# FRANCHISE DISCLOSURE DOCUMENT

Membership Hotel Organization LLC
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This Franchise Disclosure Document relates to the franchise opportunity offered by Membership Hotel Organization LLC ("MHO," or "Franchisor"). Franchisees would operate hotels utilizing the MHO's trademarks and system. The total investment necessary to begin operation of an MHO hotel is $~~58,900~~68,895 to $1,2~~38,000~~47,995. This includes between $13,495~~7,000~~ and $~~19,000~~25,495 that must be paid to the franchisor or its affiliates.

This Franchise Disclosure Document ("Disclosure Document") summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, 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.**

The terms of your contract will govern your franchise relationship with MHO. Do not rely solely on the Disclosure Document to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mahendra Patel at MHO Hotels 187 U.S. Route 130, Bordentown, NJ 08505 and (609)756-9300.

Buying a Franchise is a complex decision. 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.

Issuance Date: ~~June 1, 2021~~~~August 6, 2022~~June 12, 2023

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **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 the franchisor's 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 MHO 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 an MHO 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 our 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 include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New Jersey. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New Jersey than in your own state.
2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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**EXHIBITS**

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| Exhibit A | List of State Administrators |
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| | Attachments: |
| | Membership Information Addendum |
| | Personal Guaranty |
| | ~~Charter Member Agreement~~ |
| | Software End User License Agreement |
| | Franchise Application |
| | SBA Addendum |
| Exhibit D | State Addenda to Franchise Agreement |
| Exhibit E | Financial Statements |
| Exhibit F | Manual Table of Contents |
| Exhibit G | Lists of Current and Former Franchisees |
| Exhibit H | State Addenda to Disclosure Document |
| Exhibit I | Receipt |

## Item 1

## THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

### The Franchisor

The franchisor is Membership Hotel Organization LLC ("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" or "Brands" refers to Powered by MHO Hotels, MHO Hotel, MHO Hotels, MHO Inn, MHO Suites, and MHO Inn & Suites, and may include other names in the future as we determine in our sole discretion. "System Hotels" refers to hotels operating under the System (as defined below) using the Brands. "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 a New Jersey limited liability company formed on March 17, 2020, with a principal business address located at 187 Route 130, Bordentown, NJ, 08505. We operate under the MHO and license the Brands, and no other name. We have never operated a System Hotel or any other type of business. We are offering franchises for System Hotels.

### Our Parent and Affiliates

We have no parents.

We have a number of affiliates that are owned at least in part by Mahendra Patel. None of our affiliates offer franchises under the MHO marks. Our affiliates operate hotels under brands competitive with MHO and one of our affiliates operates an MHO Hotel. These affiliates are as follows:

| AFFILIATE ENTITY | DBA | TYPE OF BUSINESS |
|---|---|---|
| Brunswick Hospitality, L.L.C.; Brunswick Hospitality Properties, a Limited Partnership, 3775 U.S. Hwy 1, South Brunswick, NJ 08852 | La Mirage Motor Inn | Operator of motel |
| Ella Corp., 4191 U.S. Highway 1, Monmouth Junction, NJ 08852 | Best Western Princeton | Operator of motel |
| Raj Hospitality, Inc., 4721 Market St., Wilmington , NC 28405 | Comfort Suites | Operator of motel |
| DPRJ Hospitality, LLC, 187 Route 130, Bordentown, NJ 08505 | MHO Hotel | Operator of motel |
| Kam & Ket, L.L.C., 4191 Route 1, Monmouth Junction, NJ 08852 | Comfort Inn | Operator of motel since 1998 |

We also formed Hotel USA, LLC but only used that affiliate to apply for certain trademarks as set forth in Item 13.

None of our affiliates has offered franchises for this business and none of our affiliates have ever offered franchises in other lines of business.

**Predecessors**

We have no predecessors.

**Agent for Service of Process**

Our agent for service of process is Mr. Mahendra Patel. His principal business address is 187 Route 130, Bordentown, NJ 08505.

**Franchisor's Experience and Franchise Offered**

The Franchisor has not operated the type of business being franchised. The Franchisor's affiliates – as described above – own and operate several motels. Our affiliate DPRJ Hospitality, however, currently operates an MHO Hotel, and this property was previously called Skybridge Inn & Suites. Currently, this is our only affiliate that operates a hotel the same as or similar to the one being offered in this Disclosure Document. It opened as an MHO Hotel in 2020.

If you enter into a franchise agreement 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 services at System Hotels. The System currently includes the Brands and all other service marks, copyrights, trademarks, logos, insignia, emblems, symbols and designs, slogans, distinguishing characteristics, trade dress, 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; 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 at any time in our sole discretion. The System is intended to ensure certain minimum levels of quality and operational standards, but the System Hotels are not intended to be uniform in appearance.

System Hotels operating under any of the Brands appeal to leisure and business travelers and compete in the economy, mid-scale, or full-service market. System Hotels provide a welcoming environment, clean and comfortable rooms, high-speed Internet access, and great service.

**The Market and Competition**

The market for your services will depend on your Brand, location and size, among other things. The customer of a System Hotel is a leisure or business traveler looking for an economy, mid-scale, or full-service segment hotel stay.

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 possibly

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. Our affiliates engage in lodging and related services. 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 ("ADA"). In addition, the laws, rules and regulations which apply to businesses such as yours and in general will affect you. Consult your lawyer about the laws that may impact your business. Discuss with your architect the ADA and its architectural guidelines, and state and local accessible facilities requirements. You are solely responsible for identifying and complying with all applicable laws, rules, and regulations, and we make no representation or warranty as to what laws, rules, and regulations apply and we do not offer any support with respect to compliance.

**Item 2**

**BUSINESS EXPERIENCE**

~~**Senior Vice President and Chief Financial Officer (CFO**~~**President and Chief Executive Officer (CEO): Priya Patel**

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

~~**President and Chief Executive Officer (CEO)**~~**Founder: Mahendra Patel**

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

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

Mr. Keshin Patel has served as our Senior Vice President and COO since our formation in March 2020. He previously worked as a manager of west coast operations for Cox and Kings Global Services USA, LLC from April 2014 through February 2017. In February 2017, he became the owner and President of Traversal Visa LLC and continues to work in that position.

~~**Senior Vice President of Human Resources and Administration**~~**Chief Financial Officer (CFO): Panna Patel**

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

~~**Senior Vice President and Chief Financial Officer (CFO): Priya Patel**~~

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

**Senior Vice President of Marketing: Hirna Patel**

Ms. Hirna Patel has served as our Senior Vice President of Marketing since our formation in March 2020. In August 2016 she was a data manager for Maricopa County and in March 2020 she became an environmental health specialist for Maricopa County and continues to work in that position.

~~**Senior Vice President of Owner Relations and Procurement: Piyush Patel**~~

~~Mr. Piyush Patel has served as our Senior Vice President of Owner Relations and Procurement since our formation in March 2020. He has been President and owner of a 7-Eleven franchise in Pennsylvania since July 2008 and continues in that position.~~

~~**Senior Vice President of Human Resources and Administration: Panna Patel**~~

~~Mrs. Panna Patel has been our Senior Vice President of Human Resources and Administration since March 2020. Mrs. Patel has been an accounting administrator of Ella Corp., which owns and operates Best Western, Princeton Inn and Suites since September 1990 and remains in that position.~~

~~**Senior Vice President of Administration and Corporate Secretary: Karishma Patel**~~

~~Ms. Karishma Patel has been our Senior Vice President of Administration and Corporate Secretary since April 2020. She has been an administrative assistant at Anand Systems, Inc. (our required software provider) since May 2014 and continues in that role. From December 2016 to May 2017, she was an intern at the Santa Clara County Public Health Department. Since May 2017, she has also served as the San Mateo County Emergency Medical Services Coordinator and continues in that role.~~

**Chairman: Chandu Patel**

Mr. Chandu Patel has served as our Chairman since our formation in March 2020. He has been the operator and an owner of Ella Corp. since November 1980 and continues in that role. He is also an owner of the following motels: La Mirage Motor Inn (since March 1990), Comfort Suites (Wilmington, NC) (since June 1989), and Comfort Inn (Bordentown, NJ) (since November 2000).

## Item 3

## LITIGATION

There is no litigation that must be disclosed in this Item 3.

## Item 4

## BANKRUPTCY

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

## Item 5

## INITIAL FEES

MHO members are required to pay an initial fee of ~~$3,500~~$9,995. The initial fee is not refundable for any reason. ~~The first 100 approved franchisees to enter into franchise agreements with MHO to operate System Hotels shall have this initial fee waived.~~

There will also be a $500 application fee~~, which shall be waived for the first 100 approved franchisees~~. This fee is not refundable ~~when paid, except that the first 100 franchisees that become MHO Hotels will be reimbursed this $500 application fee upon opening for business~~. Before you begin operations, you must ensure that your hotel meets our standards and specifications and you must pay us for our expenses in inspecting your Property to decide whether you are ready to open or not. We estimate that payments to us for related goods and services will be between $~~3,000~~9,995 and $~~15,000~~21,495, and such payments are not refundable.

## Item 6

## OTHER FEES

| Column 1<br>Type of Fee | Column 2<br>Amount | Column 3<br>Due Date | Column 4<br>Remarks |
|---|---|---|---|
| Application Fee | $500 | At least 14 days after receipt of this FDD, and at time of submission of application attached to the FDD as Exhibit I | This fee is for our review of the application and is not refundable or cancelable at any time. We will not accept any payment for this fee until at least 14 days have passed since the date of your signature on the receipt of the FDD. ~~We also intend to waive or reimburse this fee for the first 100 franchisees accepted into the System.~~ |

| | | | |
|---|---|---|---|
| ~~Basic~~ Monthly Fee | $~~175 per month~~19.95 per unit per month | 1st of every month | ~~Basic~~ Monthly fees are nonrefundable and are charged each month. The Monthly Fee of $19.95 per unit per month applies if Franchisee operates using our preferred property management system. ~~MHO may increase Basic Fees no more than once per fiscal year. No such annual increase shall exceed the lesser of (i) five percent (5%), or (ii) the rate of inflation of the previous year as measured by the U.S. Bureau of~~ |
| ~~Unit Fee~~ | ~~$12.95 per unit per month~~ | ~~1st of every month~~ | ~~Unit fees are nonrefundable and are charged each month. MHO may increase Unit Fees no more than once per fiscal year. No such annual increase shall exceed the lesser of five percent (5%), or (ii) the rate of inflation of the previous year as measured by the U.S. Bureau of Labor Statistics Consumer Price Index (all items for all urban areas).~~ |
| ~~Property Management System Setup Fee~~ | ~~$495 per front desk station~~per month | ~~Prior to opening~~ | ~~The property management system setup fee shall be paid to us for setting up the system if you elect to use our preferred software provider. We may have a third party provide the setup services.~~ |

| | | | |
|---|---|---|---|
| ~~Property Management System Equipment Fee~~ | ~~$2,185 per front desk station~~ | ~~Prior to opening~~ | ~~The property management system equipment fee shall be paid to us for the following equipment: scanner, signature pad, and EMV terminal. The equipment may be provided by a third party of our choosing. These amounts are subject to change.~~ |
| Reservation Fees | Currently, 0%, but we reserve the right to increase this fee up to 10% | 1st of every month | This will be payable to us and will be based on reservations booked through our central reservation system ("CRS") for your hotel each month. We will provide thirty (30) days' advanced written notice prior to imposing or changing a Reservation Fee. |
| Marketing Fee | Currently 0% but we reserve the right to increase it up to 5% of gross revenue | 1st of every month | If we implement a marketing fee, you shall pay it to us on the 1st of every month and we shall control the expenses of any marketing fund we create. More detail about the Marketing Fee is set forth in Item 11. We will provide thirty (30) days' advanced written notice prior to imposing or changing a Marketing Fee. |
| Per-diem Training Fee | Our then-current rate, which is currently $500, plus expenses | As incurred | This per-diem fee may increase from time-to-time as we decide in our sole discretion, but it shall not exceed $1,500 per day (not including expenses for food, travel, and lodging which will vary and which you shall pay immediately upon our request). |

| | | | |
|---|---|---|---|
| Per-diem Inspection Fee | Our then-current rate, which is currently $500, plus expenses | As incurred | This per-diem fee may increase from time-to-time as we decide in our sole discretion, but it shall not exceed $1,500 per day (~~not including expenses which will vary~~=(not including expenses for food, travel, and lodging which will vary and which you shall pay). |
| Customer Care Non-Response Fee | $25 per occurrence. | Due and payable monthly upon statement receipt. | Fee charged if we or our third-party vendor request information from you regarding a customer complaint and you fail to respond within 48 hours of such request. |
| Customer complaint fee | $25 per occurrence | As incurred | For each customer complaint related to the Property, we will charge a $25 fee that must be paid to us upon demand. |
| Annual Convention Fee | Currently $500, and which may increase to up to $1,000 | Annually, due upon statement receipt. | We have not yet scheduled an annual convention ~~but intend to do so prior to April 30, 2021~~. Your annual convention fee is due whether or not we hold an annual convention and you will bear any travel, lodging, and meal expenses associated with your attendance. |
| Regional Meeting Fee | Currently $99, and which may increase up to $500 | Annually, due upon statement receipt. | Regional meetings shall be held around the country as we deem advisable and the fee is due whether or not we hold such regional meetings. You will bear any travel, lodging, and meal expenses associated with your attendance. |

| | | | |
|---|---|---|---|
| Regional Training | $99 to $150 | Due and payable upon statement receipt. | Fee for attending one-day of optional regional training. |
| Marketing Co-op Program Fee | Currently 0% but we may impose a fee of up to 5% | 1st of every month | We reserve the right to implement a co-operative marketing program, pursuant to which a number of MHO franchised properties in a specific geographic area will share the costs of advertising and promotion, pursuant to guidelines that we will provide. You agree to join any marketing co-operative upon such reasonable terms applicable to all MHO franchised properties in that co-operative and to pay any fee associated therewith; provided, however, that such co-op marketing cost shall not exceed five percent. |
| Dishonored Check Fee | $50, or the maximum amount permitted by law | As incurred | We may charge you a $50 fee for every dishonored check, or, if less, the maximum amount permitted by law. ~~or payment to us.~~ |

| | | | |
|---|---|---|---|
| Connectivity Fee for Advanced OTA Interface | $100 | As incurred | We may charge this connectivity fee should you choose to sign up for the optional service Advanced OTA Interface. The amount may increase to up to $300. |
| Liquidated Damages for early termination | $200 per room | On demand | Payable if we terminate the Franchise Agreement for cause or if you terminate the Franchise Agreement without our consent within 18 months of the date of execution of the Franchise Agreement. |
| Attorneys' Fees and Costs | Reimbursement for all expenses | Case-by-case basis as incurred. Due and payable upon request. | Expenses may include attorneys' fees, court costs, and other expenses reasonably incurred to protect us and/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 our request. | You must reimburse us for all expenses including attorneys' fees and court costs we reasonably incur to protect us, our subsidiaries, affiliates, and owners or to remedy your defaults under the Franchise Agreement, or liability related to your acts or omissions.<br>You must also defend us, our affiliates and our and their predecessors, successors, assigns, members, officers, directors, employees, managers, and agents. |
| Supplier Evaluation Fee | We may charge a fee of up to $2,000 to evaluate a proposed supplier for a product or service where we require or approve other suppliers | As incurred | If you propose an alternative supplier where applicable, we will notify you prior to charging any fee and will give you the opportunity to withdraw your proposal. |
| Interest | The lesser of 1.5% per month or the maximum rate allowed by applicable law of any past due amount | As incurred | You must pay interest if you do not make any payment to us or our affiliates when due. |

| | | | |
|---|---|---|---|
| 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. |

**NOTES**

1. Unless otherwise indicated, all fees are: (a) imposed and collected by us; (b) payable to us; (c) non-refundable; and (d) uniformly imposed (provided, however, that we may negotiate increases or decreases in fees for particular franchisees at any time in our sole and unfettered discretion). We reserve the right to require a specific method or methods of payment from time to time, in our sole discretion. We reserve the right to impose limits on the use of the credit card payment channel, and to charge additional processing fees for such use. We may negotiate increases or decreases for a particular franchisee at any time when we deem in our sole discretion that it is in our best interest to do so or in the best interest of the System. We may also waive the ~~a number of fees for the first one hundred franchisees to join the System, including at least the application fee and the initial franchise fee, and the Basic Fee and Unit Fee~~Monthly Fee for up to six months.

2. We will charge an application fee to prospective franchisees that apply to become franchisees. ~~We intend to waive or reimburse the application fee for the first one hundred prospective franchisees that are accepted as franchisees, but we may decide not to do so in our sole discretion.~~

~~3. We may, in our sole discretion, waive the application fee, initial franchise fee, and first year of the Basic Fee and Unit Fee, as well as the software setup fee obligations for the first one hundred franchisees in the System.~~

4.3. All fees, dues, and assessments are subject to change by us without limitation except as expressly noted above.

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## Item 7

## ESTIMATED INITIAL INVESTMENT

## YOUR ESTIMATED INITIAL INVESTMENT*

| Column 1<br>Type of Expenditure | Column 2<br>Amount | Column 3<br>Method of Payment | Column 4<br>When Due | Column 5<br>To Whom Payment is to be made |
|---|---|---|---|---|
| Franchise Application Fee (Note 1) | $500 ~~(but subject to waiver or reimbursement for first 100 franchisees approved that actually open)~~ | Lump sum | Upon application but no earlier than fourteen days after you execute the receipts attached as Exhibit I | Us |
| Initial Franchise Fee (Note 1) | $~~0 up to $3,500~~9,995 | Lump sum | Immediately upon execution of the franchise agreement | Us |
| Inspection expenses (Note 2) | $200 to $1,500 | Lump sum | Immediately upon demand | Us |
| Training Expenses (Note 2) | $0 to $5,000 | Lump sum | As incurred | Us and/or third party vendors |
| Real Property | Varies | As incurred | Depends upon lease terms or mortgage terms | Third party vendors |

| | | | | |
|---|---|---|---|---|
| Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements and decorating costs (Note 4) | $100 to $500,000 | As incurred | As incurred | Us and/or third party vendors. ~~You will pay us for property management system setup fee and property management system equipment fee~~. |
| Inventory (Note 5) | $100 to $5,000 | As incurred | As incurred | Third party vendors |
| Signage (Note 6) | $5,000 to $80,000 | Lump sum | Before opening | Third party vendors |
| Insurance (Note 7) | $2,000 to $300,000 | As incurred | As incurred | Third party vendors |
| Marketing (Note 8) | $500 to $25,000 | As incurred | As incurred | Vendors (which in the future may include us) |
| Organizational Expense (Note 9) | $500 to $10,000 | As incurred | As incurred | Third party vendors |

| | | | | |
|---|---|---|---|---|
| Permits and Licenses | $0 to $7,500 | As incurred | As incurred | Third party vendors and/or local, state, or federal government |
| Additional Funds (3 months) (Note 10) | $50,000 to $300,000 | Monthly payments for recurring fees; as incurred for other expenses | As incurred | Us, employees, suppliers, utilities |
| **TOTAL** | ~~$58,900~~68,895 to $1,247,995~~38,000~~ (exclusive of real property expenses) | | | |

**In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment**

**Notes:**

*~~We do not have any franchisees in the System yet, so the~~The above estimates are based only on our expectations and our affiliates' experience in operating various motels and not on actual experience of franchisees. Actual costs may differ from property to property, depending on a variety of factors outside of our control, including, the size of the hotel, the location of the hotel, the quality of the hotel and its supplies, the staffing of the hotel, etc.

1. The Franchise Application Fee and Initial Franchise Fee ~~may be waived and/or reimbursed for the first 100 approved franchisees that enter into a franchise agreement with us~~are non-refundable. You may not submit your franchise application (or pay any fee or sign any other document other than the receipts attached at Exhibit I) earlier than fourteen days after you sign the receipts attached as Exhibit I.
2. Prior to approving you as a franchisee, we may inspect your Property and will charge you for our travel, meals, and lodging expenses related to such inspection.
3. Because the System is designed for use by persons who have existing hotel properties and who have substantial experience in the lodging and hospitality industry, we do not generally provide formal training. ~~If, however, if we~~We may, however, decide in our sole discretion that you need training in certain aspects of the business, in which case we may require you to pay us a fee to train you or your employees and we may, in our sole discretion, require you (and/or your employees) to travel to attend such training or we may provide training at your hotel. We may also require you to become a Certified Hotel Owner from the Asian American Hotel Owners Association ("AAHOA") or to become a Certified Hotel Administrator from the American Hotel and Lodging Educational Institute ("AHLEI") or ~~. AAHOA and AHLEI may charge fees to obtain such certifications, or~~ to obtain certification through HM Bookstore, a hospitality management training company, in which case AAHOA, AHLEI, or HM Bookstore may charge their own fees

for which you bear sole responsibility.

4. Because properties joining the System will vary dramatically, it is exceedingly difficult to estimate the cost of furniture, fixtures, and equipment needed to open. Many hotels may already meet our standards of quality when it comes to furniture, fixtures, and equipment. Other hotels may have to purchase new furniture to comply with our standards, and others may have to install working sinks, new toilets, and/or purchase new linens. Because the amount you need to purchase will depend greatly on the furniture, fixtures, and equipment in your hotel currently, the cost of furniture, fixtures, and equipment will vary substantially from franchisee to franchisee. We may, in our sole discretion, offer you additional time to get into compliance but we do not have to provide additional time uniformly to franchisees. Because the System is designed for use by persons who have existing hotel properties and who have substantial experience in the lodging and hospitality industry, we expect that most, if not all, new franchisees will have a computer that meets our standards, but a franchisee whose computer does not meet our standards may have to invest in a computer system or multiple computer systems. You will have to pay us a setup fee and equipment fees for setting up the property management system if you elect to use our preferred property management system and purchasing ~~required~~ equipment for each front desk station at your property. Since properties vary so dramatically, it is very difficult for us to estimate the amount required to improve the property to comply with our standards and specifications. We have included a broad range of required investment to improve the property to meet our standards and specifications, but depending on the size and other aspects of your property, the amount may exceed our estimates.
5. We consider "Inventory" in this context to be notepads, pens, and similar items with MHO's name on them, as well as other paper products, cleaning supplies, tools, business cards, name badges, key cards, and other miscellaneous items. While we may provide you with recommended vendors and while we reserve the right to require you to use specific approved vendors, currently, you may choose your own vendors, so long as the inventory and supplies meet our standards, as we set forth from time to time.
6. Signage costs can vary dramatically, depending on factors, such as the number of signs, the size of signs, the placement of signs, sign heights, local labor expenses, shipping costs, local ordinances, etc. We do not have a list of approved sign suppliers but do require that we approve your chosen sign supplier and we have minimum standards that with which your signage must comply.
7. The price for insurance will vary dramatically depending on your location, size, and chosen provider. We do not have approved insurance providers, but require that your insurance provider have an "A-" rating or better, as rated by A.M. Best Company, Inc.
8. We do not require a certain amount be spent on marketing and leave that decision up to individual franchisees, but we recommend that you invest in marketing during the opening months of your property as System Hotel.
9. We encourage you to consult with professionals, including accountants and lawyers, to review this FDD and franchise agreement, and to help you develop a business plan.
10. The amount of additional funds includes the ~~Basic Fee, the Unit Fee~~Monthly Fee, the fees for optional services that you elect to subscribe to (to be provided by recommended third party vendors), and other standard operating costs, such as staffing costs. These expenses will vary greatly depending on a number of factors, including the size of your property, your location, the number of employees you have, staff performance, and competition in your area~~, etc~~.

**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 standards manual (the "Manual" or "Standards Manual"). In order to maintain the integrity, uniformity of certain aspects of the business, and public reputation of the System, you are required to comply with all of our standards and specifications. Among other things, the standards and specifications may regulate: (a) the quality, types, models, and brands of products and services your Hotel uses; (b) required and authorized products and services that the Hotel must offer to customers and quality standards for those products and services; and (c) designated, approved, and recommended suppliers of these items and services. We may require you to purchase certain products or services from: (a) us; (b) another supplier we designate; (c) a supplier you choose that is approved by us; and/or (d) a supplier that provides goods and services that meet our standards and specifications. We may in our sole discretion name only one approved supplier of any such products and services and we may be the only approved supplier of such products and services. We may also name suppliers that we recommend or prefer but that you are not required to use.

If we designate or approve a vendor for a product or service, you must purchase the products and services we periodically designate only from the vendors we prescribe and only on the terms and according to the specifications we approve. We may only approve one vendor for a product or service in which case you will be required to purchase products or services solely from such approved vendor.

Currently, you ~~must~~ may obtain~~: (i) a property management system, and (ii)~~ reputation management services from ~~a single~~our recommended supplier~~s we require~~. ~~While these providers~~this ~~provider is required are required~~If you select our recommended provider, your payments for these services will be ~~paid to us and we will pay the providers ourselves.~~included in your Monthly Fee and we will pay the provider.

You are ~~currently~~ required to sublicense a Property Management System ("PMS") from us unless you operate a hotel under the POWERED BY MHO brand. If you operate under the POWERED BY MHO brand, you may use whatever PMS you select, so long as we approve in writing prior to your use thereof. You ~~are required to ,~~may ~~and~~ purchase reputation management services, and revenue management services, from ~~us or~~ our ~~required~~ recommended vendor(s) which may include us (but the prices for which are included in the ~~Basic Fee and Unit~~Monthly Fee~~, except that you must pay us a setup fee and equipment fee related to the PMS~~). The ~~required~~ required PMS is currently provided by Stayflexi, Inc. ~~Anand Systems, Inc. and is its "Platinum" level system~~. ~~You will pay us the setup fee and equipment fees to set up the software and we will pay Anand Systems, Inc. (but Anand Systems, Inc. will provide the equipment and setup). You will also pay us monthly fees for use of the PMS but such amount is included in your Basic Fee and Unit Fee. Currently, we only bill the actual cost for the setup fee, equipment fee, and monthly fee associated with your use of the PMS, but we reserve the right to increase these fees and earn a profit as a result. We will in turn pay the costs associated with the PMS to Anand Systems, Inc. or other required vendor in the future. We may change the required property management system in the future and you will be solely responsible for the expense associated with the change.~~ Only if you operate under the POWERED BY MHO brand may you select another PMS; provided, however, you must obtain our prior written approval to use such other PMS.

You must also use online reputation management services from Travel Reputation Services, LLC dba My Hotel Reputation ("MHR"). The price for these services is included in the ~~Basic~~ Monthly Fee ~~and Unit Fee~~, which you will pay to us, and we in turn, will pay MHR (or our then-current hotel reputation management provider) the amounts required to provide the reputation services on your behalf.

Except as described, you may purchase all other products and services from any source of distribution as long as the product or service meets the quality standards we require, which we may add to, amend, or change from time to time in our sole discretion. 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 or from a single supplier or distributor that we designate, which may be us.

If you would like to purchase any items you are required to purchase from approved or required 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 will email you any specifications and standards required of approved suppliers and vendors. We may charge you or the supplier a reasonable fee (not to exceed $2,000) for the evaluation, and/or require the supplier to participate in a brand marketing or rebate program, and will approve or deny the supplier within a reasonable time (no more than 120 days). We have no obligation to approve any new supplier you propose and we may withhold approval of a proposed supplier in our sole discretion. We reserve the right to periodically re-inspect the facilities and products of any supplier or vendor that we approve and to revoke our approval if the supplier or distributor does not continue to meet 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.

None of our owners owns the provider of the required property management system or any other approved or recommended vendor~~, which franchisees are required to purchase and use. Our Senior Vice President and Secretary Karishma Patel, however, is the daughter of the owner of Anand Systems, Inc. but she does not own equity in Anand Systems, Inc.~~

We and our affiliates have the right to receive payments or other material consideration from suppliers on account of their actual or prospective dealings with you and other franchisees and to use all amounts that we and our affiliates receive without restriction (unless we and our affiliates agree otherwise with the supplier) for any purposes we and our affiliates deem appropriate. We do not currently receive payments or other consideration from suppliers based on your and other franchisee purchases, but we reserve the right to do so. In the fiscal year ~~2020~~2021, we did not receive any revenues from required purchases. In the fiscal year ~~2020~~2021, our total revenue was $0 and we received $0 of our total revenue from vendors (i.e., rebates) in connection with required and discretionary purchases by

System Hotels.

There are not currently any purchasing or distribution cooperatives. We may 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.

Collectively, the purchases and leases described above are expected to be 10% to 30% of your overall purchases and leases in establishing a System Hotel.

Collectively, the purchases and leases described above are expected to be 5% to 20% of your overall purchases and leases in operating a System Hotel.

Neither we nor our affiliates have currently negotiated purchase arrangements or price terms for the benefit of franchisees, though we may do so in the future. You may periodically be required to purchase these items at a price or on other terms we or our affiliates have negotiated in advance. We and/or our affiliates may periodically derive revenue in the form of rebates, or other consideration from vendors based on your purchases and leases of certain products and services, though neither we nor our affiliates currently do so. Neither we nor our affiliates collected any amounts from consideration from vendors based on purchases and leases by franchisees in our last fiscal year. We do not currently provide material benefits to franchisees for purchasing particular products or services or using designated or approved vendors. Neither we nor our affiliates collected any amounts from the sale of products and services to franchisees in our last fiscal year, other than the fees described in Item 6. As of the issuance date of this Disclosure Document, none of our officers own any interest in any of the approved vendors.

## 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 |
|---|---|---|
| a. Site selection and acquisition/lease | 7.1.22 p. 8; 7.3 p. 11; 11.2.4 p. 16; 11.2.5 p. 16;; Standards Manual; Member Information Addendum | Items 12 and 17 |

| | | | |
|---|---|---|---|
| b. | Pre-opening purchases/leases | Standards Manual; Member Information Addendum | Items 6, 7, 8, and 11 |
| c. | Site development and other pre-opening requirements | 7.1.12 p. 8; 7.1.13 p. 8; Standards Manual; Member Information Addendum | Items 6, 7, 8, and 11 |
| d. | Initial and ongoing training | Introduction p. 1; 6.1 p.5; 6.3 p. 5; ; Standards Manual | Items 6, 7, 11, and 15 |
| e. | Opening | Introduction p. 1; Standards Manual; Member Information Addendum | Items 5, 6, 9, 11, and 15 |
| f. | Fees | 7.1.3 p. 7; 7.1.4 p. 7; 7.1.7 p. 7; 7.1.18 p. 8; 7.1.19 p. 8; | Items 5, 6, 7, and 11 |
| g. | Compliance with standards and policies/operating manual | 1.3 p. 2; 1.4 p. 2; 7.1.2 p. 6; 7.1.17 p. 8; 7.1.27 p. 10; 7.2 p. 10; Standards Manual | Items 1, 8, 11,14, and 15 |
| h. | Trademarks and proprietary information | 1 pp. 1-2; 8 p. 11; | Items 1, 11, 13, and 14 |
| i. | Restrictions on products/services offered | 2.10 p. 4; 7.1.7 p. 7; 7.1.15 p. 8; 7.1.28 p. 10; Standards Manual | Items 8, 11, 12, and 16 |
| j. | Warranty and customer service requirements | 7.1.16 p. 8; Standards Manual | Items 1, 8, 11, and 16 |
| k. | Territorial development and sales quotas | None | Item 12 |

| | | | |
|---|---|---|---|
| l. | Ongoing product/service purchases | 7.1.11 p. 7; Standards Manual | Item 8 |
| m. | Maintenance, appearance, and remodeling requirements | 7.1.9 p. 7; 7.1.12 p. 8; 7.1.13 p. 8; 7.1.14 p. 8; | Items 1, 5, 6, 7, 8, 11, and 14 |
| n. | Insurance | 7.1.24 pp. 9-10 | Items 7 and 8 |
| o. | Advertising | 2.1 pp. 2-3; 2.2 p. 3; 3.1 p. 4; 3.3 p. 5; 4 p. 5; 7.1.17 p. 8; 7.1.21 p. 8; Member Information Addendum | Items 1, 6, 7, 8 11, and 14 |
| p. | Indemnification | 14 pp. 20-21; 16.11 p. 26 | Items 6 and 14 |
| q. | Owner's participation/ management/staffing | 7.1.1 p. 6; 7.1.29 p. 10 | Item 15 |
| r. | Records and reports | 7.1.5 p. 7; 7.1.11 p. 7; 7.1.22 p. 8; 7.1.25 p. 10; 7.1.26 p. 10; 10 p. 13 | Not Applicable |
| s. | Inspections and audits | 6.2 p. 5; 7.1.5 p. 7; 7.1.6 p. 7 | Items 1, 6, 7, and 11 |
| t. | Transfer | 11 pp.13-16 | Item 17 |
| u. | Renewal | 5.2 p. 5 | Item 17 |
| v. | Post-termination obligations | 13 pp. 18-19 | Item 17 |
| w. | Non-competition covenants | Not Applicable | Not Applicable |

| | | | |
|---|---|---|---|
| x. | Dispute resolution | 16.3 pp. 22-23 | Item 17 |
| y. | Other. Guaranty of franchisee's obligations | Personal Guarantee of MHO Franchise Agreement | Item 17 |

## 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.**

Pre-Opening Obligations:

1. Because this system is designed for use by persons who have existing hotel property and who have substantial experience in the lodging and hospitality industry, we provide no pre-opening assistance program but will provide you with our standards and specifications and if, upon inspection of your hotel, we determine in our sole discretion that you and/or your employees need additional training, we may require you and/or your employees to participate in such training either at our then principal place of business or at your hotel. We require that you pay a $500 per-diem training fee if such training is required, plus related travel, lodging, and meal expenses. In addition to requiring you to attend training, we may require you to obtain a Certificate of Hotel Ownership (CHO) from the Asian American Hotel Owners Association ("AAHOA") or to become a Certified Hotel Administrator (CHA) through the American Hotel and Licensing Educational Institute ("AHLEI"). If we require you to train through us, you must pay to us our then-current per-diem fee (which is currently a $500 per-diem training fee, but which may increase to up to $1,500), along with any expenses, including travel, lodging, and meal expenses, and you will have to pay all costs and expenses to obtain CHO or CHA status to the extent we require such certification, but such payments shall be made directly to AAHOA or AHLEI, or HM Bookstore, a hospitality management training entity.

2. We may require that you complete ongoing training programs or refresher training to our satisfaction. Training is conducted by members of our staff who have been employed by us since our inception; and have between 5 and more than 45 years' experience in the hotel industry. We may charge you a fee for additional training provided to you or your employees. Our current per-diem training fee is $500 per day, plus expenses (travel, meals, lodging, etc.), but our per-diem fee is subject to increase (but shall not increase to exceed $1,500).

3. We will provide you with a copy of the Manual containing our standards and specifications.

4. We may inspect your property prior to approving you as a franchisee and/or before you open as a System Hotel to ensure compliance with our standards and specifications. (Franchise Agreement, Section 6.2). You will pay our expenses incurred in conducting such inspections.

5. We do not provide you with assistance procuring signs, fixtures, operating inventory, or supplies, although we will provide you with written standards and specifications for those items in our Manual. We do not have approved or mandatory suppliers for any signs, fixtures, operating inventory or supplies.

Continuing Assistance

During the operation of the franchised business, we (or our affiliates or designees) will:

1. Issue to you or make available a copy of our Manual and provide updates, amendments, or changes thereto, as we deem advisable in our sole discretion. (Franchise Agreement, Section 7.2). The manual will include 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 System Hotels in connection with the appearance, cleanliness, equipping, supplying, operating, maintaining, marketing, services, service levels, quality, and quality assurance of System Hotels, including the Hotel, and for Hotel advertising and accounting. We may update the manual by providing you written notice of changes to the standards, specifications, requirements, criteria, and policies. The current table of contents of the Manual is attached as Exhibit F. (Franchise Agreement, Section 7.2).

2. Provide you with Approved Branding Designs for branding the Property, including design templates for signage, billboards, brand collateral, and your website (Franchise Agreement, Section 2.1).

3. Provide you with national consumer marketing as we deem appropriate in our sole discretion, however we make no representation or warranty that we will market your property specifically. (Franchise Agreement, Section 2.2).

4. Furnish you access to the reservation service so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual. (Franchise Agreement, Section 2.3).

5. Furnish you access to ~~the~~ our preferred property management system if you elect to use it so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual. (Franchise Agreement, Section 2.4).

6. Provide you with an interface between the property management system and your selected credit card processing vendor so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS. (Franchise Agreement, Section 2.5).

7. List your property on our website and allow for reservations to be made through our website commission-free so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual. (Franchise Agreement, Section 2.6).

8. Provide you with interfaces between the property management system and social media and booking sites so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS. (Franchise Agreement, Section 2.7).

9. Furnish you with an interface between the property management system and your property's phone system so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS. (Franchise Agreement, Section 2.8).

10. Furnish you with an interface between the property management system and online travel agency platforms so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS. (Franchise Agreement, Section 2.9).

11. Provide you with a list of preferred, recommended, approved, or required vendors so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual. (Franchise Agreement, Section 2.10).

12. Provide you with a two-way interface between the property management system and the central reservation system that will allow for room inventory and posting of rates on the central reservation system and transmission of reservations from the central reservation system to the property management system so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS. (Franchise Agreement, Section 2.11).

13. Provide you with access to a third-party provider to assist in reviewing and responding to comments made about the Property on certain websites so long as you are in full compliance with the obligations set forth in the Franchise Agreement, including all standards set forth in the Manual. (Franchise Agreement, Section 2.12).

14. We may establish a loyalty program, but do not currently have a loyalty program. If we implement a loyalty program, we will provide guidance to System Hotels in the rules and policies governing such program, as we deem necessary in our sole discretion. (Franchise Agreement, Section 2.13).

15. Provide training as we deem necessary and advisable in our sole discretion and for which you must pay the then-current per-diem training fee, as well as our travel expenses, including travel, meals, and lodging. (Franchise Agreement, Section 6.1).

16. Inspect your property prior to approving you as a franchisee and/or before you open, and conduct additional inspections as we deem necessary or advisable to ensure compliance with our standards. (Franchise Agreement, Section 6.2).

17. OPTIONAL SERVICES. We may provide you with a list of recommended vendors for the following services, but we will not provide the services except that we may help with revenue management if we choose to do so in our sole discretion; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide the interfaces mentioned below will depend on your choice of PMS.

    a. Digital Marketing. A third party to provide online and social media marketing and search engine optimization for your local website.

    b. GDS Interface. A third party to provide a global distribution interface.

    c. Advanced OTA Interface. The optional Advanced OTA Interface will permit you to advertise on Expedia or other third-party websites.

    d. Revenue Management. We or a third party will provide weekly review and consultation with respect to your rates and revenue management.

    e. Operations Manual contains 42 pages; Table of Contents:

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Time to Open

We expect that you will open within sixty (60) days of entering into a franchise agreement with us, but the length of time it will take to open depends on a variety of factors, including the number and manner of updates we require you make to your hotel, your ability to obtain required signage in a timely manner, and additional factors beyond our control.

Marketing, Sales and Technology

*Advertising Support*. For payment of the ~~Basic Fee of $175 per month plus Unit Fee of $12.95~~ Monthly Fee per unit (hotel room), we will provide the following services with respect to advertising:

- We will provide you with "Approved Branding Designs" for branding the Property with the Marks, including design templates for signage, billboards, brand collateral, and your website. You may only use Approved Branding Designs for signage, billboards, brand collateral, and your website. We will provide such national consumer marketing, global tradeshow representation, social media marketing, and global press releases for the Property as we, in our sole discretion, deem appropriate, consistent with the marketing provided to System properties generally. We make no representation or warranty that we will market your Property in any particular manner or market or at all, nor do we represent that such marketing will increase your business.

- We will provide, through a third party, online and social media marketing and search engine optimization for our website and our website will link to your local website (but we will not

provide search engine optimization or online and social media marketing for your local website); provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such service through a third party will depend on your choice of PMS.

- In advertising and promoting the property, you will comply with our standards and submit any proposed advertising that we have not provided or previously approved for our approval; if we do not disapprove such advertising within 10 days of submission, you may consider it approved.

*Marketing Fund*. We may establish a marketing fund to advertise nationally, regionally, or locally through television, radio, magazine, digital and social media, or newspaper advertising campaigns (the "Marketing Fund" or "Fund"). If we establish a Marketing Fund, you must contribute a percentage of revenue that we will determine, but which will not exceed 5% of your gross receipts into the Fund on a monthly basis. The Fund shall be administered by us. Unaudited financial statements of the operation of the Fund will be prepared annually by us. Upon your written reasonable request, a copy of the financial statements will be sent to you.

We will use your contributions to the Fund to pay for various programs to benefit the System, including (i) advertising, promotions, publicity, public relations, market research, loyalty programs and other marketing programs, and (ii) 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 will have the sole right to determine how and when we spend the money in the Fund, 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 money from the Fund to solicit new franchise sales (other than the development and maintenance of our website pages and except that we may include notes in promotional materials that franchises are available).

The Fund, if established, will be intended for the benefit of the System and will not simply be used to promote or benefit any one System Hotel or market. We will have no obligation in administering any activities paid for with the Fund to make expenditures for you that are equivalent or proportionate to your payments or to ensure that your hotel benefits directly or proportionately from such expenditures.

We may create any programs and allocate monies derived from the Fund to any regions or localities, as we consider appropriate in our sole discretion. The Fund does not constitute a trust and we are not a fiduciary with respect to the Fund.

We are not obligated to expend funds in excess of the amounts received from System Hotels. If any interest is earned on unused money in the Fund, we will use the interest before using the principal. Your contribution to the Fund will not cover your costs of participating in any optional marketing programs and promotions offered by us in which you voluntarily choose to participate.

If all the money in the Fund is not spent in the year, the remaining accounts are carried over to the next year. We may be reimbursed for the services of certain employees who provide services benefiting the Fund and its goals. We are not required to spend any Fund amounts on advertising in your territory.

We plan to source advertising from a variety of sources, including, national and regional advertising agencies and we also plan to source some advertising from ourselves.

There is no advertising council composed of franchisees. We have sole discretion over use of the Fund, subject to any restrictions set forth herein.

*Your Advertising*. You must advertise and promote your 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.

*Co-Op Marketing Program*: We reserve the right to implement a co-operative marketing program, pursuant to which a number of Members in a specific geographic area will share the costs of advertising and promotion, pursuant to written guidelines that we will provide. You agree to join any marketing co-operative upon such reasonable terms applicable to all Members in that co-operative and to pay any fee associated therewith; provided, however, that such co-op marketing cost shall not exceed 5%. Marketing co-operatives will maintain unaudited financial statements and make them available upon request. Franchisor-owned outlets in a co-operative's area will contribute the same amount as franchisees in the co-operative. Each marketing cooperative will be administered by us; provided, however, franchisees in the area covered by the co-operative shall be permitted to offer non-binding advice to us. At some point, we may allow franchisees to run the advertising co-operatives pursuant to organizational by-laws that we must approve.

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 using the proper PMS; and, (~~i~~ii) equipment for your Hotel's guests' use.

Unless you operate under the POWERED BY MHO brand, ~~Y~~you are currently required to sublicense the System's PMS from us, which we have licensed from ~~Anand Systems, Inc.~~Stayflexi, Inc. We expect that most, if not all, new franchisees will have a computer that meets our standards, but a franchisee whose computer does not meet our standards may have to invest in a computer system or multiple computer systems. You must have a computer that operates Windows 7 or higher or Mac OX X Yosemite (10.10) and high-speed internet, and you must have a printer; you need to have a minimum of

.75 Mbps upload speed. The PMS is the only required software that you must use and is described in more detail in the previous paragraph. We may, in the future, impose additional hardware and software requirements as we deem advisable in our sole discretion~~, and we shall charge you a setup fee of $495 and equipment fee of $2,185, for each front desk station at your Hotel.~~ You will pay those amounts to us and we will pay Anand Systems, Inc.

The Computer System will be used for check-in and check-out purposes, closing transactions, and storing certain customer information, which shall include names, phone numbers, emails, and addresses. Credit card information will be encrypted and stored by a PCI compliant third-party.

Your fee for the right to use ~~the~~ our preferred PMS is included in the ~~Basic Fee of $175 per month plus the $12.95 per unit fee per month~~Monthly Fee of $19.95 per unit per month; provided, however, if you operate under the POWERED BY MHO brand you may elect to use a different PMS, in which case your Monthly Fee will be a flat fee of $~~350~~495. Failure to pay any amounts owed may result in our suspension of any and/or all services to you.

We will have independent access through the PMS provider or otherwise to the information that will be generated by or stored in the PMS. There are no contractual limitations on our rights to access or use this information. If, however, you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to access such information will depend on your choice of PMS but you must provide us with all information we request from time-to-time.

The cost of maintenance, updating, upgrading and support the computer system is likely $0 to $5,000, depending on how much hardware you have, how old it is, and its capabilities. We may periodically require changes, upgrades, or updates to the Computer System. Any changes to equipment requirements will be in accordance with the Manual.

## Training

We may require you or your general manager (collectively referred to herein as "you") to obtain certain training if you do not have a Certificate of Hotel Ownership (CHO) from the Asian American Hotel Owners Association ("AAHOA") or a Certified Hotel Administrator (CHA) through the American Hotel and Licensing Educational Institute ("AHLEI"). If we require you to obtain training, you must pay to us our then-current per-diem fee (which is currently a $500 per-diem training fee, but which may increase to up to $1,500), along with any expenses, including travel, lodging, and meal expenses, and you will have to pay all costs and expenses to obtain CHO or CHA status to the extent we require such certification, but such payments shall be made directly to AAHOA or AHLEI, or HM Bookstore, a hospitality management training entity.

If we require you to obtain training based on your lack of a CHO or CHA, we may require you to engage in the following training programs through a third party provider – HM Bookstore (Hospitality Management Bookstore). If we require you to obtain training, it will be available every day because you will be able to sign up and pay HM Bookstore for the coursebooks.

If we require you to obtain training through HM Bookstore, you must score at least a 70% on each quiz provided to you by HM Bookstore, and you must complete such training and pass such tests within 90 days from execution of the franchise agreement unless otherwise agreed to. We are not involved in drafting or grading of quizzes.

We may require additional training or refresher courses, in our sole discretion. You may request additional training or refresher courses, and we may decide to provide the additional training or refresher course in our sole discretion, subject to our availability. If we require or you request and we provide additional training or refresher courses, you must pay us our then-current per-diem fee (which is currently $500 per day but may increase up to $1,500) along with any expenses including travel, lodging, and meal expenses.

## TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| General manager training, operations, guest service, culture, marketing | 20 to 40 hours | Not applicable | Anywhere |
| Housekeeping, inspections, laundry | 3 to 6 hours | Not applicable | Anywhere |
| Front office, guest service, reservations, night auditor, bellperson attendant | 3 to 6 hours | Not applicable | Anywhere |
| Maintenance | 3 to 6 hours | Not applicable | Anywhere |
| TOTAL | 29 to 58 hours | | |

All training will be undertaken by you through coursebooks via HM Bookstore so we do not have trainers for this training program. Training will be self-directed reading of required materials and you must achieve at least a 70% on each quiz related to your required readings, which shall all be provided by HM Bookstore.

## Item 12

## TERRITORY

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.

The franchise is for a specific location to be approved by us. You do not have any protected

territory nor do you have any minimum territory, rights of first refusal or similar rights to acquire additional franchises.

We and our affiliates may offer hotel or motel services to your potential customers through any distribution channel (including the Internet) in any area under the MHO Marks or other competitive marks. We will not pay franchisees any compensation for sales that we or our affiliates make.

You may solicit or accept purchases from anyone anywhere in the world, but must use our required property management system (unless you operate under the POWERED BY MHO brand) to book reservations and may not use catalog sales, direct marketing, or telemarketing, unless we authorize such marketing in a signed writing.

Our affiliates operate businesses under different trademarks and that business sells services similar to those the franchisee will offer. Our affiliates operate the following hotels in the following locations:

| AFFILIATE ENTITY | DBA | TYPE OF BUSINESS |
|---|---|---|
| Brunswick Hospitality, L.L.C.; Brunswick Hospitality Properties, a Limited Partnership, 3775 U.S. Hwy 1, South Brunswick, NJ 08852 | La Mirage Motor Inn | Operator of motel |
| Ella Corp., 4191 U.S. Highway 1, Monmouth Junction, NJ 08852 | Best Western Princeton | Operator of motel |
| Raj Hospitality, Inc., 4721 Market St., Wilmington , NC 28405 | Comfort Suites | Operator of motel |
| DPRJ Hospitality, LLC, 187 Route 130, Bordentown, NJ 08505 | ~~Skybridge Inn & Suites~~MHO Hotel | Operator of motel |
| Kam & Ket, L.L.C., 4191 Route 1, Monmouth Junction, NJ 08852 | Comfort Inn | Operator of motel |

These affiliate-owned hotels may offer the same services as the franchisee anywhere in the world. They operate under the following trademarks: La Mirage Motor Inn, Best Western, Comfort Suites, Comfort Inn, and MHO Hotel, formerly known as Skybridge Inn & Suites. None of our affiliates offer franchises

We will consider relocation requests, but retain sole discretion in whether to approve of any proposed franchise relocation.

DPRJ Hospitality, LLC operates out of 187 Route 130, Bordentown, NJ 08505 – the same as our headquarters. We plan to maintain physically separate offices for DPRJ Hospitality, LLC and Membership Hotel Organization, LLC.

## Item 13

## TRADEMARKS

You may use certain Marks in operating the Hotel. We do not have a federal registration for ~~any~~ all of our trademarks. Therefore, ~~our~~ some of our trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

| TRADEMARK | REGISTRATION OR SERIAL NUMBER | REGISTRATION OR APPLICATION DATE |
|---|---|---|
| MHO | 88836339 | Application Date: 3/16/20 |
| MHO HOTELS | 90272046 | Registration Date: 7/13/21 |
| MHO HOTEL | 88836359 | Registration Date: 2/23/21 |
| MHO SUITES | 88836399 | Registration Date: 10/19/21 |
| MHO INN | 88836409 | Application Date: 3/16/20 |
| MHO INDEPENDENT | 88836421 | Application Date: 3/16/20 |
| MHO INN & SUITES | 88836373 | Registration Date: 10/19/21 |
| MHO HOTELS | 88843101 | Registration Date: 5/25/21 |
| MHO HOTEL | 88843106 | Registration Date: 2/23/21 |

| | | |
|---|---|---|
| | 88843109 | Application Date: 3/21/20 |
| | 88843114 | Application Date: 3/21/20 |
| | 88843115 | Application Date: 3/21/20 |

The PTO recorded the assignment of these marks from a former company formed by the founders of MHO – Hotel USA, LLC – to Membership Hotel Organization, LLC as of June 10, 2020.

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. No affidavits or renewal filings are yet due in connection with these 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 you shall bear all costs and expenses with such changes applicable to your Hotel.

## Item 14

## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent and we do not have any pending patent applications with the United States Patent and Trademark Office. We do not own rights to, or

licenses in, any patent that is material to the franchise system.

We have not registered our manuals with the United States Copyright Office, but we claim a copyright and consider the information included therein proprietary, and we, or our parent or affiliate, claim protected trade secrets and copyrights in parts of our franchise system.

You may use the proprietary information in our Manual only in connection with the system. The Manual may not be copied. The Manual must be returned to us or permanently deleted by you upon termination or expiration of your franchise agreement. As mentioned above, portions of the System are trade secrets and/or confidential and proprietary to us. You must ~~also~~ promptly tell us when you learn about unauthorized use of our Manual ~~and~~ or any other proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. If applicable, we have the right to control any administrative proceedings or litigation. We are not required to defend or indemnify you for any damages from a proceeding based on patents or copyright. You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, in our reasonable discretion.

With regards to our proprietary information, the franchise agreement also provides that you will: (a) strictly follow all confidential security procedures required by us, (b) disclose this information to your employees only as needed to market our products and services; (c) not use this information in any other business; (d) exercise the highest degree of diligence to maintain this information as confidential; and (e) promptly notify us if you learn of any unauthorized use of our trade name, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses we require or allow.

We claim other copyrights in sales literature and marketing materials which we, or our franchisees, develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses we require or allow.

There are presently no known superior rights in or infringing uses of the copyrights or patents that could materially affect your use of the copyrights or patents in your territory.

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 discretion, and which are subject to change in our sole discretion.

## 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 are required to fulfill this responsibility 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 (if applicable) and/or the General Manager. Your General Manager does not need to have an equity interest in the Hotel or you. We do, however, recommend that the

franchisee or one of its owners to participate in operating the Hotel. We do not require training unless upon our initial inspection of the property, we determine that the party operating the hotel needs training to meet our standards.

You must adopt and implement all procedures we periodically establish in our discretion 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.

Every owner of the franchisee (including any owner of any company that owns an interest in the franchise) must enter into a personal guaranty, obligating such owner to guaranty the franchisee's performance of all its obligations under the franchise agreement, including, without limitation, confidentiality provisions. Spouses of owners do not have to sign a non-compete, personal guaranty, or confidentiality agreement, but spouses of owners shall not be given access to confidential or proprietary information.

## Item 16

## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We do not impose any restrictions as to the customers to whom you may sell goods or services. 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. You may also sell the goods or services you wish, so long as such goods and services comply with our standards and specifications and do not harm the ~~our~~ reputation or goodwill associated with our Brands, as we determine in our sole discretion.

You must allow us, in our sole discretion, to include your hotel address, as well as photos or virtual tours on our website for the purposes of allowing reservations to be made through our website. Moreover, we may establish products and services from time to time that you must offer to customers, including, without limitation, if we establish a loyalty program, you must honor and comply with all rules and policies we set forth with respect to such loyalty program.

There is no limit on our right to make changes to the System and you must comply with all changes we adopt.

## 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 | 5 and Addendum | To be determined by Franchisee and Franchisor in Information Addendum. |
| b. Renewal or extension of the term | 5.3 | The Franchise Agreement provides you with an option to renew if certain conditions are met, such as you not being in default, you having paid all amounts due and owing, etc. |
| c. Requirements for franchisee to renew or extend | 5.3 | You have the right to renew if you meet certain conditions, including, without limitation: (a) you have given us notice of your intent to renew no later than six months' from the end of the Term and no earlier than twelve months' from the end of the Term; (b) you are not in default of any provision of this Agreement, any amendment of this Agreement, or any other agreement between us or you and our affiliates, and have substantially complied with all the terms and conditions of such agreements; (c) you have not received three (3) or more written notices from us of a material breach of this Agreement, whether the breaches were corrected within the prescribed cure period after receipt of written notice of the breach; (d) all monetary obligations then due and owing by you to us or our affiliates have been satisfied prior to renewal; (e) you execute our then-current Franchise Agreement which shall supersede this Agreement (a "Renewal Franchise Agreement"), and which may contain terms and conditions that materially differ from those set forth in this Agreement; and (f) you, if we require, attend additional training, at your sole expense, to bring your skill up to out then current standards for operating a System Hotel. |

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| d. Termination by franchisee | 12.1 | You have the right to terminate the Franchise Agreement on six months' prior written notice; provided, however, that if terminated within the first 18 months from execution of this Agreement, you will be required to pay us Liquidated Damages. |
| e. Termination by franchisor without cause | 10.1 and 10.2 | 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 immediately.<br>Casualty: You must immediately inform us if the property is damages by fire or other casualty. If you elect not to repair or rebuild or fail to do so in a timely manner, we may terminate the franchise agreement. |
| f. Termination by franchisor with cause | 12.2 and 12.3 | Except as described above, we can terminate only if you fail to satisfy any obligations under the Franchise Agreement or any attachment to it or if any of the conditions set forth in Section 12.3 are present. |
| g. "Cause" defined - curable defaults | 12.2 | We may terminate the Franchise Agreement at any time before its expiration under one or more of the following conditions by providing written notice to you and affording you a thirty-day opportunity to cure:<br>Failure to pay dues or other fees, rentals, charges or assessments within the time set by the Franchise Agreement;<br>Failure to comply with the terms and conditions or to meet the standards as set forth in the Franchise Agreement or the Manual. |

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| h. "Cause" defined- non-curable defaults | Section 12.3 | 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:<br>the Property is leased or subleased;<br>a lease of the Property terminates;<br>you violate any provisions related to transfer of the franchise;<br>you fail to maintain and provide proof of insurance coverage as required by the franchise agreement or Manual;<br>you contest in any court or proceeding our ownership of the System or any part of the System or the validity of the marks;<br>you, your General Manager, your third party Management Company (or any owner thereof), or any equity owner with a controlling equity interest are or have been convicted of or charged with 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 System Hotel, the System, us and/or any entity;<br>you conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise attempt to defraud us;<br>you, your affiliate, or guarantor become a Sanctioned Person or are owned or controlled by a Sanctioned Person;<br>any guarantor breaches its guaranty to us; or<br>a threat or danger to public health, welfare or safety results from the construction, maintenance, or operation of the System Hotel;<br>you use the marks or our name in any way not licensed under the franchise agreement; or<br>you commit three breaches (whether or not cured) in any 12-month period. |

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| i. Franchisee's obligations on termination or expiration | 13 | On termination or expiration of the Franchise Agreement you must do all of the following:<br>1. immediately upon termination or expiration of the Franchise Agreement, and on any later date that we determine the amounts due to us, you shall pay us all amounts owed to us which then are unpaid;<br>2. immediately cease operating the Hotel as a System Hotel and immediately cease using the Marks, the Trade Name, and any confusingly similar names, marks, trade dress systems, insignia, symbols, or any of our proprietary rights, procedures, and methods. You will deliver all goods and materials containing the Marks to us and we will have the sole and exclusive use of any items containing the Marks. You will immediately make any specified changes to the location as we may reasonably require for this purpose, which will include removal of the signs, custom decorations, and promotional materials. You will, at your expense, take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Marks;<br>3. immediately cease representing yourself as a System Hotel, a former System Hotel, or affiliated with MHO;<br>4. immediately return all copies of the Standards Manual and any other Proprietary Information to us;<br>5. immediately cancel all assumed name or equivalent registrations relating to your use of the Marks, 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 Property, and authorize their transfer to us; |

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| | | 6. irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations and social media accounts that contain or have contained any reference to our Marks or System; 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 social media account, or transfer of the domain name or social media account to us (or Our designee), as we specify. You will also delete all references to Our Marks, System, or Brand from any Sites you own, maintain or operate beyond the expiration or termination of this Agreement;<br><br>7. You agree to give us, within thirty (30) days after the expiration or termination of Franchise Agreement, evidence satisfactorily certifying to us of Your compliance with these obligations |
| j. Assignment of contract by franchisor | 11.1 | We may change our ownership or form and/or assign the Franchise Agreement or any interest therein and any other agreement between us to a third party without restriction or notice to you. |
| k. "Transfer" by franchisee – defined | 11.2 | Any sale, lease, assignment, spin-off, transfer, or other conveyance of a direct or indirect legal or beneficial interest in the franchisee or franchise agreement. |

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| k (cont.)<br>"Transfer" by franchisee – defined<br>Transfers Exempt from Transfer Limitations | 11.2.1 | The following Transfers are exempt from transfer limitations if the Transferee, within 30 days following the change in equitable or lessee interest, completes and signs all forms and releases then required by us, and pays to us all amounts owed to us by the Transferor; and within such 30 days, brings the Property to a condition which meets all of our Standards, policies and requirements which would have been applicable to the Transferor: (a) Bona fide financing transactions not involving changes in actual control, such as mortgages, pledges and sale and leasebacks; (b) Changes in the legal form of ownership, without an actual change in control, such as a transfer from individual owners to a corporation where the sole owners of the stock of the corporation are the former individual owners; (c) A transfer of equitable ownership or lessee interest (including interests transferred in trust) to a parent, spouse, brother, sister, child, stepchild or grandchild of the Transferor, provided that within one (1) year after the transfer, such family member(s) meet all of our then-current requirements for an approved Transferee; (d) On the death of Franchisee or an Equity Owner who is a natural person, this Agreement or the Equity Interest of the deceased Equity Owner may Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy, 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; and (e) A Transfer to a bona fide lender secured by the Property occasioned by a bona fide default, such as a mortgage foreclosure, trustee's sale, transfer in lieu of foreclosure or termination of the lease under a sale and leaseback. |

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| k (cont.)<br>"Transfer" by franchisee – defined<br>Permitted Transfers of a Partial Interest that Require Notice | 11.2.2 | If you transfer less than 50 percent of all equity interests in the Property in any transaction or series of related transactions, and there is no change in your operational control, you may do so, provided that You give us 60 days' prior written notice, describing the transfer in detail and providing such other information as we may reasonably request |
| k (cont.)<br>"Transfer" by franchisee – defined<br>Change of Ownership Transfer | 11.2.3 | "Change of Ownership Transfer" means any proposed transfer that is not a transfer described in Section 11.2.1 or 11.2.3. |

| | | |
|---|---|---|
| l. Franchisor approval of transfer by franchisee | 11.2.3 | In order to obtain our approval of a transfer, the following conditions must be met at or prior to closing: (a) the transferee submits a change of ownership application, pays the then-current application fee, and pays the membership fee; (b) the transferor is not in default under the franchise agreement or any other agreement between us; (c) you or the transferee pay us all amounts due through the date of closing; (d) you and your owners sign our then-current termination and general release agreement; (e) you conclude to our satisfaction, or provide adequate security for, any suit, action, or proceeding pending or threatened against you or us with respect to the Property, which may result in liability on the part of us; (f) you, the transferee, and the transferee equity owner(s) submit all information to us that we request; (g) the transferee signs our then-current franchise agreement (which may materially differ from your franchise agreement); (h) the transferee agrees to make any improvements to the Property that we require; (i) we approve the transferee pursuant to our then-current qualification requirements, and deem the transferee to be of good character; (j) the transferee is not a "Sanctioned Person"; and (k) we deem the transferee to have sufficient financial resources to successfully operate the Property. |
| p. Death or disability of franchisee | Section 11.2.1 | 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. |

| | | |
|---|---|---|
| q. Non-competition covenants during the term of the franchise | Not Applicable. | Not Applicable. |
| r. Non-competition covenants after the franchise is terminated or | Not Applicable | Not Applicable. |
| s. Modification of the agreement | Section 16.6.1 | 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 as noted herein, in our sole discretion. We may condition any amendment to the franchise agreement on your entering into an estoppel and/or general release. |
| t. Integration/ merger clause | Section 16.5 | 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 | Section 16.3 | The franchise agreement requires the parties to attempt to negotiate any dispute, and then to attempt resolving it in mediation if unable to otherwise resolve. If mediation does not resolve the dispute, the parties must arbitrate the dispute under the purview of the American Arbitration Association, except in limited circumstances, such as when we seek injunctive relief. |
| v. Choice of forum | Section 16.3 | Unless waived by us, any arbitration or lawsuit must be brought in the city in which our principal place of business is at the time the action is brought. Each party expressly consents and submits to the jurisdiction of and to venue of the courts being in or nearest to Bordentown, NJ. (Subject to state law). |
| w. Choice of law | Section 16.2.1 | 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 New Jersey without recourse to New Jersey choice of law or conflicts of law principles. (Subject to state law). The New Jersey Franchise Practices Act does not apply except in instances in which it would apply independently and without regard to the New Jersey choice of law provision. |

## 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 franchise owner's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mahendra Patel, President of Membership Hotel Organization LLC at 187 Route 130, Bordentown, NJ 08505, (609) 756-9300, the Federal Trade Commission, and the appropriate state regulatory agencies.

## Item 20

## OUTLETS AND FRANCHISEE INFORMATION

**Table 1**
**System-wide Outlet Summary**
**For years 20202018 to 202220**

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of Year | Column 4<br>Outlets at the End of Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Franchised | 20202018 | 0 | 20 | +20 |
| | 20212019 | 20 | 320 | +120 |
| | 20222020 | 320 | 321 | +10 |

| Column 1<br><br>Outlet Type | Column 2<br><br>Year | Column 3<br><br>Outlets at the Start of Year | Column 4<br><br>Outlets at the End of Year | Column 5<br><br>Net Change |
|---|---|---|---|---|
| Company Owned | 20202018 | 0 | 10 | +10 |
| | 20212019 | 10 | 10 | 10 |
| | 20222020 | 10 | 10 | 0 |
| **Total Outlets** | 20202018 | 0 | 30 | +30 |
| | 20212019 | 30 | 40 | +10 |
| | 20222020 | 40 | 41 | 0+1 |

**Table 2**
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For years 20198 to 20210**

| Column 1<br><br>State | Column 2<br><br>Year | Column 3<br><br>Number of Transfers |
|---|---|---|
| All States | 20202018 | 0 |
| | 20212019 | 0 |
| | 20222020 | 0 |
| Totals | 20202018 | 0 |
| | 20212019 | 0 |
| | 20222020 | 0 |

**Table 3**
**Status of Franchised Outlets**
**For years 20198 to 20210**

| 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 |
|---|---|---|---|---|---|---|---|---|
| All StatesNew Jersey | 202018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 202119 | 0 | 10 | 0 | 0 | 0 | 0 | 10 |
| | 202210 | 10 | 01 | 0 | 0 | 0 | 0 | 1 |
| Pennsylvania | 202019 | 0 | 20 | 0 | 0 | 0 | 0 | 20 |
| | 20210 | 20 | 02 | 0 | 0 | 0 | 0 | 2 |
| | 20221 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| All States | 202019 | 0 | 20 | 0 | 0 | 0 | 0 | 20 |
| | 20210 | 20 | 12 | 0 | 0 | 0 | 0 | 32 |
| | 20221 | 32 | 0 | 0 | 0 | 0 | 0 | 32 |

**Table 4**
**Status of Company-Owned Outlets**
**For years 20198 to 20210**

| Col. 1 State | Col. 2 Year | Col. 3 Outlets at Start of Year | Col. 4 Outlets Opened | Col. 5 Outlets Reacquired From Franchisee | Col. 6 Outlets Closed | Col. 7 Outlets Sold to Franchisee | Col. 8 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| All StatesNew Jersey | 202018 | 0 | 10 | 0 | 0 | 0 | 10 |
| | 202119 | 10 | 010 | 0 | 0 | 0 | 10 |
| | 20220 | 10 | 0 | 0 | 0 | 0 | 10 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Totals | 202018 | 0 | 10 | 0 | 0 | 0 | 10 |
| | 202119 | 10 | 010 | 0 | 0 | 0 | 10 |
| | 20220 | 10 | 0 | 0 | 0 | 0 | 10 |

[Remainder Of Page Intentionally Left Blank]

**Table 5**
**Projected Openings As of December 31, 2021**

| Column<br><br>1 State | Column 2<br><br>Franchise Agreements Signed but Outlets Not Opened | Column 3<br><br>Projected New Franchised Outlets In The New Fiscal Year | Column 4<br><br>Projected New Company-Owned Outlets In The New Fiscal Year |
|---|---|---|---|
| Alaska | 0 | 0 | 0 |
| Alabama | 0 | 3 | 0 |
| Arizona | 0 | 3 | 0 |
| Arkansas | 0 | 3 | 0 |
| California | 0 | 3 | 0 |
| Colorado | 0 | 3 | 0 |
| Connecticut | 0 | 3 | 0 |
| Delaware | 0 | 3 | 0 |
| Florida | 0 | 3 | 0 |
| Georgia | 0 | 3 | 0 |
| Hawaii | 0 | 3 | 0 |
| Iowa | 0 | 3 | 0 |
| Idaho | 0 | 3 | 0 |
| Illinois | 0 | 3 | 0 |
| Indiana | 0 | 3 | 0 |
| Kansas | 0 | 3 | 0 |
| Kentucky | 0 | 3 | 0 |
| Louisiana | 0 | 3 | 0 |
| Maine | 0 | 3 | 0 |
| Maryland | 0 | 3 | 0 |
| Massachusetts | 0 | 3 | 0 |
| Michigan | 0 | 3 | 0 |
| Minnesota | 0 | 3 | 0 |
| Mississippi | 0 | 3 | 0 |
| Missouri | 0 | 3 | 0 |
| Montana | 0 | 3 | 0 |
| Nebraska | 0 | 3 | 0 |
| New Hampshire | 0 | 3 | 0 |
| New Jersey | 0 | 3 | 0 |
| New Mexico | 0 | 3 | 0 |
| New York | 0 | 3 | 0 |
| Nevada | 0 | 3 | 0 |
| North Carolina | 0 | 3 | 0 |
| North Dakota | 0 | 3 | 0 |
| Ohio | 0 | 3 | 0 |

| | | | |
|---|---|---|---|
| Oklahoma | 0 | 3 | 0 |
| Oregon | 0 | 3 | 0 |
| Pennsylvania | 0 | 3 | 0 |
| Puerto Rico | 0 | 3 | 0 |
| Rhode Island | 0 | 3 | 0 |
| South Carolina | 0 | 3 | 0 |
| South Dakota | 0 | 3 | 0 |
| Tennessee | 0 | 3 | 0 |
| Texas | 0 | 3 | 0 |
| Utah | 0 | 3 | 0 |
| Virginia | 0 | 3 | 0 |
| Vermont | 0 | 3 | 0 |
| Washington | 0 | 3 | 0 |
| West Virginia | 0 | 3 | 0 |
| Wisconsin | 0 | 3 | 0 |
| Wyoming | 0 | 3 | 0 |
| All Other States | 0 | 0 | 0 |
| Totals | 0 | 150 | 0 |

As of the date of this Disclosure Document, and as currently reflected in Exhibit G attached, we have one operating franchisee operating a System Hotels and we have no former franchisees that have departed our franchise network during our prior fiscal year. No franchisees had an outlet 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 franchise system.

Franchisees may discuss 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 Company's audited financial statements dated December 31, 2020, covering the time period from March 17, 2020 through December 31, 2020~~. It also contains,~~ and the Company's ~~unaudited~~ audited financial statements dated December 31, 2021, covering the time period from January 1, 2021 to December 31, 2021 and the Company's audited financial statements dated December 31, 2022 covering the time period between January 1, 2022 to December 31, 2022.~~October 1, 2022October 1, 2022~~]. The Company was formed on March 17, 2020. The Franchisor has not been in business for three years and cannot include the requisite financial statements required by the Rule for its last three fiscal years, and can only provide those financial statements referenced herein.

## Item 22

## CONTRACTS

The following agreements are exhibits:

| | |
|---|---|
| Exhibit A | List of State Administrators |
| Exhibit B | List of State Agents for Service of Process |
| Exhibit C | Franchise Agreement |
| | Attachments: |
| | Membership Information Addendum |
| | ~~Charter Member Agreement~~ |
| | Personal Guaranty |
| | Software Sublicense |
| | Franchise Application |
| | SBA Addendum |
| Exhibit D | State Addenda to Franchise Agreement |
| Exhibit E | Financial Statements |
| Exhibit F | Manual Table of Contents |
| Exhibit G | Lists of Current and Former Franchisees |
| Exhibit H | State Addenda to Disclosure Document |
| Exhibit I | Receipt |

## 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 Business Oversight
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 203
Honolulu, Hawaii 96813
(808) 586-2744

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, Room E-111
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
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General 670 Williams Building
525 W. Ottawa Street Lansing,
Michigan 48913
(517) 373-7117

MINNESOTA
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198 (651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl.
New York, NY 10005
212-416-8222

NORTH DAKOTA
North Dakota Securities Department
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505 (701) 328-4712

OREGON
Dept. of Consumer & Business Services
Division of Finance and Corporate Securities
350 Winter St. NE, Rm. 410
Salem, OR 97301-3881
(503) 378-4387

RHODE ISLAND
Division of Securities 1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 222-3048

SOUTH DAKOTA
Division of Insurance Securities
Regulation
124 S. Euclid Ave., Suite 104 Pierre,
South Dakota 57501-3185 (605)
773-4823

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
Securities and Franchise Registration
Wisconsin Securities Commission 345
W. Washington Avenue Madison,
Wisconsin 53703
(608) 266-1064

## 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 Business Oversight:
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 203
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
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

**MINNESOTA**

Commissioner of Commerce
Department of Commerce 85
7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 539-1500

**NEW YORK**

Secretary of State
99 Washington Ave.
Albany, NY 12231

**NORTH DAKOTA**

Securities Commissioner, State of North Dakota
600 East Boulevard Avenue, 5th Floor, Dept. 414
Bismarck, North Dakota 58505-0510 (701) 328-4712

**OREGON**

Oregon Division of Finance and Corporate Securities
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 69-1
Cranston, Rhode Island 02920
(401) 462-9500

**SOUTH DAKOTA**

Division of Insurance Securities Regulation
124 S. Euclid Ave., Suite 104
Pierre, SD 57501
(605) 773-4823

**VIRGINIA**

Clerk, Virginia State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

**WASHINGTON**

Director, Department of Financial Institutions
150 Israel Road Southwest
Tumwater, Washington 98501
(360) 902-8760

**WISCONSIN**

Administrator, Division of Securities
Department of Financial Institutions 345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

# EXHIBIT C TO FDD

# FRANCHISE AGREEMENT

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# MHO MEMBERSHIP AGREEMENT

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

## INTRODUCTION

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

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

## 1. MARKS AND SYSTEM LICENSE.

1.1. **License Grant.** We hereby grant to you and you accept a limited, non-exclusive license to use the Marks and the System during the Term at, and in connection with, the operation of the Hotel in accordance with the terms of this Agreement. "Marks" means the name "MHO" and its cognates and derivative names, including the name of your hotel "by MHO," "MHO Hotel," "MHO Hotels," "MHO Inn," "MHO Suites," "Powered by MHO," and "MHO Inn and Suites," and all other service marks, trademarks, trade dress, logos, insignia, emblems, symbols and designs (whether registered or unregistered), slogans, distinguishing characteristics, and trade names used in the System, or that we utilize in the future.

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

1.2.1. Except as expressly provided for herein, this Agreement does not limit our right, or the right of our Affiliates, to engage in any other business of any nature, whether in the lodging or hospitality industry or not, and whether under our Marks, a Competing

brand, or otherwise, even next door to your Hotel and even if they compete with the Hotel or the System, and whether we or our Affiliates start those businesses, or purchase, merge with, acquire, are acquired by, come under common ownership with, or associate with or franchise or license, such other businesses.

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

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

1.3. **License Restrictions.** You agree to abide by the standards, specifications, policies, and criteria established by us that govern each aspect of the System, including, without limitation, the display and use of the Marks, printing and usage standards, display standards, and standards relating to the quality level of products and services, cleanliness, design, operation, appearance, furnishing, fixtures, and nature of the hotel services provided in connection with the use of the Marks (the "Standards"). We may change the Standards in our sole discretion at any time upon ~~30~~ 14 days' written notice to you unless we specify a shorter period of time in which to implement such change or modification.

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

**2. OUR SERVICES.** The following services will be provided to you at no cost beyond your "Standard Membership Dues," which include ~~the basic fee of $175 per month ("Basic Fee") and the per unit fee of $12.95 per unit per month ("Unit Fee") on the Property (as described in more detail in the Information Addendum),~~the Monthly Fee of either: (a) $19.95 per unit per month if you use our required property management system; or (b) $~~350~~495 for Powered by MHO franchisees if you elect to use our preferred property management software system and you must use all of these services, other than the property management system described in Section 2.4 below, all of which we will refer to herein as "Standard Services." If you are in breach of any provision of this Agreement we may suspend any or all of the Standard Services unless and until you cure such default. The Standard Services are as follows:

2.1. **Global Branding Services.**

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

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

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

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

2.3.1. We will provide: (i) a booking engine that will attach to the Property's website and (ii) access to our central reservation system ("CRS") and its global distribution systems ("GDS") and online travel agency ("OTA") Internet reservation system, which includes priority booking through select channels.

2.3.2. To facilitate our provision of reservation services, you agree to (i) provide room rates and inventory at your Property to the applicable online sales channels; and (ii) allocate a minimum of ten percent (10%) of the Property's total rooms for online distribution.

2.3.3. DISCLAIMER: If you reduce inventory for the Property, it may take up to 48 hours before changes reach all sales channels. You are solely responsible for any and all changes to the Property's rates and inventory allotment and we will not issue credits due to your provision of incorrect rates and inventory for the Property. If you wish that the Property inventory reach Expedia, Booking.com or any other external booking site, additional terms and conditions may apply, which will be provided to you at your request. You agree to be responsible for any commissions or other payments charged by online travel agents or booking sites and shall make such payments directly to those third parties.

2.4. **Property Management System**. Unless you operate a POWERED BY MHO branded hotel, ~~W~~we will provide you with access to our ~~approved~~ required online property management system (**"**PMS") pursuant to a separate software license agreement that you must sign contemporaneously with this Agreement, and a copy of which is attached to this Agreement. The requied PMS unites front desk, reservation system and brand into a mobile and Internet dashboard showing rooms sold, occupancy, source of booking, and average daily room rate. ~~The~~ Our required PMS provider currently offers 24/7 support and connects directly to the CRS. ~~To the extent that there are software upgrades in the PMS system, they will be provided free of charge.~~ You agree that we will not be liable for problems arising from the PMS or for the PMS provider's failure to provide support. We also may ~~change required~~require you to change PMS vendors and you must comply with such changes at

your sole cost and expense. If you operate under the POWERED BY MHO brand, you may opt to use a basic PMS that will be paid for through us at a flat rate of $495 per month, subject to increase from time-to-time upon 60 days' notice.

2.5. **Credit Card Processing Interface.** We will provide you with an interface between the PMS and any of our approved credit card processing vendors; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS.

2.6. **Commission-Free Booking Engine with Brand Website.** We will list your Property on our website, and reservations made on our website will be commission-free.

2.7. **Facebook, TripAdvisor and Social Media Integration.** We will provide interfaces between the PMS and social media and booking sites such as Facebook, TripAdvisor, and other sites that we choose in our sole discretion; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS.

2.8. **Phone Interface.** We will provide an interface between the PMS and the Property's phone system that will allow for telephone usage and posting of telephone usage charges to the room folio; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS.

2.9. **OTA Interface**. We will provide an interface between the PMS and online travel agency ("OTA") platforms such as Booking.com and Expedia, which will allow for posting of room inventory and rates on OTA sites, and transmission of reservations from OTAs to the PMS; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS.

2.10. **Vendor Management.** We may provide a list of preferred vendors, based upon the quality of their service and products. We may also provide a list of required or approved vendors, as we deem advisable in our sole discretion.

2.11. **Third-Party CRS Interface.** We will provide a two-way interface between the PMS and the CRS that will allow for room inventory and posting of rates on the CRS and transmission of reservations from the CRS to the PMS; provided, however, that if you operate under the POWERED BY MHO brand and select a PMS other than our otherwise required PMS, our ability to provide such interface will depend on your choice of PMS.~~.~~

~~2.12. **Basic Hotel Reputation Management.** We will provide access to the services of a hotel reputation management vendor to assist you in reviewing and responding to comments made about the Property on the Internet.~~

3. **OPTIONAL SERVICES FROM RECOMMENDED THIRD PARTY VENDORS.** We will allow you to use recommended vendors to provide certain services at your election ("Optional Services"). You may elect to receive these services upon 30-days' written notice to

us, in which case you and we shall coordinate with the third-party provider to initiate services. The fees for Optional Services are set forth in the Information Addendum attached hereto, but such fees may be amended by the third-party vendors from time-to-time and all fees for Optional Services will be paid directly to the third-party vendor. We may add additional Optional Services in our sole discretion that we or a recommended or required third-party vendor offer but for which we or a third-party vendor may charge a fee and we may remove any of the Optional Services in our sole discretion. You may obtain the services set forth in this Section 3 from a supplier of your choice, so long as the services provided meet the quality standards set forth in the Standards Manual and unless we establish required vendors (of which we may name only one, and which may be us). If you choose to obtain these types of services from other vendors, you must obtain our prior written approval and notify us of the name of such vendors, and if their services meet our quality standards set forth from time to time, we will approve such vendors. Currently, we have recommended vendors for the following Optional Services, which you may elect to use in the Information Addendum:

3.1. **Digital Marketing.** A third party will provide online and social media marketing and search engine optimization for our website and we may provide a link on our website to your local website.

3.2. **GDS Interface.** A third party will provide a global distribution system interface.

3.3. **Advanced OTA Interface.** A third party will provide optional Advanced OTA Interface which will permit you to advertise on Expedia or other third-party websites, but we may charge a connectivity fee in an amount not to exceed $200 (and which is currently $100) related to your use of the Advanced OTA Interface.

3.4. **Revenue Management.** We and/or a third-party vendor will provide monthly review and consultation with respect to your rates and revenue management.

**4. MARKETING CO-OP PROGRAM.** We reserve the right to implement a co-operative marketing program, pursuant to which a number of MHO franchised properties in a specific geographic area will share the costs of advertising and promotion, pursuant to guidelines that we will provide. You agree to join any marketing co-operative upon such reasonable terms applicable to all MHO franchised properties in that co-operative and to pay any fee associated therewith; provided, however, that such co-op marketing cost shall not exceed five percent of revenue.

**5. TERM AND RENEWAL**

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

5.2. **Renewal**. The parties have the option to renew the license to operate the Franchised Business, upon your payment of the then-current renewal fee, for an additional term of five years, but your ability to renew or extend is subject to the following conditions~~; provided that by the end of the term of this Agreement (including any extensions)~~:

5.2.1. you have given us notice of your intent to renew no later than six months from the end of the Term and no earlier than twelve months from the end of the Term;

5.2.2. you are not in default of any provision of this Agreement, any amendment of this Agreement, or any other agreement between you and us or our affiliates, and have substantially complied with all the terms and conditions of such agreements;

5.2.3. you have not received three (3) or more written notices from us of a material breach of this Agreement, whether or not the breaches were corrected within the prescribed cure period after receipt of written notice of the breach;

5.2.4. all monetary obligations then due and owing by you to us or our affiliates have been satisfied prior to renewal;

5.2.5. you execute our then-current Franchise Agreement which shall supersede this Agreement (a "Renewal Franchise Agreement"), and which may contain terms and conditions that materially differ from those set forth in this Agreement; and

5.2.6. you, if we require, attend additional training, at your sole expense, to bring your skill up to our then-current standards for operating a System Hotel.

## 6. TRAINING AND INSPECTIONS

6.1. **Training.** Because the System is designed for franchisees with existing properties who have experience in the hospitality industry, we do not have any formal training programs at this time. If we, in our sole discretion, determine at any time that you need training on various aspects of hotel management, we or a third party provider that we designate will provide such training either at your Property or our principal place of business, as we decide in our sole discretion. You agree that if we determine that you require training that you or your applicable staff will attend such training and you agree to pay our per-diem training fees and all expenses incurred in connection with such training, including, without limitation, travel, food, and lodging expenses. Our current per-diem fee for training is $500 per day and per person being trained; in addition, you are responsible for your and/or our travel, meals, and lodging expenses associated with such training. You may also elect to have further training, which we may provide upon your request subject to our availability and as we deem advisable in our sole discretion, in which case the same per-diem fees and expenses will be charged to you.

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

(not including expenses).

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

## 7. YOUR RESPONSIBILITIES

7.1. **Operational Requirements.** You must:

7.1.1. operate the Hotel twenty-four (24) hours a day seven (7) days per week;

7.1.2. operate the Hotel using the System, in compliance with the System, this Agreement, and the Standards, and in such a manner to provide efficient, courteous, respectable and high-quality lodging and other services and conveniences to the public. You acknowledge that although we provide Standards, you have exclusive day-to-day control of the business and operation of the Hotel, and you acknowledge that our standards may change from time to time in our sole discretion;

7.1.3. execute such documents as we may require for us to draw fees and charges from an account of your designation via electronic funds transfer. Should any attempt to draw such funds be dishonored for any reason, you agree to pay a fee of the lesser of $50 or the maximum amount permitted by law, plus any amount past due with interest. All fees payable to us hereunder are non-refundable and non-cancelable;

7.1.4. pay us all amounts owed pursuant to this Agreement and the Information Addendum when due, including, without limitation, any complaint-related fee of $25 to be charged if there is a customer complaint about the Property and a fee of $25 for a customer care non-response fee;

7.1.5. successfully complete any quality assurance assessments as we may require from time to time;

7.1.6. at any time, permit us to inspect the Hotel and cooperate with any inspection of the Hotel and all associated facilities to determine if the Hotel is in compliance with our Standards. There is no limit to how often we may inspect your Property;

7.1.7. comply with our Standards, including specifications for all amenities, supplies, products, and services, as may be applicable. We may require you to purchase a

particular brand of product or service to maintain the common identity and reputation of the System, and you will comply with such requirements. Unless we specify otherwise, you may purchase products from any source of distribution that provides goods or services that meet our Standards; however, we reserve the right to enter into exclusive purchasing arrangements for particular products and services and to require that you purchase products or services from only approved suppliers, and you acknowledge that we may, in our sole discretion, name only one approved supplier for certain goods and services (which may be us);

7.1.8. permit us to contribute $0.25 per room of your monthly Standard Membership Dues to a charity or cause that you designate from a list of approved charities that we will provide. You agree that any tax benefits for such contributions shall accrue to us;

7.1.9. maintain the Property, including all common areas, meeting rooms, sleeping rooms, restaurants, lounges, public areas, parking lots and walkways in clean, safe and orderly condition;

7.1.10. communicate with us only through your designated contact person identified in the Information Addendum ("Designated Contact Person") and you represent and agree that such person has and shall have full authority to receive communications from us and to make decisions and take actions with respect to the Property. All notices from us to you shall be deemed given at the time of transmission if directed to the Designated Contact Person at the email address set forth on the Information Addendum, and we may rely upon any communication from the Designated Contact Person as binding upon you;

7.1.11. use our designated property management system and no other property management system (unless you operate as a POWERED BY MHO hotel). You agree to provide us with access to any and all information contained therein at all times and agree that we may use it in any manner we desire. You agree to provide us access to any and all information otherwise stored on your computer system, as we may request from time to time;

7.1.12. comply with any design requirements as detailed in our Standards;

7.1.13. install, display, and maintain signage meeting our Standards, and display other promotional or informational materials containing the Marks as we may designate or require from time to time;

7.1.14. display in the reception area, on receipts, and on business cards in a manner visible for guests to see, a ~~sign~~ notice stating "This Property is independently owned and operated by [INSERT YOUR NAME HERE]. It is licensed to use the MHO name and marks by Membership Hotel Organization LLC, which is not otherwise affiliated with this Property" or as otherwise set forth in the Standards Manual;

7.1.15. participate in and pay all charges in connection with any required loyalty or frequency programs as we may require in our sole discretion. You will honor the terms of any such program that we offer to the public and provide lodging to guests redeeming

loyalty points in accordance with the terms of such program;

7.1.16. promptly and courteously respond to all customer complaints in a dignified manner, and use best efforts to assure the guest's satisfaction;

7.1.17. comply with our Standards and submit any proposed advertising that we have not provided or previously approved for our approval; if we do not disapprove such advertising within 10 days of submission, you may consider it approved, but we may withdraw approval at any time in our sole discretion;

7.1.18. pay all fees, commissions and charges associated with travel agent commission programs and third-party reservation and distribution services;

7.1.19. authorize us to withdraw from your designated account the amount of any fees and expenses you owe to us;

7.1.20. comply with and be in compliance with all applicable laws, regulations and statutes, including those pertaining to persons with disabilities, and you will obtain and have effective all licenses required for operation of the Property. You agree further to provide us with copies of any notices, claims or lawsuits affecting or related to the Property or your operation of the Property, as soon as reasonably practicable but in no event later than five (5) days after your receipt of the same;

7.1.21. not engage in any promotion or marketing at the Property or any other business without our prior written consent. You agree to refer guests and customers, wherever reasonably possible, only to System Hotels, where "System Hotel" means any hotel operating under the System using our Marks;

7.1.22. maintain legal possession and control of the Property for the Term and promptly deliver to us a copy of any notice of default you receive from any mortgagee, trustee under any deed of trust, or lessor for the Hotel, and promptly provide any additional information we may request related to such notice of default;

7.1.23. be financially responsible for the cost of alternative accommodation at a comparable hotel and to arrange and pay for transportation to the alternative accommodation if you are unable to provide a guest with lodging due to overbooking or other circumstances;

7.1.24. maintain in force commercial general liability insurance, automobile liability insurance (for owned, not-owned, and hired automobiles), cyber security insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Hotel and its contents), casualty insurance, business interruption insurance, liquor liability insurance (where applicable), and statutory workers' compensation and occupational disease insurance. All insurance policies must: (1) be issued by a carrier that has an "A-" rating or better, as rated by A.M. Best Company, Inc.; (2) contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe periodically; (3) name us and our Affiliates as additional insureds; (4) provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; and (5) include

such other provisions as we may require periodically. The language that you must use in naming us and Our Affiliates as additional insureds is as follows: "Membership Hotel Organization LLC, its subsidiaries and its affiliates and their respective employees, agents, officers, and directors are named as additional insureds."

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

| | | |
|---|---|---|
| GENERAL LIABILITY: | | |
| Five or less stories: | Each Occurrence | $5,000,000 |
| Six or more stories: | Each Occurrence | $10,000,000 |
| **All limits on a per location basis** | | |
| | | |
| AUTOMOBILE LIABILITY: | | |
| Five or less stories: | Combined Single Limit | $5,000,000 |
| Six or more stories: | Combined Single Limit | $10,000,000 |
| | | |
| LIQUOR LIABILITY | | |
| Occurrence basis: | Each Occurrence | $5,000,000 |
| | | |
| EMPLOYERS LIABILITY | Minimum Limits | $100,000 |
| WORKERS COMPENSATION | | |
| Statutory limit: | Disease Each Employee | $100,000 |
| | Each Accident | $100,000 |
| | Disease Policy Limit | $500,000 |
| CYBER SECURITY | | |
| Legal, Forensic, and Public Relations/Crisis Management | | $1,000,000 |
| Aggregate Limit of Liability (not including above) | | $1,000,000 |

ADDITIONAL REQUIREMENTS

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

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

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

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

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

7.1.29 retain and exercise direct management control over the Hotel's business. If you enter into a management agreement or other similar arrangement for the operation of the Hotel or any part thereof (including, without limitation, retail or food and/or beverage services) with any natural person or entity, you must provide prior written notice to us. Any such management agreement or similar arrangement for operation of the Hotel or any part thereof shall not relieve, reduce, mitigate, or waive any of your responsibilities under this Agreement, it being understood that all such responsibilities and obligations shall remain yours at all times. You must provide us with all information we request from time to time regarding ownership, control, and management of the Hotel.

7.2 **Standards Manual.** We will provide you with our Standards Manual, which contains our Standards for all aspects of the Hotel. You agree to abide by all aspects of the Standards Manual at all times. Violation of the Standards Manual may result in a notice of default and termination of this Agreement. We may change the Standards at any time, in our sole discretion, for the benefit of the System, and you agree to comply with any such changes upon fourteen (14) days' written notice unless we specify a shorter time period. Changes to our Standards may be provided outside of the Standards Manual in the form of additional documents, emails, lists, etc.

7.3 **Your Representations**. You represent to us that you own, or have the right to possession by lease or otherwise, the Property for the full Term of this Agreement; that there are no pending actions or proceedings of any kind that could result in you losing the right to possession or to operate the Property.

## 8 PROPRIETARY RIGHTS AND MARKS

8.1 **Our Proprietary Rights**. You agree that we are the exclusive owner of the all information or materials concerning the methods, techniques, plans, specifications, procedures, data, systems and knowledge of and experience in the development, operation, marketing and licensing of the System, including the Standards and the Standards Manual, whether developed by us, you, or a third party, as well as any of their elements or components (collectively, "Proprietary Information"), and you agree not to contest, directly or indirectly, during or after the Term our ownership of, rights to and interest in the Proprietary Information or their

elements and components, including any aspects of them that we may implement or use in the future. You will not use the Proprietary Information for any purpose other than to comply with this Agreement and you shall not use the Proprietary Information in any way inconsistent with this Agreement, nor shall you use the Proprietary Information for operation of any hotel, motel, or other lodging that is not a System Hotel.

8.2 **Our Marks**

8.2.1 The Property shall be known by the name set forth on the Information Addendum. You will not change the name without our prior written consent. You will not, without our prior written consent, use any of the Marks in your corporate, business or trade name, in any Internet-related name (including without limitation, any social media account or email address), or in any business operated by you other than the Property.

8.2.2 You acknowledge and agree that you are not acquiring any ownership rights in the Marks or other identifying words or symbols, and that your rights to use the Marks and Proprietary Information are limited to the license granted by this Agreement.

8.2.3 We retain the right to discontinue the use of any Mark, to substitute a new Mark for any existing Mark, or to otherwise alter or amend the Marks. If we change, discontinue or substitute a Mark, you agree to conform to the use of such change promptly at your sole cost and expense, which may include the cost of new signage, notification of websites and Internet listings of the change, and replacement of promotional materials or advertising at the Property.

8.2.4 You may not challenge or contest our ownership interest and rights in or to the Marks. You must notify us immediately of any infringing use of the Marks.

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

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

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

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

practices, and the use and marketing of such data, and measures adopted for the privacy and security thereof are consistent with any Privacy Laws and privacy policy Standards we may adopt; (vi) immediately report to us the theft or loss of Personal Information (other than the Personal Information of your own officers, directors, shareholders, employees or service providers); (vii) be solely responsible for backing up any data or information; and (viii) be solely responsible for the consequences of any data breach or hack. You hereby expressly acknowledge that the protection of data is entirely your responsibility and while we may provide guidance or advice, you are ultimately responsible for protecting the data from any data breach or hack. "Privacy Laws" means any international, national, federal, provincial, state, or local law, code, rule or regulation that regulates the processing or storing of Personal Information or related information in any way, including data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations, and security breach notification rules**.**

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

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

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

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

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

All ideas, concepts, techniques, names or materials relating to the MHO System, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made-for-hire for us. You and your owners must sign whatever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in these ideas, concepts, techniques, names or materials. We may disclose the ideas, concepts, techniques, names or materials to other franchisees, affiliates, or others, as we, in our sole discretion, determine to be appropriate.

## 10 CONDEMNATION AND CASUALTY

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

10.2 **Casualty**.

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

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

10.2.3 Nothing in this Section 10 will extend the Term.

## 11 TRANSFERS

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

11.2 **Your Transfer**. You understand and acknowledge that the rights and duties in this Agreement are personal to you and that we are entering into this Agreement in reliance on the business skill, financial capacity, and personal character of you, your officers, directors, partners, members, shareholders or trustees. A Transfer by you of any interest in you or this Agreement, or any of your rights or obligations under this Agreement, or a Transfer by an equity owner of any interest in you or this Agreement, or any of your rights or obligations under this Agreement is prohibited other than as expressly permitted herein. "Transfer" shall mean a transfer in any form, including, without limitation, any sale, lease, assignment, spin-off, transfer, or other conveyance of a direct or indirect legal or beneficial interest.

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

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

11.2.3 Change of Ownership Transfer. Any proposed Transfer that is not described in Subsection 11.2.1 or 11.2.2 shall be deemed a "Change of Ownership Transfer." You are required to provide at least sixty (60) days' prior written notice of any proposed Change of Ownership Transfer. During such period, which we may extend in our sole discretion, between our receipt of notice and closing on the Change of Ownership Transfer, you consent to (i) our communication with any third party about the Property in order for us to evaluate the proposed Change of Ownership Transfer, and (ii) if we so desire, our providing documents regarding the historical performance and condition of the Property to the proposed transferee. The Change of Ownership Transfer is

subject to our approval, which, without limitation, will be based on the following conditions, all of which must be satisfied at or before the date of closing the Change of Ownership Transfer ("Closing"):

11.2.3.1 the proposed transferee submits our then-current application for proposed transferees;

11.2.3.2 the proposed transferee pays our then-current application fee and initial franchise fee;

11.2.3.3 you as transferor are not in default of the Agreement or any other agreements with us or our Affiliates;

11.2.3.4 you or the transferee pay all amounts due to us through the date of the Closing;

11.2.3.5 you execute our then-current form of voluntary termination agreement, which may include a general release and the continuing application of certain provisions herein, including, without limitation, your obligation to indemnify us;

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

11.2.3.7 you, the transferee and/or transferee equity owners submit to us all information related to the transfer that we request, including applications, and the provision of tax returns and financial statements of the transferor, the transferee, and their owners;

11.2.3.8 the transferee executes our then-current franchise agreement, and you expressly acknowledge that the then-current franchise agreement is not required to have the same terms and conditions as the transferor's franchise agreement, and it may materially differ from this Agreement;

11.2.3.9 the transferee agrees to make any improvements to the Property as we may require;

11.2.3.10 we approve the transferee and its owners pursuant to our then-current qualification requirements and deem the transferee and its owners to be of good character and capable of successfully operating the Property, as we determine in our reasonable discretion;

11.2.3.11 the transferee is not a Sanctioned Person, where "Sanctioned Person" means any person or entity (including financial institutions): (a) who is, or is owned or controlled by, or acting on behalf of the Government of any country subject to comprehensive U.S. sanctions in force and which currently include the Government of Cuba, Iran, North Korea, Sudan,

and Syria ("Sanctioned Countries"); (b) located in, organized under the laws of or ordinarily resides in Sanctioned Countries; (c) identified by any government or legal authority under applicable Trade Restrictions as a person with whom dealings and transactions by Franchisee and/or its Affiliates are prohibited or restricted, including but not limited to persons designated under United Nations Security Council Resolutions, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") List of Specially Designated Nationals and Other Blocked Persons; the U.S. Department of State's lists of persons subject to non-proliferation sanctions; the European Union Financial Sanctions List; persons and entities subject to Special Measures regulations under Section 311 of the USA PATRIOT Act and the Bank Secrecy Act;

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

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

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

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

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

## 12. DEFAULT AND TERMINATION

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

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

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

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

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

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

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

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

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

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

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

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

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

12.3.9 your guarantor breaches its guaranty to us;

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

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

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

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

12.3.14 any case, proceeding, or other action against you or any of your guarantors is commenced seeking to have an order for relief entered against it as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property, and such case, proceeding, or other action: (a) results in entry of any order for relief against it which is not fully stayed within seven business days after the entry thereof; or (b) remains undismissed for a period of 45 days;

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

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

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

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

## 13. OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

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

**13.1.2** immediately cease operating the Hotel as a System Hotel and immediately cease using the Marks or any confusingly similar names, marks, trade dress, insignia, symbols, or any of our System, Proprietary Information, procedures, and methods; deliver all goods and materials containing the Marks to us and we will have the sole and exclusive use of any items containing the Marks; immediately make any specified

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

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

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

**13.1.5** immediately cancel all assumed name or equivalent registrations relating to your use of the Marks~~l,~~

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

~~13.1.5~~13.1.7 ~~, and~~immediately cancel (or upon our request, assign and transfer to us) any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated with the Property or the Marks~~, and authorize their transfer to us~~;

~~13.1.6~~13.1.8 irrevocably cancel (or upon our request, assign and transfer to us ~~(~~or to our designee) all of your right, title and interest in any ~~domain name listings and registrations and s~~social media accounts that contain or have contained any reference to our Marks or System; ~~notify the applicable domain name registrars of the termination of your right to use any domain name or website associated with the Marks or the System;~~ and authorize and instruct the cancellation of the domain name or social media account, or transfer of the domain name or social media account to us (or our designee), as we specify. You will also delete all references to our Marks or System from any websites you own, maintain, control, or operate beyond the expiration or termination of this Agreement; and

~~13.1.7~~13.1.9 You agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactorily certifying to us your compliance with these obligations.

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

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

## 14. INDEMNITY

**14.1** Your Indemnification Obligation. Beginning on the Effective Date, you agree to indemnify, defend, and hold harmless us and our shareholders, members, directors, officers, employees, agents, successors, assignees and insurers (the "MHO Indemnified Parties") against, and to reimburse any one or more of the MHO Indemnified Parties for, all Claims, obligations, expenses, and damages directly or indirectly arising out of or related to: (i) any breach by you (including any of your employees, agents, officers, owners, directors, contractors or any other person acting on your behalf) of this Agreement, laws, the Standards Manual, or our Standards, (ii) the Hotel's operation, employment matters and the business you conduct under this Agreement (including, without limitation, any claimed occurrence at the Hotel including personal injury, death or property damage), or (iii) any of your acts or omissions. You agree to give us and the MHO Indemnified Parties written notice of any action, suit, proceeding, Claim, demand, inquiry or investigation that could be the basis for a Claim for indemnification by any of the MHO Indemnified Parties within three (3) days of your actual or constructive knowledge of it. The MHO Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their own choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into settlements or take any other remedial, corrective, or other actions. You agree to give your full cooperation to the MHO Indemnified Parties in assisting the MHO Indemnified Parties with the defense of any such Claim, and to reimburse the MHO Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees and any payments for settlement or judgment, within ten (10) days of the date of each invoice delivered by the MHO Indemnified Parties to you enumerating such costs, expenses and attorneys' fees.

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

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

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

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

## 15. RELATIONSHIP OF THE PARTIES

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

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

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

## 16. MISCELLANEOUS

### 16.1 Severability and Interpretation.

**16.1.1** Except as expressly provided to the contrary in this Agreement, each section,

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

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

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

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

**16.2 Governing Law.**

**16.2.1** 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 New Jersey without regard to conflicts of law principles. Nothing in this Section is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New Jersey or any other state that would not otherwise apply absent this Subsection 16.2.1.

**16.3Dispute Resolution**

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

If the dispute is not resolved within such 30-day period, the party contending there is a dispute shall notify the American Arbitration Association ("AAA") of the dispute and request mediation within 45 days of the initial notification of the dispute. Failure to request mediation within such time shall constitute a waiver of all rights to bring the dispute and shall act as a release of the other party from any claims relating to the dispute. If timely demand for

mediation is made, the mediation must be concluded within 60 days from the request. The mediation shall take place in the city in which our principal office is located at the time of the mediation.

If such mediation does not result in resolution of the dispute, either party may seek arbitration before a single arbitrator of the AAA, provided that any demand for arbitration filed by you is made within 135 days of the initial notification of the dispute. If ~~no~~ you fail to make such demand ~~is made~~ within the 135 day period, then such failure shall constitute a waiver of all rights you have or may have to bring such dispute and shall act as a release of ~~the other party~~ us from any claims relating to the dispute. We may file an arbitration demand within the time permitted by any applicable statute of limitations. The rules of the AAA shall apply to any such arbitration and the arbitrator shall have all lawful powers to determine the dispute, including questions of arbitrability. The arbitration shall take place in the city where we have our principal office at the time it is brought. The parties shall share the costs of the mediator and arbitrator equally. The arbitrator shall have the power to award attorneys' fees, arbitration fees and costs, in his or her discretion, to the prevailing party. The parties agree to keep the arbitration and any facts and issues related thereto confidential, except to the extent we must reasonably disclose such information in our franchise disclosure document.

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

**16.4 Limitation on Liability**. OUR LIABILITY TO YOU, WHETHER FOR BREACH OF CONTRACT OR IN TORT, WILL NOT EXCEED THE AMOUNT YOU HAVE PAID TO US FOR INITIAL FRANCHISE FEES PLUS THE AMOUNT YOU HAVE PAID TO US FOR ~~BASIC FEES AND UNIT~~MONTHLY FEES.

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

**16.6 Amendment and Waiver.**

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

**16.6.2** Any waiver by us of a breach of any provision of this Agreement, or of any breach of

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

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

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

**16.8.1** you have independently investigated the risks of operating the Hotel under the Marks and System, including current and potential market conditions and competitive factors;

**16.8.2** you have not received any representation of potential or actual sales, profits, revenue, income, or the like from any employee, agent, sales person, sales representative, officer, director, or anyone associated with or affiliated with us (IF YOU DID RECEIVE SUCH INFORMATION, YOU MUST NOTIFY US IMMEDIATELY AND YOU ACKNOWLEDGE THAT YOU CANNOT UNDER ANY CIRCUMSTANCE RELY ON SUCH REPRESENTATION, AND YOU ACKNOWLEDGE THAT YOU ARE NOT RELYING AT ALL ON SUCH REPRESENTATION IN DECIDING TO PURCHASE THIS FRANCHISE);

**16.8.3** you have made an independent evaluation of all such matters and reviewed our franchise disclosure document;

**16.8.4** 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;

**16.8.5** you acknowledge that you are not relying on any promises, representations or agreements about us or the System not expressly contained in this Agreement or in the franchise disclosure document in making your decision to sign this Agreement;

**16.8.6** you have not relied on any statements, claims, representations, or other communications outside of this Agreement and the corresponding franchise

disclosure document in deciding to enter into this Agreement;

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

**16.8.8** this Agreement constitutes a legal, valid and binding obligation and your entry into, performance and observation of this Agreement will not constitute a breach or default of any agreement to which you are a party or of any law, rule, or regulation that may apply;

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

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

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

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

**16.10.1** you (including your directors and officers, senior management and owners (or other persons)), and any of your affiliates are not, and are not owned or controlled by, or acting on behalf of, a Sanctioned Person or, to your actual knowledge, otherwise the target of Trade Restrictions, where "Trade Restrictions" mean trade, economic or investment sanctions, export controls, anti- terrorism, non-proliferation, anti-money laundering and similar restrictions in force pursuant to laws, rules and regulations imposed under laws to which the Parties are subject;

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

**16.10.3** you are familiar with the provisions of applicable Anti-Corruption Laws and shall comply with applicable Anti-Corruption Laws in performance of your respective obligations under or in connection with this Agreement, where "Anti-Corruption Laws" mean all applicable anti-corruption, anti-bribery, anti-money laundering, books and records, and internal controls laws of the United States, including the United States Foreign Corrupt Practices Act;

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

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

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

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

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

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

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

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

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

**Member:**

_____
By: _____
Its: _____
Dated_____

**Membership Hotel Organization, LLC:**

_____
By: _____
Its: _____
Dated_____

## MEMBER INFORMATION ADDENDUM

This Member Information Addendum (the "Addendum") is annexed to and made a part of the franchise agreement entered into between Membership Hotel Organization LLC ("MHO") and the franchisee _____ ("Member") (the "Franchise Agreement").

**Member:**
Name of Member (legal name): _____
State of Incorporation: _____
Name of Hotel (Trade Name): _____
Principal Place of Business (Address): _____
Telephone Number of Member: _____
Email Address of Member: _____
Address of Property: _____
Telephone Number of Hotel: _____
Number of Units on Property: _____

**Provide Applicable Documents**
Corporation: Articles of Incorporation, Bylaws

| | |
|---|---|
| General Partnership: | Partnership Agreement |
| Limited Partnership: | Partnership Agreement |
| Limited Liability Company: | Articles of Organization, Operating Agreement |
| Bank: | Bank Formation documents, Bank Management, and Structure documents |

**Designated Contact Person for Member.** *Note: All communications to the Designated Contact Person will be effective to contact and give notice to the Member.*
Name of Designated Contact Person for Member: _____
Telephone Number of Designated Contact Person: _____
Email Address of Designated Contact Person: _____

**Proposed Name of Property:**

_____ [Your hotel name] _____powered by MHO
_____ MHO Hotel
_____ MHO Hotels
_____ MHO Inn
_____ MHO Suites
_____ MHO Inn & Suites

Other_____

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

Membership Hotel Organization, LLC
187 Route 130
Bordentown, NJ 08505
Telephone Number: (609) 756-9300
Email: info@mhohotels.com

**Standard Services Included with ~~$175/Month Basic Fee ("Basic Fee") and $12.95 per Unit per Month ("Unit Fee"):~~Monthly Fee of ~~$16.95 per room or $18.95 per room~~19.95 per room or a flat fee of $495 (The Monthly Fee of $196.95 applies if Franchisee ~~does not use~~uses Franchisor's ~~preferred~~required property management software system; operators using the POWERED BY MHO brand may elect not to use the otherwise required property management system and if they elect to use another system, the Monthly Fee of $495~~18.95~~ applies ~~if Franchisee uses Franchisor's preferred property management software system~~.** ~~Property Management System; g~~Global marketing services; global distribution and reservation services; property management services; credit card processing interface; commission-free booking engine with brand website; Facebook, TripAdvisor; commission-free booking engine with brand website; phone interface with PMS System; Popular OTA Interface; Vendor Management; basic reputation management. ~~Notwithstanding anything to the contrary herein, if Member elects to use Franchisor's preferred~~

~~property management system, Member must pay to eZee Technosys Pvt. Ltd. Anand Systems, Inc. a one-time setup fee and purchase equipment in the amounts of $495 and $2,185, respectively, for each front desk service station. Such fees shall pay for setup, scanner, signature pad, and Europay Mastercard and Visa ("EMV") terminal.~~

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

| **Optional Services** | **Fee Payable Directly to Third Party Provider** |
|---|---|
| Digital Marketing | _____ |
| GDS Interface | _____ |
| Advanced OTA Interface | _____ |
| Revenue Management | _____ |
| Total for Optional Services | $_____ |

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

**Standard Membership Dues:**

Application Fee: $ 500.00

Initial Fee: $~~3,500~~9,995.00

Monthly Fees: ~~$16.95~~19.95 per room or ~~$18.95~~495 per ~~room~~month (the latter if you elect to operate under our POWERED BY MHO brand and ~~to use our preferred~~ you opt not to use our otherwise required property management software provider).

~~Basic Fee: $175.00/Month to us~~

~~Unit Fee: $12.95 per Unit/Month to us~~

Total Monthly Fees Payable to MHO: _____/Month

**Effective Date:**

The Effective Date of the Franchise Agreement and this Addendum shall be this _____ day of _____, 20__

**Term**: ____ Years

| **Member:** | **Membership Hotel Organization LLC** |
|---|---|
| _____ | _____ |
| Member Name: _____ | |
| By: _____ | By: _____ |
| Its: _____ | Its: CEO |

**PERSONALY GUARANTY OF**
**MHO FRANCHISE AGREEMENT**

In consideration of the execution by Membership Hotel Organization LLC of the Franchise Agreement (the "Franchise Agreement") dated the __ day of _____, ~~2020~~ 20__ between Membership Hotel Organization LLC ("Franchisor" or "MHO") and _____ ("Franchisee"), and for other good and valuable consideration, I ("Guarantor") enter into this guaranty ("Guaranty") individually and on behalf of my heirs, successors, and assigns, and do hereby absolutely and unconditionally guaranty the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

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

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

Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

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

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

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

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

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

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

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

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

_____
Signature

_____
Printed Name

_____
Address

**NOTARY:**

**STATE OF _____ )**

**COUNTY OF _____ )**

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

_____

Notary Public, State of _____

Name, Typed or Printed:_____

My Commission Expires:_____

~~**CHARTER MEMBER AGREEMENT**~~

~~This Charter Member Agreement is made on the date set forth below between Membership Hotel Organization Hotels, LLC ("we," "us," "ours") and the following Charter Member ("you," "yours"):~~

~~Name of Charter Member (legal name): _____~~

~~Address of Property: _____~~

~~Designated Contact Person of Hotel: _____~~

~~Telephone Number of Designated Contact Person: _____~~

~~Email of Designated Contact Person: _____~~

~~Date: _____~~

~~WHEREAS, we are launching a new hotel brand for existing hotel owners under the name "MHO."~~

~~NOW, THEREFORE, we therefore designate you as a Charter Member, entitled to the following full benefits:~~

~~1. We waive the Initial Fee of $3,500.~~

2. We waive the standard monthly charges of $175 (the "Basic Fee") and $12.95 per unit (the "Unit Fee") for twelve months, commencing on the first of the month that the hotel opens as an MHO-branded hotel. Standard monthly charges shall begin immediately thereafter.

3. This temporary waiver does not apply to any other fees or charges referred to in the franchise disclosure document, franchise agreement, or any other agreements between the parties.

This Charter Member Agreement shall amend the Franchise Agreement entered into on the same date. In the event of a conflict between the Franchise Agreement and this Charter Member Agreement, this Charter Member Agreement shall control.

| **Charter Member:** | **Membership Hotel Organization LLC** |
| --- | --- |
| By: _____ | By: _____ |
| Its: _____ | Its: _____ |

Charter Member Number _____

# SOFTWARE LICENSE

# END USER LICENSE AGREEMENT

This Use and License Agreement ("Agreement" or "End User License Agreement"), dated _____, 20__, (the "Effective Date") is made by and between Membership Hotel Organization LLC ("Licensor"), and _____ ("Licensee").

RECITALS

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

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

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

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

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

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

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

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

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

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

4. **SOFTWARE SUPPORT**

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

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

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

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

5. **PAYMENT**.

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

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

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

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

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

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

8. **RESTRICTIONS ON USE**

(a) Licensee may not decompile, reverse compile, reverse engineer, reverse assemble or otherwise derive a source code equivalent for the Software. In addition, Licensee may not copy the Software without the Licensor's written consent.

Licensee may not download any portion of the Software except as the Licensor may expressly permit or instruct. Licensee may not permit any third party to access the Software, and may use the Software only on computers that Licensee controls and only for the purpose of complying with the Franchise Agreement and this Agreement. Licensee may not assign, transfer, sell, rent, license, sublicense, or grant any rights to or interests in the Software to any corporation, partnership or other business entity or any other person. Licensee may not, at any time, use or exploit or authorize any third party to use or exploit, the Software or any of Software's content or data. Licensee will comply with all terms and conditions packaged or accompanying the Software or any third-party software furnished to or required to be used by Licensee under this Agreement.

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

9. **INDEMNIFICATION**. Licensee agrees to release, protect, defend, indemnify, and hold harmless Licensor and its employees, officers, directors, owners, agents and representatives (collectively, the "Licensor Parties"), at Licensee's cost and expense, from and against any and all claims, demands or causes of action (collectively, "claims") arising out of or relating to the Licensee's use of the Software and other rights provided under this Agreement, EVEN IF CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OF ANY LICENSOR PARTY, EXCEPT TO THE EXTENT THAT SUCH CLAIMS ARISE AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A LICENSOR PARTY. Licensee will reimburse Licensor for any and all costs, liabilities, judgments, and expenses (including attorneys' fees and costs) reasonably incurred by Licensor in connection with investigating, preparing for, and defending against any such claim, whether or not resulting in any liability, and any amount paid in settlement of any litigation, commenced or threatened, or of any such claim if such settlement is effected with the written consent of Licensee, which consent shall not be unreasonably withheld.

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

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

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

In the event of a breach by Licensee of this Agreement, the Franchise Agreement, or any other agreement between Licensee and Licensor, Licensor may cease providing access to the Software and/or access to SF's support without notice to Licensee.

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

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

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

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

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

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

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

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

LICENSOR: MEMBERSHIP HOTEL ORGANIZATION LLC

_____

By:_____, its_____

LICENSEE:

_____

By:_____, its_____

## ~~SOFTWARE LICENSE~~

## ~~END USER LICENSE AGREEMENT~~

~~This Use and License Agreement ("Agreement" or "End User License Agreement"), dated _____, 20__, (the "Effective Date") is made by and between Membership Hotel Organization LLC ("Licensor"), and _____ ("Licensee").~~

~~RECITALS~~

~~WHEREAS, Licensor is the franchisor of Membership Hotel Organization ("MHO") hotel franchises and has purchased a "Master License" for the use of Anand Systems, Inc. ("ASI") software for the use in the operation of MHO franchises, including any updates and revisions (the "Software");~~

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

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

~~WHEREAS, the Software is required for the operation of an MHO franchise;~~

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

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

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

~~1. **LICENSE**. Licensor hereby grants a worldwide, non-exclusive, non-transferable, revocable, non-sublicenseable license to Licensee to use the Software exclusively for the internal~~

operations of an MHO franchise and for no other purpose unless Licensee has received prior written consent from Licensor for such purpose. Licensor shall provide all documentation for the operation of the Software.

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

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

4. **SOFTWARE SUPPORT**

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

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

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

5. **PAYMENT**.

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

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

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

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

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

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

8. **RESTRICTIONS ON USE**

(a) Licensee may not decompile, reverse compile, reverse engineer, reverse assemble or otherwise derive a source code equivalent for the Software. In addition, Licensee may not copy the Software without the Licensor's written consent. Licensee may not download any portion of the Software except as the Licensor may expressly permit or instruct. Licensee may not permit any third party to access the Software, and may use the Software only on computers that Licensee controls and only for the purpose of complying with the Franchise Agreement and this Agreement. Licensee may not assign, transfer, sell, rent, license, sublicense, or grant any rights to or interests in the Software to any corporation, partnership or other business entity or any other

person. Licensee may not, at any time, use or exploit or authorize any third party to use or exploit, the Software or any of Software's content or data. Licensee will comply with all terms and conditions packaged or accompanying the Software or any third-party software furnished to or required to be used by Licensee under this Agreement.

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

9. **INDEMNIFICATION**. Licensee agrees to release, protect, defend, indemnify, and hold harmless Licensor and its employees, officers, directors, owners, agents and representatives (collectively, the "Licensor Parties"), at Licensee's cost and expense, from and against any and all claims, demands or causes of action (collectively, "claims") arising out of or relating to the Licensee's use of the Software and other rights provided under this Agreement, EVEN IF CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OF ANY LICENSOR PARTY, EXCEPT TO THE EXTENT THAT SUCH CLAIMS ARISE AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A LICENSOR PARTY. Licensee will reimburse Licensor for any and all costs, liabilities, judgments, and expenses (including attorneys' fees and costs) reasonably incurred by Licensor in connection with investigating, preparing for, and defending against any such claim, whether or not resulting in any liability, and any amount paid in settlement of any litigation, commenced or threatened, or of any such claim if such settlement is effected with the written consent of Licensee, which consent shall not be unreasonably withheld.

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

THEREOF WILL BE UNINTERRUPTED OR ERROR-FREE, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES.

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

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

Upon Licensee's breach of this Agreement, the Franchise Agreement, or any other agreement between Licensee and Licensor, Licensor may cease providing access to the Software and/or access to ASI's support without notice to Licensee.

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

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

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

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

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

17. **ENTIRE AGREEMENT**. This Agreement and exhibits or addenda, along with relevant portions of the Franchise Agreement, contain the entire understanding of the parties with respect to the transactions and matters contemplated hereby and this Agreement supersedes all previous agreements concerning the subject matter. This Agreement cannot be amended except by a writing signed by both parties.

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

LICENSOR: MEMBERSHIP HOTEL ORGANIZATION LLC

_____

By: _____, its _____

LICENSEE:

_____

By: _____, its _____

## APPLICATION FOR MHO FRANCHISE

Membership Hotel Organization LLC
187 Route 130, Bordentown, NJ 08505
Phone: 609-756-9300
www.mhohotels.com

### INSTRUCTIONS

Membership Hotel Organization LLC ("MHO") is pleased to consider this application for a franchise (the "Application"). Please read these instructions carefully and answer all items completely and accurately. If an item does not apply, please mark not applicable (NA). If you become a franchisee, inclusion of false or misleading information in this Application may result in a default or termination of your franchise, as well as liability for fraud, breach of contract, and other legal claims.

**Please supply all requested attachments for your entity and property**

When this Application is complete, please send the Application, attachments, and application fee by regular mail or overnight carrier, to MHO Hotels, 187 Route 130, Bordentown, NJ 08505.

**YOU MAY NOT SEND THIS APPLICATION OR THE APPLICATION FEE UNTIL AT LEAST FOURTEEN DAYS HAVE ELAPSED SINCE YOU RECEIVED A COPY OF MHO'S FRANCHISE DISCLOSURE DOCUMENT. FAILURE TO COMPLY WITH THIS PARAGRAPH SHALL VOID YOUR APPLICATION.**

MHO reserves the right to approve or deny this Application in its sole discretion. You have not yet been granted a franchise and your submission of this Application along with the application fee does not guaranty your acceptance as a franchisee. You understand that you must pay the non-refundable $500 application fee (the "Application Fee"), but this does not mean that you will receive the right to enter into a franchise agreement. Upon receipt of the Application Fee, in

addition to other consideration, the receipt of which is hereby acknowledged, we agree to review and consider your Application to become an MHO franchisee. ~~We may refund the Application Fee for the first 100 applicants that open an MHO hotel.~~

**ITEMS TO BE SUBMITTED WITH THIS APPLICATION**

Please submit the following items with this Application.

- ☐ Check for application fee of $500 made out to Membership Hotel Organization LLC
- ☐ Current financial statement(s) (*see Section E*)
- ☐ Proof of Ownership (*sales contract, deed, option, or lease*)
- ☐ Entity documents (*see Section D)*
- ☐ Franchise Disclosure Document (FDD) Acknowledgment of Receipt Form

## APPLICATION

**Where and when you are filling out this Application:**

City:_____ State: _____ Date: _____

### 1. PROSPECTIVE HOTEL NAME

_____ [Your hotel name] _____powered by MHO
_____ MHO Hotel
_____ MHO Hotels
_____ MHO Inn
_____ MHO Suites
_____ MHO Inn & Suites
_____ Other: _____

### 2. CURRENT HOTEL INFORMATION

Number of Rooms: _____

Current Hotel Name/Site Location: _____

Current Hotel Franchise System (if applicable): _____

Street Address: _____

City: _____

State/Province: _____

ZIP/Postal Code:_____

County: _____

Country: _____

Phone: _____

Fax: _____
Email: _____

### 3. APPLICANT'S REPRESENTATIVE

*You authorize the following individual to be your Designated Contact Person for this Application and for the Franchise Agreement, if approved.*

Name (Mr./Mrs./Ms./Mx.)

First: _____ Middle: _____ Last: _____

Title: _____

Company Name: _____

Street Address: _____

City:_____

State/Province: _____

Zip/Postal Code: _____

Business Phone: _____

Mobile Phone: _____

Email Address: _____

Fax: _____

Home Address: _____

City: _____

State/Province:_____

Zip/Postal Code: _____

Home Phone:_____

Social Security Number: _____

Birth Date: _____

Current Occupation: _____

**4. APPLICANT (Please select one)**

- ☐ Corporation *Complete subsections 1, 2 and 3 below*
- ☐ General Partnership *Complete subsections 1, 2 and 3 below*
- ☐ Limited Partnership *Complete subsections 1, 2 and 3 below*
- ☐ Limited Liability Partnership *Complete subsections 1, 2 and 3 below*
- ☐ Joint Venture *Complete subsections 1, 2 and 3 below*
- ☐ Limited Liability Company *Complete subsections 1, 2 and 3 below*
- ☐ Sole Proprietor *Complete subsection 3 below.*
- ☐ Multiple Individuals *Complete subsection 3 below.*
- ☐ Other: _____ *Complete subsections 1, 2 and 3 below.*

4.1. **Entity** (You may not use the name MHO or any variation thereof in the entity's name.)

- Name of Entity_____
- Formed in State of: _____
- Date Formed: _____
- Business Address: _____
- City: _____
- State/Province:_____
- Zip/Postal Code: _____
- Business Phone:_____
- Email: _____
- Fax: _____

*Please submit a copy of the following documents with your application:*

- Formation Document(s) (This is the document that you filed with the state of incorporation (e.g., articles of incorporation, articles of organization, certificate of incorporation, etc.)
- Governing Document(s) (e.g., Bylaws, Shareholders Agreement, Partnership Agreement, Operating Agreement, etc.)

## 4.2. Entity Management Structure

Please list **all** Officers (May include: President, Treasurer, Secretary, General Partners, Managing Partners or Managing Members.) If a general partner, managing partner or managing member is a corporation or other entity, the name and title of the individual signing for the corporation or entity also must be listed. Attach additional pages if necessary.

a. Name (Mr./Mrs./Ms.) First:_____Last:_____
Title:_____
Phone:_____
Email: _____
Mailing Address:_____
City: _____
State/Province:_____
Zip/Postal Code: _____
Social Security Number:_____
Birth Date: _____

b. Name (Mr./Mrs./Ms.) First:_____Last:_____
Title:_____
Phone:_____
Email: _____
Mailing Address:_____
City: _____
State/Province:_____
Zip/Postal Code: _____
Social Security Number:_____
Birth Date: _____

c. Name (Mr./Mrs./Ms.) First:_____Last:_____
Title:_____
Phone:_____
Email: _____
Mailing Address:_____
City: _____
State/Province:_____
Zip/Postal Code: _____
Social Security Number:_____
Birth Date: _____

d. Name (Mr./Mrs./Ms.) First:_____Last:_____
Title:_____
Phone:_____
Email: _____
Mailing Address:_____
City: _____
State/Province:_____
Zip/Postal Code: _____
Social Security Number:_____
Birth Date: _____

e. Name (Mr./Mrs./Ms.) First:_____Last:_____
Title:_____
Phone:_____
Email: _____
Mailing Address:_____
City: _____
State/Province:_____
Zip/Postal Code: _____
Social Security Number:_____
Birth Date: _____

4.3. **Owners**

Please list **all** owners, shareholders, general partners, limited partners, joint venturers, or members. If any owner, shareholder, general partner, limited partner, joint venturer, or members is an entity, please list all owners of that entity and provide the same information requested below for owners, shareholders, general partners, limited partners, joint venturers, or members of this entity. We reserve the right to request additional information outside of this Application prior to deciding whether or not to approve you as a potential franchisee. Attach additional pages if necessary.

4.3.1. Name: (Mr./Mrs./Ms.) First:_____Last: _____
% Owned: _____
Mailing Address: _____
City:_____
State/Province:_____
Zip/Postal Code: _____
Business Phone:_____

Home Phone: _____

Social Security Number:_____

Birth Date: _____

Email Address:_____

4.3.2. Name: (Mr./Mrs./Ms.) First:_____Last: _____

% Owned: _____

Mailing Address: _____

City:_____

State/Province:_____

Zip/Postal Code: _____

Business Phone:_____

Home Phone: _____

Social Security Number:_____

Birth Date: _____

Email Address:_____

4.3.3. Name: (Mr./Mrs./Ms.) First:_____Last: _____

% Owned: _____

Mailing Address: _____

City:_____

State/Province:_____

Zip/Postal Code: _____

Business Phone:_____

Home Phone: _____

Social Security Number:_____

Birth Date: _____

Email Address:_____

4.3.4. Name: (Mr./Mrs./Ms.) First:_____Last: _____

% Owned: _____

Mailing Address: _____

City:_____

State/Province:_____

Zip/Postal Code: _____

Business Phone:_____

Home Phone: _____

Social Security Number:_____

Birth Date: _____

Email Address:_____

4.3.5. Name: (Mr./Mrs./Ms.) First:_____Last: _____

% Owned: _____

Mailing Address: _____

City:_____

State/Province:_____

Zip/Postal Code: _____

Business Phone:_____

Home Phone: _____

Social Security Number:_____

Birth Date: _____

Email Address:_____

4.3.6. Name: (Mr./Mrs./Ms.) First:_____Last: _____

% Owned: _____

Mailing Address: _____

City:_____

State/Province:_____

Zip/Postal Code: _____

Business Phone:_____

Home Phone: _____

Social Security Number:_____

Birth Date: _____

Email Address:_____

4.3.7. Name: (Mr./Mrs./Ms.) First:_____Last: _____

% Owned: _____

Mailing Address: _____

City:_____

State/Province:_____

Zip/Postal Code: _____

Business Phone:_____

Home Phone: _____

Social Security Number:_____

Birth Date: _____

Email Address:_____

How did you hear about MHO? (Check one.)

- ☐ A friend or business associate referred me.
- ☐ I saw your advertisement in _____
- ☐ I was contacted by MHO
- ☐ Other (specify) _____

## 5. FINANCIAL INFORMATION

### 5.1. Financial Statements

Please submit a current financial statement for the ownership entity in accordance with the following:

5.1.1. **General Partnership / Limited Partnership / Limited Liability Partnership / Joint Venture / Limited Liability Company / Corporation:**

- Entity Balance Sheet (most recent year)
- Personal Financial Statements for all general partners, joint venturers, members or shareholders

5.1.2. **Sole Proprietor:**

- Personal Financial Statement

5.1.3. **Individual Owners:**

- Personal Financial Statements for all individuals
- Hotel Profit and Loss Statement (most recent year)

5.2. **Business References:**

5.2.1. Company Name: _____

Contact:_____
Address:_____
City: _____
State/Province:_____
Zip/Postal Code: _____
Phone:_____
Account Name:_____
Account Number: _____

5.2.2. Company Name: _____
Contact:_____
Address:_____
City: _____
State/Province:_____
Zip/Postal Code: _____
Phone:_____
Account Name:_____
Account Number: _____

5.2.3. Company Name: _____
Contact:_____
Address:_____
City: _____
State/Province:_____
Zip/Postal Code: _____
Phone:_____
Account Name:_____
Account Number: _____

5.3. **Bank References:**

5.3.1. Name of Bank: _____
Contact Person:_____
Address:_____
City:_____
State/Province:_____
Zip/Postal Code:_____
Phone:_____

Email Address: _____
Account in Name of_____
Account Number:_____

Type of Account:

- ☐ Checking
- ☐ Savings
- ☐ Loan

5.3.2. Name of Bank: _____
Contact Person:_____
Address:_____
City:_____
State/Province:_____
Zip/Postal Code:_____
Phone:_____
Email Address: _____
Account in Name of_____
Account Number:_____

Type of Account:

- ☐ Checking
- ☐ Savings
- ☐ Loan

5.3.3. Name of Bank: _____
Contact Person:_____
Address:_____
City:_____
State/Province:_____
Zip/Postal Code:_____
Phone:_____
Email Address: _____
Account in Name of_____
Account Number:_____

Type of Account:

- ☐ Checking
- ☐ Savings
- ☐ Loan

5.4. **Insurance Agent:**

5.4.1. Company Name: _____
Contact:_____
Address:_____
City: _____
State/Province: _____
Zip/Postal Code: _____
Email: _____
Phone: _____

## 6. FRANCHISING AND HOTEL EXPERIENCE

6.1. Do any of the individuals/entities listed under ownership currently own any interest in a MHO franchise or non-MHO franchise motel, hotel and/or resort?

☐ Yes

☐ No

If "yes," please provide information below:

| Individual/Entity | Property Name | Franchise System | MHO Property Code (if applicable) | City/State | % Owned |
|---|---|---|---|---|---|
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6.2.

Have any of the individuals/entities listed under ownership previously (but no longer) owned any motel(s), hotel(s) or resort(s) (MHO hotels or non-MHO franchise hotels) ?

☐ Yes

☐ No

If "yes," please provide information below

| Individual/Entity | Property Name | Franchise System | MHO Hotels Property Code (if applicable) | City/State | % Owned |
|---|---|---|---|---|---|
| | | | | | |
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6.3. For any of the individuals/entities listed under ownership, please identify the total number of years of hotel ownership and/or hotel management experience.

| Individual/Entity | # of Years of Hotel *Ownership* Experience | Current Number of Hotels Under *Ownership* | # of Years of Hotel *Management* Experience | Current Number of Hotels Under *Management* |
|---|---|---|---|---|
| | | | | |
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6.4. Do any of individuals/entities listed under ownership own other non-hotel franchises?

- ☐ Yes
- ☐ No

If "yes," please provide information below:

*(***Types of non-hotel franchise may include:** *Retail, fast food, gas station, fitness services, etc.)*

| Individual/Entity | Type of Non-Hotel Franchise | Brand Name | City/State | % Owned |
|---|---|---|---|---|
| | | | | |
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6.5. Do any of the individuals/entities listed under ownership own and/or hold an officer position at a non-hotel business(es)?

- ☐ Yes
- ☐ No

If "yes," please provide information below:

| Individual/ Entity | Type of Business | Business Name | City/State | % Owned | Title/Office |
|---|---|---|---|---|---|
| | | | | | |
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## 7. BACKGROUND INFORMATION

For purposes of this section, "Applicant" includes anyone owning a direct or indirect interest in the proposed franchise.

7.1. Is any Applicant now, or has any Applicant ever been a defendant in any lawsuit?

- ☐ Yes
- ☐ No

7.2. Has any Applicant ever filed for bankruptcy?

- ☐ Yes
- ☐ No

7.3. Has any Applicant ever been convicted of a crime other than minor traffic violations?

- ☐ Yes
- ☐ No

7.4. Is any Applicant a "Specially Designated National" or a "Blocked Person" (as defined below)?

- ☐ Yes
- ☐ No

If "**yes**" has been indicated for any of questions 1-4, please identify the person, court, case number and outcome below.

| Person | Court Case | Number | Outcome |
|---|---|---|---|
| | | | |
| | | | |

"Specially Designated National" or "Blocked Person" means (I) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as such status, (II) a person described in Section 1 of U.S. Executive Order 13224, issued September 23, 2001, or (III) a person otherwise identified by government or legal authority as a person with whom MHO Hotels or its affiliates are prohibited from transacting business. A list of such designations and the text of the Executive Order are published under the Internet web site address www.ustreas.gov/office/enforcement/ofac.

## *8.* OPERATIONAL DATA *(For proposed hotel property)*

*Please list by month the Occupancy, Average Daily Rate (ADR) and Gross Room Receipts for each calendar month during the previous ~~year~~twelve months.*

| Month / Year | Occupancy | ADR | Gross Room Receipts |
|---|---|---|---|
| / | | | |
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| / | | | |
| **Totals** | | | |

## 9. FACILITY DESCRIPTION

9.1. Information:

9.1.1. Expected Date to Open as an MHO franchise:_____

9.1.2. Year Built:___

9.1.3. Year(s) Renovated: _____

9.1.4. Year(s) Refurnished: _____

9.1.5. Number of Guest Rooms: ___

9.1.6. Number of Floors: _____

9.1.7. Number of Parking Spaces: _

9.1.8. Number of Meeting Rooms:_

9.1.9. Seating Capacity of Each Meeting Room: __

9.2. Is continental breakfast served at the hotel premises?

☐ Yes

☐ No

9.3. Food and Beverage Outlets:

9.3.1. Name:_____

On Premises or Distance from hotel :_____

Meals of Operation: Breakfast, lunch, dinner?

Number of Seats: ___

9.3.2. Name:_____

On Premises or Distance from hotel :_____

Meals of Operation: Breakfast, lunch, dinner?

Number of Seats: ___

9.4. Recreational Facilities (indoor/outdoor pool, hot tub, spa, exercise rooms, etc.):

_____

9.5. Is hotel building leased or to be leased by you?

9.6. If the ground leased or to be leased to you?

(If "**yes"** has been indicated for question 5 or 6, please complete the following.)

Landlord Name:_____

Phone: _____

Email:_____

Address: _____

_____ City:_____

State/Province:_____

Zip/Postal Code: _____

9.7. Is hotel owned or to be owned by you?

If **"yes"**, please list the ownership name as it appears or will appear on the deed or purchase agreement: _____

9.8. Is ground owned or to be owned by you?

9.9. When did you obtain possession of the hotel? Was possession granted by lease or purchase?

I certify that, to the best of my knowledge, the information I provided in this application is complete and accurate.

Furthermore, I agree that MHO may contact and obtain credit and other financial information, from referenced companies, banks, and/or individuals named in this application and credit reporting agencies. This disclosed information will be used for the exclusive and confidential use of MHO in determining whether or not to authorize ~~you~~ me to become an MHO franchisee. I also release MHO, its affiliates and their employees, agents, owners, and all other entities and their employees providing information or reports about me from all liabilities arising out of the release of any informational reports.

I understand that by submitting this application I agree to the terms and statements made in this application. (Please have ALL OWNERS ~~AND/OR~~OF APPLICANT~~S~~ sign below)

| Signature | Print or Type Name | Date |
|---|---|---|
| Signature | Print or Type Name | Date |
| Signature | Print or Type Name | Date |
| Signature | Print or Type Name | Date |
| Signature | Print or Type Name | Date |

**Please submit to:**

If there is not an address listed above, please send to the following address:

Director, Application Administration
MHO
187 Route 130, Bordentown, NJ 08505
Phone: 609-756-9300

**ADDENDUM TO FRANCHISE AGREEMENT**[1]

**THIS ADDENDUM** ("Addendum") is made and entered into on _____, 20____, by and between Membership Hotel Organization, LLC ("Franchisor"), located at 187 ROUTE 130 BORDENTOWN, NJ 08505, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

**CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

**COVENANTS**

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of FRANCHISOR:**

By: _____

Print Name: _____

Title: _____

**Authorized Representative of FRANCHISEE:**

By: _____

Print Name: _____

Title: _____

**Note to Parties**: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

# EXHIBIT D TO FDD

## STATE ADDENDA TO FRANCHISE AGREEMENT

**AMENDMENT TO MEMBERSHIP HOTEL ORGANIZATION, LLC**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF CALIFORNIA**

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

## CALIFORNIA LAW MODIFICATIONS

1. The California Department of Business Oversight requires that certain provisions contained in the franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

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

    d. The Franchise Agreement requires the parties to try to settle disputes in mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. If not resolved by mediation, the Franchise Agreement requires binding arbitration. The arbitration will occur at Bordentown, NJ with the costs being borne by the parties equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and he Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

f. The Franchise Agreement requires application of the laws of New Jersey, but this provision may not be enforceable under California law.

g. Notwithstanding anything to the contrary in the Franchise Agreement, Franchisor shall defer the initial fee unless and until it meets its obligations to the franchisee and the franchisee opens for business. Any initial fee called for in the franchise agreement or any attachment thereto shall be deferred until Franchisor meets its obligations to Franchisee prior to opening and Franchisee opens for business.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____

**Hawaii Addendum to the FDD and Franchise Agreement**

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

1. Risk Factor – Franchisor's Financial Position. The Franchisor's liabilities exceed its assets as of the date of this FDD. You should review our financial statements included in this FDD in detail.

2. Item 5 is hereby deleted in its entirety and amended to read:
   ~~a.~~ MHO members are required to pay an initial fee of ~~$3,500~~$9,995. The initial fee is not refundable for any reason. ~~The first 100 approved franchisees to enter into franchise agreements with MHO to operate System Hotels shall have this initial fee waived.~~

   a. There will also be a $500 application fee~~, which shall be waived for the first 100 approved franchisees~~. Before you begin operations, you must ensure that your hotel meets our standards and specifications and you must pay us for our expenses in inspecting your Property to decide whether you are ready to open or not. We estimate that payments to us for related goods and services will be between $3,000 and

$15,000.

Notwithstanding anything to the contrary in this Item 5, Franchisor shall defer the initial fee unless and until it meets its obligations to the franchisee and the franchisee opens for business.

3. Initial Fee
    a. The following shall be incorporated into the franchise agreement: Any initial fee called for in the franchise agreement or any attachment thereto shall be deferred until Franchisor meets its obligations to Franchisee prior to opening and Franchisee opens for business.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

As Individuals:

By:_____

Dated:_____

By:_____

Dated:_____

By:_____

Dated:_____

## Illinois Addendum to the FDD and Franchise Agreement

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

## ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

    a. Illinois Franchise Disclosure Act (the "Act") paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of the Franchise Agreement. If the Franchise Agreement (or any exhibit or attachment to the Franchise Agreement) contains a provision that is inconsistent with the Act, the Act will control.

    b. Any release of claims or acknowledgments of fact contained in the Franchise Agreement (or in any exhibit or attachment to the Franchise Agreement) that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted regarding claims under the Act.

    c. Section 4 of the Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void except with respect to arbitration proceedings and therefore, you are not required to litigate a cause of action arising under the Act outside the State of Illinois, except that you must arbitrate any disputes subject to arbitration in Bordentown, NJ.

    d. Illinois law shall apply and govern the Franchise Agreement(s).

    e. Notwithstanding Section 24.5 of the Franchise Agreement, no action may be maintained under 815 ILCS 705/27 to enforce any liability created by the Illinois Franchise Disclosure Act, unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief with respect to conduct governed by the Act, or ninety (90) days after delivery to you of a written notice disclosing the violation, whichever shall first expire.

2. Franchisor hereby defers collection of the initial franchise fee described in Item 5 and the franchise agreement until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

As Individuals:

By:_____

Dated:_____

By:_____

Dated:_____

By:_____

Dated:_____

**ADDENDUM TO MEMBERSHIP HOTEL ORGANIZATION, LLC**

**FRANCHISE AGREEMENT**

**FOR THE STATE OF MINNESOTA**

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

## MINNEOSTA LAW MODIFICATIONS

1. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 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 for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

2. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

4. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400(J). A court will determine if a bond is required.

6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

7. Notwithstanding anything to the contrary in Item 5, Franchisor shall defer the initial fee unless and until it meets its obligations to the franchisee and the franchisee opens for business.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

As Individuals:

By:_____

Dated:_____

By:_____

Dated:_____

By:_____

Dated:_____

**NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to 2 a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a

~~public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.~~

~~3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer": However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.~~

~~4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":~~

~~You may terminate the agreement on any grounds available by law.~~

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

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

**AMENDMENT TO MEMBERSHIP HOTEL ORGANIZATION, LLC**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF NEW YORK**

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**NEW YORK LAW MODIFICATIONS**

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Section 680 through 695 (1989). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

    a. If you are required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. The Franchise Agreement Requires that it be governed by New Jersey law, but the choice of law provision shall not be considered to waive any rights conferred upon you under the New York General Business Law, Article 33, Sections 680 through 695.

c. Notwithstanding anything to the contrary in Section 14.1 of the Franchise Agreement, we will not assign our rights under the Franchise Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under the Franchise Agreement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680 through 695, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

As Individuals:

By:_____

Dated:_____

By:_____

Dated:_____

By:_____

Dated:_____

**AMENDMENT TO THE MEMBERSHIP HOTEL ORGANIZATION, LLC FRANCHISE AGREEMENT**
**FOR THE STATE OF NORTH DAKOTA**

**This Amendment** (the "**Amendment**") is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between Membership Hotel Organization, LLC, a New Jersey limited liability company ("**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 Amendment (the "**Franchise Agreement**"). This Amendment is annexed to and forms part of the Franchise Agreement. This Amendment 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. **Initial Fee**. Notwithstanding anything to the contrary in the Franchise Agreement, Franchisor will defer collection of initial franchise fees unless and until Franchisor has met all of its pre-opening obligations and Franchisee is open for business.

3. **Releases**. The following language is added to the Franchise Agreement:

   "You shall not be required to sign a general release upon renewal of the Franchise Agreement."

4. **Liquidated Damages on Termination**. Section 13.2 of the Franchise Agreement is hereby deleted.

5. **Arbitration/Mediation**. Section 16.3 of the Franchise Agreement requires arbitration or

mediation to be held in New Jersey and is hereby amended as follows:

"Notwithstanding anything to the contrary in the Franchise Agreement, the location of arbitration or mediation will be held at a location mutually agreeable to the parties and may not be remote from the Franchisee's place of business."

6. **Governing Law/Consent to Jurisdiction**. The following language is added to the end of Section 16.2 and 16.3 of the Franchise Agreement:

"Notwithstanding anything to the contrary herein, 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."

7. **Expenses to Enforce the Agreement**. To the extent required by the North Dakota Franchise Investment Law, Section 16.11 of the Franchise Agreement is deleted. And replaced with the following:

"The prevailing party in any enforcement action to enforce this Agreement is entitled to recover all costs and expenses, including reasonable attorneys' fees."

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

As Individuals:

By:_____

Dated:_____

By:_____

Dated:_____

By:_____

Dated:_____

**ADDENDUM TO THE MEMBERSHIP HOTEL ORGANIZATION, LLC FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE STATE OF SOUTH DAKOTA**

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**SOUTH DAKOTA LAW MODIFICATIONS**

For those franchisees for which South Dakota franchise laws apply:

1. Item 5 of the FDD is hereby deleted in its entirety and amended to read:
   a. MHO members are required to pay an initial fee of ~~$3,500~~$9,995. The initial fee is not refundable for any reason. ~~The first 100 approved franchisees to enter into franchise agreements with MHO to operate System Hotels shall have this initial fee waived.~~

      There will also be a $500 application fee~~, which shall be waived for the first 100 approved franchisees~~. Before you begin operations, you must ensure that your hotel meets our standards and specifications and you must pay us for our expenses in inspecting your Property to decide whether you are ready to open or not. We estimate that payments to us for related goods and services will be between $3,000 and $15,000.

      Notwithstanding anything to the contrary in this Item 5, Franchisor shall defer the initial fee unless and until it meets its obligations to the franchisee and the franchisee opens for business.

2. Initial Fee
   a. The following shall be incorporated into the franchise agreement:
      i. Any initial fee called for in the franchise agreement or any attachment thereto shall be deferred until Franchisor meets its obligations to Franchisee prior to opening and Franchisee opens for business.

         Any initial fee shall be deposited into an escrow account and only upon receipt by South Dakota Department of Labor & Regulation, Division of Insurance, Securities Regulation, of Franchisee's and Franchisor's written acknowledgments that the Franchisor has met its pre-opening obligations and Franchisee has opened for business shall the escrowed funds be released to the Franchisor.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

As Individuals:

By:_____

Dated:_____

By:_____

Dated:_____

By:_____

Dated:_____

**AMENDMENT TO THE MEMBERSHIP HOTEL ORGANIZATION, LLC FRANCHISE AGREEMENT**
**FOR THE STATE OF WASHINGTON**

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

## WASHINGTON LAW MODIFICATIONS

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with us, including areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with us, including the areas of termination and renewal of your franchise.

2. A release or waiver of rights you sign will not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel. Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

5. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

As Individuals:

By:_____

Dated:_____

By:_____

Dated:_____

By:_____

Dated:_____

**AMENDMENT TO THE MEMBERSHIP HOTEL ORGANIZATION, LLC FRANCHISE AGREEMENT**
**FOR THE STATE OF VIRGINIA**

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

## VIRGINIA LAW MODIFICATIONS

1. 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 and/or area development agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable.

2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

MEMBERSHIP HOTEL ORGANIZATION, LLC

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

[FRANCHISEE]

By:_____

Title:_____

Dated:_____ EFFECTIVE DATE:_____

As Individuals:

By:_____

Dated:_____

By:_____

Dated:_____

By:_____

Dated:_____

# EXHIBIT E TO FDD

## FINANCIAL STATEMENTS

The Franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

# Membership Hotel Organization LLC
# March 17, 2020 to December 31, 2020

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Harish Hathiwala
Certified Public Accountant

# MEMBERSHIP HOTEL ORGANIZATION LLC

## Financial Statements

## &

## Independent Auditor's Report

## For the Period March 17, 2020 to December 31, 2020

Harish Hathiwala
Certified Public Accountant

HARISH HATHIWALA
Certified Public Accountant
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# INDEPENDENT AUDITOR'S REPORT

To the Partners
Membership Hotel Organization LLC
Bordentown, NJ

## Report on Financial Statements

We have audited the accompanying financial statements of Membership Hotel Organization LLC (a partnership), which comprise the balance sheet for the period March 17, 2020 to December 31, 2020, and the related statements of income and expenses, changes in Partners Capital and cash flows for the period then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Accountant's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Emphasis of a Matter**

As discussed in Note 11 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Membership Hotel Organization LLC for the period March 17, 2020 to December 31, 2020, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Harish Hathiwala, CPA
Jersey City
April 25, 2021

**Membership Hotel Organization LLC**
**Balance Sheet**
**March 17, 2020 to December 31, 2020**

| **ASSETS** | 2020 |
|---|---|
| Current Assets | |
| Cash & cash equivalents (Note 2) | $ 2,956 |
| Total Current Assets | 2,956 |
| | |
| Property, Plant & Equipment | |
| Furniture & Equipment (Net of depreciation) (Note 4) | 17,810 |
| | |
| Other Assets | |
| Franchisee Development fee (Net of amortization) (Note 5) | 51,299 |
| Deposit-Rent | 650 |
| | |
| **TOTAL ASSETS** | $ 72,715 |
| | |
| **LIABILITIES AND PARTNER'S CAPITAL** | |
| Liabilities: | |
| Current Liabilities | |
| Loan from Member (Note 6) | 34,192 |
| Unsecured Loan from third Party (Note 6) | 40,000 |
| | 74,192 |
| | |
| Partner's Capital (Note 7) | |
| Parter's Capital- Mahendra Patel | (1,166) |
| Parter's Capital- Keshin Patel | (311) |
| Total Partner's Capital | (1,477) |
| | |
| **TOTAL LIABILITIES AND PARTNERS CAPITAL** | $ 72,715 |

See accompanying notes and independent auditor's report



Harish Hathiwala
Certified Public Accountant

**Membership Hotel Organization LLC**
**Statement of Income and Expenses**
**For the Period March 17, 2020 to December 31, 2020**

| | 2020 |
|---|---|
| Revenues | $ - |
| Total Revenue | - |
| Expenses | |
| Advertising & Promotion | 253 |
| Amortization (Note 6) | 1,770 |
| Business License & Permits | $ 170 |
| Computer & Internet Expenses | 5,213 |
| Depreciation (Note 5) | 924 |
| Insurance | 3,383 |
| Meals | 220 |
| Office Supplies | 1,722 |
| Professional Fees | 5,335 |
| Rent (Office) (Note 7) | 6,500 |
| Repairs & Maintenance | 714 |
| Small tools & Equipment | 86 |
| Telephone Expenses | 3,653 |
| Uniforms | 1,195 |
| Total Expense | 31,138 |
| **Net Income** | $ (31,138) |

See accompanying notes and independent auditor's report



Harish Hathiwala
Certified Public Accountant

**Membership Hotel Organization LLC**
**Statement of Changes in Partner's Capital**
**For the Period March 17, 2020 to December 31, 2020**

| | Mahendra Patel | Keshin Patel | Total |
|---|---|---|---|
| Capital Contribution | $ 29,661 | $ - | $ 29,661 |
| Add/(Less): Profit/(Loss) for the period | $ (30,827) | $ (311) | $ (31,138) |
| Total Capital as of December 31, 2020 | $ (1,166) | $ (311) | $ (1,477) |

See accompanying notes and independent auditor's report

**Membership Hotel Organization LLC**
**Statement of Cash Flows**
**March 17, 2020 to December 31, 2020**

| | 2020 |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Net Income | $ (31,138) |
| Adjustments to reconcile increased in net assets to net cash provided by (used in) operating activities | |
| Depreciation & amortization | 2,694 |
| *Decrease (increase) in operating assets* | |
| *Increase in Deposits-rent* | (650) |
| *Increase (decrease) in operating liabilities* | |
| *Increase in Current liabilities* | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | **$ (29,094)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of fixed assets | (71,803) |
| Proceeds from sale of fixed assets | - |
| NET CASH USED IN INVESTING ACTIVITIES | **(71,803)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Capital Introduced by member | 29,661 |
| Loan from Member | 34,192 |
| Loan from Third Party | 40,000 |
| NET CASH USED IN FINANCING ACTIVITIES | **103,853** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **2,956** |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | - |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **$ 2,956** |

Required Disclosures:

Cash paid for Interest during the year is Zero.

Cash paid for Federal Income tax is Zero.

See accompanying notes and independent auditor's report



Harish Hathiwala
Certified Public Accountant

**Membership Hotel Organization LLC**
**Notes to Financial Statements**
**March 17, 2020 to December 31, 2020**

## Note 1 – Nature of Business

Nature of Organization and Operations

Membership Hotel Organization LLC ("Company") is incorporated on March 17, 2020 under the laws of the State of New Jersey as Limited Liability Company. On the same date, it was elected and approved as partnership by the Internal Revenue Service and the State of New Jersey for tax purposes.

Membership Hotel Organization LLC is a membership hospitality management and owner services organization created by an experienced team of hotel owners and management experts for the benefit of other property and franchise owners. The company is branding as "MHO Hotels".

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

Note related to entity has not commenced its operations (FASB ASC 275-10-50-2A)

## Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Company prepares its financial statements in accordance with accounting principles generally accepted in United States of America, which involves the application of accrual basis of accounting. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The Company has not realized revenues from its planned principal business purpose and is considered to be in its development state in accordance with SFAS 7, "*Accounting and Reporting by Development Stage Enterprises.*"

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

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

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Cash Equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. This also includes undeposited cash collections and other items awaiting deposit such as checks, bank drafts and money orders. The Company has $2,956 cash equivalents at December 31, 2020.

Revenue Recognition

Revenue is recognized when services have been performed and are billable. No revenues are earned during audit period ended December 31, 2020.

ADOPTION OF NEW ACCOUNTING STANDARD

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective March 17, 2020 and since the year 2020 is the first year of audit and adoption of revenue recognition standards, no adjustment relating to earlier period is considered necessary.

The Company derives its revenues primarily from the services as and when it rendered.

The Company does not have any significant financing components as payment is received at or shortly after the services are rendered.

Costs incurred to obtain a contract will be expenses as incurred.

Depreciation

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

| | |
|---|---|
| Equipment | 5 Years |
| Furniture | 7 Years |
| Franchisee Development Fee | 15 Years |

Impairment of assets

The Company reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Impairment of assets (Continued)

amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the assets carrying value over its estimated fair value. No impairment loss was recognized during the period ended December 31, 2020.

Fair Value Measurements

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

Leases

The Company has adopted FASB ASU No. 2016-02, Leases, FASB ASU No. 2016-02 affects both finance leases and operating leases.

For finance leases, a lessee is required to recognize a right-of-use asset and a lease liability in the balance sheet. For operating leases, a lessee is required to recognize a right-of-use asset and a lease liability in the balance sheet.

Lastly, FASB issued ASU No. 2016-02, Leases. The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Company is in the process of evaluating the impact of these standards, will have on future financial statements.

**Note 3 - Concentrations**

Credit and Investment risk:

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash accounts and money placements in financial institutions, which are within the Federal depository insurance coverage limit and the Securities investor protection coverage limit, respectively. Membership Hotel Organization LLC maintains its cash balances and money placements at financial institutions in New Jersey. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 in 2020 for cash balances.

### Note 4 – Furniture, Computer and Equipment

Computer and Equipment consist of following:

| | 2020 |
|---|---|
| Equipment | $ 13,174 |
| Furniture & Furniture | $ 5,560 |
| Total Assets | $ 18,734 |
| Accumulated Depreciation | (924) |
| Furniture, Fixture, Equipment - Net | $ 17,810 |

### Note 5 – Franchisee Development Fee

Franchisee Development Fee consists of following:

| | |
|---|---|
| Franchisee Development Fee | $ 53,069 |
| Accumulated Depreciation | (1,770) |
| Furniture, Fixture, Equipment - Net | $ 51,299 |

### Note 6 – Related Party Transactions

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

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

During the audit period, the Owner Mahendra Patel, has introduced capital, as payment of expenses related to organization prior to and after formation of organization in an amount of $29,611. Further, he has incurred expenses through his personal credit card for the organization and payable to him $34,192 as of December 31, 2020.

The Company borrowed a loan from Anand Systems Inc. c/o individual Family Friend in an amount of $40,000, which is interest free and repayable on demand.

### NOTE 7 – Partner's Capital

The Company has two Partners. Mr. Mahendra Patel, who has a 99% interest and, Mr. Keshin Patel, who has a 1% interest. Both share profit & loss in the same ratios. The capital contribution by Mr. Mahendra Patel is $29,611; paid towards formation and other pre-operation expenses.

### Note 8 – Leases

The Company currently maintains an office at Pennsylvania location as operating lease. During the period, Company has paid $6,500 as office rent.

The future lease payments for office lease are as follows.

| Lessor | Location | Lease Period | lease / Mo. | Amount |
|---|---|---|---|---|
| SDL Management Co., LP dba Neshminy Plaza | Suite 201, Neshminy Plaza, Building 1, 3070 Bristol Pike, PA | May 1, 2020 to January 31, 2021 | $650 | $650 |

### Note 9 - Availability and Liquidity

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management plan, the Organization relies on earned income and investment income to fund its operations and program activities**.**

| | |
|---|---|
| Financial assets at the year end | |
| Cash and cash equivalents | $2,956 |
| Other Receivable | $650 |
| Financial assets available to meet cash needs for general expenditures within one year | $3,606 |

As of December 31, 2020, there are no internal or external limits imposed on the Organization's financial assets.

### Note 10 – Tax year subject to examination

As of December 31, 2020, the Company had no uncertain tax positions, or interest and penalties that qualify for either recognition or disclosure in the financial statements

## Note 11 – Subsequent Events

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

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# MEMBERSHIP HOTEL ORGANIZATION LLC

## Financial Statements

## &

## Independent Auditor's Report

## For the Year Ended, December 31, 2021

Harish Hathiwala
Certified Public Accountant

# Membership Hotel Organization LLC
# Year Ended December 31, 2021

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Harish Hathiwala
Certified Public Accountant

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# INDEPENDENT AUDITOR'S REPORT

To the Partners
Membership Hotel Organization LLC
Bordentown, NJ

## Opinion

We have audited the accompanying financial statements of Membership Hotel Organization LLC (a partnership), which comprise the balance sheet as of December 31, 2021, and the related statements of income and expenses, changes in Partners Capital and cash flows for the year then ended, and the related notes to the financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Membership Hotel Organization LLC as of December 31, 2021, and the results of its operations and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Membership Hotel Organization LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 from 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 Membership Hotel Organization LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued

## Accountant'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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

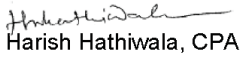
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial 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 partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about partnership'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.

**Emphasis of a Matter**

As discussed in Note 12 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.



Harish Hathiwala, CPA
Jersey City
April 1, 2022

**Membership Hotel Organization LLC**
**Balance Sheet**
**as of December 31, 2021**

| **ASSETS** | 2021 |
|---|---|
| Current Assets | |
| Cash & cash equivalents (Note 2) | $ 7,963 |
| Total Current Assets | 7,963 |
| | |
| Property, Plant & Equipment | |
| Furniture & Equipment (Net of depreciation) (Note 4) | 14,380 |
| | |
| Other Assets | |
| Franchise Development fee (Net of amortization) (Note 5) | 64,512 |
| Deposit-Rent | 650 |
| | |
| **TOTAL ASSETS** | $ 87,505 |
| **LIABILITIES AND PARTNER'S CAPITAL** | |
| Liabilities: | |
| Current Liabilities | |
| Unsecured Loan from third Party (Note 6) | 75,000 |
| | 75,000 |
| | |
| Partner's Capital (Note 7) | |
| Parter's Capital- Mahendra Patel | 13,390 |
| Parter's Capital- Keshin Patel | (885) |
| Total Partner's Capital | 12,505 |
| **TOTAL LIABILITIES AND PARTNERS CAPITAL** | $ 87,505 |

See accompanying notes and independent auditor's report



Harish Hathiwala
Certified Public Accountant

**Membership Hotel Organization LLC**
**Statement of Income and Expenses**
**For the year ended December 31, 2021**

| | 2021 |
|---|---|
| Revenues | |
| Sponsorship Income | $ 6,491 |
| Total Revenue | 6,491 |
| Expenses | |
| Advertising & Promotion | 9,258 |
| Amortization (Note 6) | 3,945 |
| Bank Service Charges | 10 |
| Business License & Permits | $ 55 |
| Computer & Internet Expenses | 5,064 |
| Depreciation (Note 5) | 3,429 |
| Dues & Subscriptions | 151 |
| Insurance | 15,289 |
| Meals | 850 |
| Office Supplies | 9,231 |
| Professional Fees | 2,387 |
| Rent (Office) (Note 7) | 6,650 |
| Telephone Expenses | 4,636 |
| Travel Expenses | 1,882 |
| Uniforms | 1,091 |
| Total Expense | 63,928 |
| **Net Income** | $ (57,437) |

See accompanying notes and independent auditor's report



Harish Hathiwala
Certified Public Accountant

**Membership Hotel Organization LLC**
**Statement of Changes in Partner's Capital**
**For the year ended December 31, 2021**

| | Mahendra Patel | Keshin Patel | Total |
|---|---|---|---|
| Openig Balance as of January 1, 2021 | $ (1,166) | $ (311) | $ (1,477) |
| Capital Contribution | $ 71,419 | $ - | $ 71,419 |
| Add/(Less): Profit/(Loss) for the period | $ (56,863) | $ (574) | $ (57,437) |
| Total Capital as of December 31, 2020 | $ 13,390 | $ (885) | $ 12,505 |

See accompanying notes and independent auditor's report



Harish Hathiwala
Certified Public Accountant

**Membership Hotel Organization LLC**
**Statement of Cash Flows**
**For the year ended December 31, 2021**

| | 2021 |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Net Income | $ (57,437) |
| Adjustments to reconcile increased in net assets to net cash provided by (used in) operating activities | |
| Depreciation & amortization | 7,374 |
| Decrease (increase) in operating assets | |
| Increase in Deposits-rent | |
| Increase (decrease) in operating liabilities | |
| Increase in Current liabilities | (33,323) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | **$ (83,386)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of fixed assets (Franchise Development fee) | (17,157) |
| Proceeds from sale of fixed assets | - |
| NET CASH USED IN INVESTING ACTIVITIES | **(17,157)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Capital Introduced by member | 71,419 |
| Loan from Member | (869) |
| Loan from Third Party | 35,000 |
| NET CASH USED IN FINANCING ACTIVITIES | **105,550** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **5,007** |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 2,956 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **$ 7,963** |

Required Disclosures:

Cash paid for Interest during the year is Zero.

Cash paid for Federal Income tax is Zero.

See accompanying notes and independent auditor's report



Harish Hathiwala
Certified Public Accountant

## Note 1 – Nature of Business

Nature of Organization and Operations

Membership Hotel Organization LLC ("Company") is incorporated on March 17, 2020 under the laws of the State of New Jersey as Limited Liability Company. On the same date, it was elected and approved as partnership by the Internal Revenue Service and the State of New Jersey for tax purposes.

Membership Hotel Organization LLC is a membership hospitality management and owner services organization created by an experienced team of hotel owners and management experts for the benefit of other property and franchise owners. The company is branding as "MHO Hotels".

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

Note related to entity has not commenced its operations (FASB ASC 275-10-50-2A)

## Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Company prepares its financial statements in accordance with accounting principles generally accepted in United States of America, which involves the application of accrual basis of accounting. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The Company has not realized revenues from its planned principal business purpose and is considered to be in its development state in accordance with SFAS 7, "*Accounting and Reporting by Development Stage Enterprises.*"

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

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

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Cash Equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. This also includes undeposited cash collections and other items awaiting deposit such as checks, bank drafts and money orders. The Company has $7,963 cash equivalents at December 31, 2021.

Revenue Recognition

Revenue is recognized when services have been performed and are billable. Sponsorship revenues are recorded during audit period ended December 31, 2021.

ADOPTION OF NEW ACCOUNTING STANDARD

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective March 17, 2020 and since the year 2020 is the first year of audit and adoption of revenue recognition standards, no adjustment relating to earlier period is considered necessary.

The Company derives its revenues primarily from the services as and when it rendered.

The Company does not have any significant financing components as payment is received at or shortly after the services are rendered.

Costs incurred to obtain a contract will be expenses as incurred.

Depreciation

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

| | |
|---|---|
| Equipment | 5 Years |
| Furniture | 7 Years |
| Franchisee Development Fee | 15 Years |

Impairment of assets

The Company reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Impairment of assets (Continued)

amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the assets carrying value over its estimated fair value. No impairment loss was recognized during the period ended December 31, 2021.

Fair Value Measurements

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

Leases

The Company has adopted FASB ASU No. 2016-02, Leases, FASB ASU No. 2016-02 affects both finance leases and operating leases.

For finance leases, a lessee is required to recognize a right-of-use asset and a lease liability in the balance sheet. For operating leases, a lessee is required to recognize a right-of-use asset and a lease liability in the balance sheet.

Lastly, FASB issued ASU No. 2016-02, Leases. The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

No long-term lease during the year ended December 31, 2021.

**Note 3 - Concentrations**

Credit and Investment risk:

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

**Note 4 – Furniture, Computer and Equipment**

Computer and Equipment consist of following:

| | 2021 |
|---|---|
| Equipment | $ 13,174 |
| Furniture & Furniture | $ 5,560 |
| Total Assets | $ 18,734 |
| Accumulated Depreciation | (4,354) |
| Furniture, Fixture, Equipment - Net | $ 14,380 |

**Note 5 – Franchise Development Fee**

Franchise Development Fee consists of following:

| | |
|---|---|
| Franchise Development Fee | $ 70,226 |
| Accumulated Amortization | (5,715) |
| Franchise Development fee - Net | $ 64,511 |

**Note 6 – Related Party Transactions**

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

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

During the year, the Owner Mahendra Patel, has introduced capital, as payment of expenses related to organization through his personal credit card in an amount of $71,419.

The Company borrowed a loan from Anand Systems Inc. c/o individual Family Friend in an amount of $75,000, which is interest free and repayable on demand.

**NOTE 7 – Partner's Capital**

The Company has two Partners. Mr. Mahendra Patel, who has a 99% interest and, Mr. Keshin Patel, who has a 1% interest. Both share profit & loss in the same ratios. The capital contribution by Mr. Mahendra Patel is $71,419; paid towards formation and other pre-operation expenses.

**Note 8 – Leases**

The Company currently maintains an office at Pennsylvania location as operating lease. During the period, Company has paid $6,650 as office rent.

The future lease payments for office lease are as follows.

| Lessor | Location | Lease Period | lease / Mo. | Amount |
|---|---|---|---|---|
| SDL Management Co., LP dba Neshminy Plaza | Suite 201, Neshminy Plaza, Building 1, 3070 Bristol Pike, PA | January 1, 2022 to December 31, 2022 | $500 | $6,000 |

**Note 9 - Availability and Liquidity**

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management plan, the Organization relies on earned income and investment income to fund its operations and program activities**.**

| | |
|---|---|
| Financial assets at the year end | |
| Cash and cash equivalents | $7,963 |
| Other Receivable | $650 |
| Financial assets available to meet cash needs for general expenditures within one year | $8,613 |

As of December 31, 2021, there are no internal or external limits imposed on the Organization's financial assets.

**Note 10 – Subsequent Events**

The Company has evaluated all subsequent events to the balance sheet date of December 31, 2021 through the date the financial statements were available to be issued, April 1, 2022. The Company has determined there are no subsequent events or transactions occurred during that period which requires recognition or disclosure in these financial statements.

**Note 11 – Tax year subject to examination**

As of December 31, 2021, the Company had no uncertain tax positions, or interest and penalties that qualify for either recognition or disclosure in the financial statements.

**Note 12 – COVID-19**

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

*Sai CPA Services*

5 Villa Farms Circle, Monroe Twp

New Jersey – 08831

email: contactus@saicpaservices.com

# MEMBERSHIP HOTEL ORGANIZATION LLC

FINANCIAL STATEMENT FOR THE PERIOD ENDED
DECEMBER 31, 2022

WITH INDEPENDENT ACCOUNTANT'S AUDIT REPORT

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## Independent Accountant's Audit Report

To The Partners
Membership Hotel Organization LLC
Bordentown, NJ

Report on the Audit of Financial Statements

**Opinion**

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

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

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

Ajay Kumar, CPA

Sai CPA Services

Date: 4/13/23

SAI CPA Services
1 Auer Ct, 2nd Floor, East Brunswick, NJ 08816 Ph: 908-858-8900 Fax: 908-858-8901
5 Villa Farms Cir, Monroe Twp, NJ 08831 Ph: 908-380-4676 Fax: 908-368-8638
akumar@saicpaservices.com

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

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

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

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

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

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

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

| | Mahendra Patel | Keshin Patel | Total |
|---|---|---|---|
| Opening Balance as of January 1, 2022 | $13,391 | ($886) | $12,505 |
| Capital Contribution | $8,017 | $ - | $8,017 |
| Add/(Less): Profit/(Loss) for the period | ($18,223) | ($184) | ($18,407) |
| **Total Capital as of December 31, 2022** | **$3,185** | **($1,070)** | **$2,115** |

## Notes to the Financial Statements

**1.Summary of Significant Accounting Policies:**

***The Company***

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

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

***Calendar Year***

The Membership Hotel Organization LLC operates on a calendar year.

***Basis of Accounting***

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

***Use of Estimates***

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

***Risks and Uncertainties***

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

***Cash and Cash Equivalents***

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

***Inventory***
The company does not have Inventory.

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

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

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

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

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

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

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

***Advertising and promotion Expenses***
The Company expenses advertising costs as they are incurred. The company incurred $12K in 2022.

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

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

| | |
|---|---|
| Equipment | 5 Years |
| Furniture | 7 Years |
| Franchise Development Fee | 15 Years |

**2. Commitments and Contingencies:**

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

**3. Investments & Acquisition Opportunities:**

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

**4. Related Parties Transactions:**

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

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

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

**5. Partner's Capital:**

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

**6. Subsequent Events:**

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

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

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

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

# MEMBERSHIP HOTEL ORGANIZATION LLC

## Financial Statements

## &

## Unaudited Report

## For the Period January 1st, 2021, to December 31, 2021

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**Membership Hotel Organization LLC**
**Balance Sheet**

## For the Period January 1st, 2021, to December 31, 2021

| | Dec 31, 21 |
|---|---|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| BCB Bank#0069 | 7,660.55 |
| Total Checking/Savings | 7,660.55 |
| Total Current Assets | 7,660.55 |
| Fixed Assets | |
| Equipment | |
| Accum Depreciation-Equipment | -619.64 |
| Cost - Equipment | 13,173.52 |
| Total Equipment | 12,553.88 |
| Furniture and Fixture | |
| Accum Depreciation-Furniture | -304.29 |
| Furniture and Fixture - Other | 5,560.01 |
| Total Furniture and Fixture | 5,255.72 |
| Total Fixed Assets | 17,809.60 |
| Other Assets | |
| Deposits | 650.00 |
| Franchisee Development Fee | |
| Accumulated Amort- Franchisee D | -1,769.85 |
| Cost- Franchisee Development Fe | 53,069.23 |
| Total Franchisee Development Fee | 51,299.38 |
| Total Other Assets | 51,949.38 |
| TOTAL ASSETS | **77,419.53** |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Credit Cards | |
| Amex#91007-Mahendra | 28,948.24 |
| Visa#2330-Mahendra | 36,601.63 |
| Total Credit Cards | 65,549.87 |
| Other Current Liabilities | |
| Loan -Pratik Patel | 75,000.00 |
| Mahendra Patel- Loan | 869.42 |
| Total Other Current Liabilities | 75,869.42 |
| Total Current Liabilities | 141,419.29 |
| Total Liabilities | 141,419.29 |
| Equity | |
| Member 1 Equity-Mahendra | -1,166.15 |
| Member 2 Equity-Keshin | -311.39 |
| Net Income | -62,522.22 |
| Total Equity | -63,999.76 |
| TOTAL LIABILITIES & EQUITY | **77,419.53** |

**Membership Hotel Organization LLC**
**Statement of Income and Expenses**

## For the Period January 1st, 2021, to December 31, 2021

| | Jan - Dec 21 |
|---|---|
| Ordinary Income/Expense | |
| Income | |
| SPONSORSHIP | 6,491.00 |
| Total Income | 6,491.00 |
| Gross Profit | 6,491.00 |
| Expense | |
| Advertising and Promotion | 7,762.89 |
| Bank Service Charges | ´0.00 |
| Business Licenses and Permits | 55.00 |
| comcast | 906.86 |
| Computer and Internet Expenses | 3,758.68 |
| Dreamstime | 25.00 |
| Food with Guest | 850.00 |
| free conference call | 8.24 |
| Garner & Ginsburg Lawyer | 2,061.86 |
| Graphix And Design | 3,479.18 |
| honeybook | 701.00 |
| hunter hotel conference | 1,495.23 |
| Insurance Expense | 15,289.05 |
| Office Supplies | 5,7´9.08 |
| Professional Fees | 12,482.11 |
| queenboro | 193.40 |
| Rent ( office ) | 6,650.00 |
| Telephone Expense | 4,635.54 |
| Uniforms | 897.28 |
| Total Expense | 66,980.40 |
| Net Ordinary Income | -60,489.40 |
| Other Income/Expense | |
| Other Expense | |
| Ask My Accountant | 2,032.82 |
| Total Other Expense | 2,032.82 |
| Net Other Income | -2,032.82 |
| **Net Income** | **-62,522.22** |

**Membership Hotel Organization LLC**
**Statement of Cash Flows**

## For the Period January 1st, 2021, to December 31, 2021

| | Jan - Dec 21 |
|---|---|
| OPERATING ACTIVITIES | |
| Net Income | -62,522.22 |
| Adjustments to reconcile Net Income | |
| to net cash provided by operations: | |
| Amex#91007-Mahendra | 28,948.24 |
| Visa#2330-Mahendra | 3,278.78 |
| Net cash provided by Operating Activities | -30,295.20 |
| FINANCING ACTIVITIES | |
| Loan -Pratik Patel | 35,000.00 |
| Net cash provided by Financing Activities | 35,000.00 |
| Net cash increase for period | 4,704.80 |
| Cash at beginning of period | 2,955.75 |
| Cash at end of period | 7,660.55 |

# MEMBERSHIP HOTEL ORGANIZATION LLC

**Financial Statements**

**&**

**Unaudited Report**

**For the Period January 1st 2022 to October 1st 30, 2022**

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**Membership Hotel Organization LLC**
**Balance Sheet**

## For the Period January 1st 2022 to October 1st 30, 2022

| | Oct 1, 22 |
|---|---|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| BCB Bank#0069 | 6,982.46 |
| Petty Cash Account | 302.33 |
| Total Checking/Savings | 7,284.79 |
| Total Current Assets | 7,284.79 |
| Fixed Assets | |
| Equipment | |
| Accum Depreciation-Equipment | -3,254.34 |
| Cost - Equipment | 13,173.52 |
| Total Equipment | 9,919.18 |
| Furniture and Fixture | |
| Accum Depreciation-Furniture | -1,098.83 |
| Furniture and Fixture - Other | 5,560.01 |
| Total Furniture and Fixture | 4,461.18 |
| Total Fixed Assets | 14,380.36 |
| Other Assets | |
| Deposits | 650.00 |
| Franchisee Development Fee | |
| Accumulated Amort- Franchisee D | -5,714.99 |
| Cost- Franchisee Development Fe | 70,226.34 |
| Total Franchisee Development Fee | 64,511.35 |
| Total Other Assets | 65,161.35 |
| TOTAL ASSETS | **86,826.50** |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Loan -Pratik Patel | 75,000.00 |
| Total Other Current Liabilities | 75,000.00 |
| Total Current Liabilities | 75,000.00 |
| Total Liabilities | 75,000.00 |
| Equity | |
| Member 1 Equity-Mahendra | 13,390.34 |
| Member 2 Equity-Keshin | -885.75 |
| Net Income | -678.09 |
| Total Equity | 11,826.50 |
| TOTAL LIABILITIES & EQUITY | **86,826.50** |

**Membership Hotel Organization LLC**
**Statement of Income and Expenses**

## For the Period January 1st 2022 to October 1st 30, 2022

| | Jan 1 - Oct 1, 22 |
|---|---|
| Ordinary Income/Expense | |
| Income | |
| SPONSORSHIP | 23,306.50 |
| Total Income | 23,306.50 |
| Gross Profit | 23,306.50 |
| Expense | |
| Advertising and Promotion | 12,000.00 |
| Bank Service Charges | 20.00 |
| Business Licenses and Permits | 10.00 |
| Garner & Ginsburg Lawyer | 4,655.19 |
| Insurance Expense | 722.79 |
| Rent ( office ) | 4,000.00 |
| Telephone Expense | 2,326.11 |
| Total Expense | 23,734.09 |
| Net Ordinary Income | -427.59 |
| Other Income/Expense | |
| Other Expense | |
| Ask My Accountant | 250.50 |
| Total Other Expense | 250.50 |
| Net Other Income | -250.50 |
| **Net Income** | **-678.09** |

**Membership Hotel Organization LLC**
**Statement of Cash Flows**

## For the Period January 1st 2022 to October 1st 30, 2022

| | Jan 1 - Oct 1, 22 |
|---|---|
| OPERATING ACTIVITIES | |
| Net Income | -678.09 |
| Net cash provided by Operating Activities | -678.09 |
| Net cash increase for period | -678.09 |
| Cash at beginning of period | 7,962.88 |
| Cash at end of period | 7,284.79 |

**EXHIBIT F**

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**EXHIBIT G TO FDD**

**LISTS OF CURRENT AND FORMER FRANCHISEES**

**Franchisees as of the Prior Fiscal Year End:**

~~[NONE]~~

1. MHO Hotel Bordentown – Mahendra Z Patel – 187 US Route 130, Bordentown, NJ, 08505 – Phone: 609 298 5000
2. MHO Hotel – Prince hotel – Sunny Mehta – 45 E Tioga Tt, Tunkhannock, PA, 18657 – Phone: 570 836 2292
3. Bordentown Motel – Sanjay Patel – 77 US Hwy. 130 N, Bordentown, NJ, 08620 – Phone: 609 298 5334
4. MHO Suites – LA Mirage – Chandu Patel – 3775 US Hwy 1, Monmouth junction, NJ, 08852 – Phone: 732 297 2400
5. MHO Inn & Suites – Priya Patel - 4191 Route 1, Monmouth Junction, NJ, 08852 – Phone: 732 329 4555
6. Travelers Inn Powered by MHO Hotels – Krupen Amin – 1526 E Rte. 66, Flagstaff, AZ, 86001 – Phone: 928 774 4777

**Former Franchisees that Departed the Franchise System during the Prior Fiscal Year:**

[NONE]

**EXHIBIT H TO FDD**

**STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT**

**ADDENDUM TO THE MEMBERSHIP HOTEL ORGANIZATION, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF CALIFORNIA**

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

2. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 3100 et seq., and the California Franchise Relations Act, CAL. BUS. PROF. CODE Section 20000 et seq. To the extent that the disclosure document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

   A. Item 5 of the disclosure document is supplemented by the following language:

      a. Notwithstanding anything to the contrary in this Item 5, Franchisor shall defer the initial fee unless and until it meets its pre-opening obligations to the franchisee and the franchisee opens for business. Any initial fee called for in the franchise agreement or any attachment thereto shall be deferred until Franchisor meets its obligations to Franchisee prior to opening and Franchisee opens for business.

   B. Item 17 of the disclosure document is supplemented by the following language:

      a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

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

      d. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

      e. The Franchise Agreement requires the parties to try to settle disputes in mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. If not resolved by mediation, the Franchise Agreement requires binding arbitration. The arbitration will occur at Palo Alto, California with the costs being borne by the parties equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

f. The franchise agreement requires application of the laws of New Jersey except that the laws of the state in which Franchisee is located governs any covenants not to compete. The provision requiring application of New Jersey law may not be enforceable under California law.

3. Our website is www.mhohotels.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

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

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

6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may be rule or order require, before a solicitation of a proposed material modification of an existing franchise.

7. No 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 Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

**ADDENDUM TO THE MEMBERSHIP HOTEL ORGANIZATION, LLC FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA**

The Membership Hotel Organization, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Membership Hotel Organization, LLC (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**NORTH DAKOTA LAW MODIFICATIONS**

For those franchisees for which South Dakota franchise laws apply:

1. The "Summary" sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, of the Franchise Agreement charts in the Disclosure Document and any other reference to renewal requirements is 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 Items 17(i), regarding requirements upon termination and liquidated damages, of the Franchise Agreement charts in the Disclosure Document and any other reference to liquidated damages 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 Items 17(u), regarding dispute resolution by arbitration or mediation, of the Franchise Agreement charts in the Disclosure Document and any other reference to arbitration or mediation 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 or mediation 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 charts in the Disclosure Document and any other reference to choice of forum 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 charts in the Disclosure Document and any other reference to choice of law is amended by adding the following:

> Except for Federal Arbitration Act and other federal law, North Dakota law governs.

6. Item 5, entitled Initial Fee, of the Franchise Disclosure Document and any other reference to initial fee is amended by adding the following:

> Franchisor shall defer the initial fee unless and until it has met all of its pre-opening obligations and the Franchisee opens for business.

**ADDENDUM TO THE MEMBERSHIP HOTEL ORGANIZATION, LLC FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK**

NEW YORK

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

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

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or

decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":
However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

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

## 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 | ~~August 28, 2020~~ |
| Hawaii | ~~August 3, 2020~~ |
| Illinois | ~~October 22, 2020~~ |
| Indiana | ~~July 17, 2020~~ |
| Maryland | |
| Michigan | ~~July 28, 2020~~ |
| Minnesota | |
| New York | |
| North Dakota | ~~August 27, 2020~~ |
| Rhode Island | ~~July 22, 2020~~ |
| South Dakota | |
| Virginia | ~~October 20, 2020~~ |
| Washington | |
| Wisconsin | ~~July 17, 2020~~ |

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 I**
**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 Membership Hotel Organization, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. 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 Membership Hotel Organization, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is Membership Hotel Organization, LLC

Issuance date: ~~June 1, 2021~~ June 12, 2023

Membership Hotel Organization, LLC 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 June 12, 2023~~1~~ that included the following Exhibits:

| | |
|---|---|
| Exhibit A | List of State Administrators |
| Exhibit B | List of State Agents for Service of Process |
| Exhibit C | Franchise Agreement<br>Attachments:<br>Membership Information Addendum<br>~~Charter Member Agreement~~<br>Personal Guaranty<br>Software Sublicense<br>Franchise Application<br>SBA Addendum |
| Exhibit D | State Addenda to Franchise Agreement |
| Exhibit E | Financial Statements |
| Exhibit F | Manual Table of Contents |
| Exhibit G | Lists of Current and Former Franchisees |
| Exhibit H | State Addenda to Disclosure Document |
| Exhibit I | Receipt |

| | |
|---|---|
| Date | Prospective Franchise |
| (Sign, Date and Return to us, the franchisor) | Authorized Signature |

## RECEIPT

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| Exhibit H | State Addenda to Disclosure Document |
| Exhibit I | Receipt |

| | |
|---|---|
| Date | Prospective Franchisee |
| (Sign, Date and Return to us, the franchisor) | Authorized Signature |