that it has been prejudiced as a result of that failure. The Indemnitee may participate in the proceedings at its own cost and expense with counsel of its own choosing.

4.4 Mitigation. If the Software Product, or any part of the Software Product, is, or in Licensor's opinion is likely to infringe, misappropriate or otherwise violate any third party's Intellectual Property Rights, or if Licensee's use of the Software Product is enjoined or threatened to be enjoined, Licensor may, at its option: (i) obtain the right for Licensee to continue using the Software Product as contemplated by this Agreement; (ii) modify or replace the Software Product; or (iii) terminate this Agreement, in its entirety or with respect to the affected feature of the Software Product, effective immediately on written notice to Licensee. In the event this Agreement is terminated pursuant to the foregoing, Licensee shall cease all use of the Software Product, and Licensor shall refund to Licensee a pro rata share of any Fees prepaid by Licensee for the remaining portion of the Term.

4.5 Sole Remedy. SECTION 4 SETS FORTH LICENSEE'S SOLE REMEDIES AND LICENSOR'S AND ITS AFFILIATES' SOLE LIABILITY AND OBLIGATION FOR ANY ACTUAL, THREATENED OR ALLEGED ACTIONS THAT THIS AGREEMENT OR ANY SUBJECT MATTER HEREOF (INCLUDING THE SOFTWARE PRODUCT) INFRINGES, MISAPPROPRIATES OR OTHERWISE VIOLATES ANY INTELLECTUAL PROPERTY RIGHTS OF ANY PARTY.

4.6 LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 4, IN NO EVENT WILL THE AGGREGATE LIABILITY OF LICENSOR AND ITS AFFILIATES, ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING UNDER OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE THEORY, EXCEED THE AMOUNTS PAID TO LICENSOR UNDER THIS AGREEMENT DURING THE TWENTY-FOUR (24) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE ACTION. THE FOREGOING LIMITATIONS APPLY EVEN IF A REMEDY FAILS OF ITS ESSENTIAL PURPOSE. THE LIMITATIONS IN THIS SECTION DO NOT APPLY TO EACH PARTY'S INDEMNIFICATION OBLIGATION, BREACH OF CONFIDENTIALITY, FRAUD, OR WILLFUL MISCONDUCT.

5. Warranties; Disclaimer of Warranties.

5.1 Limited Warranty. Subject to the terms and conditions set forth in this Agreement, including Section 2.3, Section 5.2, and Section 5.3, Licensor warrants to Licensee that for a period of thirty (30) days from the Effective Date (the "Warranty Period"), the Software Product will substantially conform in all material respects to the specifications set forth in the Documentation, when installed, operated, and used in accordance with the Documentation and this Agreement.

5.2 Requirements. The limited warranty applies only if Licensee: (i) notifies Licensor in writing about the alleged breach of warranty before the expiration of the Warranty Period and (ii) is in compliance with all terms and conditions of this Agreement, including installing all Updates.

5.3 Exceptions. The limited warranty does not apply to defects arising out of or related to: (i) modification, misuse, or damage to the Software Product by or on behalf of Licensee; (ii) any operation, use, or other activity related to the Software Product other than as specified in the Documentation and in compliance with this Agreement, including Licensee's failure to promptly install all Updates; (iii) Licensee's or a third party's system or network; (iv) any open-source components or software that Licensor makes available for testing or demonstration purposes; (v) Licensee's breach of any provision of this Agreement; or (vi) any other circumstances outside of Licensor's reasonable control.

5.4 Remedies. In the event of a breach of the warranties set forth in this Section 5, Licensor may, at its option: (i) amend or repair the Software Product; (ii) replace the Software Product with functionally equivalent software; or (iii) terminate this Agreement and refund to Licensee a pro rata share of any Fees prepaid by Licensee for the remaining portion of the Term.

5.5 Sole Remedy. If Licensor does not cure a breach of warranty or terminate this Agreement as provided in this Section 5, within thirty (30) days after Licensor's receipt of written notice of the breach, then Licensee shall have the right to terminate this Agreement, and Licensor shall promptly refund to Licensee a pro rata share of any Fees prepaid by Licensee for the remaining portion of the Term.

5.6 DISCLAIMER OF WARRANTIES. EXCEPT FOR THE EXPRESS LIMITED WARRANTIES SET FORTH IN SECTION 5, THE SOFTWARE PRODUCT IS PROVIDED BY LICENSOR "AS IS." TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, LICENSOR DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT. WITHOUT LIMITING THE FOREGOING, LICENSOR MAKES NO WARRANTY OF ANY KIND THAT THE SOFTWARE PRODUCT OR ANY OTHER LICENSOR OR THIRD-PARTY GOODS, SERVICES, TECHNOLOGY OR MATERIALS WILL MEET LICENSEE'S OR OTHER THIRD PARTY'S REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, BE COMPATIBLE, BE SECURE, ACCURATE, FREE OF HARMFUL CODE OR ERROR FREE. LICENSOR AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY LOSS OF DATA, INTERRUPTION OR LOSS OF BUSINESS CAUSED BY OR RESULTING FROM THE USE OF THE SOFTWARE PRODUCT. LICENSOR AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY ACTUAL OR ALLEGED SECURITY BREACHES INTO LICENSEE'S COMPUTER SYSTEMS OR NETWORKS, OR FROM ANY ACTIONS TAKEN AGAINST LICENSEE.

6. Term and Termination.

6.1 Term. The term of this Agreement shall commence on the Effective Date and shall remain in effect for ten (10) years (the "Term") or until terminated by either Party as provided in this Agreement.

6.2 Termination For Convenience. Either Party may terminate this Agreement at any time by giving ninety (90) days prior written notice to the other Party.

6.3 Termination for Cause. This Agreement may be terminated:

(a) by Licensor, effective on written notice to Licensee, if Licensee fails to pay any amount due under this Agreement, and that failure continues for more than thirty (30) days after Licensor's delivery of the written notice;

(b) by either Party, upon thirty (30) days prior written notice to the other Party if the other Party breaches this Agreement and the breach remains uncured thirty (30) days after the non-breaching Party provides the breaching Party with written notice of that breach;

(c) by Licensor, effective immediately, if the Licensee: (i) is dissolved or liquidated or takes any corporate action for such purpose; (ii) becomes insolvent or is generally unable to pay its debts; (iii) becomes the subject of any voluntary or involuntary bankruptcy proceeding under any domestic or foreign bankruptcy or insolvency Law; (iv) makes or seeks to make a general assignment for the benefit of its creditors; or (v) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property.

6.4 Effect of Termination. Except as otherwise set forth in this Agreement, upon the expiration or early termination of this Agreement: (i) all rights, licenses and authorizations granted to Licensee hereunder will immediately terminate and Licensee shall immediately cease all use of the Software Product; (ii) within thirty (30) days, Licensee shall deliver to Licensor, or at Licensor's written request, destroy, and permanently delete the Software Product and Licensor's Confidential Information; (iii) certify to Licensor in writing that it has complied with the requirements of this Section 6.4; and (iv) Licensee shall pay, within thirty (30) days, all amounts payable by Licensee under this Agreement.

7. Fees; Payment Terms.

7.1 Fees. Licensee shall pay Licensor the fees, including any reimbursable expenses, set forth in Exhibit A ("Fees") in accordance with this Section 7.

7.2 Fee Increases. Licensor may increase the Fees upon thirty (30) days written notice to Licensee. The increased Fees shall become effective on the date specified in the notice unless Licensee terminates this Agreement by providing written notice to Licensor on or before the date on which the increased Fees would otherwise go into effect.

7.3 Taxes. All Fees and other amounts payable by Licensee under this Agreement are exclusive of taxes and similar assessments. Without limiting the foregoing, Licensee is responsible for all sales, service, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state or local governmental or regulatory authority on any amounts payable by Licensee hereunder, other than taxes imposed on Licensor's income.

7.4 Payment. Fees are payable to Licensor by credit card payment or Automated Clearing House (ACH) transfer within thirty (30) days of the invoice date. All Fees are payable in U.S. funds to Licensor's corporate address at: 1981 North Broadway, Suite 430, Walnut Creek, California 94596 or such other address as Licensor provides to Licensee from time to time.

All amounts over thirty (30) days past due shall bear interest from the date due at 1.5% of the outstanding balance or a \$50.00 late fee (whichever is greater) billed monthly. Licensee shall be responsible for all fees and Losses Licensor incurs in the collecting of past due amounts including attorneys' fees, expenses and court costs.

7.5 Refunds. Except as set forth in this Agreement, no refunds of any amounts will be paid to Licensee in the event of termination of this Agreement.

8. Confidentiality.

8.1 Confidential Information. “Confidential Information” means all confidential, proprietary, and trade secret information of the disclosing party, in tangible or intangible form, disclosed to the receiving party. Confidential Information includes: (i) information designated by the disclosing party as confidential; (ii) information that contains, or that relates to, the disclosing party’s plans, pricing, methods, processes, financial data, lists, Intellectual Property Rights, customer information, programs, research, development, and information technology; and (iii) the terms and conditions of this Agreement.

The Parties agree that Confidential Information provided by the disclosing party is and will remain the property of the disclosing party and that nothing contained in this Agreement is to be construed to be a grant of, or as an intention or commitment to grant to the receiving party, any right, title or interest of any nature in or to the Confidential Information or any property derived therefrom. The Parties further agree that all rights and title in and to the Confidential Information will remain at all times in the disclosing party.

8.2 Obligations of the Receiving Party. The receiving party agrees (i) it will hold in strict confidence all Confidential Information received from the disclosing party; (ii) it will use the Confidential Information only as authorized by the disclosing party; and (iii) it will not make any use of the Confidential Information for its own benefit at any time, and will not knowingly permit or facilitate such use by any other Person, without the prior written consent of the disclosing party.

Notwithstanding the foregoing, the receiving party may disclose Confidential Information without the disclosing party’s prior written consent to any of its officers, employees, or representatives (collectively, the “Representatives”), but only to those Representatives that (i) have a “need to know” in order to carry out the purposes of this Agreement or to provide professional advice in connection with this Agreement, (ii) are legally bound to the receiving party to protect information such as the Confidential Information under terms at least as restrictive as those provided herein, and (iii) have been informed by the receiving party of the confidential nature of the Confidential Information and the requirements regarding restrictions on disclosure and use as set forth in this Section. The receiving party shall be liable to the disclosing party for the acts or omissions of any Representatives to which it discloses Confidential Information which, if done by the receiving party, would be a breach of this Agreement.

8.3 Exceptions to the Obligation of Confidentiality. The receiving party will not be liable for the disclosure of any Confidential Information which is: (i) generally made available publicly or to third parties by the disclosing party without restriction on disclosure; (ii) rightfully received from a third party without any obligation of confidentiality; (iii) rightfully known to the receiving party without any limitation on disclosure prior to its receipt from the disclosing party; (iv) independently developed by employees of the receiving party without reference to the Confidential Information of the disclosing party, which can be demonstrated by written record; or (iv) required to be disclosed in accordance with applicable Laws, court, judicial, or other government order; provided, however, that the receiving party shall give the disclosing party reasonable notice prior to such disclosure (to the extent that it is legally permitted to do so) and shall comply with any applicable protective order.

9. Additional Provisions.

9.1 Attorneys’ Fees. If any legal action is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys’ fees in addition to any relief to which that Party may be entitled.

9.2 Governing Law; Venue. This Agreement shall be deemed to have been made in, and shall be construed pursuant to, the laws of the State of Arizona. Licensee expressly agrees to submit to the venue and jurisdiction of the Federal and State courts located in Maricopa County, Arizona.

9.3 Assignment. Licensee may not assign or delegate any or all of its rights, obligations and duties under this Agreement without the prior written consent of Licensor, which may be withheld in Licensor's sole discretion. This Agreement will bind and inure to the benefit of each Party's permitted successors and assigns.

9.4 Force Majeure. In the event either Party is delayed or prevented from performing this Agreement (except for payment obligations) due to any cause beyond its reasonable control and without its fault or negligence, including but not limited to, strike, labor or civil unrest or dispute, embargo, work stoppage, delay, protest, acts of God or acts of terrorism, such delay shall be excused during the continuance of such delay, and the period of performance shall be extended to such extent as may be reasonable to perform after the cause of delay has been removed. In the event any such delay continues for a period of more than thirty (30) days, either Party may terminate the Agreement under which performance is delayed upon written notice to the other Party.

9.5 Survival. All provisions of this Agreement, including without limitation confidentiality, indemnification, limitation of liability, and intellectual property, which by their nature reasonably should survive termination or expiration of this Agreement shall be deemed to so survive.

9.6 Severability. The invalidity or unenforceability of any particular provision or condition of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

9.7 Independent Contractors. The Parties agree that each shall perform its respective obligations under this Agreement as independent contractors and nothing herein shall be construed as creating any partnership, joint venture, employment, franchise or agency relationship between the Parties. Nothing in this Agreement will constitute a Party as a legal representative or agent of the other Party, nor will a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party or its related entities.

9.8 Waiver. No delay or failure of either Party in exercising any right and no partial or single exercise of any right shall be deemed to constitute a waiver of that right or any other rights under this Agreement.

9.9 Notices. Any notice, request, demand, or other communication required or permitted under this Agreement will be given in writing, with all communication charges prepaid, to the Party being notified. All communications will be deemed given only upon receipt. The addresses for Licensee for the purposes of all communications is listed on the signature page. A Party may change its address only by notifying the other Party in writing in accordance with this notice provision, in which case this Agreement will be deemed to have been modified for that purpose.

9.10 Entire Agreement; Counterparts. This Agreement, including all exhibits attached hereto, is the complete and exclusive statement of the mutual understanding of the Parties and it supersedes and cancels all previous written and oral agreements and communications relating to the subject matter of this Agreement. Licensor and Licensee agree that signed facsimile copies of this Agreement are legally binding.

[Signatures Appear on the Following Page]

Licensee

Property Name: _____

Licensee: _____

Property Site Street Address: _____

Property Site City/State/Zip: _____

Property Phone Number: _____

General Manager Email Address: _____

Billing Street Address: _____

Billing City/State/Zip: _____

Billing Contact Name and/or Title: _____

Billing Contact Phone Number (with extension #): _____

Billing email: _____

Authorized By (print name): _____ Title: _____

Signature: _____ Date: _____

Licensor

Accepted By (print name): _____ Title: _____

Signature: _____ Date: _____

Payment Authorization

Licensors offers two recurring payment methods, credit card or ACH debit transfer.

To setup recurring payment by credit card, please call Licensor's bookkeeper, Melissa Brown, at (925) 871-1822.

To pay by ACH debit transfer, please complete the following:

Name as it appears on bank account: _____

Bank Routing Number: _____

Bank Account Number: _____

AutoClerk PMS version 9 Price Quote Valid for 30 Days

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
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 L TO FDD

RECEIPTS

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 SureStay, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If SureStay, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is SureStay, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016. Its telephone number is (602) 957-5842.

Issuance date: March 11, 2024.

The franchise seller(s) for this offering is or are:

- Brad LeBlanc, 6201 N. 24th Parkway, Phoenix, AZ 85016, (443) 624-5590;
- Thomas Giuliano, 6201 N. 24th Parkway, Phoenix, AZ 85016, (443) 624-5590;
- Joshua Miehler, 6201 N. 24th Parkway, Phoenix, AZ 85016, (443) 624-5590;
- Jesse Heydorff, 6201 N. 24th Parkway, Phoenix, AZ 85016, (443) 624-5590; and/or
- _____.

SureStay, Inc. authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated March 11, 2024 that included the following Exhibits:

Exhibit A	List of State Administrators	Exhibit H	Franchise Application
Exhibit B	List of State Agents for Service of Process	Exhibit I	State Addenda to Disclosure Document
Exhibit C	Franchise Agreement	Exhibit J	Form of Guaranty
Exhibit D	State Addenda to Franchise Agreement	Exhibit K-1	AutoClerk Cloud PMS Software as a Service Agreement
Exhibit E	Financial Statements	Exhibit K-2	AutoClerk PMS End User License Agreement
Exhibit F	Manual Table of Contents	Exhibit L	Receipts
Exhibit G	Lists of Current and Former Franchisees		

Date

(Sign, Date and Return to us, the franchisor)

Prospective Franchisee

Authorized Signature

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 SureStay, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Exhibit F	Manual Table of Contents	Exhibit L	Receipts
Exhibit G	Lists of Current and Former Franchisees		

Date

(Sign, Date and keep for your records)

Prospective Franchisee

Authorized Signature