FRANCHISE DISCLOSURE DOCUMENT

Received
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APR 03 2017
Department of
Business Oversight

Red Lion Hotels Franchising, Inc., a Washington Corporation
201 W. North River Drive
Spokane, WA 99201
Telephone Number: (509) 459-6100
www.redlion.com

The franchise offered in this disclosure document is for the rights to own and/or operate a Settle Inn hotel business.

The total investment necessary to begin operation of a 80 room Settle Inn hotel franchise with a minimal food and beverage offering is estimated to range between $6,441,000 to $9,035,000 for new development and $296,000 to $1,280,500 for conversion hotels. These amounts include $30,000 to $40,000 that must be paid to us. Amounts do not include the cost of purchasing or leasing land or any real estate taxes.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Development Coordinator at Red Lion Hotels Franchise, Inc., at 201 W. North River Drive, Spokane, Washington 99201 and (509) 459-6100.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date of this Franchise Disclosure Document: March 31, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit H for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN WASHINGTON. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN WASHINGTON THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California effective date:	_____, 2017
Hawaii effective date:	_____, 2017
Illinois effective date:	*exempt*
Indiana effective date:	_____, 2017
Maryland effective date:	_____, 2017
Michigan effective date:	_____, 2017
Minnesota effective date:	_____, 2017
New York effective date:	*exempt*
North Dakota effective date:	_____, 2017
Rhode Island effective date:	_____, 2017
South Dakota effective date:	April 3, 2017
Virginia effective date:	_____, 2017
Washington effective date:	_____, 2017
Wisconsin effective date:	March 31, 2017

In all other states that do not require registration, the effective date of this disclosure document is the issuance date of March 31, 2017.

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the franchise agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

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EXHIBITS:

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ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, "Red Lion," "we" or "us" means Red Lion Hotels Franchising, Inc., the franchisor. "You" means the person (or persons) who sign the franchise license agreement -- the franchisee. If the franchisee will be a corporation, partnership, limited liability company or other entity, "you" also includes both the business entity and those persons that have a 20% or greater legal or beneficial ownership interest in the franchisee entity, who will have to guarantee your obligations and be bound by the provisions of your franchise license agreement (the "Franchise License Agreement"), the form of which is attached as Exhibit D to this disclosure document, and other agreements as described in this disclosure document. The spouse of each guarantor also will be required to acknowledge the guaranty.

About the Franchisor, its Parent and Predecessors

We are a corporation formed in the state of Washington on December 24, 1986 as Vance Hotels, Inc. On September 19, 2005, we changed our name to Red Lion Hotels Franchising, Inc. ("Red Lion"). Our principal business address is 201 West North River Drive, Spokane, Washington 99201. Our parent corporation was incorporated in the State of Washington on April 25, 1978 and changed its name from WestCoast Hospitality Corporation to Red Lion Hotels Corporation on September 19, 2005 ("RLHC"). RLHC shares our principal business address and is publicly traded on the New York Stock Exchange. RLHC, directly and indirectly through its subsidiaries has been active in the ownership and management of hotels since its incorporation. Our agent for service of process in the states whose franchise laws require us to name an agent for service is shown on Exhibit H.

On April 30, 2015, we purchased the intellectual property assets and hotel franchise license agreements of GuestHouse International, LLC, a South Dakota limited liability company. This acquisition added the GuestHouse International and Settle Inn brands to the Red Lion Brands (as defined below).

On September 30, 2016, we purchased substantially all of the operating assets of Vantage Hospitality Group, Inc., a Florida corporation now known as VHGI, Inc. ("VHGI"), its subsidiary Vantage Franchising, Inc., a Florida corporation ("VFI"), its subsidiary LHINDI, Inc., a Florida corporation, and certain other affiliates, including the intellectual property relating to the Acquired Brands and the related lodging facility franchise agreements. "Acquired Brands" refers to each of the following brands and their various extensions: Lexington, Jameson Inn, Americas Best Value Inn, Country Hearth Inn, Signature Inn, America's Best Inns & Suites, 3 Palms Hotels and Resorts, Canadas Best Value Inn, Value Hotel Worldwide and Value Inn Worldwide.

Except as described above, we do not have any other parents or predecessors.

The Franchised Business

We grant qualified persons the right to own and operate mid-priced, extended stay hotels under the trademarks Settle Inn® and Settle Inn & Suites® and certain other proprietary marks, including all service marks, copyrights, trademarks, logos, insignia, emblems, symbols, designs, slogans, distinguishing characteristics, trade names, domain names, and all other marks or characteristics associated or used with or in connection with the System (as defined below), and similar intellectual property rights, that we designate to be used in the System, collectively referred to as the "Settle Inn Marks", under a form of Franchise License Agreement, attached as Exhibit D.

We have offered franchises under the Settle Inn Marks since July 2016. A franchise grants you the non-exclusive right to own and/or operate a hotel under the Settle Inn Marks at a specified location (a "Hotel" or "System Hotel").

Hotels licensed under the Settle Inn Marks shall be collectively referred to as the "System." The System Standards (defined below) are designed to provide distinctive, high-quality lodging service at hotels licensed under the Settle Inn Marks. The System currently includes the Settle Inn Marks; access to a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials, standards, specifications and policies for construction, furnishing, operation, appearance and service of the Hotel; other elements we refer to in the Franchise License Agreement, the System Standards, the Manual (as defined below) or in other communications to you; and programs for our inspecting your Hotel and consulting with you. We may add elements to the System Standards or modify, alter or delete elements of the System Standards.

You must follow the high standards we have established as the essence of the System, and you may be required to make future investments. "System Standards" means the mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for constructing, equipping, furnishing, supplying, operating, maintaining and marketing System Hotels, including the Hotel. System Standards may be included in the Manual or otherwise distributed by us in writing. "Manual" means one or more documents or guides commonly referred to as the brand standards manual together with its supporting documentation; provided that the Manual will not include the Red Lion Field Guide. The Manual may include the System Standards and information on suggested procedures and your other obligations under the Franchise License Agreement. Currently, we have not developed an operations manual regarding Hotels, but we may develop one in the future, which will be considered as part of the Manual.

Franchisor's Business

In addition to offering franchises for hotels under the Settle Inn Marks, we also offer franchises for lodging facilities under the following brands:

Leo Hotel Collection Hotels

We have previously franchised hotels in the mid-scale to upscale markets under the trademark Leo Hotel Collection. Typically, a Leo Hotel Collection hotel retained their existing hotel name followed by the words, "A Leo Hotel Collection hotel" for local marketing and signage purposes.

Neither we nor any current affiliate has owned or operated a Leo Hotel Collection hotel. As of December 31, 2016, there was one Leo Hotel Collection hotel. We do not intend to continue to offer Leo Hotel Collection hotels.

Red Lion Hotels

We have offered franchises for full-service, mid-priced hotels under the Red Lion Marks since 1999. "Red Lion Marks" refers to the Red Lion®, Red Lion Hotel®, Red Lion Inn®, and Red Lion Inn & Suites® trademarks and related trademarks and service marks. Typically, Red Lion Hotels are full-service hotels that offer food and beverage and meeting space. Red Lion Inn & Suites are typically limited service hotels.

As of December 31, 2016, there were 25 Red Lion Hotel franchises and 26 Red Lion Inn & Suites franchises.

Hotel RL Hotels

In 2014, we launched a new brand, Hotel RL. This upscale lifestyle brand is a full-service, conversion brand targeted for the top U.S. urban markets that is inspired by the spirit of the Pacific Northwest and designed for consumers with a millennial mindset. We announced the first addition to Hotel RL at the Inner Harbor of Baltimore, a hotel acquired by us that opened in the 3rd quarter of 2015 as a Hotel RL. We also acquired a hotel in Washington DC and opened it as a Hotel RL in the 4th quarter of 2015. We also converted three of our existing owned hotels located in Salt Lake City, Utah, and in Olympia and Spokane, Washington to the Hotel RL brand in 2016. In addition, we have executed six franchise agreements with franchisees expected to open Hotel RL franchises that were not yet opened as of December 31, 2016. The Hotel RL® and RL™ trademarks and related trademarks, service marks and trade names are collectively referred to as the "RL Marks."

GuestHouse Brands

Since May 2015, we franchise economy segment, primarily limited service hotels, under the GuestHouse Marks. The "GuestHouse Marks" refers to the GuestHouse™ trademark and related trademarks and service marks. As of December 31, 2016, there were 35 GuestHouse franchises.

As of October 2016, we also began offering franchises, each under a separate franchise disclosure document, for lodging facilities under the following Acquired Brands:

Lexington

We offer franchises for the operation of midscale and upper midscale lodging facilities in the select-service and full-service segments under the trademark Lexington® and certain other proprietary marks, collectively referred to as the "Lexington Marks." Full service properties operate under the Lexington Hotel name and select service properties operate under the Lexington Inn name. As of December 31, 2016, there were 10 franchised Lexington-branded lodging facilities open or under contract. In addition, there were also 19 lodging facilities operating that became affiliated with the Lexington brand through VHGI's membership model, which it offered before VFI, its subsidiary, began offering franchises for lodging facilities under the Lexington Marks. In September 2016, we acquired the membership agreements for, and began acting as licensor and providing services to, those lodging facilities.

Americas Best Value Inn

We offer franchises for the operation of lodging facilities in the limited-service segment under the trademark Americas Best Value Inn® and certain other proprietary marks, collectively referred to as the "ABVI Marks." As of December 31, 2016, there were 35 franchised Americas Best Value Inn-branded lodging facilities open or under contract. In addition, there were 859 lodging facilities in the United States which became affiliated with the Americas Best Value Inn brand through VHGI's membership model, which it offered before VFI, its subsidiary, began offering franchises for lodging facilities under the ABVI Marks. In September 2016, we acquired the membership agreements for, and began acting as licensor and providing services to, those lodging facilities.

Country Hearth Inn

We offer franchises for the operation of lodging facilities in the budget lodging segment under the trademarks Country Hearth Inn®, Country Hearth Suites®, Country Hearth Inn & Suites® and certain other proprietary marks, collectively referred to as the "Country Hearth Marks." As of December 31, 2016, there were 48 franchised Country Hearth-branded lodging facilities open or under contract.

We also act as licensor or franchisor for, and provide services to, the licensees and franchisees of the following brands, for which we will not offer new franchises: America's Best Inns & Suites, Jameson Inn and 3 Palms Hotels & Resorts. Additionally, we act as franchisor for, and provide services to, the franchisees of the Signature Inn brand. While we currently do not offer new franchises for Signature Inn, we anticipate doing so by late-2017.

The Red Lion Marks, RL Marks, GuestHouse Marks, Settle Inn Marks, Lexington Marks, ABVI Marks, Country Hearth Marks and other marks used by hotels for which we offer franchises in the future shall collectively be referred to as the "Network Marks." Hotels we license to operate under the Network Marks shall collectively be referred to as the "Network Hotels." "Red Lion Brands" refers to all lodging facilities that operate under any of the brands including the Red Lion, Hotel RL, GuestHouse, Settle Inn, Lexington Inn, Americas Best Value Inn, Country Hearth Inn brands and any other brands operating under any of the Network Marks.

We have never offered franchises in any lines of business other than the hotel business and other than the offering for the Red Lion Brands as described above. We have no other business activities.

Our Affiliates

RLHC and Red Lion Hotels Holdings, Inc., may provide services to franchisees of the various Red Lion Brands as discussed throughout this disclosure document.

Our affiliate, Red Lion Hotels Canada Franchising, Inc. ("RLHCF"), is a Washington corporation that was formed on August 18, 2016. RLHCF has not operated a lodging facility. As of February 2, 2017, RLHCF began offering franchises to operate hotels under the Red Lion Marks in Canada, and intends to begin offering franchises for certain of the other Red Lion Brands in Canada during 2017, including Hotel RL. In addition, RLHCF intends to franchise lodging facilities under the trademark Canadas Best Value Inn® in Canada during 2017.

The principal business address of the affiliates of Red Lion is 201 West North River Drive, Spokane, Washington 99201. Except as described above, we do not have any other affiliates that must be disclosed in this Item 1.

Laws, Rules and Regulations

Your Hotel must conform to innkeeper liability laws, privacy 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, minimum wage and labor laws, environmental laws, and laws applicable to public accommodations and services such as the Americans with Disabilities Act. In addition,

the laws, rules and regulations which apply to businesses in general will affect you. Consult your lawyer about them. Discuss with your architect the Americans with Disabilities Act and its architectural guidelines, and state and local accessible facilities requirements. We may require proof that your Hotel complies with the Americans with Disabilities Act prior to the opening of your Hotel and we may periodically request proof after the opening of your Hotel.

The Market and Competition

The market for your services will depend on your Hotel's location, size and its type of operation (that is, resort, conference center, hotel for frequent business travelers, etc.). Our franchisees seek customers and business referrals from the local community and typically solicit business from conventions, and tour and travel groups, on a regional and national level. Business and leisure travelers, meeting planners and attendees, and organizers of and attendees of social functions make up the primary market of Settle Inn customers. In general, you will compete with national hotel and motel chains and independently operated local hotels and restaurants offering similar types of hotel rooms and food and beverage services to the same clientele. In addition to competing with lodging facilities that offer services comparable to the Settle Inn Marks, you may also compete with lodging designed to serve particular segments of the market and to fill particular lodging demands.

ITEM 2. BUSINESS EXPERIENCE

Gregory T. Mount – Director and President

Mr. Mount joined RLHC as President and Chief Executive Officer in January 2014. He has also served as the Director and President of Red Lion since January 2014. Mr. Mount has also served as the President for each of the other subsidiaries of RLHC since the later of the applicable subsidiary's inception or January 2014. From November 2009 to January 2014, he served as President of Richfield Hospitality, Inc., a hotel management company based in Denver, Colorado.

Douglas Ludwig – Executive Vice President, Chief Financial Officer and Treasurer

Beginning April 1, 2017, Mr. Ludwig will serve as the Executive Vice President, Chief Financial Officer and Treasurer of RLHC and Red Lion. Prior to joining RLHC, he served as Chief Financial Officer since 2007 for Baha Mar Resorts Limited, a new resort and casino project in Nassau, Bahamas.

Thomas L. McKeirnan – Director and Executive Vice President, General Counsel and Secretary

Mr. McKeirnan has served as Executive Vice President, General Counsel of RLHC and Red Lion since February 2013. Mr. McKeirnan also has served as a Director of Red Lion since January 2004, and as the Secretary of both RLHC and Red Lion since January 2004. Mr. McKeirnan also has served as the Executive Vice President, General Counsel and Secretary for each of the other subsidiaries of RLHC since the later of the applicable subsidiary's inception or February 2013 or January 2004, respectively for the two positions. Mr. McKeirnan served as Senior Vice President of RLHC and Red Lion from 2005 to February 2013.

Others with Management Responsibility:

William J. Linehan – Executive Vice President, Chief Marketing Officer (RLHC)

Mr. Linehan joined RLHC as Executive Vice President, Chief Marketing Officer in February 2014. From 2009 to February 2014, he served as Chief Marketing Officer of Richfield Hospitality, Inc., a hotel management company based in Denver, Colorado.

Harry Sladich – Executive Vice President, Hotel Operations and Sales (RLHC)

Mr. Sladich has served as Executive Vice President, Hotel Operations and Sales of RLHC since February 2014. He previously served as RLHC's Executive Vice President, Sales and Marketing from May 2010 to February 2014.

Roger J. Bloss – President, Global Development (RLHC)

Mr. Bloss joined RLHC as President, Global Development in October 2016 and is based in Las Vegas, Nevada. Prior to joining RLHC, Mr. Bloss served as President and Chief Executive Officer, as well as Chairman of the Board of Directors of VFI, in Westlake Village, California, from September 2012 to September 2016. He also founded VHGI in 1999 and served as its President and Chief Executive Officer, in Westlake Village, California, from 1999 to September 2016, and served as its Chairman of the Board of Directors from June 2009 to September 2016. Mr. Bloss is also the director and officer of a number of other entities as follows: Director and President of Thirty-Eight Street, Inc. ("TESI") since April 1987; Director of Vantage Insurance Services, Inc. ("VISI") since January 2008; Director and Vice President, Marketing, of Brown Nester Hospitality Services, Inc. ("Brown Nester") since March 2011; Director and President of VantaCruise, Inc. ("VantaCruise") since September 2013; Manager of Cruise Inn Holdings, LLC ("Cruise Inn Holdings") since 2013; Manager of Cruise Inn Membership, LLC ("Cruise Inn Membership") since 2013; and, President, Chief Executive Officer and Director of VAPAC, Inc. ("VAPAC") since December 2010. Mr. Bloss provides services to these various entities out of his offices in Las Vegas, Nevada.

Bernard ("Bernie") T. Moyle – Executive Vice President and Chief Operating Officer (RLHC)

Mr. Moyle joined RLHC as Executive Vice President and Chief Operating Officer in October 2016 and is based in Coral Springs, Florida. Prior to joining RLHC, Mr. Moyle served as VFI's Chief Operating Officer and Chief Financial Officer, and was a member of its Board of Directors, in Coral Springs Florida, from September 2012 to September 2016. Mr. Moyle co-founded VHGI in Coral Springs, Florida in 1999, and served as its director from 1999 to September 2016 and as its Chief Operating Officer, Chief Financial Officer, Vice-President, Secretary and Treasurer from June 2002 to September 2016. Mr. Moyle is also the director and officer of a number of other entities as follows: Director, Vice-President, Secretary and Treasurer of TESI since April 1987; Director and Secretary of VISI since January 2008; Director, Secretary and Treasurer of Brown Nester since March 2011; Director, Vice-President and Treasurer of VantaCruise since September 2013; Chief Operating Officer, Secretary, Treasurer and Director of VAPAC since December 2010; Manager of VAPAC Jacksonville, LLC since October 2015; Manager of VCC Flock, LLC since 2010; Manager of VCC Pro Shop LLC since 2012; President of LexDevCoJax, LLC since June 2015; Manager of ACC Strategies, LLC since 2009; President of The Country Club of Coral Springs, Inc. since 2011; President and Secretary of The Country Club of Coral Springs Golf Academy, Inc. since 2011; Manager of Cruise Inn

Holdings since 2013; and, Manager of Cruise Inn Membership since 2013. Mr. Moyle provides services to these various entities out of our offices in Coral Springs, Florida.

David M. Wright – Vice President of Accounting, Tax & External Reporting (RLHC)

Mr. Wright was appointed Interim Chief Financial Officer of RLHC in April 2016, but beginning April 1, 2017, Mr. Wright will resume his role as the Vice President of Accounting, Tax & External Reporting for RLHC. Mr. Wright served as the Vice President and Treasurer of RLHC from April 2016 through March 2017. Mr. Wright joined RLHC as Vice President of Accounting, Tax & External Reporting in December 2015. Prior to joining RLHC, Mr. Wright was employed by Itron, Inc. in Liberty Lake, Washington as Director of Global Consolidation & External Reporting from February 2012 until December 2015 and Assistant Controller - Technical Accounting from October 2008 until February 2012.

Angela Landgraf – Senior Vice President, Corporate Development (RLHC)

Ms. Landgraf has served as the Senior Vice President, Corporate Development of RLHC since October 2016. She previously served as RLHC's Senior Vice President, Business Development from April 2014 to September 2016. Prior to that, Ms. Landgraf served as Senior Vice President, Business Development & Management Services for Richfield Hospitality in Orange County, California from November 2009 to April 2014.

Mike Castro – Regional Vice President, Lodging Development (RLHC)

Mr. Castro has served as Regional Vice President, Lodging Development of RLHC since June 2014. Prior to that, Mr. Castro served as RLHC's Vice President, Brand Services from May 2012 to June 2014. Mr. Castro served as Director, Brand Services of RLHC from January 2011 to May 2012.

David Attardi – Regional Vice President, Lodging Development (RLHC)

Mr. Attardi joined RLHC as Regional Vice President, Lodging Development in July 2014 and is based in Washington, DC. Mr. Attardi previously served as Vice President for B. F. Saul Company Hospitality Group from September 2007 to July 2014 in Washington, DC.

Angie McPetrie – Regional Vice President, Lodging Development (RLHC)

Ms. McPetrie joined RLHC as Regional Vice President, Lodging Development in March 2015 and is based in Atlanta, Georgia. From May 2009 until December 2014, she served as Regional Vice President, Franchise Sales and Development, Upscale Brands for Intercontinental Hotels Group and was based in Atlanta, Georgia.

Jamie Metzger – Vice President, Franchise Operations (RLHC)

Mr. Metzger joined RLHC as Vice President, Franchise Operations in January 2015 and is based in Phoenix, Arizona. Prior to that, Mr. Metzger was self-employed as a hotel consultant in Phoenix, Arizona from May 2014 to January 2015. Mr. Metzger was previously employed by Triyar Hospitality as General Manager of the Aloft Hotel Tempe, in Tempe, Arizona, from October 2009 to June 2014.

Tom Duffe – Associate Vice President, Lodging Development (RLHC)

Mr. Duffe has served as Associate Vice President, Lodging Development of RLHC since January 2016. Prior to that, Mr. Duffe joined RLHC in June 2014 as Development Sales Coordinator, based in Tampa, Florida. Mr. Duffe was previously employed by Driftwood Hospitality Management as its Development Manager, based in North Palm Beach, Florida from April 2012 until June 2014. Previously, Mr. Duffe was employed by Carmel Café and Wine bar as Key Employee from July 2011 to May 2012 based in Clearwater, Florida.

Mark Williams – Vice President, Franchise, Upscale (RLHC)

Mr. Williams joined RLHC in October 2016 as Vice President, Franchise, Upscale and is based in Coral Springs, Florida. Prior to joining RLHC, Mr. Williams was employed by VHGI, in Coral Springs, Florida, from 2014 to September 2016 as the Group President of Mid-Scale and Upscale Brands. From 2013 to 2014, Mr. Williams was the Director of Major Markets for G6 Hospitality, in Carrollton, Texas. From 1993 to 2013, Mr. Williams was the Vice President of North American Development for Best Western International, Inc., in Phoenix, Arizona.

Taylor Goff – Manager, Member Development (RLHC)

Mr. Goff joined RLHC in October 2016 as Manager, Member Development and is based in Columbus, Ohio. Prior to joining RLHC, Mr. Goff was employed by VHGI, in Columbus, Ohio, from May 2011 to September 2016, and held various positions, most recently as Manager of Member Development, and prior to that as a Sales Coordinator and a Member Care Manager.

Aaron Allison – Membership Development Coordinator (RLHC)

Mr. Allison joined RLHC in October 2016 as its Membership Development Coordinator and is based in Coral Springs, Florida. Prior to joining RLHC, Mr. Allison was employed by VHGI, in Coral Springs, Florida, from September 2004 to September 2016, most recently as its Membership Development Coordinator from August 2014 to September 2016 and prior to that, as its Legal Assistant from February 2010 to July 2014 and its Accounts Receivable Team Leader from September 2004 to January 2010.

ITEM 3. LITIGATION

Suits Against Former Franchisees/Guarantors to Collect Unpaid Fees or Liquidated Damages:

Red Lion Hotels Franchising, Inc. v. Akram Namou, Case No. 16-02-02391-1, Filed June 24, 2016 in the Superior Court of the County of Spokane, WA.

Red Lion Hotels Franchising, Inc. v. Kumar and Sadkila Vemulapalli, Case No. 16-2-01814-3, Filed May 12, 2016 in the Superior Court of the County of Spokane, WA.

Red Lion Hotels Franchising, Inc. v. Linger Chu and His-Hsieh Chu, Case No. 16-02-02283-3, Filed June 17, 2016 in Superior Court of the County of Spokane, WA.

ITEM 4. BANKRUPTCY

Gregory Mount, President and CEO of RLHC and Director and President of Red Lion and his wife, Melissa Mount (the "Mounts"), were the owners of Professional Search and

Placement dba Cool Haus Works, LLC (the "Company"), which filed a petition on December 3, 2010, to reorganize under Chapter 11 of the U.S. Bankruptcy Code in the District of Colorado, 10-40362-HRT. As guarantors of certain of the Company's obligations, the Mounts also personally filed a petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code in the District of Colorado, 10-40362-HRT. The address of the Company and its principal place of business is 10375 Park Meadows Drive, Suite 100, Lone Tree, CO 80124. The bankruptcy petition was filed to provide a means of restructuring the Company's debt and paying creditors. The Mounts continued to operate the Company and manage their assets as a debtor-in-possession under bankruptcy court supervision after filing the petition. On September 27, 2011, the presiding bankruptcy court confirmed the plan of reorganization, which restructured the rights of creditors by providing for certain payments and discharged their claims. The Company and the Mounts were discharged from the bankruptcy on February 14, 2012.

Other than the above, no bankruptcy information is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Application Fee

All prospective franchisees must complete a franchise license application. When you submit the application to us for processing, you must also pay us an application fee of $20,000. The application fee is non-refundable following our approval of your application. If for any reason we do not grant you a franchise, or you withdraw the application prior to our approval, the application fee will be refunded to you, less a processing fee of $2,500. If we approve your application subject to certain requirements, we may revoke our approval if you fail to meet those requirements. Upon the revocation of our approval, we will refund your application fee less a processing fee, as described above.

Initial Marketing Materials

You will purchase initial marketing materials from us, which includes advertising brochures and displays. The cost of the initial marketing materials typically ranges from $10,000 to $20,000 depending on the initial marketing materials and set-up costs that you require based on various factors, including the size of your Hotel, the type of property and your market location. This amount will be due in a lump sum and payable when billed, typically when you receive your first monthly invoice after opening your Hotel. This fee is non-refundable.

ITEM 6. OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Monthly Royalty Fee	Fifty dollars ($50) per room, per month.	Payable monthly by the 15th day of the following month	See Notes 1-4.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Reservation Fees: Direct Connect	$1.75 per net consumed reservation through the Central Reservations System Direct Connect interfaces to associated onward distribution channels	Within 15 days of billing if invoiced. If ACH, on the 15th of the month.	Separately, you must pay all other costs, including but not limited to third party costs and fees incurred through the Reservation Service. Fees are subject to change. In addition, you must pay travel agencies a commission on room revenue they generate by books stays at your Hotel as described in Note 5.
Reservation Fees: Web & Mobile Direct	$1.75 per net consumed reservation through the Central Reservations System Internet Booking Engine for Web and Mobile Direct reservations	Within 15 days of billing if invoiced. If ACH, on the 15th of the month.	Separately, you must pay all other costs, including but not limited to third party costs and fees incurred through the Reservation Service. Fees are subject to change. In addition, you must pay travel agencies a commission on room revenue they generate by books stays at your Hotel as described in Note 5.
Reservation Fees: IDS	$4.70 per net consumed reservation through the Central Reservations System Internet Distribution System to onward distribution switch or channel manager providers	Within 15 days of billing if invoiced. If ACH, on the 15th of the month.	Separately, you must pay all other costs, including but not limited to third party costs and fees incurred through the Reservation Service. Fees are subject to change. In addition, you must pay travel agencies a commission on room revenue they generate by books stays at your Hotel as described in Note 5.
Reservation Fees: GDS	$9.50 per net consumed reservation through the Central Reservations System for reservations sourced from the Global Distribution Systems	Within 15 days of billing if invoiced. If ACH, on the 15th of the month.	Separately, you must pay all other costs, including but not limited to third party costs and fees incurred through the Reservation Service. Fees are subject to change. In addition, you must pay travel agencies a commission on room revenue they generate by books stays at your Hotel as described in Note 5.
Reservation Fees: Central Reservations Office and Voice	$9.50 per net consumed reservation through the Central Reservations Office for all voice reservations booked through the Central Reservations System	Within 15 days of billing if invoiced. If ACH, on the 15th of the month.	Separately, you must pay all other costs, including but not limited to third party costs and fees incurred through the Reservation Service. Fees are subject to change. In addition, you must pay travel agencies a commission on room revenue they generate by books stays at your Hotel as described in Note 5.
Group Bookings made EZ	$100-$200 per reservation based on number of room nights	As billed	A one stop shop for group customers where every phone call is answered and every lead is responded to, no matter the time or day. Group Bookings Made EZ positions us to be at the top of the list for meeting planners and generate incremental revenue for our hotels. The program is staffed by sales professionals who have had extensive sales training to effectively book RLHC group business.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Group Lead Generation	5% commission on actualized bookings	As billed	Reservations sourced by the RLHC National Sales team (outside of the Group Bookings made EZ program) into your Hotel.
American Express Consortia (Optional)	$2,500 per hotel annually for hotels that participate in the AMEX consortia.	Invoiced quarterly $625.	This is the annual participation fee for inclusion in the AMEX consortia program. Prices are subject to change.
American Express Commission	$1.50 per room night on a consumption basis.	As billed	This expense applies to net consumed bookings associated with all AMEX consortia rate codes. Prices are subject to change.
Enhanced Reservations	10% of the applicable net consumed room revenue directly attributable to promotions through direct or affiliate channels only.	Payable monthly, as billed	Incremental commission charged on net, consumed Rooms revenue for reservations directly attributable to a promotion or affiliate channel booked through direct channels only. This commission is charged only on reservations booked through redlion.com, property direct or the call center. All properties are required to participate in all brand promotions. Prices are subject to change.
Guest Satisfaction Program	$25 per issue, unless if the issues is not resolved and closed within 48 hours of communication to the Hotel, then $75 per issue. If Guest Relations team is required to resolve issue, then $125 per issue. Hotel pays the cost of sales on all comps or other guest recovery items offered.	Varies	RLHC operates a 24-hours a day, 7-days a week Guest Satisfaction program to ensure the highest level of responsiveness to any guest issues. All guest issues will be logged as a case in the CRM platform with Level 1 escalation notification being the property General Manager. If the General Manager does not close the case within 48 hours, a supplemental notification will be sent to the General Manager and the Regional Operations leadership. If the case is still not closed after 72 hours, our Guest Relations team lead will resolve the guest issue and close the case. You must pay all charges and administrative fees in connection with guest complaint resolution. Prices are subject to change.
Quality Inspections	Currently, $350-$2,300; at least once per year, plus travel (not to exceed $300), meals and lodging expenses. If your Hotel fails the quality inspection, a re-inspection will be required at an additional fee of $1,000 plus travel (not to exceed $300), meals and lodging expenses.	As incurred	Inspection and travel fees shall be paid to Red Lion, its affiliate or a third party, as applicable, for the inspection process. Prices are subject to change. (See Note 6).
Brand Conference	$75 per property per month. Red Lion will admit one individual per property to Red Lion's Brand Conference. Typically, Brand Conferences are held annually.	Payable monthly by the 15th day of the following month	Conference attendees pay travel, wages, and all personal expenses.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Service Charges for Overdue Payments	Lesser of 1½% per month or the maximum rate permitted by applicable law	Upon demand	You must pay service charges if you do not make any payment when due. Our acceptance of your payment of any deficiency will not waive our right to terminate the Franchise License Agreement under its terms.
Insurance	Varies	As billed	If you do not obtain or maintain the required insurance or policy limits described in the Manual, then we can (but are not obligated to) obtain and maintain the insurance for you without first giving you notice. If we do so, then you must immediately pay us the premiums and the cost we incurred when we request you to pay. See Item 7.
Special Programs & Travel Agent Commissions	Varies by program	May vary by program	We or our affiliates may provide special Network-wide programs for your participation. These programs may be optional or mandatory and are subject to change. You must cease use of or participation in any Network-wide program upon the termination or expiration of your franchise for any reason. The cost of such special programs varies depending on the season, size and location of your Hotel and number of programs available and/or which you choose to participate in. See Note 7.
Taxes	Varies	Upon 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 License Agreement, then you must also pay this tax to us.
Indemnification	Varies	Case by case basis as incurred	You must reimburse us for all payments made, and expenses incurred, by us or our parent, subsidiaries or affiliates due to any claim, demand, tax, penalty, or judicial or administrative investigation or proceeding arising from any claimed occurrence at your Hotel or to remedy any default under your Franchise License Agreement, including attorneys' fees and court costs we reasonably incur to protect us, our parent, subsidiaries or affiliates. See Note 8.
Processing Fee for "Permitted Transfers"	$20,000 (plus additional processing fee of $2,500 if transfer requires securities registration)	When you submit transfer consent request	If you propose a "Permitted Transfer" (not a Change of Ownership – see Item 17), you must submit a Permitted Transfer Consent Request with all required information and the non-refundable processing fee.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Fees for Change of Ownership	Proposed owner must submit an application and pay the then-current application fee.	Upon or before execution of the Franchise License Agreement	Any proposed transfer that does not qualify as a Permitted Transfer will be considered a Change of Ownership. If there is a proposed Change of Ownership and proposed owner desires to continue to operate the Hotel in accordance with the System Standards, proposed owner must submit an application for a new franchise license agreement and pay the then-current non-refundable application fee. We also require the proposed owner to comply with a property improvement plan ("PIP") in the event we determine there are renovation requirements for the Hotel.
Public Offering Processing Fee	$2,500 and any additional costs we may incur in reviewing your documents, including reasonable attorneys' fees.	When you submit request for approval of public offering	
Administrative Fee for other requests	$2,500 and any additional costs we may incur in reviewing your documents, including reasonable attorneys' fees .	When you submit request	Administrative fee for any amendment to the Franchise License Agreement requested by you and/or your third party; i.e., Lender Comfort Letter, etc.
Default Remedies	You shall reimburse us for all our costs and expenses we incur to remedy your default. In addition to any other remedy, in the event of a monetary Event of Default that results in suspension of Reservation System services, you shall pay an administrative fee for resumption of services. Currently the fee is $1,000.	Case by case basis as incurred	Our expenses may include attorneys' fees (including fees for in-house attorneys) and court costs reasonably incurred to protect us, our subsidiaries or affiliates or to remedy your default.
Termination Fee (Liquidated Damages)	(a) All amounts owed us for periods before termination date, plus (b) liabilities due to your breach or default, plus (c) "Termination Fee" calculated as described in Note 9.	Within 10 days after date of termination	If we terminate the Franchise License Agreement because of your default or if you terminate the Franchise License Agreement without cause, you must pay us the Termination Fee as liquidated damages for the future Monthly Royalty Fees we will lose. You must also pay us the Termination Fee if your Hotel closes due to fire or other casualty, and either of us elects to terminate the Franchise License Agreement in connection with such termination.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Special Termination Fee	(a) All amounts owed before termination date, plus (b) our other damages from your breach or default, plus (c) amount equal to two times Termination Fee calculated as described in Note 9.	Within 10 days after date of termination	You must pay us the Special Termination Fee if: (1) you cause two or more franchise license agreements with us to be terminated within 12 months (between either you or your affiliates and us or our affiliates) - and if we terminate those agreements following your breach or default, you will be deemed to have caused the termination, or (2) your Franchise License Agreement terminates as a result of an unapproved transfer to a Competitor (defined in Item 15).
Liquidated Damages for Unauthorized Opening	$5,000 per day that your Hotel is open without authorization and our costs, including attorney's fees	Upon demand	If you open your Hotel before we authorize it to open as a System Hotel, you must pay us liquidated damages to compensate us for damage to our Network Marks. You must also reimburse us for our costs of enforcing our rights.
Pre-Opening Termination Fee	If your Franchise License Agreement is for the conversion of an existing hotel to the System, a lump sum equal to $1,200 for each Guest Room approved on the Rider to the Franchise License Agreement. If your Franchise License Agreement is for the development of a new hotel under the Settle Inn Marks, a lump sum equal to $3,600 for each Guest Room approved on the Rider to the Franchise License Agreement.	Upon demand	You must pay us this lump sum Termination Fee if we terminate the Franchise License Agreement for your breach before the authorized opening of your Hotel.
Revenue Management For Hire	$750 to $2,250 per month depending on room count, market and square feet of function space	Payable monthly by the 15th day of the following month	Note 10 provides a description of this service which is optional unless your Hotel does not have a dedicated and certified Revenue Manager. Fees are subject to change.
Public Relations & Crisis Management	$1,000 per crisis situation and any out-of-pocket expenses we incur.	As billed	See Note 11.

Note 1 - Unless otherwise indicated, all fees described in this Item 6 may not be uniformly applied, are payable to us and are non-refundable. All fees payable to us must be paid by wire transfer or other form of electronic funds transfer, in immediately available U.S. funds at the place we designate. You must bear all costs of wire transfer or other form of electronic funds transfer.

Note 2 – We may create any programs, and allocate monies derived from Monthly Royalty Fees to any regions or localities. The Monthly Royalty Fee does not cover your costs of participating in any optional marketing programs and promotions offered by us in which you voluntarily choose to participate. These fees also do not cover the cost of operating the Hotel in accordance with the System Standards. Upon thirty (30) days prior written notice to you, we may increase the Monthly Royalty Fee up to a maximum of three percent (3%) per calendar year.

Note 3 - You must honor the terms of any discount or promotional programs (including any frequent guest program) that we or our affiliates offer to the public on your behalf and that we decide to adopt for the System. You must also honor any room rate quoted to any guest at the time the guest makes an advance reservation and any complimentary stays provided to hotel guests participating in the programs we adopt for the System.

Note 4 - Your Hotel must participate in the brand loyalty program (as it may be revised) for as long as we chooses to market a brand loyalty program. The basic program fees are included in your Monthly Royalty Fee. In addition, you are also responsible for the cost of certain guest amenities that may be provided to brand loyalty program members. These guest amenities could include, but are not limited to, bottled water, snacks, free rooms, complimentary breakfast, free room upgrade, complimentary upgraded Wi-Fi internet access, or other.

Note 5 - We offer accredited travel agencies a commission on room revenue they generate by booking client stays at Red Lion properties. This commission is typically 10% but may be more in the event we run travel agency promotions. All Settle Inn Hotels must follow the our commission payment structure. Commission payment to travel agencies is per guidelines established by us and these guidelines may be modified at any time solely at our discretion. We participate in a third party centralized commission processing program and individual properties are responsible for the fees associated with processing commission via this third party.

Note 6 - You must participate in all required System quality assurance programs and maintain minimum performance standards and scores that we may establish as required by the System Standards. We may provide these programs through its affiliates or agents. We (or our affiliates or agents) will conduct an evaluation of your Hotel using the System Standards. Your Hotel will be inspected a minimum of one time per year. The inspection entails a review of Hotel operations. At the conclusion, the results of the inspection will be delivered to your Hotel management. A copy of your results, in a written and numerical report, will be provided to the Hotel management and to us. The report will be useful to your Hotel management and to our support associates who work with your Hotel staff to ensure that your Hotel is maintained in accordance with System Standards and to assist your Hotel staff in revenue building through providing a high-quality product. Your Hotel must write off folio charges (room, tax, food and beverage and incidental charges) for the inspector. We may require additional inspections if your Hotel's total score is below an acceptable level. You must pay the costs of all inspections. The cost of inspections may change from year to year.

Note 7 - We will develop special programs designed to benefit the System. You must pay your share of the costs of these programs. To facilitate the programs, we may pay all or part of the costs on your behalf and then bill you. Currently there is a "Lead Referral Program." You pay a commission to sales persons at other hotels who refer group business to your Hotel. You must also participate in, and pay all charges related to, all guest frequency programs we require, including the Red Lion frequent guest program or any successor programs. You must also honor the terms of any discount or promotional programs (including any frequent guest

program) that we offer to the public on your behalf, any room rate quoted to any guest when the guest makes an advance reservation, and any award guest certificates issued to hotel guests participating in these programs. We and our affiliates' other hotel brands may also participate in these programs. These programs are subject to change.

Note 8 - You must also defend us, our parent, and its subsidiaries or affiliates and any officers, directors, employees, agents, successors and assigns. However, we retain the right, through counsel of our choice to control any matter to the extent the matter directly or indirectly affects us, our parents, or their subsidiaries, affiliates, officers, directors, employees, agents, successors or assigns.

Note 9 - The Termination Fee will be $1,000 multiplied by the number of Guest Rooms in your Hotel.

Note 10 - The optional Red Lion centralized revenue management for hire program provides you with the services of a Director of Revenue Strategy. This includes a dedicated and certified revenue management leader providing direct oversight over all aspects of a subscribing hotel's Price Positioning, Inventory Management and Distribution strategies and management of the RMS. Additionally, we require dedicated Revenue Management services and may require the use of our Revenue Management for Hire services in the event you do not have a dedicated person carrying the title of Director of Revenue Management, Inventory Manager, Revenue Manager, Revenue Analyst, or of similar like. An on property Revenue Management resource must have at least 2 years of dedicated Revenue Management hotel experience, be a college graduate, and certified on the RMS. Certification costs are $595 per person. Performance varies by hotel, location, market and experience of the operator. We do not represent or warrant that your Hotel's performance will improve as a result of participating in the Centralized Revenue Management Program and we are not liable for poor performance.

Note 11 - In the event we deploy our public relations and crisis management team as a result of a situation at your Hotel, we will charge you a fee of $1,000 plus actual costs we incur. We also may, but are not obligated to, initiate this service to act on behalf of your Hotel for the benefit of the System, us or RLHC and/or its affiliates. In that case, we may charge you an additional $300 per hour for such services. The fee and hourly rates are subject to change.

ITEM 7. ESTIMATED INITIAL INVESTMENT

SETTLE INN HOTEL (Note 1) – 80 ROOMS

YOUR ESTIMATED INITIAL INVESTMENT					
Type Of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
	New Development	**Conversion**			
Application Fee	$20,000 (Note 2)	$20,000 (Note 2)	Lump Sum	Upon submitting application	Red Lion
System Installation Fee	$18,000 to $27,000 (Note 3)	$18,000 to $27,000 (Note 3)	As arranged	As billed	Red Lion

YOUR ESTIMATED INITIAL INVESTMENT					
Type Of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
	New Development	**Conversion**			
Sign Survey	$2,000 to $2,500 (Note 4)	$2,000 to $2,500 (Note 4)	Lump sum	Before preparation of plan	Supplier or Red Lion
Real Estate, Legal and Title Expenses	Variable (Notes 1 and 5)	Variable (Notes 1 and 5)	As arranged	As arranged	Suppliers
Improvement Costs (Note 6)	$5,200,000 to $6,640,000 (Note 7)	Variable (Note 8)	As arranged	As arranged	Suppliers
Permits, Plans, Architectural/ Engineering Fees, Testing and Contingency	$235,000 to $380,000	Variable (Note 8)	As arranged	As arranged	Suppliers, governmental agencies
Furniture, Fixtures and Equipment	$200,000 to $546,000	$10,000 to $546,000	As arranged	As arranged	Suppliers
Minimum Computer Costs – Central Reservations workstation costs (if applicable) (Note 9)	$180,000 to $240,000 (Note 10)	$90,000 to $150,000 (Note 10)	As arranged	30 days before opening	Suppliers
Organizational Expense (Note 11)	$50,000 to $300,000	$50,000 to $300,000	As arranged	As arranged	Accountant Attorney
Initial Operations, Initial Inventory, Pre-Opening Expenses, Advertising and Grand Opening (Note 12)	$15,000 to $30,000 (Note 13)	$15,000 to $30,000 (Note 13)	As arranged	As arranged	Suppliers and Red Lion
Signs (Note 14)	$8,000 to $25,000	$8,000 to $25,000	As arranged	As arranged before opening	Suppliers
Expenses for Required Training	$8,000 to $20,000 (Notes 15 and 16)	$8,000 to $20,000 (Notes 15 and 16)	As arranged	As arranged	Red Lion and suppliers
Insurance	$15,000 to $55,000 (Note 17)	$15,000 to $55,000 (Note 17)	As arranged	As arranged	Insurer
Interest on loans	Variable (Note 18)	Variable (Note 18)	As arranged	As arranged	Lenders

YOUR ESTIMATED INITIAL INVESTMENT					
Type Of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
	New Development	**Conversion**			
Miscellaneous Opening Costs (Note 19)	$40,000 to $75,000	$10,000 to $30,000	As arranged	As arranged	Utilities, third parties
Contingencies (Note 20)	$400,000 to $600,000	Variable (Note 8)	As arranged	As arranged	Contractor Suppliers
Additional Funds (during the first 3 months of operation) (Note 21 and 22)	$50,000 to $75,000	$50,000 to $75,000	As arranged	As arranged	Employees, suppliers, utilities
Total (Note 21, 22 and 23)	**$6,441,000 to $9,035,500**	**$296,000 to $1,280,500**			

Note 1 – We have estimated costs based on a 80 room, three story Settle Inn Hotel that provides minimal food and beverage, a land area of 2.0 acres, and a building area of 13,000 square feet on each floor.

Note 2 – We require payment of the application fee in a lump sum when you submit your application. The application fee for a Hotel is $20,000, regardless of the number of rooms. If we do not approve your application, the application fee is refundable except for a processing fee of $2,500. Once we approve your application, the application fee is non-refundable.

Note 3 – This fee is dependable on certain components of your Hotel that must be activated and the complexity of your Hotel, such as the size and location.

Note 4 – This includes the survey supplier's cost to travel to your Hotel. We do not require you to have a sign survey completed prior to the opening of your Hotel. However, if it is determined that your Hotel signs do not comply with any applicable local municipal requirements, you are responsible for installing signs that comply with any applicable local municipal requirements and any costs associated therewith, including obtaining any necessary sign surveys.

Note 5 – It is difficult to estimate real estate costs. These costs vary widely by reason of location, size of parcel, competitive market conditions and type of interest acquired. Typical locations include secondary and tertiary markets in suburban, rural, business districts, and airport locations with a land area of approximately 2.0 acres and a building area of approximately 13,000 square feet on each floor. Additional costs incident to Real Estate may include legal fees and title recording expenses, all which will vary by location.

Note 6 – Your Franchise License Agreement contains a deadline by which construction or work must begin and/or be completed. You may request a 90 day extension of this deadline under the terms set forth in the Franchise License Agreement. The fee for each extension is $5,000. This fee is non-refundable once the request has been approved.

Note 7 - Construction costs may vary due to unusual conditions associated with site preparation, foundations, etc.

Note 8 - In a Change of Ownership or Conversion situation, you will incur costs to bring your existing property into conformity with the System Standards as specified in your Franchise License Agreement. We cannot estimate these costs at this time as they vary significantly based upon the amount, type and physical condition of the hotel's existing property, fixtures, equipment, furnishings, furniture, signage, and similar items.

Note 9 - These estimated amounts include the costs of hardware, software and installation (see Item 8 of this Disclosure Document). For a new development, this estimate includes the costs of all systems. For a conversion, this estimate includes the cost of the reservation system only.

Note 10 – These amounts include the cost of the telephone system but do not include telecommunication connectivity.

Note 11 – Actual cost depends on work done by accountant and attorney, and standard regional rates.

Note 12 - Pre-opening advertising costs may vary by market and include the expenses you incur for billboard and other advertising to announce your presence in the local market and in all key markets identified in your Hotel business plan. Markets include travel agencies, corporations and consumers. This includes the amount you will pay to Red Lion for the initial marketing materials described in Item 5.

Note 13 –These amounts include payroll costs of the general manager, assistant general manager and one maintenance employee for a period of two to three months during the startup phase of the Hotel. The range of these types of expenses is large because the start-up costs of a newly constructed Hotel can be much more than for a Conversion or a Change of Ownership. This expense is difficult to estimate for a newly constructed Hotel. For a Conversion or a Change of Ownership Hotel, this expense should be comparable to what was experienced before conversion plus new required supplies and appropriate public relations activity to support brand opening.

Note 14 - Signs include freestanding signs and primary identification for the building. The amount includes installation, freight, foundation and wiring.

Note 15 - We will provide, or engage a third party to provide, the training programs required for your staff. You are responsible for the costs of your staff's salaries, training materials, travel and living expenses while your staff attends training, which costs are not included in the estimate provided.

Note 16 – This estimated range of costs reflects the typical range of days of training provided to franchisees and includes the cost of the training program provided by a third party and the lodging and travel expenses for such third party trainers. If you request or require additional training, we will charge additional training costs based upon the number of days of additional training provided.

Note 17 - You must maintain, at your expense, insurance of the types and in the minimum amounts we specify, whether in the Manual or otherwise in writing. This insurance

must be with insurers having minimum ratings we specify, name as additional insureds the parties we specify, and carry the endorsements and notice requirements we specify, whether in the Manual or otherwise in writing. Insurance premiums vary widely by reason of location, size of hotel and type of coverage purchased and are difficult to estimate.

Note 18 - Interest costs vary widely due to your location, size of your Hotel and type of loan and cannot be estimated.

Note 19 - Miscellaneous opening costs include security deposits, utility deposits and business permits. These figures are estimates and will vary by locations.

Note 20 – The term "Contingencies" refers to unanticipated construction cost overruns and other unanticipated expenses.

Note 21 - Additional funds are those funds required during the first 3 months of operation, including other payroll costs (see Note 14 above), utility costs and expendable supplies. They also include the costs of travel agent commissions, costs charged by telecommunications carriers for connection to the central reservation system, team opinion surveys and other programs, Internet access for special marketing programs, all of which you currently must pay directly to the providers; in the future, we may pay the providers on your behalf and then bill you for those amounts plus a reasonable transaction charge to cover our costs. These costs are difficult to estimate for a new development. Your costs will vary depending upon factors such as your management skill, experience and business acumen; local economic conditions; prevailing wage rates; and competition. This does not include royalties, marketing and reservation fees, or management fees, each of which will be a percentage of your revenues.

Note 22 - The terms you negotiate with outside suppliers or third parties or that we may negotiate with Preferred Suppliers (see Item 8) govern the refundability of all payments to those outside suppliers, third parties or Preferred Suppliers, respectively.

Note 23 – Total Development Costs for a newly constructed hotel are much more than for conversion of an existing hotel to a System Hotel, and so they are reflected separately. The other expenses likely to be incurred during the first 3 months should be comparable for a new hotel and a converted hotel and vary depending upon the market.

We have relied on our and our affiliates' management's years of experience in the lodging business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to pay us any money or enter into a Franchise License Agreement with us.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

This Item describes your obligations to buy or lease from us or our designees, from suppliers we permit you to use, or in accordance with our specifications.

All franchisees must build, furnish, equip and supply their hotels in accordance with the System Standards. We review, modify and implement product standards and specifications. We may periodically modify and update the System Standards to reflect operational requirements, advances in technology, improved methods of manufacture, new materials and structures, new products, improved prices and other factors. We may (but are not obligated to) seek input from

our Brand Advisory Board in connection with material changes to the System Standards and/or the Manual. We currently issue, modify and update specifications by giving you written notice in the form of updates to the Manual. We may periodically require you to modernize, rehabilitate and/or upgrade your Hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related equipment, supplies and other items to meet the then current System Standards. You are responsible for the costs of implementing all changes required because of modifications to the System Standards.

You must comply with our standards regarding the purchase of products and services, including furniture, fixtures, equipment, food, operating supplies, consumable inventories, merchandise for resale to be used at and/or sold from the Hotel, in-room entertainment, property management, revenue management, telecommunications and telephone systems, long distance services, signs/environmental graphics, customer satisfaction measurement programs, uniforms, materials with logos, property print advertising, guest assistance program, computer networking and other computer and technology systems, and any and all other items used in the operation of the Hotel (collectively, the "Supplies"), including our specifications for all Supplies. You must also maintain acceptable product quality ratings at your Hotel and maintain the Hotel in accordance with the Manual. In some cases, we may require you to purchase a particular brand of product ("Required Brand"), however, you may purchase this Required Brand from any authorized source of distribution. We do not require any purchases from us or our affiliates.

We negotiate contracts with suppliers that will benefit you and us and we may receive volume based allowances in connection with your purchases from suppliers with whom we have negotiated volume discounts ("Allowances"). As of the effective date of this disclosure document, we have negotiated with the following suppliers of brand specific items to provide us the following percentage Allowances, based on the purchases made by franchisees:

TYPE OF PRODUCT/SERVICE	PERCENTAGE ALLOWANCE
ATM Service	Monthly: 1-100 trans @ $0.00 101 - 400 trans @ $0.75 401 + trans @ $1.00 an additional $0.25 paid for 100+ transactions
Misc. Food Products	Varies per case and distribution center
Turkey Food Products	$3.40 per case on select products
Fountain Drinks and Beverages	Varies per case on select products
Bottled Water	$0.15 per case on select products

You may currently purchase the furniture, fixtures and equipment ("FF&E") and other supplies for your Hotel from any source as long as the System Standards are met. However, photography services (for display on the Corporate and Hotel-Specific Websites and other third party sites used in connection with the Reservation Service and all marketing) and certain amenities must be purchased from a supplier approved by us in the Preferred Supplier Network. In the future, we may require you to purchase FF&E and supplies and other services from a

supplier approved by us, or we may require you to purchase a particular brand or model of suppliers or equipment that is available from only one source, and we may derive profit as a result of those purchases.

If you want to use a product, or a particular brand or model, that has not been specified as having met our System Standards, or if you want to purchase from an unapproved supplier an item that must be purchased from an Preferred Supplier, then you can submit a written request for us to approve the product or supplier. We may require certain information or samples which you must provide at your expense. We will review all of the pertinent information. While we have no obligation to respond within a certain time frame, our review typically takes 30 days to complete. Other than the quality and/or price benefits described above, we do not provide any material benefit to a franchisee based on a franchisee's use of designated or pre-approved suppliers, except that your purchase or lease of goods or services as required is an essential element of your compliance with the Franchise License Agreement and the System Standards, and your failure to do so is a breach of the Franchise License Agreement and may result in your loss of material benefits, up to and including the termination of the Franchise License Agreement.

We evaluate suppliers based on many factors, including: (i) the quality and cost of the products and/or services; (ii) the supplier's established history in serving the Network with products that consistently meet or exceed the System Standards; (iii) the level of support and recognition of the supplier by us and our franchisees, as well as the System's demand for those products/services; and (iv) the supplier's ability to service the needs of the System.

Suppliers we approve become members of our Preferred Supplier Network ("PSN") and are labeled "Preferred Suppliers." We publish and distribute the PSN listing from which you may select products and/or services offered by PSN Suppliers. You are required to immediately cease any purchasing from PSN Suppliers upon expiration or termination of your franchise for any reason.

Neither we nor any of our affiliates currently is an exclusive supplier of any product or service used to operate you Hotel, although we may designate ourselves or an affiliate as an exclusive provider. Currently, Roger Bloss, our President of Global Development, and Bernie Moyle, our Executive Vice President and Chief Operating Officer, each have minority ownership interests in the following approved vendors: Brown Nester Hospitality Services, Inc., an approved vendor of hotel brokerage services; Vantage Insurance Services, Inc., an approved vendor of insurance services; and Cal-Vegas Limited, an approved vendor of hotel management services. Other than as identified in this Item, none of our officers owns an interest in any authorized or recommended suppliers.

You must install, display, and maintain signage displaying or containing the Settle Inn Marks and other distinguishing characteristics in accordance with plans and System Standards we establish for System Hotels.

Management and Entertainment Technology Systems

You must purchase and maintain property management, revenue management, central reservations, in-room entertainment, telecommunications, and other computer and technology systems we designate as System-wide (or area-wide) programs based on our assessment of the best interests of hotels using the System, considering the interest of the System as a whole, as set forth in the Manual or otherwise in writing. Neither we nor our affiliates currently supply

you or other franchisees with any such systems, including hardware and software. We do not currently derive any revenue or other material consideration as a result of, and no purchasing or distribution cooperative exists for your purchase of any such system, including hardware and software.

Guest Survey

We have instituted a uniform guest survey system in which you must participate. We may implement a different program at any time. A company specializing in customer feedback, unaffiliated with Red Lion, administers the program. You will be provided with training information for your Hotel employees to effectively monitor and respond to the guest survey program. Guest surveys are electronic and generated automatically upon daily departures. Based on the survey scores, you and we will be provided with a summary of your Hotel and comparative information from other hotels through a web-based program. The purpose of this program is to assist you in providing a high level of customer satisfaction which is consistent through the system and provide the Hotel with objective actionable feedback from customers.

Guest Loyalty Programs

We require all franchisees to participate in our approved guest frequency program(s) and other programs that we may develop to encourage guest loyalty (collectively, the "Programs"). We may retain a program administrator ("Program Administrator") to manage these Programs, but we may also use our own employees and may develop our own materials to support and administer the Programs. We provide these programs to our franchisees. We may change the fees at any time upon reasonable notice to you. The fees may be paid to us or the Program Administrator to cover the cost of the goods and services provided to the guests, including the cost of administering the Programs. Franchisees must communicate required information and submit required fees as outlined in the Manual and/or in the programs reference guide to the Program Administrator. The Program Administrator is responsible for any reimbursements and tracking reports to franchisees as outlined in the Manual and/or in the programs reference guide. The fees fund the cost of the Program(s) (including the cost of any Program Administrator) and provide reimbursement to the hotels for program reward redemption.

Our management monitors these Programs, the Program Administrator and the Programs' funds and reserves the right to change them at any time.

Reservation Service

We will provide a reservation system for your Hotel and other Network Hotels. We will also provide advertising, promotion, publicity, system programs and related programs as we reasonably determine to be appropriate for the entire Network. You must exclusively use the "Reservation Service," defined as follows, for reservation referrals. The Reservation Service includes all "Voice" (defined as all phone-based reservations other than those answered at the Hotel location), "Central Reservation System" or "CRS" (defined as the Central Reservation System technical and human resources used by Red Lion in the reservation fulfillment process), "GDS" (defined as the Global Distribution Systems connected to CRS, examples of which are Sabre, Galileo, Amadeus, and Worldspan and their successors and affiliates), "OTAs" (defined as Online Travel Agencies connected to CRS, examples of which are such third party intermediaries as Priceline, Booking.com, Hotwire, and Expedia providing travel products for sale electronically to travel agents, corporations, meeting planners, and consumers), "Corporate and Hotel-Specific Websites" (defined as the web and mobile direct booking engines of the brand), "Internet" (defined as the World Wide Web connections to the CRS), "Extranet" (defined

as online fulfillment products directly or indirectly connected to the CRS) and "Electronic" (defined as automated applications connected to the CRS, including third party switches connecting CRS to outside distribution sources) channels used by Red Lion and the group booking activity of Red Lion. We may add or delete elements of our Reservation Service. You may be required in the future to purchase computer terminal equipment and software compatible for use with the Reservation Service. Although you must use the Reservation Service, you may also use other reservation services to refer reservations to (but not by and from) your Hotel.

General

In the year ended December 31, 2016, RLHC received $42,188 from vendors based on purchases by our franchisees of Red Lion Brands and affiliates. Neither we nor any other affiliates received revenue from vendors based on franchisee purchases in fiscal year ended December 31, 2016. However, we and our affiliates may do so in the future.

Neither we nor our affiliates derived revenue from purchases of goods or services made by franchisees during fiscal year 2016.

We currently estimate that the required purchases described above represent approximately 15% to 20% of the cost to establish a new System Hotel and approximately 2% to 5% of operating expenses.

During the term of the Franchise License Agreement and any term extensions, we may require you to make additional expenditures and investments to maintain your Hotel in accordance with the System Standards and to remove any deficiencies in your Hotel's operations.

You do not have to participate in any purchasing or distribution cooperative that we decide to maintain. There are currently no purchasing or distribution cooperatives maintained by us. We will not provide material benefits to you based on your use of preferred vendors.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

FRANCHISEE'S OBLIGATIONS		
Obligation	**Section In Franchise Agreement**	**Disclosure Document Item**
a. Site selection and acquisition/lease	6 a.(25) and (26); Attachments A-1 and A-2	Items 7 and 11
b. Pre-opening purchases/leases	6 a. (3), (6) and (8); Attachments A-1 and A-2	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	6 a. (25) and Attachments A-1 and A-2	Items 5, 6, 7, 8, and 11
d. Initial and ongoing training	3 a. and 6 a.(9)	Items 5, 6, and 11 and 15

FRANCHISEE'S OBLIGATIONS		
Obligation	**Section In Franchise Agreement**	**Disclosure Document Item**
e. Opening	13 and Attachments A-1 and A-2	Items 6, 7 and 11
f. Fees	7, 11 b.(3)(a) and (b), 11 b. (4), 12(b), 14 c. and 14 e.; Attachments A-1 and A-2 and Rider	Items 5, 6, 7, 11 and 17
g. Compliance with standards and policies/operating manual	1 d. and l. and 7; Attachments A-1 and A-2	Items 8, 11, 13, 14, 15 and 16
h. Trademarks and proprietary information	1, 4, 5, 6 a. (23) and 14 d.	Items 13 and 14
i. Restrictions on products/services offered	6 a.	Items 8 and 16
j. Warranty and customer service requirements	6 a.	Items 6, 8 and 11
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	1 d. and l., 3 g. and 6 a.	Items 6, 8 and 11
m. Maintenance, appearance and remodeling requirements	6 a. (3), (6), (13) and (18) and 6 b.	Items 8 and 11
n. Insurance	6 a.(32); Attachments A-1 and A-2	Items 6 and 7
o. Advertising	3 d., 5 c., 6 a.(11) and (20)	Items 6 and 11
p. Indemnification	9, 11 b.(4), 17 i..; Guarantee	Item 6
q. Owner's participation/management/staffing	6 c.	Item 15
r. Records and reports	8; Guarantee	None
s. Inspections and audits	6 a.(18)	Items 6 and 8
t. Transfer	11	Item 17
u. Renewal	Not Applicable	Item 17
v. Post-termination obligations	14 c., d. and e.	Item 17
w. Non-competition covenants	6 a.(24)	Item 17
x. Dispute resolution	15	Item 17

ITEM 10. FINANCING

Brand Standard Equipment Loan

In our sole discretion and upon approval of your credit, we may finance a portion of certain initial or replacement personal property improvements at your Hotel, as required by your Property Improvement Plan and as such improvements comply with the System Standards ("Equipment Loan"). The Equipment Loan only applies to personal property improvements

related to your Hotel that are required under the System Standards, including televisions, Wi-Fi networking equipment, beds and coffee programming equipment. We may change the types of equipment that may be financed through an Equipment Loan.

The Equipment Loan shall bear interest, in our sole discretion, at a rate of 0-5% in an amount up to but in no event exceeding $250,000. If we approve you for an Equipment Loan, you must sign our form of Hotel Improvement Financing and Security Agreement and our form of promissory note ("Loan Documents"), attached to this disclosure document as Exhibit F. Personal guarantees are required in the form set forth in Exhibit F to be executed by the principal(s) in the ownership of the Hotel, with joint and several liability, as determined by us. The Equipment Loan principal amount shall be amortized over the term of the Note and the Note payment shall be in either 12 or 24 months after the note is signed.

Any default under the terms of either the Franchise License Agreement or the Promissory Note shall be deemed a default of both the Franchise License Agreement and the Promissory Note and we may pursue its remedies as available under the Franchise License Agreement and Promissory Note. On default, the note will bear interest at the rate of 18% per year or the maximum rate permitted by applicable law, whichever is lower. You must also pay our costs of collection or costs of exercising its remedies, including internal or external attorneys' fees.

The Note may be accelerated upon default and provides for a waiver of presentment, demand for payment, protest, notices of protest, dishonor, nonpayment of the Promissory Note and all notices of every kind are waived by you. The Note contains no pre-payment penalty.

You shall grant us a continuing first priority security interest in the property acquired within the Loan Documents to secure the payment and performance in full of all of your obligations until such obligations are satisfied in full. You shall further authorize us to file financing statements with all appropriate jurisdictions in order to perfect or protect our interest or rights.

In the event you do not substantially follow the processes set forth in the Loan Documents, we shall have no duty or obligation to advance funds to you. All funds disbursed by us will be provided directly to the vendor if such Improvements are managed through the Red Lion affiliate purchasing department. In the event you are using your own vendors, payment shall be made directly to you upon receipt of approved (in its absolute and sole discretion) information we require provided that such Improvements comply with our System Standards.

You may not assign the Loan Documents at any time except with our express written consent.

We may discontinue the Brand Standard Equipment Loan program at any time.

Except for the Brand Standard Equipment Loan program, neither we nor our affiliates offer, directly or indirectly, financing arrangements to franchisees.

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

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

Pre-Opening Assistance

After you sign the Franchise License Agreement, but before you open your Hotel, we will:

1. Assign a project manager to you. You or your representative must meet with us at a location selected by us, within 45 days following the date of your receipt of a request from us for consultation and coordination with the project manager that we assign to you. (Franchise License Agreement, Attachments A-1 and A-2). We do not lease the premises to you.

2. Approve the architect and/or engineer who is to prepare the plans and specifications for your Hotel and your contractor. You must submit the architect's and/or the engineer's resumes and those of your contractor and any additional information concerning their training, experience and financial responsibility as we may request before your plans are submitted. (Franchise License Agreement, Attachments A-1 and A-2).

You must also submit the above information about your general contractor and major subcontractors for our approval before construction work begins. We may condition our approval upon the bonding of your contractors. (Franchise License Agreement, Attachments A-1 and A-2).

3. Review the plans, layouts and specifications, drawings and designs for constructing and furnishing your Hotel, including guest suite areas, and grant or deny approval. You may not start construction until you receive our approval. Once you receive our approval, you may not make any material changes to the plans without our advance consent. (Franchise License Agreement, Attachments A-1 and A-2).

4. Inspect your location and the course of construction or work at your Hotel to determine whether you are proceeding in accordance with the approved plans, the Franchise License Agreement, the System Standards and the PIP, if applicable. You must afford our representatives access to your site and supply us with any samples of construction materials, supplies, equipment, materials and reports that we may request. (Franchise License Agreement, Attachments A-1 and A-2).

5. Make available to you for use in your Hotel various purchase, lease, or other arrangements with respect to exterior signs, operating equipment, operating supplies and furnishings, which we may have and which we make available to other franchisees of the System. See Item 8 of this Disclosure Document. (Franchise License Agreement, Paragraph 3.g.)

6. Provide required and optional training programs. (Franchise License Agreement, Paragraph 3.a.) See Items 6, 7 and 11 of this Disclosure Document.

Currently, we have not developed an operations manual related to System Hotels; however, we may develop an operations manual in the future. In the event we develop an

operations manual, we will loan a copy of the operations manual to you during the Term of your Franchise License Agreement.

Computer Systems

You must purchase, maintain and/or upgrade computer hardware, software and network systems including security systems we designate as System-wide (or area-wide) programs based on our assessment of the long-term best interests of hotels using the System, considering the interest of the System as a whole (Franchise License Agreement, Paragraph 6.a.(10)). There are no contractual limitations on the frequency or costs of your upgrades or update obligations with respect to computer hardware, software and networks systems we designate. The initial software implementation costs are estimated to range from $15,000 to $20,000.

You must use the most recent version of the central reservations software and property management software we specify, which we may change. The central reservation system collects and generates business information and data relating to System Hotels' inventory of rooms and specific guest information, including guests' names, addresses, payment information and other personal information. We will have independent access to this information and data and our access to this information and data is not contractually limited (Franchise License Agreement, Paragraph 8.c.). You are required to pay all the costs associated with implementing the Property Management System. Additionally, you must use the most recent version of the point-of-sale credit card interface we specify in order to reduce risk associated with accepting credit cards for payment. You also are required to use the guest wireless Internet platform and necessary interfaces we specify in order to integrate with our guest loyalty program. We recommend you obtain an estimate of these costs which will be based on your existing equipment and size of hotel, prior to entering the System. You also must use our approved on hold telephony messaging system provided by our approved vendor. This includes certain equipment that will be provided for installation at your Hotel. The monthly fee for this service is set forth in Item 6.

You must pay for installation/development (and associated fees) of any necessary system(s), interface(s), maintenance of the interface(s), and communication vehicle fees with our central reservations. As indicated in Item 7, we estimate costs associated with our central reservations ranges between $90,000 and $150,000. Additionally, you will be required to pay for telecommunication access to the central reservation offices. This may require adding network hardware and software components (including but not limited to, routers, servers, security devices, switches, hubs and data circuits) approved by us to enable access to and ensure the security and efficiency of the central reservations system. The cost of such hardware generally ranges between $1,000 and $5,000. You may also be required to pay to a third party vendor a monthly telecommunication access fee, with monthly recurring data circuit fees generally between $250 and $1,000, depending on your location and the availability of such infrastructure. Additionally, you must provide a knowledgeable employee or agent at your sole cost and expense to act on your behalf to work with us to establish the connection to our central reservation system and/or make any necessary configuration changes to your firewall, network or any other modifications necessary to establish the interface and/or connection to our central reservation system including fees and expenses for our assistance (see Item 6).

You may purchase the hardware from third party suppliers, or you may lease it through third party lessors. However, the equipment must meet at least the minimum specifications as described in the Manual and must be installed according to the System Standards. You must

pay for our assistance to determine that the equipment conforms to our System Standards; configuration costs; installation costs; reasonable travel and other expenses of our employees who perform installation and/or training services; necessary communication vehicles (i.e. phone lines, network connections); and installation fees for connection to communication vehicles. Unless we otherwise agree, neither we nor our affiliates are entitled to or obligated to provide ongoing maintenance to any hardware, software or network system we require.

You must maintain brand specific e-mail addresses approved by us and accessible by the General Manager and other Hotel staff for regular communication and access.

Training

We offer mandatory and optional training courses to franchisees and employees of franchisees as part of the certification process. Employees designated to take training must complete the required training to our satisfaction. In the case of live training, there may be additional training fees involved along with all travel, lodging and other expenses franchisees and their employees incur to attend training. We may also charge for training materials.

Most of our training will be conducted online through our training portal (https://www.knowledge.rlhco.com). Access to the online training portal is available to franchisees and employees of franchisees.

Pre-Opening or Conversion Training

Your key managers (at minimum, general manager, executive committee members and department managers) must attend our online management orientation session(s) before the opening or conversion of your Hotel. In new development, an owner who intends to act as general manager of the Hotel must attend this program within 60 days of beginning construction. The programs familiarize you with our corporate policies, System Standards, revenue management practices, sales and marketing strategies, loyalty program and management values and philosophies. Perfect attendance is required to complete the training.

Revenue Manager Certification Training

If you choose to have a dedicated revenue manager rather than using our "revenue management for hire" services, your dedicated revenue manager must have at least two years of dedicated revenue management hotel experience and will be required to attend training and become certified in the use of the Red Lion Revenue Management System. This training program includes the Certified Revenue Management Executive designation as provided by Hospitality Sales and Marketing Association International that will provide an understanding of strategies and tactics to maximize revenue opportunities and will provide knowledge to use in making informed decisions to accept or reject business to meet your Hotel's goals. The certification training classes are provided online by a third party service provider, typically require approximately six hours to complete, and currently costs $500. You will also be required to pay $595 for the certification test.

Ongoing Training

We provide ongoing training through the Red Lion learning and development system in sales, operations, front desk, housekeeping, and other operations; most of which is offered online and at no cost to you. In the event a program is offered live, it is anticipated costs may range from $10 per associate for on-site program(s) to $1,500 per management class. You also

pay the travel, wages, living expenses and miscellaneous expenses of those who attend. Training program fees and expenses are not refundable.

We require participation in a brand conference for the general manager and/or owner or owner's representative and your director of sales or on-site sales leader. This conference is conducted by Red Lion and the estimated cost is $500 per participant regardless of attendance and points will be deducted from the property's quality assurance score if the property is not represented. You also pay the travel, wages, living expenses and miscellaneous expenses of those who attend. Conference program fees and expenses are not refundable.

The following table sets forth the training that will likely be made available through our own centralized training, through affiliate or third party training providers, or through training materials provided to you to conduct on site.

TRAINING PROGRAM

Subject/Program	Hours of Classroom Training	Hours of On the Job Training	Location
Brand Orientation (Note 1) • Pre-opening or Conversion orientation training to familiarize you with corporate policies, standards, revenue management practices, loyalty program and sales and marketing strategies, management values and philosophies.	2 hours	None	Online
New Hire Orientation (Note 2)	2-4 hours	None	Online
Departmental Service Training (Note 3) • Continuous Improvement Process training for line level associates and managers including management skills, service skills, job skills, etc.	TBD	TBD	TBD
Manager on Duty-CPR Training (Note 4)	8 hours	None	At your Hotel, by Hotel Management or its Supplier
Risk & Emergency Training (Note 5)	1-8 hours	1-8 hours	At your Hotel, by Hotel Management
Sales Training (Note 6)	40 hours	TBD	TBD
Food Handler Certification (Note 4) • Preparing and serving food	4 hours	None	At your Hotel, by Hotel Management or its Supplier
Alcohol Awareness Training • Serving alcohol	4 hours	None	At your Hotel, by Hotel Management or its Supplier
Reservation Training • On-site or web based to enhance property level reservation training	1-2 hours	None	Online or at your Hotel, by Hotel Management

Subject/Program	Hours of Classroom Training	Hours of On the Job Training	Location
Brand Conference (anticipated to be held annually) (Note 8)	8 hours	None	Off-site TBA; Corporate Trainer
Brand Orientation (Note 1) • Pre-opening or Conversion orientation training to familiarize you with corporate policies, standards, revenue management practices, loyalty program and sales and marketing strategies, management values and philosophies.	2 hours	None	Online
New Hire Orientation (Note 2)	2-4 hours	None	Online

Note 1 - This training is mandatory for your General Manager and department managers depending upon the specific discipline being presented and must be completed 30 days before the opening or 60 days before the conversion of your Hotel. Replacement general managers must attend periodically scheduled training at other hotels and/or at our offices. Replacement department managers will be trained on-site by hotel management. Brand Orientation training is conducted by individual(s) with significant hospitality experience. Discipline specific training is conducted by various senior-level department heads.

Note 2 - This training is mandatory for all employees within 30 days of hire. Training is recommended during employee's initial Employee Orientation and renewed as required.

Note 3 – A specific amount of this training is mandatory for the General Manager and department managers depending upon the specific discipline being presented. These training programs are currently being developed and the specific requirements are to be advised.

Note 4 – These training subjects are mandatory for all employees working in the applicable areas of the Hotel within 30 days of hire.

Note 5 - This training is mandatory for all managers to be completed within 90 days of being hired and renewed appropriately thereafter. The length of the training varies by position.

Note 6 – This initial training is mandatory for all Sales Managers. They must take the first class offered after they assume their position. Additional ongoing sales training is optional and will be provided at your request.

Note 7 – Training materials are provided by Red Lion and administered on-site by Hotel Management. This training is optional and the training materials are made available to you through a designated reservation training website for use by new employees to complete reservation training or by existing employees for refresher training.

Note 8 – This annual conference is mandatory for you and/or your General Manager or Management Representative and Director of Sales or on-site sales leader and may be held at various locations.

All training is supervised by Heather Russell, Director of New Builds & Transitions. Ms. Russell has 20 years of training experience including 5 years of hospitality training experience with us.

If you hire a replacement for any of the categories of personnel referred to in this Item 11 who must attend a training program, then that person must successfully complete the appropriate training program.

Operational Phase Obligations

During the operation of your Hotel, we will:

1. Consider permitting your Hotel to conditionally open and operate, even though you have not yet fully complied with the terms of the Franchise License Agreement, so long as you have signed the Franchise License Agreement and are meeting your performance obligations under the Franchise License Agreement and if you agree to fulfill all remaining terms of the Franchise License Agreement, including any Rider or attachment, on or before the completion date set forth on the Rider, or any extension we approve. (Franchise License Agreement, Attachments A-1 and A-2)

2. Directly or through one of the Entities, periodically publish and make available to the traveling public a directory of System and Network Hotels, including your Hotel. Additionally, we will include your Hotel, or cause your Hotel to be included in national or regional group advertising of System and Network Hotels, and in international, national and regional market programs offered by us or the Entities, all subject to and in accordance with the general practice for System and Network Hotels. (Franchise License Agreement, Paragraph 3.d.)

3. Afford you access to the Reservation Service on the same basis as other System Hotels, so long as you are in full compliance with the material obligations set forth in the Franchise License Agreement, including all System Standards. We may add or delete elements of our Reservation Service. (Franchise License Agreement, Paragraph 3 b.)

4. Administer a quality assurance program for the System which may include conducting periodic inspections of the Hotel, guest satisfaction surveys and audits to ensure compliance with System Standards. (Franchise License Agreement, Paragraph 3 e.)

5. We will indemnify you and your successors and assigns, and the members, officers, directors, employees, agents, predecessors, successors and assigns of each such entity against, and hold them harmless from all costs and expenses of defense, including reasonable attorneys' fees, of any claim of infringement or violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties based upon your use of the Settle Inn Marks and the System Standards. You are required to give us written notice of any action, suit, proceeding, claim, demand, inquiry or investigation which is subject to this indemnification within five days of your actual or constructive knowledge of it. (Franchise License Agreement, Paragraph 10).

Advertising Information

Periodically, we or our affiliates may pay for various expenses and programs that, in our view, benefit, in the short-term or the long-term, the Network and Network Hotels. We and/or our affiliates may enter into arrangements for development, marketing, operations,

administrative, technical and support functions, facilities, programs, services and/or personnel with any other entity, including our affiliates. Any expenditures are intended for the benefit of the Network and the Network Hotels.

We have established a Brand Advisory Board for hotels licensed under the Settle Inn Marks that is comprised of representatives (owners and general managers) of owned and franchised hotels in the Network located in the United States and Canada. The purpose of the Brand Advisory Board is to consider, discuss and advise Red Lion on, among other things, the implementation of actions, initiatives, programs and standards relating to hotels licensed under the Settle Inn Marks. It is anticipated that Red Lion will implement a similar brand advisory board in the future for Hotels that will include a liaison to and from each of the brand advisory boards.

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 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 may not begin using the materials until we approve them. You must immediately discontinue your use of any advertising or promotional materials we reasonably believe is not in the best interest of your Hotel or System, even if we previously approved the materials. Any advertising or promotional materials, or sales or marketing concepts you develop for your Hotel that we approve may be used by other hotels in the System without any compensation to you. (Franchise License Agreement, Paragraph 6a.(11)). You are not obligated to participate in any local or regional advertising cooperative.

You may not engage, directly or indirectly, in any cross-marketing or cross-promotion of your Hotel with any other hotel, motel or related business without our prior written consent, except for the Network Hotels.

Websites

You may not register, own, maintain or use any domain names, World Wide Web, social media or other electronic communications sites (collectively "Site(s)"), relating to the Network or your Hotel or that includes the Network Marks, except as approved in advance by us. The only domain names, Sites, or Site contractors that you may use relating to the Hotel are those assigned or otherwise approved by us. You must obtain our prior written approval concerning any third-party Site in which your Hotel will be listed, and any proposed links between the Site and any other Sites ("Linked Sites") and any proposed modifications to same. All sites containing any of the Network Marks and any Linked Sites must advertise, promote, and reflect on your Hotel and the Network and System in a first-class, dignified manner. Our right to approve all materials is necessitated by the fact that those materials will include and be inextricably linked with our Network Marks. Therefore, any use of the Network Marks on the Internet, or any computer network/electronic distribution, must conform to our requirements, including the identity and graphics standards for all System and Network Hotels. Given the changing nature of this technology, we have the right to withhold our approval and to withdraw any prior approval to modify our requirements.

You may not, without a legal license or other legal right, post on your Site(s) any material in which any third party has any direct or indirect ownership interest, including video clips,

photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests without obtaining prior written consent from the content owner. You must incorporate on your Site(s) any other information we require in the manner we consider necessary to protect the Settle Inn Marks.

Upon the expiration or termination of the Franchise License Agreement, you must irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations which contain any references to our Network Marks or System or Settle Inn Marks, and must notify the applicable domain name registrar(s) of the termination of your right to use any domain name or Site(s) associated with the Network Marks or the Settle Inn Marks, and will authorize and instruct the cancellation or transfer of the domain name to us (or our designee), as directed by us. You must also delete all references to our Network Marks or System from any other site(s) you own, maintain or operate beyond the expiration or termination of the Franchise License Agreement. (Franchise License Agreement, Paragraph 5.c.)

Provided we have reviewed and approved the content of your Hotel's informational web pages, we will provide you the right, at your expense, to have your Hotel's informational web pages linked from the System Hotel information web page we maintain.

Social Media

Your use of social media shall be subject to our standards as we may implement during the Term of your Franchise License Agreement. You must adhere to our social media guidelines and procedures that include but are not limited to: appropriate content, relevance, behavior related to communications, frequency and responsiveness to communications, etiquette, naming conventions and use of our Network Marks. We must approve your social media pages and they shall be linked to our System or Network Hotel social media pages we maintain. We have the right to require you to remove your social media page(s) if you fail to comply with our guidelines and procedures.

Time Frame for Opening the Hotel

We require that you begin construction of a New Development hotel within 12 months from the date your application is approved. You must complete construction of a New Development hotel, receive our authorization for opening and open your Hotel within 24 months from the date we approve your Application. The typical length of time between signing the franchise license agreement and the opening of a New Development Hotel is approximately one year, and the typical length of time between signing the franchise license agreement and the opening of a Conversion Hotel is the later of one week or the completion of brand orientation training. The lengths of these time periods may be affected by your ability to obtain a lease, financing or building permits, construction and unanticipated construction delays, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures, signs, etc.

In Conversion or Change of Ownership situations, you must upgrade the property to meet our System Standards. We establish a deadline by which you must begin work for Change of Ownership situations on a project by project basis. Generally, the deadline is the date you close on the purchase of the Hotel. Generally, you must complete the requisite upgrades within the 90 days following the deadline. In Conversion situations, we determine the commencement

and completion deadlines according to the Product Improvement Plan. We determine the deadlines for beginning and completing work for room additions on a project by project basis.

ITEM 12. TERRITORY

We grant franchisees a non-exclusive license to operate System Hotels at a specified location. 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 License Agreement does not limit our right, or the right of any of our present or future owners, subsidiaries, and affiliated entities (the "Entities"), to own, license or operate any other business of any nature ("Other Businesses"), including, but not limited to, a hotel, inn, conference center, resort, time share property, lodging facility or similar business, whether under the Network Marks, or as a competitive brand, or otherwise. We may engage in any Other Businesses, even if they directly compete with your Hotel, the System, or the Network, whether we start those businesses, or purchase, merge with, acquire, be acquired by, or affiliate with, such businesses. We may also: (a) use or license to others all or part of the System Standards; (b) use the facilities, programs, services and/or personnel used in connection with the System in Other Businesses; and (c) use the System Standards and the Network Marks, in the Other Businesses. Under the terms of the Franchise License Agreement, you are not acquiring any rights other than the non-exclusive right to use the System Standards in operating a System Hotel at the site licensed under the Franchise License Agreement. Under the terms of the Franchise License Agreement, you waive and release any claims, demands or damages arising from or related to any of these activities, which will not give rise to any liability on our part, including liability for claims for unfair competition, breach of contract, breach of the implied covenant of good faith and fair dealing, or divided loyalty.

There may currently be franchised or company-owned Network Hotels situated in or near your area. We and our affiliates or subsidiaries may establish new franchised, company-owned or company-managed Network Hotels in or near your area.

You may compete with any System or Network Hotels in and near your area. There is no mechanism for resolving any conflicts that may arise between franchised or company-owned Network Hotels and franchised System Hotels. Any resolution of conflicts regarding location, customers, support or services will be entirely within your and our business judgment.

We do not permit the relocation of licensed hotels. Your Franchise License Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises.

We have and continue to use all channels of distribution, including internet, telemarketing or other direct marketing sales to make sales within your local area / territory using any of the Network Marks or future marks we may acquire or create. We are not obligated to compensate you for sales made within your territory. We utilize the same principal business address as identified in Item 1 of this disclosure document for all Red Lion Brands and do not maintain physically separate offices and training facilities for all Red Lion Brands; however, we may provide certain support services relating to certain Red Lion Brands from 3300 N. University Drive, Suite 500, Coral Springs, Florida 33065. Franchisees of all Red Lion Brands may solicit or accept customer reservations within your market area. While we do not anticipate conflicts between franchisees of different brands, we will analyze any future conflict and take action (if any) that we deem appropriate.

ITEM 13. TRADEMARKS

The following trademarks are owned by us. We have filed all required affidavits and renewals. We grant you a limited, nonexclusive right to use our System in the operation of your Hotel at a specified location. Following is a non-exclusive list of Settle Inn Marks which we have registered or for which we have started the process of applying for registration on the United States Patent and Trademark Office Principal Register:

TRADEMARKS REGISTERED ON THE U.S. PATENT AND TRADEMARK OFFICE'S PRINCIPAL REGISTER		
TRADEMARK	**REGISTRATION NO.**	**REGISTRATION DATE**
SETTLE INN	3070813	March 21, 2006
	3360817	Dec. 25, 2007
SETTLE INN & SUITES	3073657	Mar 28, 2006
	3360814	Dec 25, 2007
	5154571	March 7, 2017
	5154570	March 7, 2017
HELLO REWARDS	4918924	March 15, 2016

We claim all applicable common law rights all of the Settle Inn Marks listed above.

Use of the Settle Inn Marks: Your Duties

We will have the sole right and responsibility to handle disputes with third parties concerning use of the Settle Inn Marks or the System Standards. The protection of the Settle Inn Marks and their distinguishing characteristics is important to all of us. For this reason, you must immediately notify us of any infringement of or challenge to your use of any of the Settle Inn Marks. You may not communicate with any other person regarding any such infringement, challenges or claims and only we and our affiliates will have the right to handle disputes concerning the Settle Inn Marks or the System Standards. We and our affiliates will take the action we and they consider appropriate with respect to such challenges and claims. You must extend your full cooperation to us and our affiliates in these matters. Under the terms of the Franchise License Agreement, you appoint us as your exclusive attorney-in-fact, to defend and/or settle all disputes of this type. You must sign any documents we believe are necessary to obtain protection for the Settle Inn Marks and the System Standards and assign to us any claims you may have related to these matters. Our decision as to the prosecution, defense and settlement of the dispute will be final. All recoveries made as a result of disputes with third parties regarding the System Standards or the Settle Inn Marks will be for our account.

We will defend any claims brought against you for your use of the Settle Inn Marks so long as you use the Settle Inn Marks in conformity with the grant given to you in the Franchise License Agreement and in accordance with the System Standards.

Your Hotel will be initially known by the trade name set forth in the Rider (the "Trade Name"). We may change the Trade Name and/or any of the Settle Inn Marks at any time in our sole discretion. You may not change the Trade Name without our specific written consent.

You will not have the right to use any service marks, copyrights, trademarks, logos, designs, insignia, emblems, symbols, designs, slogans, distinguishing characteristics, trade names, domain names or other marks or characteristics owned by us or our affiliates that we do not specifically designate to be used as part of the System Standards.

You must operate under and prominently display the Settle Inn Marks in your Hotel. You may not adopt any other names in operating your Hotel that we do not approve. You also may not use any of the Settle Inn Marks or Network Marks, or the words "Settle Inn" or "Red Lion" or any similar word(s) or acronyms: (a) in your corporate, partnership, business or trade name except as we provide in the Franchise License Agreement, the Manual or otherwise in writing, or (b) in any Internet-related name (including a domain name), except as we provide in the Franchise License Agreement, the Manual or otherwise in writing, or (c) in any business operated separate from your Hotel, including in the name or identity of any development or business adjacent to or associated with your Hotel. Any unauthorized use of the Settle Inn Marks will be an infringement of our and our affiliates' rights and a material breach of the Franchise License Agreement.

You may not prepare any adaptation, translation, transliteration, or work derived from the System Standards, Settle Inn Marks, Proprietary Information (as defined in Item 14) or other proprietary rights without our consent. If we approve such adaptation, translation, transliteration or work derivation, you agree that the derivative work will be our property, and you assign all your right, title and interest in it to us.

Agreements, Proceedings, Litigation and Infringing Uses

There are no agreements currently in effect that significantly limit Red Lion's rights to use or license the use of these Settle Inn Marks in any material manner. Red Lion uses and sublicenses all intellectual property related to the Settle Inn Marks pursuant to a perpetual license from Red Lion Hotels Holdings, Inc. There are no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board or the trademark administrator of any state or any court in the United States involving our Settle Inn Marks. There is no pending material litigation or pending infringement, opposition or cancellation proceedings in the United States that could materially affect the use of our Settle Inn Marks.

We do not presently know of any infringing uses that could materially affect your use of our Settle Inn Marks.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Neither we nor any of our affiliates own any patents, pending patent applications or registered copyrights that are material to the franchise. Although we have not filed an application for copyright registration for the written materials we develop to assist you in the development and operation of the Hotel, we or our affiliates claim copyright protection for such written materials.

We grant you the right to use our Proprietary Information. Our "Proprietary Information" consists of the Manual and all other information or materials concerning the methods, techniques, plans, specifications, procedures, information, systems and knowledge of and experience in the development, operation, marketing and licensing of the System Standards. You must treat the Proprietary Information as confidential. You must adopt and implement all reasonable procedures we may periodically establish to prevent unauthorized use or disclosure of the Proprietary Information, including restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in agreements with employees, agents and independent contractors who have access to the Proprietary Information. You must comply with our requirements concerning confidentiality of the Proprietary Information. You may not copy or distribute any part of the Proprietary Information, including the Manual, to anyone who is not affiliated with the System. You must promptly notify us, in writing, when you learn of any unauthorized use of our Proprietary Information. We will respond as we think appropriate.

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

As the franchisee, whether you are an individual, corporation, limited liability company, partnership or other entity, you are at all times responsible for the management of your Hotel's business. You may fulfill this responsibility only by providing (i) qualified and experienced management satisfactory to us, which may be a third party management company, and (ii) a general manager, satisfactory to us (the "Third Party Manager"), which we have approved in writing (which approval we may not unreasonably withhold). However, you may not enter into any lease, management agreement or other similar arrangement for the operation of your Hotel or any part of your Hotel with any person or entity without first obtaining our written consent, which consent will not be unreasonably withheld. To be approved by us as the operator of your Hotel, we must consider you or any proposed Third Party Manager to be qualified to manage your Hotel. We may refuse to approve you or any proposed Third Party Manager which, in our reasonable business judgment, is inexperienced or unqualified in managerial skills or operating

capacity or capability, or is unable to adhere fully to the obligations and requirements of the Franchise License Agreement. We may not approve a Competitor (defined below), or any entity that is the exclusive manager for a Competitor through itself or an affiliate, to manage your Hotel.

A "Competitor" means an entity that, directly or through an affiliate, owns in whole or in part, or is the franchisor or other owner of a hotel brand or trade name (whether or not licensed) that, in our judgment, competes with the System, irrespective of the number of hotels comprising the competitive hotel brand.

Any Third Party Manager must have the authority to perform all of your obligations under the Franchise License Agreement, including all indemnity and insurance obligations. In the case of any conflict between the Franchise License Agreement and the management agreement, the Franchise License Agreement prevails. After we approve the company as Third Party Manager, we must then approve the individual who will serve as your general manager. We require the general manager to attend our required Brand Orientation(s).

Instead of contracting with a third party management company, you may retain direct management control by hiring a general manager to oversee the Hotel's direct operations. You may hire a general manager only with our prior consent, and he/she must attend our Brand Orientation(s). A general manager may only manage one Hotel unless we approve otherwise in advance.

We may determine that you are not qualified to operate the Hotel, and if so, we will require you to retain a management company to operate the Hotel. Normally, we do not require that you engage us as the management company in order to obtain a license. Occasionally, because of the distribution of company managed Hotels in a particular geographic area, or other factors, we may determine that the development of a new Hotel is appropriate only if we manage the Hotel. In that case, we may condition the granting of a license on our managing the Hotel.

We do not require you or your manager to sign an agreement not to compete with us after termination of the Franchise License Agreement. However, you may not engage, directly or indirectly, in any cross-marketing or cross-promotion of your Hotel with any other hotel, motel or related business without our prior written consent, except for Network Hotels. You may not copy or disclose any Proprietary Information.

After a review of the financial information submitted with your application, Red Lion determines guarantee requirements. Each required guarantor, who may include, among other persons or entities, the spouse of a participant in the franchise, must sign a Guarantee, by which he/she assumes and agrees to discharge certain of the franchisee's obligations under the Franchise License Agreement. A copy of the Guarantee and certificate is attached as Exhibit E to this disclosure document.

We do not normally require that your manager have an equity interest in your business. If, however, in our discretion it is in the best interests of the System that your manager has an equity interest in your business, we may condition your obtaining a license and/or continuing as a franchisee on your manager owning an equity interest in your business.

We may change, add or delete any or all of the standards described in this Item by making changes, additions or deletions to the System Standards regarding your obligations to

participate in your Hotel's business. In the event, however, your Franchise License Agreement is at any time inconsistent with the System Standards regarding your obligations to participate in your Hotel's business, the provisions of your Franchise License Agreement shall govern.

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 either 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. High standards are the essence of the System Standards we license to you.

You must operate your Hotel 24 hours a day every day, except as we may otherwise permit based on special circumstances. You must operate, furnish, maintain and equip your Hotel in a clean, safe and orderly manner and in first-class condition in accordance with the provisions of the Franchise License Agreement and the System Standards, and in compliance with all applicable local, state, and federal laws, customs, regulations, rules, bylaws, and other ordinances, including maintaining and conducting your Hotel in accordance with sound business and financial practices. You must adopt, use and comply with the System Standards. You must also provide efficient, courteous and high-quality service to the public.

You may not make any change in the number of approved guest rooms or suites set forth in the Rider to your Franchise License Agreement or any other significant change (including major changes in structure, design or décor) in the Hotel without our prior written approval. Minor redecoration and minor structural changes that comply with the System Standards will not be considered significant.

We may periodically require you to modernize, rehabilitate and/or upgrade your Hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related equipment, supplies and other items to meet the then current System Standards. These standards will benefit the System as a whole. You must make all these changes at your sole cost and expense. You must also maintain acceptable product quality ratings at your Hotel and maintain the Hotel in accordance with the System Standards. We may make limited exceptions from some of those standards based on local conditions or special circumstances but we are not required to do so.

There is no limit on our right to make changes to the System Standards. We make changes to the System Standards based on our assessment of the long-term best interests of hotels in the System, considering the interest of the System overall. You must comply with all changes we adopt. We may require that you purchase particular models or brands of merchandise for resale to be sold from the Hotel from us or from a source we designate.

You must participate in and use the Reservation Service. You must honor and give first priority on available rooms to all confirmed reservations referred to your Hotel through the Reservation Service. The Hotel must participate in all standard marketing programs and must use all reasonable means to promote the Reservation Service, including, but not limited to, not closing off the Red Lion 800 number until all rooms for the day or period in question are actually sold. The Reservation Service is the only reservation service or system you may use in regard to outgoing reservations referred by and from your Hotel to other Hotels or other reservation services we or the Entities designate.

You must refer guests and customers, wherever reasonably possible, only to Network Hotels and (if and as we direct) any Other Hotel Systems owned or licensed by us and/or the Entities ("Other Hotel Systems"). However, we can require you to participate in programs designed to refer prospective customers to other Hotels, whether in the System or otherwise. You must also display all materials, including brochures and promotional material we provide to Network Hotels and Other Hotel Systems, and allow advertising and promotion only of Network Hotels and Other Hotel Systems on your Hotel premises.

You must participate in, and pay all charges related to, all guest frequency programs we or the Entities require, including but not limited to our current guest reward programs or any successor programs. You must also honor the terms of any discount or promotional programs (including any frequent guest program) that we or the Entities offer to the public on your behalf, any room rate quoted to any guest at the time the guest makes an advance reservation, and any award guest certificates issued to Hotel guests participating in these programs.

At our option, we may require you to offer amenities such as a restaurant and lounge, and may require you to offer such other amenities including recreational facilities (pool, whirlpool, exercise room, sauna, etc.), parking facilities, meeting and function space, gift shop and other concessions. The types and quality of the products and services that supplement the above amenities must also comply with our requirements.

You may not conduct or permit gaming or casino operations in the Hotel or on the Hotel premises without our express written prior permission which we may withhold or condition at our sole discretion.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise License Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
a. Length of the franchise Term	¶ 13 and Rider	Term is 20 years commencing on the Opening Date.
b. Renewal or extension of the term	Not Applicable	Franchise License Agreement is non-renewable.
c. Requirements for franchisee to renew or extend	Not Applicable	Franchise License Agreement is non-renewable

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
d. Termination by franchisee	¶12 b., ¶14 b., c. and e	You may terminate without paying a Termination Fee in the event you experience a casualty loss or fire and you elect not to repair or rebuild the Hotel. If you terminate the Franchise License Agreement without cause, you must pay us a Termination Fee (liquidated damages). You must pay us a Special Termination Fee if you cause two or more franchise license agreements with us to be terminated within 12 months (between either you or your affiliates and us or your affiliates) -- and if we terminate those agreements following your breach or default, you will be deemed to have caused the termination. See Item 6 for these Termination Fees.
e. Termination by Franchisor without cause	¶12 a., ¶12 b. and ¶14 e.	**Condemnation.** If your Hotel is condemned, you must give us notice at the earliest possible time. We may agree to transfer the Franchise License Agreement to a nearby location you select within four months of your notice of condemnation. But if a new hotel does not become the Hotel under the Franchise License Agreement in strict accordance with it (or if it is reasonably evident to us that this will be the case), we can terminate the Franchise License Agreement immediately upon notice to you, in which case you must pay us a Termination Fee. See Item 6. **Casualty.** If your Hotel closes due to fire or other casualty, you must immediately notify us, repair or rebuild the Hotel according to the System Standards, commence reconstruction within six months after closing, and reopen the Hotel for continuous business operations as soon as practicable (but in any case within eighteen months after closing). If you or Red Lion choose not to reopen the Hotel, either party can terminate the Franchise License Agreement upon notice to the other. You need not pay a termination fee unless you operate or own a controlling interest in another hotel on the site before the normal expiration of your Franchise License Agreement, in which case you must pay us a Termination Fee. See Item 6.
f. Termination by Franchisor with cause	¶14.	We can terminate if you fail to satisfy any obligations under the Franchise License Agreement or any attachment to it.
g. "Cause" defined-curable defaults	¶14a., Attachments A-1 and A-2	Except as described below (a) before the Hotel opens, you have 10 days to cure any event of default, and (b) after the Hotel opens, you have 30 days to cure any event of default. Events of default include failure to satisfy or comply with any of the requirements, conditions, or terms in the Franchise License Agreement, the Manual, Attachments A-1 and A-2, any other attachment, any operational requirements or any other agreement between us (or an Entity) and you relating to the Hotel.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
h. "Cause" defined-non-curable defaults	¶ 14b.	After curing a material violation, you engage in same noncompliance within any consecutive 24 month period, whether or not you correct noncompliance after notice; or you engage in a pattern of non-compliance, regardless of materiality, whether or not you correct noncompliance after notice. You (or guarantor) file bankruptcy, become insolvent, are placed in receivership, etc. You (or guarantor) lose possession or the right to possess all or a significant part of the Hotel or Hotel site. You (or guarantor) fail to continue to identify the Hotel to the public as a System Hotel, or you abandon the operation of the Hotel by failing to operate the Hotel for 5 consecutive days, or any shorter period after which it is not unreasonable for us to conclude that you do not intend to continue to operate the Hotel, unless failure to operate is due to causes beyond your control, and you have taken reasonable steps to minimize the impact. You (or guarantor) contest in any court or proceeding our ownership of the System or any part of the System, or the validity of any service marks or trademarks associated with our business. Any action is taken toward dissolving or liquidating the franchisee or any guarantor, if a corporation or partnership, except for death of a partner. Any of the owners of an Equity Interest (as defined in the Franchise License Agreement) in you is, or is discovered to have been, convicted of a felony or any other offense or conduct likely to adversely reflect upon or affect the Hotel, the System, us and/or the Entities in any way. You (or guarantor) conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise defraud us. You (or guarantor) become a Competitor (defined in Item 15) You transfer any interest in Agreement or in your Hotel other than in approved transaction (unless the transfer is of a type where approval is not required) You (or guarantor) do not purchase or maintain any required insurance, or do not reimburse us if we purchase insurance for you. Information involving you or your affiliates discloses facts which in our opinion might adversely affect any gaming licenses or permits held by us or our current stature with any gaming commission, board, or similar governmental or regulatory agency, or our reputation or business. We make a reasonable determination that your continued operation of the Hotel will result in an imminent danger to public health or safety. Any guarantor relating to the Agreement breaches its guarantee

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
i. Franchisee's obligations on termination/non-renewal	¶14 c. and d., Attachments A-1 and A-2	a. Immediately discontinue holding yourself out to public as a System Hotel, and take whatever action is necessary to assure that no use is made of any part of the System (including the Settle Inn Marks, all forms of advertising and other indicia of operation as a System Hotel), and discontinue use of all distinguishing indicia of System and our affiliates' hotels. b. Remove all distinctive System features of the Hotel, including the primary freestanding sign down to the structural steel c. Take all other actions required to preclude any possibility of confusion on the part of the public that the Hotel is still using all or any part of the System or is otherwise holding itself out to the public as a System Hotel. d. Pay us any required termination fees or liquidated damages – see Item 6 for termination fees and liquidated damages and circumstances when you must pay them.
j. Assignment of contract by Franchisor	¶11 a.	There are no restrictions on Red Lion's right to assign or transfer, except that the assignee must assume the obligations.
k. "Transfer" by franchisee-defined	¶11 b.	Any sale, lease, assignment, or transfer of any direct or indirect interest in the Hotel, the Franchise License Agreement, or any direct or indirect Equity Interest (as defined in the Franchise License Agreement) in you (except for commercial space in your Hotel customarily subject to lease, sublease or concession arrangements, which requires our prior written approval).
l. Franchisor's approval of transfer by franchisee	¶11 b.	You may not make any transfers without our prior written consent, except that you do not need our consent (i) to pledge or mortgage the Hotel assets or an Equity Interest to a third-party bank or other commercial lending institution that is not a Competitor if you do not pledge or mortgage your interest in the Franchise License Agreement, or (ii) to transfer Equity Interests where there is no change of control and, in the case of equity Interests that are not publicly traded, all transfers from the date of your agreement total less than 20% of all Equity Interests.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
m. Conditions for Franchisor approval of transfer	¶11 b.	**Change of Ownership.** Any proposed transfer that requires our approval and that does not qualify as a Permitted Transfer (see below) will be considered a Change of Ownership. If there is a proposed Change of Ownership and proposed owner desires to continue to operate the Hotel in accordance with the System Standards, proposed owner must submit an application for a new franchise license agreement and pay the then prevailing application fee any other then applicable fees and charges for new franchise licenses. The proposed owner may also be required to comply with a PIP in the event we determine there are renovation requirements for the Hotel. We may require certain conditions to obtain our consent, which include: curing any existing defaults; receipt of evidence from the transferee that insurance coverage meets the minimum amounts we require; all outstanding fees have been paid; compliance with the Franchise License Agreement; an executed voluntary termination agreement, estoppel and general release; copies of transfer documents; evidence of adequate assurances of transferee; an executed franchise license agreement with us and executed guaranty; and completed training by transferee and its management, if applicable. See Franchise License Agreement for further details. **Permitted Transfers.** Include "Affiliate Transfers," "Family Transfers"; and "Brick and Mortar Transfers" (where you retain possession and control of the Hotel site and the management control of the Hotel operations after the sale or lease). See definitions in Franchise License Agreement. You must submit Permitted Transfer Consent Request with all required information, non-refundable processing fee of $20,000 (plus additional processing fee of $2,500 if transfer requires securities registration) See Franchise License Agreement for further details regarding the different types of Permitted Transfers. **Public Offering.** Our prior approval of documentation and payment of $2,500 processing fee and our other costs required. See Franchise License Agreement for further details.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	
o. Franchisor's option to purchase franchisee's business	Not Applicable	

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
p. Death or disability of franchisee	¶11b.(3)(a)(iii)	Upon death of a franchisee who is a natural person or of an Equity Owner, the Franchise License Agreement or the Equity Interest (as applicable) may pass in accordance with the person's will, or, if the person dies in testate, in accordance with laws of intestacy governing the distribution of the person's estate, without our consent; so long as the transfer is to a Family Member (as defined in Franchise License Agreement) or to a legal entity formed by Family Member(s), and within one year after the death, the Family Member(s) or entity meets all our normal requirements of an approved applicant.
q. Non-competition covenants during the term of the franchise	¶6a.(24)	No competition anywhere without our approval.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	
s. Modification of the agreement	¶17 c.	No oral modifications, but we can change the Manual and other materials.
t. Integration/merger clause	¶17 c.	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise license agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	¶15.	Subject to binding arbitration.
v. Choice of forum	¶15 e.	Within 50 miles of Spokane, Washington, subject to state law.
w. Choice of law	¶15 e.	Washington law generally applies, except for issues under the U.S. Trademark Act and the Federal Arbitration Act (subject to applicable state law).

All state-specific exceptions to any of the above terms are as set forth in the state addendum to the Franchise License Agreement as set forth herein at Exhibit K.

ITEM 18. PUBLIC FIGURES

Red Lion does not use any public figure to promote its franchises.

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 financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Internal Audit, Attn: Chris Peterson, 201 W. North River Drive, Spokane, WA 99201, (509) 777 6238, internalaudit@redlion.com, the Federal Trade Commission, and the appropriate state regulatory agencies. You can report any complaints or concerns to us on a confidential or anonymous basis by telephone email, or regular mail.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

The names of all franchisees and the address and telephone numbers of all of their outlets are listed in Exhibit A. The names, city, state, and telephone number of every franchisee who has had an outlet terminated, cancelled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise License Agreement between January 1, 2016 and December 31, 2016, or who has not communicated with Red Lion in the past ten (10) weeks are attached as Exhibit B. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

The data set forth below is from the date of our acquisition of the Settle Inn brand and license agreements.

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2014 TO 2016 [1,2]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	-	-	-
	2015	5	5	-
	2016	5	3	-2
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	-	-	-
	2015	5	5	-
	2016	5	3	-2

[1] The numbers are as of December 31 of each year.

[2] There were three Settle Inn hotels open and operating as of December 31, 2016. All were franchisees of our predecessor and such license agreements have subsequently been assigned to us effective April 30, 2015. We are repositioning the Settle Inn brand to extended

stay and the existing Settle Inn hotels will be offered the opportunity to comply with the Settle Inn standards or convert to another System brand. The franchise being offered in this disclosure document includes different components than the three existing Settle Inn hotels designated above.

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR THE YEARS 2014 TO 2016*

State	Year	Number of Transfers
All States	2014	-
	2015	0
	2016	0
Total Outlets	**2014**	-
	2015	0
	2016	0

* The numbers are as of December 31 of each year.

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2014 TO 2016*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
IA	2014	-	-	-	-	-	-	-
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
KS	2014	-	-	-	-	-	-	-
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
MI	2014	-	-	-	-	-	-	-
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
MO	2014	-	-	-	-	-	-	-
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
WI	2014	-	-	-	-	-	-	-
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Total	2014	-	-	-	-	-	-	-
	2015	**5**	**0**	**0**	**0**	**0**	**0**	**5**
	2016	**5**	**0**	**2**	**0**	**0**	**0**	**3**

* The numbers are as of December 31 of each year.

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2014 TO 2016*

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
ALL STATES	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Total	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

* The numbers are as of December 31 of each year.

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2016 FOR 2017

State	Franchise License Agreements Signed But Outlets Not Opened	Projected New Franchise Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
AL	0	1	0
CA	0	1	0
FL	0	2	0
GA	0	1	0
LA	0	1	0
MI	0	1	0
NC	0	1	0
OK	0	1	0
SC	0	1	0
TN	0	1	0
WA	0	1	0
Total	**0**	**12**	**0**

Confidentiality Clauses

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Red Lion. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. No current or former franchisees have signed agreements within the last three fiscal years restricting their ability to speak with you about their experience with Red Lion.

Trademark-Specific Franchisee Organizations

There are no other trademark-specific franchisee organizations affiliated with the System.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit C to this disclosure document are the audited consolidated financial statements of our parent, RLHC and its subsidiaries (which includes us). Such financial statements consist of the consolidated balance sheets of RLHC as of December 31, 2016 and December 31, 2015, and the related consolidated statements of comprehensive income (loss), changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016.

Red Lion is a wholly-owned subsidiary of RLHC, and RLHC absolutely and unconditionally guarantees to assume the duties and obligations of Red Lion under the Franchise License Agreements entered into while Red Lion is an affiliate of RLHC. This guarantee does not extend to modifications to or renewals of the Franchise License Agreements after Red Lion ceases to be an affiliate of RLHC. A copy of the RLHC guarantee is attached as Exhibit J to this disclosure document.

ITEM 22. CONTRACTS

The following contracts are exhibits to this disclosure document:

Exhibit D	Franchise License Agreement
Exhibit E	Guarantee of Franchise License Agreement
Exhibit F	Brand Standard Equipment Loan Documents
Exhibit G	Franchise License Application
Exhibit J	Representations and Acknowledgement Statement
Exhibit K	State Addenda and Agreement Riders

ITEM 23. RECEIPTS

Exhibit L contains detachable documents acknowledging your receipt of the disclosure document.

EXHIBIT A

LIST OF FRANCHISEES

IOWA

WW Hartford, LLC
Settle Inn & Suites Harlan
519 West Landscape Place
Sioux Falls, SD 57108
712-755-2930

MICHIGAN

S8MQT, Inc.
Settle Inn Michigan
1275 US Highway 41 West
Marquette, MI 49855
906-228-8100

WISCONSIN

La Crosse Settle Inn, LLC
Settle Inn La Crosse
201 S. Main Street
Aberdeen, SD 57401
608-781-5100

EXHIBIT B

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM OR NOT COMMUNICATED

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

KANSAS

Altenhofen, Inc.
Settle Inn & Suites Seneca
117A W. 8th Street
Junction City, KS 66441

MISSOURI

Vonn Knoll, LLC
Settle Inn & Suites Linn
205 Trenoll Farm Lane
Linn, MO 65051
573-897-9903

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

EXHIBIT D

FRANCHISE LICENSE AGREEMENT

FRANCHISE LICENSE AGREEMENT

[INSERT HOTEL NAME]

FRANCHISE LICENSE AGREEMENT

This Franchise License Agreement (the "Agreement") is between Red Lion Hotels Franchising, Inc. ("we," "us," "our" or "Franchisor"), and the "franchisee" entity ("you," "your" or "Franchisee"), the name and address of which is set forth on the Rider, as of the date set forth below our signature on the Rider attached hereto as Attachment B (the "Rider").

INTRODUCTION

You have expressed an interest in operating the property identified on the Rider under the Settle Inn Marks (as defined herein). You have confirmed to us that you (i) independently investigated the risks of operating a hotel under the Settle Inn Marks, including current and potential market conditions, and competitive factors and risks, and have made an independent evaluation of all such matters, and (ii) reviewed our franchise disclosure document ("**FDD**"). After doing so, you have expressed a desire to enter into a Franchise License Agreement with us to obtain a license to use the Settle Inn Marks in the operation of a hotel at the address set forth on the Rider.

NOW, THEREFORE, in consideration of the premises and the undertakings and commitments of each party to the other party as set forth in this Agreement, the parties agree as follows:

1. Definitions.

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

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

b) "**Including**" means "including, by way of example, but without limitation."

c) "**License Term**" means the period from the date of this Agreement through the expiration of this Agreement.

d) "**Manual**" means one or more documents or guides commonly referred to as the brand standards manual together with its supporting documentation; provided that the Manual will not include the Red Lion Field Guide. The Manual may include the System Standards (as defined below) and information on suggested procedures and your other obligations under this Agreement. Employee wages, hours and working conditions are your sole responsibility. We may change the Manual periodically. We will notify you at least thirty (30) days before any change becomes effective. You will be responsible for the costs of complying with the Manual including any changes. In the event we develop an operations manual regarding the Hotel, which we reserve the right to do, an operations manual will be considered as part of the Manual.

e) "**Network**" means the hotels we own, operate and license under the Settle Inn Marks, and any other Network Mark. All such hotels, regardless of the brand, are collectively referred to as the Network.

f) "**Network Hotels**" means hotels we license to operate under the Network Marks.

g) "**Network Marks**" means (1) the Settle Inn Marks, (2) the Red Lion®, Red Lion Hotel® and Red Lion Inn & Suites® trademarks and trade names, (3) the Hotel RL® and RL™ trademarks and trade names, (4) the GuestHouse International® trademark and trade name, (5) the Lexington® trademark and trade name, (6) the Jameson Inn® trademark and trade name, (7) the Americas Best Value Inn® trademark and trade name, (8) the Country Hearth Inn®, Country Hearth Suites® and Country Hearth Inn & Suites® trademarks and trade names, (9) the Canadas Best Value Inn™ trademark and trade name, (10) the Signature Inn™ trademark and trade name, (11) the 3 Palms Hotels & Resorts® trademark and trade name, (12) the America's Best Inns & Suites® trademark and trade name, and (13) any other trademarks and trade names for any additional brands we create or acquire from time to time.

h) "**Opening Date**" means the date that you begin to rent any portion of the rentable rooms in the Hotel under this Agreement.

i) "**Settle Inn Marks**" means collectively the trademarks and trade names Settle Inn® and Settle Inn & Suites® together with all related logos, trade dress, and any other additional or substituted trademarks, trade names, service marks or logos (whether registered or not) currently owned, licensed or used by us or that we later adopt, purchase or develop.

j) "**System**" means the elements we designate from time to time to identify hotels operating under the Settle Inn Marks that provide to the consuming public a similar, distinctive, high quality hotel service. The "System" includes: the Settle Inn Marks; access to a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials; standards, specifications and policies for construction, furnishing, operation, appearance and service of the Hotel; programs for our inspecting the Hotel and consulting with you; and other elements we refer to in this Agreement or in the Manual or in other communications to you. We may add elements to the System or modify, alter or delete elements of the System at our sole discretion.

k) "**System Hotels**" means hotels we license to operate under the System and to use the Settle Inn Marks.

l) "**System Standards**" means the mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for constructing, equipping, furnishing, supplying, operating, maintaining and marketing System Hotels, including the Hotel. System Standards may be included in the Manual or otherwise distributed by us in writing.

2. Grant of License.

We hereby grant to you and you hereby accept a non-exclusive, limited, revocable license (the "**License**") to use (without the right to sublicense) the Settle Inn Marks and the System at and in connection with the operation of the Hotel, in accordance with the terms of this Agreement.

This Agreement does not limit our right, or the right of any of our present or future owners, subsidiaries, and affiliated entities (the "**Entities**"), to own, license or operate any other business of any nature ("**Other Businesses**"), including a hotel, inn, conference center, resort, time share property, lodging facility or similar business, whether under the Settle Inn Marks, any of the other Network Marks or as a competitive brand, or otherwise. We reserve the right, and you specifically acknowledge and agree that we are permitted, to engage in any Other Businesses, even if they compete with the Hotel, the System or the Network, whether we start those businesses, or purchase, merge with, acquire, be acquired by, or affiliate with, such businesses. Our rights under the preceding sentence include, for example, our right to own, operate, or license a hotel under any brand, including any of the Network Marks, in the immediate vicinity of the Hotel. We may also: (a) use or license to others all or part of the System; (b) use the facilities, programs, services and/or personnel used in connection with the System in Other Businesses; and (c) use the System, the Settle Inn Marks and the Network Marks in the Other Businesses. You acknowledge and agree that you are not acquiring any rights other than the non-exclusive right to use the System to operate a Hotel under the Settle Inn Marks at the site licensed under this Agreement and in accordance with the terms of this Agreement. You waive and release any claims, demands or damages 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 the implied covenant of good faith and fair dealing, or divided loyalty

The Hotel will be initially known by the trade name set forth in the Rider (the "**Trade Name**"). We may change the Trade Name and/or any of the Settle Inn Marks at any time at our sole discretion. You may not change the Trade Name without our specific written consent. You acknowledge and agree that you are not acquiring the right to use any service marks, copyrights, trademarks, logos, designs, insignia, emblems, symbols, designs, slogans, distinguishing characteristics, trade names, domain names or other marks or characteristics owned by us or the Entities that we do not specifically designate to be used in the System.

3. **Our Responsibilities**.

a. **Training**. During the License Term, we will specify required and optional training programs and provide these programs at various locations to protect the Settle Inn Marks, Network Marks and System and to ensure consistency within the System. We may charge you for (i) required training services and materials and (ii) optional training services and materials we provide to you. You are also responsible for all travel, lodging and other expenses you or your employees incur in attending these programs.

b. **Reservation Services**. During the License Term, we will, directly or indirectly, furnish you with the Reservation Service (as defined in Section 6.a.(15) below). This service will be furnished to you on the same basis as is furnished to other System Hotels, subject to the provisions of Section 14.a.(3) below.

c. **Consultation**. We may, from time to time at our sole discretion, make available to you consultation and advice in areas such as operations, facilities, and marketing. We have the right to establish fees in advance for our consultation and advice on a project-by-project basis. If we make these services available, they will not be mandatory.

d. **Arrangements for Marketing, Etc**. Periodically, we and/or the Entities will publish and make available to the traveling public a directory of System Hotels and/or Network Hotels, including the Hotel. Additionally, we and/or the Entities may include the Hotel, or cause the Hotel to be included in (i) national or regional group advertising of some or all System Hotels, and (ii) international, national and regional market programs offered by us subject to and in accordance with our general practice for System Hotels.

We and/or the Entities may pay for various expenses and programs that, in our view, benefit, in the short-term or the long-term, the Network and Network Hotels. We and/or the Entities may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services and/or personnel with any other entity, including our affiliates. Any expenditures are intended for the benefit of the Network and the Network Hotels.

Red Lion has established a Brand Advisory Board for Network Hotels that is comprised of representatives (owners and general managers) of owned and franchised Network Hotels. The purpose of the Brand Advisory Board is to consider, discuss and advise Red Lion on, among other things, the implementation of actions, initiatives, programs and standards relating to Network Hotels.

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 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 may not begin using the materials until we approve them. You must immediately discontinue your use of any advertising or promotional materials we reasonably believe is not in the best interest of your Hotel or System, even if we previously approved the materials. Any advertising or promotional materials, or sales or marketing concepts you develop for your Hotel that we approve may be used by other System Hotels without any compensation to you. You are not obligated to participate in any local or regional advertising cooperative.

You may not engage, directly or indirectly, in any cross-marketing or cross-promotion of your Hotel with any other hotel, motel or related business without our prior written consent, except for the Network Hotels.

e. **Inspections/Compliance Assistance.** We will administer a quality assurance program for the System which may include conducting periodic inspections of the Hotel and guest satisfaction surveys and audits to ensure your compliance with System Standards. We have the right to inspect the Hotel and its operations at any time, with or without prior notice to you, and to determine if the Hotel is in compliance with the System Standards and rules of operation set forth in this Agreement. If the Hotel fails to comply with such System Standards and rules of operation, we may, at our option and at your cost, require you to submit to us for our review and approval within thirty (30) days of our notice to you a written action plan to correct the deficiencies. You must then take all steps necessary to correct any deficiencies within the times we approve. In the event you do not submit a written plan to correct the

deficiencies, or submit a written plan which we do not approve, we may at our option and at your expense prepare an action plan for you. Our approval of an action plan does not waive any rights we may have under this Agreement, including our right to terminate immediately under Section 14.b., nor does it relieve you of any obligations under this Agreement. You acknowledge that your obligation to comply with the System Standards is unconditional, and you therefore agree that you will not assert, as a defense to your obligation to comply with the System Standards, that any other System Hotel has failed to comply with the System Standards. We retain the right to enforce, in our sole discretion, the System Standards as we deem necessary or appropriate in furtherance of our interests in the System and Network or the interests of the System Hotels or Network Hotels. You acknowledge and agree that, in exercising our discretion with respect to any other System Hotel, we may, for example, consider (but are not required to consider) the particular circumstances of the System Hotel, its configuration (including whether it is considered a "resort", an "inn" or a "hotel"), its market, and the importance of the market to the System or the Network.

f. **Operations Manual**. We have not developed an operations manual related to the System and System Hotels; however, we reserve right to develop an operations manual in the future. In the event we develop an operations manual, we will loan the operations manual to you, and any revisions and updates we may make to the operations manual. You will not disclose this Agreement or the Manual to anyone except your authorized employees (or the employees of your management company, if authorized by us in writing). You acknowledge that any unauthorized use or disclosure of the Manual would be an unfair method of competition and a breach of trust and confidence and will result in irreparable harm to our affiliates and us. You are responsible to us for any breach of this provision by you or your management company and/or your or your management company's employees or agents.

g. **Equipment and Supplies**. We will make available to you for use in the Hotel various purchase, lease, or other arrangements with respect to exterior signs, operating equipment, operating supplies, and furnishings, which we or the Entities may have and which we make available to other System Hotels. We may derive a service fee, commission, volume discount allowance or other consideration paid by the vendor, lessor or service provider in connection with making such purchase, lease or other arrangements available to you.

4. Proprietary Rights.

You acknowledge, and will not contest, either directly or indirectly during the License Term or after termination or expiration of this Agreement: (i) our (and/or any Entities') ownership of, rights to and interest in the System, Settle Inn Marks and any of their element(s) or component(s), including present and future distinguishing characteristics; (ii) our sole right to grant licenses to use all or any element(s) or component(s) of the System; (iii) that we (and/or the Entities) are the owner of (or the licensee of, with the right to sub-license) all right, title and interest in and to the Settle Inn Marks used in any form and in any design, alone or in any combination, together with the goodwill they symbolize; and (iv) the validity or ownership of the Settle Inn Marks. You acknowledge that the Settle Inn Marks have acquired a secondary meaning which indicates that the Hotel and System are operated by or with our approval in connection with the Network. All improvements and additions to, or associated with, the System, Settle Inn Marks, and all goodwill arising from your use of the System and the Settle Inn Marks, will inure to our benefit and become our property (or the Entities), even if you develop them. You may not prepare any adaptation, translation, transliteration, or work derived from the System, Settle Inn Marks, or other proprietary rights without our consent. If we approve such adaptation, translation, transliteration, or work, you agree that the derivative work will be our property, and you assign all of your right, title, and interest in it to us. At our request, you will promptly assign to us any rights or registrations to the Settle Inn Marks that you may obtain. You acknowledge that you are not entitled to receive any payment or other value from us or any of the Entities for any goodwill associated with your use of the System or the Settle Inn Marks, or any element(s) or component(s) of the System.

5. Proprietary Marks.

a. **Use of Trade Name**. You will operate under, and prominently display at the Hotel in accordance with the System Standards, the Settle Inn Marks. You will not adopt any other names in operating the Hotel that we do not approve. You also will not use any of the other System or Network Marks, trade names or service marks, or any similar word(s) or acronyms, in (i) your corporate, partnership, business or trade name except as we provide in this Agreement or the Manual, or (ii) any Internet-related name (including a domain name), except as we provide in this Agreement or the Manual, or (iii) any business operated separate from the Hotel, including the name or identity of developments

adjacent to or associated with the Hotel. You agree that any unauthorized use of any of the Network Marks will be an infringement of our rights and a material breach of this Agreement.

b. **Trademark Disputes**. We and you each agree that the protection of the Network Marks and their distinguishing characteristics as standing for the System and Network is important to all of us. Accordingly, you will immediately notify us of any infringement or dilution of or challenge to your use of the Settle Inn Marks and will not, absent a court order or our prior written consent, communicate with any other person regarding any such infringement, dilution, challenge or claim. We will take the action we deem appropriate with respect to such challenges and claims and have the sole right to handle disputes concerning use of all or any part of the Settle Inn Marks or the System. You will extend to us at your expense your full cooperation in these matters. You appoint us as your exclusive attorney-in-fact, to prosecute, defend and/or settle all disputes of this type at our sole discretion. You will sign any documents we believe are necessary to prosecute, defend or settle any dispute or obtain protection for the Settle Inn Marks and the System and assign to us any claims you may have related to these matters. Our decision as to the prosecution, defense and settlement of the dispute will be final. All recoveries made as a result of disputes regarding use of all or part of the System or the Settle Inn Marks will be for our account.

c. **Websites**.You may not register, own, maintain or use any domain names, World Wide Web or other electronic communications sites (collectively, "**Site(s)**"), relating to the Network, System or the Hotel or that includes the Network Marks. The only domain names, Sites, or Site contractors that you may use relating to the Hotel or this Agreement are those assigned or otherwise approved in writing by us. You also agree to obtain our prior written approval concerning any third-party Site in which the Hotel will be listed, and any proposed links between such Site and any other Site(s) ("**Linked Sites**") and any proposed modifications to same. All Sites containing any of the Network Marks and any Linked Sites must advertise, promote, and reflect on the Hotel and the System in a first-class, dignified manner. You acknowledge and agree that our right to approve all materials is necessitated by the fact that those materials will include and be linked with our Network Marks. Therefore, any use of the Settle Inn Marks on the Internet, or any computer network/electronic distribution, must conform to our requirements and the System Standards, including the identity and graphics standards for all System and System Hotels. Given the changing nature of this technology, we have the right to withhold our approval, and to withdraw any prior approval, and to modify our requirements, at our sole discretion. You acknowledge and agree that the restrictions on your use of the Settle Inn Marks and Network Marks will survive the expiration or earlier termination of this Agreement and that we retain the right to pre-approve your use of linking and framing between your Internet (or other network) web pages and all other websites as further described below. We have the right to determine the content and use of online or electronic media associated with any of the Network Marks. You may not participate in any website or other electronic media (including social media) that markets goods and services under the Network Marks unless it is first approved in writing by us.

You acknowledge that you may not, without a legal license or other legal right, post on your Site(s) any material in which any third party has any direct or indirect ownership interest (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests). You also agree to incorporate on your Site(s) any other information we require in the manner we deem necessary to protect our Network Marks.

Upon the expiration or termination of this Agreement, you agree to irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations which contain any reference to our Network Marks, System, Network or Settle Inn Marks, and will notify the applicable domain name registrar(s) of the termination of your right to use any domain name or Site(s) associated with the Network Marks or the Settle Inn Marks, and will authorize and instruct the cancellation or transfer of the domain name to us (or our designee), as directed by us. You will also delete all references to our Network Marks, System, Network or Settle Inn Marks from any other Site(s) you own, maintain or operate beyond the expiration or termination of this Agreement.

Provided we have reviewed and approved the content of your Hotel's informational web pages, we will provide you the right, at your expense, to have your Hotel's informational web pages linked from the System Hotel information web page we maintain.

Your use of social media shall be subject to the System Standards. You must adhere to our social media guidelines and procedures that include but are not limited to: appropriate content, relevance, behavior related to communications, frequency and responsiveness to communications, etiquette, naming conventions and use of the Settle Inn Marks. We must approve your social media pages and they shall be linked to our System Hotel social media pages we maintain. We have the right to require you to remove your social media page(s) if you fail to comply with our guidelines and procedures, as they may change from time to time.

d. **Covenant**. You agree, as a direct covenant with us and our Entities, that you will comply with all of the provisions of this Agreement related to the manner, terms and conditions of the use of the Settle Inn Marks, and the termination of any right on your part to use the Settle Inn Marks. You agree that any non-compliance by you with this covenant, the terms of this Agreement, or any unauthorized or improper use of the System or the Settle Inn Marks will cause irreparable damage to us and/or to the Entities. You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of the System or the Settle Inn Marks during or after the License Term, we and/or the Entities will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies that we and/or the Entities may have at law. You consent to the entry of such temporary and permanent injunctions. You will be responsible for payment of all costs and expenses, including, reasonable attorneys' fees, which we and/or the Entities may incur in connection with your non-compliance with this covenant.

6. Your Responsibilities.

a. **Operational and Other Requirements**. During the License Term, you agree to:

(1) promptly pay to us, or reimburse us for, all amounts due to us and/or the Entities as Monthly Royalty Fees and other charges, or for goods or services purchased by you or your agents, including those set forth in Section 7 below;

(2) operate the Hotel twenty-four (24) hours a day every day, except as we may otherwise permit based on special circumstances;

(3) operate, furnish, maintain and equip the Hotel in a clean, safe and orderly manner and in first-class condition in accordance with the provisions of this Agreement and the System Standards, and in compliance with all applicable local, state, and federal laws, customs, regulations, rules, bylaws, and other ordinances, including without limitation, privacy laws and disability rights laws and including maintaining and conducting your business in accordance with sound business and financial practices;

(4) provide efficient, courteous and high quality service to the public;

(5) adopt, use and comply with the System Standards, whether set forth in the Manual or otherwise in writing;

(6) comply with System Standards regarding the purchase of products and services, including furniture, fixtures, equipment, food, operating supplies, consumable inventories, merchandise for resale to be used at, and/or sold from, the Hotel, in-room entertainment, computer networking, and any and all other items used in the operation of the Hotel (collectively, the "**Supplies**"), including our specifications for all Supplies. We may from time to time require you to purchase a particular brand of product ("**Required Brand**"), however, you may purchase this Required Brand from any authorized source of distribution;

(7) comply with System Standards as to the types and levels of services, amenities and products that either must or may be used, promoted or offered at or in connection with the Hotel;

(8) install, display, and maintain signage displaying or containing the Settle Inn Marks and other distinguishing characteristics in accordance with plans, specifications and System Standards we establish for System Hotels;

(9) comply with System requirements for the training of persons involved in the operation of the Hotel, including completion by the general manager and other key personnel of the Hotel of a training program for operation of the Hotel under the System at a site we designate, except that if, in our sole opinion, it is not necessary or desirable for the general manager or any other key personnel of the Hotel to complete that training program, then we may waive this requirement in whole or in part. You will pay

us for all fees and charges, if any, we require for your personnel to attend these training program(s) on the same basis as we charge other System Hotels. You will also be responsible for the wages, room, board and travel expenses of your personnel;

(10) purchase and maintain property management, revenue management, in-room entertainment, telecommunications and other computer and technology systems we designate as System-wide or Network-wide programs based on our assessment of the long-term best interests of hotels using the System and Network and the interest of the System or Network as a whole. We will use our reasonable efforts to give you six (6) months' notice of such programs prior to implementation;

(11) advertise and promote the Hotel and related facilities and services on a local and regional basis in a first-class, dignified manner, using our identity and graphics standards for all System Hotels, at your cost and expense. You agree to adhere to the approved standards established by us for all advertising and promotional materials (including any materials in digital, electronic or computerized form, or in any form of media that exists now or is developed in the future) that you produce or distribute. You will not begin using the materials that do not meet our established standards without first receiving our written approval. You also agree to immediately discontinue your use of any advertising or promotional materials we reasonably believe is not in the best interest of the Hotel or System or Network, even if we previously approved the materials;

(12) participate in, and pay all charges in connection with (i) all required System guest complaint resolution programs, which programs may include chargebacks to the Hotel for guest refunds or credits, and (ii) all required System quality assurance programs and mystery shopper and/or guest programs; and maintain minimum performance standards and scores for such quality assurance programs that we may establish;

(13) comply with System Standards as to maintenance, appearance and condition of the Hotel, and adopt in your business all changes or additions to the System as we may periodically designate;

(14) honor all nationally recognized credit cards and credit vouchers issued for general credit purposes which are generally honored at other System Hotels, and enter into all necessary credit card and voucher agreements with the issuers of such cards or vouchers;

(15) participate in and exclusively use, on the terms set forth in this Agreement and in the Manual, those reservation services which we require (the "**Reservation Service**"), including any additions, enhancements, supplements or variants which we or the Entities develop or adopt; and honor and give first priority on available rooms to all confirmed reservations referred to the Hotel through the Reservation Service. Currently, the Reservation Service includes all Voice (defined as all phone-based reservations other than those answered at the Hotel location), **CRS** (defined as the Central Reservation System technical and human resources used by us and our Entities in the reservation fulfillment process), **GDS** (defined as the Global Distribution Systems connected to CRS, examples of which are Sabre, Galileo, Amadeus, and Worldspan and their successors and affiliates), **OTAs** (defined as Online Travel Agencies connected to CRS, examples of which are third party intermediaries such as Priceline, Booking.com, Hotwire, and Expedia providing travel products for sale electronically to travel agents, corporations, meeting planners, and consumers), "Corporate and Hotel-Specific Websites" (defined as the web and mobile direct booking engines of the brand), **Internet** (defined as the World Wide Web connections to the CRS), **extranet** (defined as online fulfillment products directly or indirectly connected to the CRS) and **Electronic** (defined as automated applications connected to the CRS, including third party switches connecting CRS to outside distribution sources) channels used by us and our Entities and the group booking activity of us and our Entities. We reserve the right to add or delete elements of our Reservation Service from time to time. You also acknowledge that it may become necessary for us to remotely access your hardware and/or software to make minor modifications to its configuration in order for your hardware and software to receive the Reservation Services we deliver to your Hotel. You therefore agree that we may access your hardware and software from time to time, as may be necessary, for such purposes of delivering the Reservation Service and you shall take such steps as are reasonably necessary to allow us access to such hardware and software for this purpose. The Hotel must participate in all standard marketing programs and must use all reasonable means to promote the Reservation Service, including not closing off the Red Lion 800 number until all rooms for the day or period in question are actually sold. You agree that the only reservation service or system you may use in regard to the Hotel will be the Reservation Service or other reservation services we or the Entities designate.

(16) implement, at a minimum, all industry-standard administrative, physical and technical safeguards advisable to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information ("**Personal Information**"). You must use best efforts to protect guests against a cyber-event, identity theft or theft of Personal Information. No assistance, guidance, standards or requirements that we provide you constitute a representation or warranty of any kind, (express, implied or collateral) that your Hotel is compliant with federal, state, or local privacy and data laws, codes, regulations, or acceptable industry standards. You also hereby represent and warrant that you have or will, within thirty (30) days following the Effective Date of this Agreement, implement Payment Application Data Security Standard ("**PADSS**") certified technology and will make commercially reasonable efforts to comply with Payment Card Industry Data Security Standards. It is your responsibility to confirm that the safeguards you use to protect Personal Information comply with all laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. You will ensure that all necessary consents have been obtained in order to use, and to transfer or disclose to us any Personal Information (as defined in the applicable privacy legislation). If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed;

(17) comply with all governmental requirements, including the filing and maintenance of any required trade name or fictitious name registrations, pay all taxes, and maintain all governmental licenses, registrations, authorizations and permits necessary to operate the Hotel in accordance with the System and System Standards. It is your responsibility to make such inquiries and obtain such advice as needed by you in order to ascertain and comply with such laws. No assistance, guidance, standards or requirements that we provide you constitute a representation or warranty of any kind (express, implied, or collateral) that your Hotel is compliant with federal, state, or local laws, rules, bylaws, regulations, or ordinances;

(18) permit inspection of the Hotel by our representatives at any time to ensure compliance with System Standards, cooperate fully with our representatives during these inspections and take all steps necessary to correct any deficiencies detected within the time periods we specify. You will also provide free lodging to our personnel at the Hotel while they are making their inspections on a space-available basis;

(19) provide to us statistics on Hotel operations in the form we specify and using definitions we specify within three (3) days following the end of the preceding month;

(20) not engage, directly or indirectly, in any cross-marketing or cross-promotion of the Hotel with any other hotel, lodging or related business, except for System Hotels, without our prior written consent;

(21) participate in, and pay all fees of, any System travel agent commission payment program(s) as modified from time to time, and promptly pay in accordance with the System Standards and/or specific program terms, all travel agent commissions and all reservation fees including but not limited to third party reservation fees in accordance with the terms of these programs;

(22) refer guests and customers, wherever reasonably possible, only to System Hotels and Network Hotels and (if and as we direct) any other hotel systems owned or licensed by us and/or the Entities ("**Other Hotel Systems**") (except that this will not prohibit us from requiring you to participate in programs designed to refer prospective customers to other hotels, whether in the System or otherwise); display all material, including brochures and promotional material we provide for System Hotels and Network Hotels and Other Hotel Systems; and allow advertising and promotion only of System Hotels and Network Hotels and Other Hotel Systems on the Hotel premises;

(23) treat as confidential all terms of this Agreement (including the amounts and methods of calculating all payments to Franchisor), the Manual and all other information or materials concerning the methods, techniques, plans, specifications, procedures, information, systems and knowledge of and experience in the development, operation, design, marketing and licensing of the System or Network (the "**Proprietary Information**"). You acknowledge and agree that you: (i) do not acquire any interest in the Proprietary Information other than the right to utilize the same in the development and operation of the

Hotel under the terms of this Agreement, (ii) will not use the Proprietary Information in any business or for any purpose other than in the development and operation of the Hotel under the System, (iii) will maintain the absolute confidentiality of the Proprietary Information during and after the License Term, (iv) will not make unauthorized copies of any portion of the Proprietary Information, (v) will adopt and implement all reasonable procedures we may periodically establish to prevent unauthorized use or disclosure of the Proprietary Information, including restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in agreements with employees, agents and independent contractors who have access to the Proprietary Information, and (vi) will return to us all Proprietary Information in your possession or control following the expiration or termination of the Agreement, including all adaptations, translations, transliterations, or works derived from the System, Settle Inn Marks, or other proprietary rights. If we approve such adaptation, translation, transliteration, or work, you agree that the derivative work will be our property, and you assign all of your right, title, and interest in it to us. These restrictions will not apply to any information that does not relate or refer in any way or part to the System, Manual, Settle Inn Marks and/or the Network and that you can demonstrate came lawfully to your attention before our disclosure or which, at the time of or after our disclosure, becomes a part of the public domain through lawful publication or communication by others. You acknowledge that the use or duplication of the Proprietary Information in any other business venture would constitute an unfair method of competition and a breach of trust and confidence;

(24) not own, either directly or through any member of an affiliated group (as defined by the Internal Revenue Code), in whole or in part, or be the licensor of, a Competitor without our prior written consent. These restrictions do not restrict you from (i) owning a minority interest in a Competitor if you do not provide services to the Competitor (including as a consultant or employee), do not have any officer, director, or similar position with the Competitor, and have no control or influence in the business decisions of the Competitor, (ii) being a franchisee or licensee of a Competitor; or (iii) managing a property for a Competitor. A **"Competitor"** is defined as any entity that, directly or through an affiliate, owns in whole or in part, or is the franchisor or other owner of a hotel brand or trade name (whether or not licensed) that, in our judgment, competes with the System or Network Hotels, irrespective of the number of hotels comprising the competitive hotel brand;

(25) own fee simple title (or long-term ground leasehold interest, provided that such interest has been granted to you by an unrelated third party ground lessor in an arms length transaction for a term equal to, or longer than, the License Term) to the real property and improvements of the Hotel, or, at our request, cause the fee simple owner or other third party acceptable to us, to provide its guarantee covering all of your obligations under this Agreement in form and substance acceptable to us;

(26) maintain possession and control of the Hotel and Hotel site, and promptly deliver to us a copy of any notice of default you receive from any mortgagee, trustee under any deed of trust, or ground lessor for the Hotel, and upon our request, provide any additional information we may request related to any alleged default or any subsequent action or proceeding in connection with any alleged default;

(27) refrain from directly or indirectly conducting, or permitting by lease, concession arrangement or otherwise, gaming or casino operations in the Hotel or on its premises without our express written permission, which we may withhold at our sole discretion, and then only to the extent and subject to the terms set forth in such permission;

(28) obtain and maintain in full force and effect from and after the confirmed Opening Date of the Hotel as set forth in the Rider (conditional or otherwise) all licenses required for the sale of alcoholic beverages at the Hotel (unless no alcoholic beverages are offered at or from the premises of the Hotel);

(29) promptly provide to us all information we reasonably request with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or members, and the Hotel, including providing us information about title to the property on which the Hotel is constructed and any other property used by the Hotel. The information requested may include, but not necessarily be limited to, financial condition, personal and family background, litigation, indictments, criminal proceedings and the like in which any of the aforementioned may have been involved;

(30) participate in all marketing programs and all guest frequency programs we require, including any payments then owing under the then existing rules of such programs upon termination of such programs. You also agree to honor the terms of any discount or promotional programs (including any frequent guest program) that we or our Entities offer to the public on your behalf, any room rate

quoted to any guest at the time the guest makes an advance reservation, and any award guest certificates issued to Hotel guests participating in these programs;

(31) operate the Hotel consistent with sound marketing and industry practice and not engage in any conduct that is detrimental to the Hotel, System, Network, us and/or our Entities; and

(32) maintain in force, at your expense, comprehensive public liability, general liability, personal injury liability, motor vehicle liability, property, product liability, workmen's compensation, employment practices liability, commercial liability umbrella and other types of insurance we require. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Hotel's operation or activities of your personnel in the course of their employment (within and outside your Hotel and the Hotel's premises). All of these policies must contain the minimum coverage we prescribe from time to time. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate). If you fail or neglect to obtain or maintain the insurance or policy limits required by this Agreement, we have the option, but not the obligation to obtain and maintain such insurance without notice for you, and you will, immediately upon our demand, pay us the premiums and cost we incur in obtaining this insurance. Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Hotel's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Hotel that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances. Your obligation to maintain insurance coverage will not be limited in any respect by reason of insurance maintained by us or any other party. We may change the required types and minimum limits of insurance coverage from time to time in our reasonable business judgment. These insurance policies must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns.

b. **Hotel Quality Assurance.** We may from time to time require you to modernize, rehabilitate and/or upgrade the Hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related equipment, supplies and other items to meet the then current System Standards. You will make all these changes at your sole cost and expense. Nothing in this section will relieve you from the obligation to maintain acceptable product quality ratings at the Hotel and maintain the Hotel in accordance with the System Standards at all times during the Agreement. We may make limited exceptions to some of those System Standards based on local conditions or special circumstances but we are not required to do so. You may not make any change in the number of approved guest rooms (the **"Guest Rooms"**) set forth in the Rider or any other significant change (including major changes in structure, design or décor) in the Hotel without complying with the then current System Standards or, if such change does not comply with our then current System Standards, receiving our prior written approval. Notwithstanding the foregoing, and subject to and conditioned on your satisfaction of your obligation to comply with the System Standards as they may change from time to time, we will not require any comprehensive renovation of the Hotel in connection with a PIP (as that term is defined in below in Section 11(3)(b)) within six (6) years following the Opening Date or within six (6) years following the completion of the then-most recent PIP.

c. **Staff and Management.** You are at all times solely responsible for the management of the Hotel's business. You may fulfill this responsibility only by providing (i) qualified and experienced management, which may be a third party management company, and (ii) a general manager, (collectively, the **"Management"**), in each case approved by us in writing, which approval may not be unreasonably withheld. However, you represent and agree that you have not, and will not, enter into any lease, management agreement or other similar arrangement for the operation of the Hotel or any part of the Hotel with any person or entity without our prior written consent, which in the future we will not unreasonably withhold. To be approved by us as the operator of the Hotel, you or any proposed Management must be qualified to manage the Hotel. We may refuse to approve you or any proposed Management which, in our reasonable business judgment, is inexperienced or unqualified in managerial skills or operating capacity or capability, or is unable to adhere fully to the obligations and requirements of

this Agreement. You understand that we reserve the right to not approve a Competitor, or any entity that (through itself or an affiliate) is the exclusive manager for a Competitor, to manage the Hotel. If any Management becomes a Competitor or otherwise becomes unsuitable in our reasonable discretion to manage the Hotel at any time during the License Term, you will have ninety (90) days to retain qualified substitute Management acceptable to us. Any Management must have the authority to perform all of your obligations under this Agreement, including all indemnity and insurance obligations. In the case of any conflict between this Agreement and any agreement with Management, this Agreement prevails.

7. Fees.

a. **Affiliation Fee**. Upon submittal of your application for this Agreement, you paid us an application fee of $20,000 ("**Application Fee**"). The Application Fee was fully earned and non-refundable when we approved your application for this Agreement whether or not you open the Hotel.

b. **Monthly Royalty Fees.** Beginning on the Opening Date, you will pay to us for each month (or part of a month, including the final month you operate under this Agreement) the Monthly Royalty Fees as described in this Section 7.b. The Monthly Royalty Fee shall be fifty dollars ($50) per guest room for each preceding calendar month. Upon thirty (30) days prior written notice to you, we may increase the Monthly Royalty Fee up to a maximum of three percent (3%) per calendar year.

c. **Other Fees**. Beginning on the Opening Date, you will pay to us for each month (or part of a month, including the final month you operate under his Agreement) certain other fees resulting from the programs in which you are or will be required to participate as further described and at the fees set forth in the Manual, which may change from time to time. Currently these programs may include but are not limited to the following: reservation fees; brand loyalty program; revenue management system; customer relationship management; digital field marketing; online reputation and social media management; technology fee; Smith Travel Research reports; guest complaint and quality assurance programs; group lead distribution; sales force automation; marketing materials; hotel specific website; training programs and materials; general managers meeting; brand conference; and quality inspections. We may add or remove programs and charges for various components of the System and other services as described in the Manual and upon thirty (30) days' notice to you. If you request that we provide your lender with a comfort letter or similar instrument, you must pay us a fee of $2,500 for each such instrument.

d. **Determination and Payment of Fees**. The Monthly Royalty Fee will be paid to us at the place we designate on or before the fifteenth (15th) day of each month and will be accompanied by our standard schedule setting forth in reasonable detail the hotel statistics we require as set forth in Section 8. At Franchisor's request, Franchisee shall instruct its bank to make all payments due under this Agreement directly to Franchisor from Franchisee's account, by electronic funds transfer or such other automatic payment mechanism which Franchisor may designate ("**EFT Authorization**"). Promptly upon Franchisor's request, Franchisee shall execute and deliver to Franchisor such pre-authorized check forms and other instruments or drafts required by Franchisor's bank to enable Franchisor to draw all sums payable under the terms of this Agreement. Franchisee shall also maintain such bank account(s) for such payments and shall maintain the minimum balance in such account(s) as Franchisor may reasonably specify. Franchisee shall not alter or close any such account except with Franchisor's prior written approval.

e. **Room Addition Fee**. If you add or construct additional Guest Rooms at the Hotel at any time after you sign this Agreement, you will pay us a nonrefundable fee equal to the per Guest Room Affiliation Fee charged to System Hotels multiplied by the number of additional Guest Rooms ("**Room Addition Fee**"). You must pay the Room Addition Fee to us when you submit an application to add any Guest Rooms to the Hotel, and you must submit that application to us before you enter into any agreement to add any Guest Rooms to the Hotel. As a condition to our granting approval of such application, we may require you to modernize, rehabilitate or upgrade the Hotel, subject to Section 6.b. of this Agreement.

f. **Additional Fees**. You will timely pay all amounts due us or any of the Entities for any invoices or for goods or services purchased by or provided to you or paid by us or any of the Entities on your behalf, including initial marketing materials, pre-opening sales and operations training.

g. **Taxes**. If any gross receipts, sales, use, excise or any similar tax that is based upon gross income or revenues is imposed upon us or the Entities for the receipt of any payments you are

required to make to us or the Entities under this Agreement, then you must also pay us or the Entities, as applicable, an amount equal to such tax. If any gross receipts, sales, use, excise or any similar tax that is based upon gross income or revenues is imposed upon the payment made pursuant to this Section 7, the amount due under this Section 7 will be an amount such that the net amount retained by us, after payment of such tax, equals the tax imposed on all payments made under this Agreement.

h. **Application of Fees**. We may apply any amounts received under this Section 7 to any amounts due under this Agreement. If any amounts are not paid when due, such non-payment will constitute a material breach of this Agreement and, in addition, such unpaid amounts will accrue a service charge, beginning on the first day of the month following the due date, of one and one-half percent (1 ½%) per month or the maximum amount permitted by applicable law, whichever is less. Should we hire counsel to collect any amounts due under this Agreement, and/or any late charges, you will pay our reasonable attorneys' fees.

8. Records.

a. **Reports**. At our request, you will prepare and deliver to us daily, monthly, quarterly and annual operating statements, profit and loss statements, balance sheets, and other reports (the "**Reports**") we require, prepared in the form, and by the methods and within the time frames, we require under the System Standards. The reports will contain all information we require, including daily rate and room occupancy, and will be certified as accurate in the manner we require. You will also provide us any additional related information and Reports we may periodically request and permit us to inspect your books and records at all reasonable times. At least monthly, you will prepare a statement that will include all information concerning the revenue generated at the Hotel, room occupancy rates, reservation data and other information we require (the "**Data**"). By the third (3rd) business day of each month, you will submit to us a statement setting forth the Data for the previous month and reflecting the computation of the amounts then due under Section 7, in the form and detail we reasonably request.

b. **Maintenance of Records**. You will, in a manner and form satisfactory to us and using accounting and reporting standards we reasonably require, prepare on a current basis (and preserve for no less than the greater of four years or our record retention requirements), complete and accurate records concerning revenue generated at the Hotel and all financial, operating, marketing and other aspects of the Hotel, and maintain an accounting system that fully and accurately reflects all financial aspects of the Hotel and its business. These records will include books of account, tax returns, governmental reports, register tapes, daily reports, and complete quarterly and annual financial statements (including profit and loss statements, balance sheets and cash flow statements).

c. **Ownership of Information**. All of the information we obtain from you or about the Hotel or its guests under this Agreement, or under any agreement ancillary to this Agreement (including any agreements relating to the computerized reservation, revenue management, property management, and other system(s) we provide or require or may provide or require in the future), or otherwise related to the Hotel (the "**Information**"), and all revenues we derive from such information will be our property. However, you may at any time during or after the License Term use to the extent lawful and at your sole risk and responsibility any information that you acquire from third parties in operating the Hotel, such as customer data. We may independently access and retrieve the Information from your computer system as often as we deem appropriate. The Information (except for Information you provide to us or the Entities with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or members) will become our Proprietary Information which we may use for any reason as we deem necessary or appropriate, in our discretion, including making a financial performance representation in our FDD. You may designate certain information related to you and your affiliates, including your respective officers, directors, shareholders, partners or members as confidential. If so, we will be bound by the same standards of confidentiality as to such information as apply to you with regard to our Proprietary Information. Notwithstanding the previous sentence, if we or our accountants or any of the Entities' or their accountants are required by law to disclose any such confidential information you designate pursuant to any applicable law or regulation, or in accordance with generally accepted accounting principles, you hereby consent to any such disclosure.

9. Indemnity by Franchisee.

You agree, during and after the License Term, to indemnify us and the Entities, and our and their successors and assigns, and the owners, partners, shareholders, members, officers, directors,

employees, agents, predecessors, successors and assigns of each such entity (the "**Indemnified Parties**") against, and hold them harmless from, all losses, costs, liabilities, damages, claims, and expenses, including reasonable attorneys' fees, arising out of or resulting from (i) any claimed occurrence at the Hotel or arising from, as a result of, or in connection with the development, construction or operation of the Hotel (including the design, construction, financing, furnishing, equipment, acquisition of Supplies or operation of the Hotel in any way); (ii) any bodily injury, personal injury, death or property damage suffered by any guest, customer, visitor or employee of the Hotel; (iii) your alleged or actual infringement or violation of any patent, mark or copyright or other proprietary or intellectual property right owned or controlled by third parties; (iv) your alleged or actual violation or breach of any contract, federal, state or local law, regulation, rule, bylaw, ordinance, ruling, standard or directive applicable to the Hotel, or of any industry standard; (v) any other business conducted by you or a third party in, on or about the Hotel or its grounds; (vi) our access of your hardware or software for the purposes of delivering the Reservation Service pursuant to Section 6.a.(15) of this Agreement; (vii) any claim by any employee, independent contractor, agent, vendor, supplier or third party relating to or arising out of your employment, contractor or other business relationship with them; or (viii) any other of your acts, omissions or obligations or those of anyone associated or affiliated with you or the Hotel or in any way arising out of or related to this Agreement. However, you do not have to indemnify us to the extent damages otherwise covered under this Section are adjudged by a court of competent jurisdiction to have been the result of the gross negligence or willful misconduct of any of the Indemnified Parties so long as the claims are not asserted on the basis of (i) theories of vicarious liability, including agency, apparent agency or employment or (ii) our failure to compel you to comply with the provisions of this Agreement. You will give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation involving an Indemnified Party within five days of your actual or constructive knowledge of it. At our election, you will defend us and/or the Indemnified Parties against the same, or we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation at your expense and risk. We may obtain separate counsel of our choice if we believe your and our interests may conflict. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify the Indemnified Parties and to hold them harmless. In either case, you will also reimburse the Indemnified Parties upon demand for all expenses, including reasonable attorneys' fees and court costs, the Indemnified Parties incur to protect themselves, or to remedy your defaults. Under no circumstances will the Indemnified Parties be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you, and their failure to do so will in no way reduce the amounts recoverable from you by the Indemnified Parties. Further, you will indemnify the Indemnified Parties for any claim for damages by reason of failure of any contractor, subcontractor, supplier or vendor doing business with you relating to the Hotel to maintain adequate insurance as required under the System Standards.

10. Indemnity by Franchisor.

We will indemnify you and your successors and assigns, and the members, officers, directors, employees, agents, predecessors, successors and assigns of each such entity against, and hold them harmless from all costs and expenses of defense, including reasonable attorneys' fees, of any claim of infringement or violation of any patent, mark or copyright or other proprietary right owned or controlled by third parties based upon your use of the Settle Inn Marks and the System. You will give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation which is subject to this indemnification within five days of your actual or constructive knowledge of it.

11. Transfer.

a. **Our Transfer of this Agreement.** We have the right to transfer or assign this Agreement or any of our rights, obligations, or assets under this Agreement to any person or legal entity so long as the transferee assumes all of our obligations to you under this Agreement. You acknowledge and agree that this Agreement is a license for the Settle Inn Marks only, and the programs that are unique to the Settle Inn Marks and System. Therefore, if we transfer or assign this Agreement, your right to use any programs, rights or services related to or provided by the Entities or their designees, including the Reservation Service, any guest frequency program not unique to the Settle Inn Marks, and any Network Marks, may terminate.

b. **Your Transfer.** We recognize that at some time, you may want to sell or transfer all or part of your interest in this Agreement, or in the Hotel. At the same time, you understand and

acknowledge that the rights and duties set forth in this Agreement are personal to you and are not intended to benefit any other entity, including any successor to any direct or indirect interest in the Hotel, without our previous written consent, and that we are entering into this Agreement in reliance on your business skill, financial capacity, and personal character (if you are an individual), and that of your partners, members or shareholders (if you are a partnership, company, corporation or other legal entity). As a result, you agree that if you desire to sell, transfer or lease your interest in this Agreement, or in the Hotel, or in you or in any entity that has an interest in you (if you are an entity), this Agreement or the Hotel, you will abide by the terms of this Section 11.b.

For purposes of this Section 11.b., the term **"control"** in all its forms, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, or of the power to veto major policy decisions of an entity, whether through the ownership of voting securities, by contract, or otherwise. References in this Agreement to **"Equity Interests"** mean any direct or indirect beneficial interest in the Franchisee (an **"Indirect"** Interest is an interest in an entity other than the Franchisee that either itself, or through others, has an interest in the Franchisee). References in this Agreement to **"Equity Owners"** mean the owners of a direct or indirect Equity Interest in the Franchisee or in the Hotel. **"Publicly Traded Equity Interest"** means any Equity Interest that is traded on any securities exchange or is quoted in any publication or electronic reporting service maintained by the National Association of Securities Dealers, Inc., or any of its successors. In computing changes of Equity Interests, limited partners will not be distinguished from general partners except as provided below. General partners, managing members and other controlling interests in Franchisee will be considered Equity Owners for purposes of this section, regardless whether they have any actual ownership interest in the Franchisee. Non-voting equity interests may not qualify as an Equity Interest, at our discretion. Our judgment will be final if there is any question as to the definition of Equity Interest or as to the computation of relative Equity Interests. You represent that as of the date of this Agreement the Equity Interests are directly and (if applicable) indirectly owned as shown on the Rider.

(1) Transfers That Do Not Require Our Consent or Notification.

(a) **Privately Held Equity Interests.** Equity Interests that are not publicly traded may be transferred by you and the Equity Owners without notice to us and without our consent, if after the transaction: (i) less than twenty percent (20%) of all Equity Interests will have changed hands since the date of this Agreement, and (ii) there has not been a change of control of the Franchisee, of your interests in this Agreement, or of the Hotel since the date of this Agreement.

(b) **Publicly Held Equity Interests.** Publicly Traded Equity Interests may be transferred without notice to us and without our consent if the transfer does not effectuate a change of control of the Franchisee, of your interests in this Agreement, or of the Hotel.

(2) **Commercial Leases.** You may lease or sublease commercial space in the Hotel that is customarily subject to lease, or enter into concession arrangements in the ordinary course of business at the Hotel, only with notice to us and with our prior written consent.

(3) **Other Transfers.** No other direct or indirect interest in the Hotel or in this Agreement, and no direct or indirect Equity Interest in the Franchisee, may be sold, leased, assigned, or transferred in any way (individual or collectively, a "**Transfer**"), except as specifically provided in this Section 11.b.(3). If you want to transfer any Equity Interest in the Franchisee, or your interest in this Agreement or in the Hotel, other than in a transaction that meets the requirements of the foregoing clause (1), you must first notify us and you must first obtain our prior written consent.

(a) **Permitted Transfers.** We will permit certain transfers as outlined in Sections 11.b(3).(a)(i)-(iv) (the "**Permitted Transfers**"). We will consent to a Permitted Transfer, so long as you (i) give us sixty (60) days advance written notice of any proposed Permitted Transfer (the "**Permitted Transfer Consent Request**"), and (ii) submit to us a nonrefundable processing fee of Twenty Thousand Dollars ($20,000) with the Permitted Transfer Consent Request to cover our costs to review the Transfer (except that in the case of a Transfer of Equity Interests which requires registration under any federal or state securities law, you must pay us an additional processing fee of Two Thousand Five Hundred Dollars ($2,500) as provided for in Section 11.b.(4) below), and meet the requirements for the particular Permitted Transfer as described below.

(i) **Affiliate Transfer**. With our consent, you or any of your Equity Owners as of the date of this Agreement may sell, lease, transfer or otherwise convey any Equity Interest in the

Franchisee, this Agreement, or the Hotel to an Affiliate (each an "**Affiliate Transfer**"); provided that such event does not, in our opinion, result in a change in the ultimate party controlling the Franchisee, your interests in this Agreement, or the Hotel and the conditions described herein are met. "Affiliate" means, with respect to any entity, any natural person or firm, corporation, partnership, association, trust or other entity which, directly or indirectly, controls, is controlled by, or is under common control with, you or any Equity Owners as of the date of this Agreement. A natural person or entity which has an entity as an Affiliate will also be deemed to be an Affiliate of that entity. We will not withhold our consent to an Affiliate Transfer if (i) you are not then in material default under this Agreement; (ii) the Affiliate Transfer is not, directly or indirectly, to a Competitor; and (iii) you otherwise satisfy the conditions as set forth in Subparagraphs 11.b.(3)(b)(i)-(vii), (ix)-(xi) below.

(ii) **Family Transfers.** If you or an Equity Owner are a natural person, and desire to sell, lease, transfer or otherwise convey any Equity Interest in the Franchisee, this Agreement, or the Hotel, (i) to a member or members of your or any such Equity Owner's immediate family i.e. spouse, children, parents, siblings (**"Family Members"**) or (ii) a trust or trusts for the benefit of Equity Owner or the Equity Owner's Family Member(s) (each, a "**Family Transfer**"); in either case, without causing a change in the ultimate controlling party of the Franchisee, this Agreement, or the Hotel, we will not withhold our consent to a Family Transfer if you otherwise satisfy the conditions set forth in Subparagraphs 11.b.(3)(b)(i)-(vii), (ix)-(xi) below that we may require you to satisfy.

(iii) **Transfer Upon Death.** Upon the death of a Franchisee or Equity Owner, this Agreement or the Equity Interest (if applicable) may pass 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, without our consent; provided that (i) the Transfer is to a Family Member or to a legal entity formed by such Family Member(s), and (ii) within one year after the death, such Family Member(s) or entity meets all our then current requirements for an approved applicant.

(iv) **Brick and Mortar Transfers.** You may sell, lease or transfer the Hotel, the Hotel site, or any portion thereof if, in our reasonable judgment, after the sale, you retain possession and control of the Hotel site and the management control of the Hotel operations and continue to comply with the requirements of Section 6.a.(24), provided you give us at least sixty (60) days' prior notice of the proposed transfer, and any Transfer Information (as defined in Section 11.b.(3)(vi) below) that we request. If, in our reasonable judgment, the Transfer will result in your loss of possession or control of the Hotel or Hotel site or management of the Hotel, the sale will then be considered a change of ownership and you must comply with the provisions of Section 11.b.(3)(b).

(b) **Change of Ownership.** Any proposed Transfer that does not otherwise qualify as a Permitted Transfer as defined in Section 11.b.(3)(a) above will be considered a change of ownership ("**Change of Ownership**"). If there is a proposed Change of Ownership and the proposed owner desires to continue to operate the Hotel as a System Hotel, the proposed owner must submit to us a complete application for a new franchise license agreement (the "**Change of Ownership Application**") accompanied by payment of our then prevailing application fee. The proposed owner may also be required to comply with a property improvement plan ("**PIP**") in the event we determine there are renovation requirements for the Hotel.

We will process the Change of Ownership Application in accordance with our then current procedures, including review of criteria and requirements regarding upgrading of the Hotel, credit, background investigation, operations abilities and capabilities, prior business dealings, market feasibility, guarantees, and other factors we consider relevant. We will have sixty (60) days from our receipt of the completed and signed application to consent or withhold our consent to the proposed owner as Franchisee.

We may, at our option, make our consent subject to satisfaction of certain conditions, including:

(i) The cure of any existing defaults or events that would become defaults with the giving of notice and passage of time, including, the payment in full at the closing of the Transfer (the "**Closing**") of all unpaid obligations owed to us and any Entities by you, and/or the renovation by you or the proposed owner of all or part of the Hotel;

(ii) Receipt of evidence from the transferee that insurance coverage, as required by this Agreement, is in full force and effect on the date of Closing;

(iii) Payment of the amount of any fees and charges we estimate will accrue to us or any Entity through the date of Closing;

(iv) That you at all times remain in compliance with the terms of this Agreement pending the Closing;

(v) Your signing of a voluntary termination agreement, and an estoppel and a general release, in a form satisfactory to us, of any and all claims, demands and causes of action that you and your partners, proprietors, directors, officers, shareholders, members, successors and assigns (as the case may be) may or might have against us or any of the Entities, and their respective officers, directors, shareholders, agents, attorneys, contractors and employees in their corporate and individual capacities including claims arising under federal, state and local laws, rules and ordinances;

(vi) That you submit to us all information related to the Transfer that we may reasonably require, including copies of any proposed agreement(s), the proposed ownership structure of the proposed transferee if ownership of this Agreement or of the Hotel is being transferred and/or all entities involved, the names and addresses of the proposed owners of the Equity Interests and of the site at which the Hotel is operated, and financial statements and business information for all participants in the proposed sale or lease (collectively, the "**Transfer Information**");

(vii) Evidence of adequate assurances (as determined by us in our sole discretion) of the proposed owner's assumption of and ability to perform all, or its pro rata share, of your or any Equity Owners' obligations under this Agreement;

(viii) Execution by the new owner of a new franchise license agreement ("**New Agreement**") with us. The New Agreement will (i) be on our then current form for the grant of new franchises, (ii) contain our then current franchise terms, and (iii) contain upgrading and other requirements, if any, that we impose;

(ix) Execution of the form of guarantee we proscribe by the same guarantors, if any, of this Agreement (unless the proposed owner is an unrelated third party) or substitute guarantors we approve;

(x) Successful completion by the proposed owner and its management team of any training and orientation programs we require to appropriately protect the Settle Inn Marks, Network Marks, and System; and

(xi) Your Hotel is being operated in all respects in compliance with the System Standards.

We have the right to withhold our consent to any proposed Transfer if any of these conditions are not met to our satisfaction, or if the proposed owner is a Competitor. If we approve the Change of Ownership Application and enter into a New Agreement with the new owner, we will not assess you any liquidated damages for early termination of this Agreement as long as the New Agreement is signed by the new owner no later than the Closing of the Change of Ownership transaction. If we do not approve the Change of Ownership Application, or if you or the new owner do not comply with all these conditions and the Transfer still occurs, then you will be in material default of this Agreement and we will be entitled to all of our remedies, including the right to terminate this Agreement, and the right to payment of all amounts set forth in Section 14.c.

(4) **Public Offering**. If you "offer to sell" or sell any securities in the Franchisee or in the Hotel, you shall do so in accordance with the terms and conditions set forth in this Section. All materials required by federal, state or other applicable law for the offer or sale of those securities must be submitted to us for review at least twenty (20) days before the date you distribute those materials, or file them with any governmental agency, including any materials to be used in any offering exempt from registration under federal or state securities laws. You must submit a non-refundable Two Thousand Five Hundred Dollar ($2,500) processing fee to us with the offering documents, and agree to pay any additional costs we may incur in reviewing your documents, including reasonable attorneys' fees. You also may not use any of the Network Marks or otherwise imply our or any of the Entities' participation or endorsement of any securities offering. We will have the right to approve any description of this Agreement or of your relationship with us, or any use of the Network Marks, contained in any prospectus or other communications or materials you use in the sale or offer of any securities. You may not imply our or any of the Entities' participation in or endorsement of any such securities. To the extent we give you

any comments to your documents which are related in any way to this Agreement or the System or Network, you must modify the documents to address those comments, satisfactory to us, before filing or distributing the documents. Our review of these documents will not in any way be considered our agreement with any statements contained in those documents, including any projections, or our acknowledgment or agreement that the documents comply with any applicable laws.

You may not sell any securities unless you do so in compliance with all applicable federal and state securities laws, and unless you clearly disclose to all purchasers and offerees that (i) neither we, nor any Entity, nor any of our or their respective owners, members, officers, directors, agents or employees, will in any way be deemed an issuer or underwriter of said securities, and that (ii) we, the Entities, and our respective owners, members, officers, directors, agents and employees have not assumed and will not have any liability or responsibility for any financial statements, prospectuses or other financial information contained in any "prospectus" or similar written or oral communication. You agree to indemnify, defend and hold the Indemnified Parties free and harmless of and from any and all liabilities, costs, damages, claims or expenses arising out of or related to the sale or offer of any of your securities to the same extent as provided in Section 9 of this Agreement. As used in this Section the terms "prospectus," "issuer," "underwriter," "securities," "offer," "sell," and "sale" have the meanings defined in the Securities Act of 1933, as amended.

(5) **Transfers Not in Accordance With This Agreement**. Any purported Transfer, by operation of law or otherwise, not in accordance with the provisions of this Agreement, will be null and void and will constitute a material breach of this Agreement, which will allow us to terminate this Agreement without giving you any opportunity to cure. In addition, we will have all other rights and remedies, including the right to specific performance or mandatory or prohibitory injunctive relief, to redress any attempt on your part to transfer this Agreement other than in accordance with the provisions of this Agreement.

(6) **Pledge to Lending Institution**. Notwithstanding any other provision of this Agreement, you do not need to notify us to obtain our approval if you want to pledge or mortgage the assets of the Hotel or any Equity Interest to a third-party bank or other commercial lending institution that is not a Competitor. However, you do need to notify us and obtain our consent if you want to pledge or mortgage your interest in this Agreement. As a condition to our giving our consent to a pledge or mortgage of this Agreement we will require the lender to sign a lender comfort letter that describes our requirements on foreclosure. If the lender desires to continue to operate a System Hotel, the lender will be required to conform to the lender comfort letter approved by us in our reasonable discretion or, if no lender comfort letter was signed, then it must meet the terms and conditions of this Agreement for a Transfer involving a Change of Ownership.

12. Condemnation and Casualty.

a. **Condemnation**. You will, at the earliest possible time, give us notice of any proposed taking of any portion of the Hotel by eminent domain. If we agree that the Hotel or a substantial part of the Hotel is to be taken, we may, in our sole discretion and within a reasonable time of the taking (within four months) transfer this Agreement to a nearby location you select. If we approve a new location, and if within one year of the closing of the Hotel you open a new hotel (or are diligently proceeding toward opening a new hotel and ultimately do so) at the new location in accordance with our specifications and in accordance with our timing requirements, then the new hotel will be deemed to be the Hotel licensed under this Agreement. If a condemnation takes place and a new hotel does not, for whatever reason, become the Hotel under this Agreement in strict accordance with this Section (or if it is reasonably evident to us that this will be the case), then we may terminate this Agreement immediately upon notice to you, and we will require you to pay a Termination Fee under Section 14.c.

b. **Casualty**. If the Hotel is damaged by fire or other casualty, you will immediately notify us. If the damage or repair requires closing the Hotel, you may choose to repair or rebuild the Hotel according to the System Standards, provided you (i) immediately notify us (ii) begin reconstruction within six (6) months after closing, and (iii) re-open the Hotel for continuous business operations as soon as practicable (but in any event within eighteen (18) months after the closing of the Hotel), giving us ample advance notice of the date of reopening. The License Term shall be extended the number of days the property is not open for business operations as specifically set forth in the notice described in the following sentence which grants the Hotel the right to re-open as a System Hotel on a specific re-opening date. Until we determine that the Hotel can be re-opened as a System Hotel, the Hotel will not promote itself as a System Hotel, or otherwise identify itself with any of the Settle Inn Marks without our prior

written consent. You and we each have the right to terminate this Agreement if you elect not to repair or rebuild the Hotel as set forth above in this Section, provided the terminating party gives the other party sixty (60) days written notice, in which case we will not require you to pay a Termination Fee under Section 14.c; provided however, if subsequent to such termination notice and prior to the natural expiration of the License Term, you, or any of your Affiliates, have a controlling interest in and/or operate a hotel at this Hotel site and such hotel is not operated under a license or franchise from one of the Entities, then you must pay us the Termination Fee.

c. **No Extensions of License Term**. Except as provided in subsection 12.b. above, nothing in this Section 12 will extend the License Term.

13. Term of License. Unless terminated earlier, this Agreement will expire without notice on the date which is the twentieth (20^{th}) anniversary of the Opening Date. The Hotel will be considered open for business ("**Open**" or "**Opening**") on the date ("**Opening Date**") we authorize you to make available the facilities, Guest Rooms or services of the Hotel to the general public under the Settle Inn Marks. You acknowledge and agree that this Agreement is non-renewable and that this Agreement confers upon you absolutely no rights of renewal whatsoever following the termination or expiration of the Agreement. You also acknowledge and agree that should we exercise our discretion to offer you a new agreement on renewal, the terms of the agreement offered on renewal may be substantially different than the terms of this Agreement.

14. Termination.

a. **Termination or Suspension by Us on Advance Notice**. Except in the case of an immediate termination as provided in Section 14.b below, we have the right to terminate this Agreement if you fail to cure an Event of Default within thirty (30) days after we furnish notice of default to you based on the Event of Default, or, if there is a non-monetary Event of Default that is incapable of cure within thirty (30) days, if you fail to diligently pursue cure of such default and fail to cure the default within the additional time periods we set forth in the notice of default.

(1) An "**Event of Default**" will occur if you fail to satisfy or comply with any of the obligations, requirements, conditions, or terms set forth in (i) this Agreement, the System Standards (including the minimum performance scores required by the Manual) or any attachment to this Agreement; or (ii) any other agreement you have with us, or an Entity, relating to the Hotel, including, any computer system agreement, or any agreement to manage the Hotel. An "Event of Default" will also occur if you make any misrepresentations to us, whether in entering into this Agreement, or in the performance of your obligations to us.

(2) Our notice of termination will not relieve you of your obligations under this Agreement or any of its attachments.

(3) Upon notice of an Event of Default, we may also at any time, in our sole discretion, suspend our obligations under this Agreement (including Reservation Services as more fully described below). If at any time an Event of Default occurs, we will also have the right, in our sole discretion, upon notice to you of an Event of Default, to remove the listing of the Hotel from any directories we publish, and from any advertising we publish, and/or to remove or suspend you from the Reservation System immediately without notice to you. We will have the right to divert reservations previously made for the Hotel to other System Hotels after giving you notice of an Event of Default. If you fully cure the default within the time provided in our notice, including any amounts accruing to us under this Agreement after the date of our notice, and further including payment of our then applicable administrative fee for resumption of services, we will restore you to the Reservation System, and add you to all future directories we publish and to all advertising we subsequently disseminate (except advertising that was ordered before your reinstatement), but we will not be required to redirect to you any reservations previously made for the Hotel and diverted to other System Hotels during the period of suspension or removal, and you will be entitled to no compensation in connection with our election to suspend or remove the Hotel from our directories, advertising or the Reservation System. You agree that our exercise of these rights will not result in actual or constructive termination of this Agreement, and that the rights granted to us in this Section 14.a.(3) are in addition to, and apart from, any other rights we may have in this Agreement, including our right to terminate this Agreement. If we exercise any of these rights, the exercise will not be a waiver of any breach by you of any term, covenant or condition of this Agreement.

b. **Immediate Termination by Us**. We have the right to terminate this Agreement immediately upon notice to you (or terminate it at the earliest time permitted by applicable law) if one or more of the following breaches to this Agreement or any of its attachments occur:

(1) After curing any material violation of this Agreement or the System Standards, you engage in the same noncompliance within any consecutive twenty-four (24) month period, whether or not the noncompliance is corrected after notice; or after we have notified you of your noncompliance with any of the requirements imposed by this Agreement or the System Standards, regardless of materiality, you engage in a pattern of noncompliance with any of those requirements, whether or not the noncompliance is corrected after notice, which pattern of non-compliance in and of itself will be deemed material;

(2) You or any guarantor of your obligations under this Agreement:

(a) Generally fails to pay its debts as they become due; admits in writing its insolvency or inability to pay its debts or obligations as they become due; its liabilities exceed its assets; or makes a general assignment for the benefit of its creditors;

(b) Commences any case, proceeding or other action 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;

(c) Takes any corporate or other action to authorize any of the actions set forth above in clauses (a) or (b);

(d) Suffers initiation of any case, proceeding or other action against it 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 (i) results in the entry of an order for relief against it which is not fully stayed within seven (7) business days after the entry of the order or (ii) remains undismissed for forty-five (45) days;

(e) Allows an attachment to remain on all or a substantial part of the Hotel or of its assets for thirty (30) days;

(f) Fails within sixty (60) days of the entry of a final judgment against it in any amount exceeding One Hundred Thousand Dollars ($100,000) to discharge, vacate or reverse the judgment, or to stay execution of it, or if appealed, to discharge the judgment within thirty (30) days after a final adverse decision in the appeal;

(g) Loses possession or the right to possession of all or a significant part of the Hotel or Hotel site, whether through foreclosure, loss of lease, or for other reasons apart from those described in Section 12;

(h) Fails to continue to identify the Hotel to the public as a System Hotel, or abandons the operation of the Hotel by failing to operate the Hotel for five (5) consecutive days, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Hotel, unless the failure to operate is due to fire, flood, earthquake or similar causes beyond your control, provided that you have taken reasonable steps to minimize the impact of such events;

(i) Contests in any court or proceeding our ownership of the System or any part of the System, or the validity of any of the Network Marks;

(j) Takes any action toward dissolving or liquidating itself, if it is a corporation, limited liability company or partnership, except for death of a partner;

(k) Any of the owners of a controlling Equity Interest is discovered to have been convicted of a felony (or any other offense or conduct if we reasonably determine it is likely to adversely reflect upon or affect the Hotel, the System, us and/or any Entity);

(l) Conceals revenues, maintains false books and records of accounts, submits false reports or information to us or otherwise attempts to defraud us;

(m) Becomes a Competitor (as defined in Section 6.a.(24));

(n) Transfers any interest in this Agreement or in the Hotel other than in the transaction that we have approved (unless the transfer is of a type described in Section 11 where our approval is not required); or

(o) Does not purchase or maintain insurance required by this Agreement, or does not reimburse us for our purchase of insurance on its behalf.

(3) Information involving you or your affiliates, whether provided by you under Section 6.a.(29) or obtained through our own investigation, discloses facts concerning you or your affiliates, including your respective officers, directors, shareholders, partners or members, and/or the Hotel, or title to the property over which the Hotel is constructed or any other property used by the Hotel, which, in our reasonable opinion is likely to adversely reflect upon, any gaming licenses or permits held by us or the Entities or the then current stature of any of us or the Entities with any gaming commission, board, or similar governmental or regulatory agency, or our reputation or business or the reputation or business of any of the Entities;

(4) We make a reasonable determination that continued operation of the Hotel by you will result in an imminent danger to public health or safety; or

(5) Any guarantor of your obligations under this Agreement breaches its guarantee, if any, or any guarantee fails to be a continuing obligation fully enforceable against the person(s) signing the guarantee, or if there is any inadequacy of the guarantee or guarantor, and the guarantor fails to provide adequate assurances to us as we may reasonably request.

c. **Liquidated Damages upon Termination.** If we terminate the Agreement under Subparagraphs 14.a. or 14.b. above or you terminate this Agreement without cause, you acknowledge that your default will cause substantial damage to us, the actual amount of which will be difficult to determine. Therefore, you agree that if we terminate this Agreement under Subparagraphs 14.a. or 14.b. as a result of your default or breach of this Agreement, or if you unilaterally terminate this Agreement without cause, which is not authorized and which would be a material breach of this Agreement, then upon termination you must pay us a lump-sum payment equal to the sum of the following: (i) all amounts owed to us for periods prior to the date of termination, plus (ii) as liquidated damages for the future Monthly Royalty Fees we will lose, a "Termination Fee" determined by multiplying the number of guest rooms in the Hotel (as set forth in the Rider) by one thousand dollars ($1,000). The Termination Fee is intended to compensate us only for the value lost in Monthly Royalty Fees as a result of the early termination of the Agreement, and you acknowledge that the Termination Fee is a reasonable estimate of those damages. You further agree that you remain liable for all other obligations and claims under the Agreement, including obligations following termination under Subparagraphs 5.c., 5.d. and 14.d. and Section 9 and liabilities arising out of your breach or default.

d. **De-identification of Hotel Upon Termination.** Upon expiration or termination of this Agreement for any reason, you will immediately stop holding yourself out to the public as a System Hotel, and will take whatever action is necessary to assure that no use is made of any part of the System (including the Settle Inn Marks or any individual feature of any of the System or Network) all forms of advertising and other indicia of operation as a System Hotel), and will discontinue use of all distinguishing indicia of System Hotels, including such indicia on exterior and interior signs, stationery, operating equipment and supplies, Internet sites, brochures and other promotional material at or in connection with the Hotel, System, Network or otherwise. You will return to us the Manual and all other proprietary materials, remove all distinctive System and Network features of the Hotel, including the primary freestanding sign (if applicable) down to the structural steel, and take all other actions ("**De-identification Actions**") required to preclude any possibility of confusion on the part of the public that the Hotel is still using all or any part of the System or is otherwise holding itself out to the public as a System Hotel, including ceasing participation in any System programs and payment of any amounts owing in connection with participation in such System programs as required under the then existing rules of any such System program. If within thirty (30) days after the termination or expiration of this Agreement, you fail to comply with this section, we and our agents, at your expense, may enter the premises of the Hotel to perform the De-identification Actions without being deemed guilty of or liable for trespass or any other tort, and make or cause to be made such changes at your expense. You will pay all such expenses that we incur upon demand. If you fail to take all De-identification Actions, we and or the Entities will be entitled to recover all

losses, costs, expenses and damages caused by that failure. We and/or the Entities will also be entitled to relief by injunction, and any other right or remedy at law or in equity to enforce our rights under this Agreement.

e. **Special Termination**. You recognize the additional harm by way of confusion for national accounts, greater difficulty in re-entering the market, and damage to goodwill of the Network Marks that we will suffer if (i) you cause two or more franchise license agreements between yourself (or your affiliates) and us to be terminated prior to the expiration date within twelve (12) months of each other (and if we terminate those agreements following your breach or default, you will be deemed to have caused the termination) or (ii) this Agreement terminates or is terminated by us following an unapproved Transfer to a Competitor (each of these will be referred to as a "**Special Termination**"). In the case of a Special Termination, the amount due to us upon termination will be an amount equal to the amounts set forth in clauses (i) and (ii) of Section 14.c., plus an additional amount equal to two (2) times the Termination Fee payable under Section 14.c.

15. Dispute Resolution.

a. **Arbitration**. We and you agree that any dispute, controversy, claim or issue ("**Dispute**") between us or our affiliates, and our and their respective owners, officers, directors, members, agents, partners and employees, on the one hand, and you (and your owners, guarantors, members, partners, affiliates and employees), on the other hand, arising out of or relate to:

(1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);

(2) our relationship with you;

(3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or

(4) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. The arbitrator must not have any conflict of interest. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within fifty (50) miles of Spokane, Washington. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 *et seq.*). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. Any claim asserted in any arbitration proceeding must be asserted or pled with specificity, and the arbitrator shall dismiss on the merits any vague or conclusory claim. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and our affiliates, or our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, or (iii) brought on your behalf by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provision of this Agreement.

Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

You and we agree that, in any arbitration arising as described in this Section, requests for documents shall be limited to documents that are directly relevant to significant issues in the case or to the case's outcome; shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain; and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded. With respect to any electronic discovery, you and we agree that:

(a) production of electronic documents need only be from sources used in the ordinary course of business. No such documents shall be required to be produced from back-up servers, tapes or other media;

(b) the production of electronic documents shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(c) the description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute; and

(d) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein.

In any arbitration arising out of or related to this Agreement, each side may take no more than three depositions. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours. There are to be no speaking objections at the depositions, except to preserve privilege.

The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Neither party nor the arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both parties.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

b. **Class Action Bar and Limitations of Claims**. The parties agree that claims of any other party or parties shall not be joined with any claims asserted in any action or proceeding between you and us. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. Except for claims arising from your non-payment or underpayment of amounts owed us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you as franchisor and franchisee are barred unless a judicial or arbitration proceeding, as applicable, is commenced within one (1) year after the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims. You and we are bound by the provisions of any limitation period of time in which claims must be brought under the previous sentence or applicable law, whichever expires earlier.

c. **Power of Arbitrator; Waiver of Exemplary and Punitive Damages**. In any arbitration of a Dispute, the arbitrator may award appropriate relief, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs; provided that the arbitrator may not declare any Network Marks owned by us or our affiliates generic or

otherwise invalid, except as expressly provided in this Section 15. The arbitrator may not, however, award exemplary or punitive damages, and you and we waive any right to seek or obtain any award for exemplary or punitive damages.

d. **Compensation of Arbitrator**. You and we shall share equally the costs, including fees, of any arbitrator (referred to in this Section 15.g. as "neutral") selected or appointed under this Section 15. As soon as practicable after selection of the neutral, the neutral or the neutral's designated representative shall determine a reasonable estimate of the neutral's anticipated fees and costs, and send a statement to each party setting forth that party's equal share of the fees and costs. Each party shall, within ten (10) days after receipt of the statement, deposit the required sum with the neutral.

e. **Governing Law, Venue and Jurisdiction**. With respect to all claims, controversies, disputes or actions related to this Agreement or the relationship created hereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under the internal laws of the State of Washington, without regard to its conflict of laws principles, except to the extent governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq.*), the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 *et seq.*), or any other applicable federal law. Subject to the parties' obligation to arbitrate, any claims, controversies, disputes or actions must be brought in a court of competent jurisdiction in or within fifty (50) miles of Spokane, Washington, unless otherwise mutually agreed by the Parties; however, with respect to any action for injunctive relief, the parties may bring such action in any court of competition jurisdiction.

f. **Jury Waiver**. EACH PARTY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW TRIAL BY JURY OF ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT.

g. **Attorneys' Fees and Expenses**. The prevailing party in any arbitration, suit or other action arising out of or related to this Agreement is entitled to recover its reasonable fees, costs and expenses relating to the action or the Dispute, including reasonable judicial and extra-judicial attorneys' fees, expenses and disbursements, and fees, costs and expenses relating to any mediation or any appeal.

16. Relationship of Parties.

a. **No Agency Relationship**. You are an independent contractor. Neither of us is the legal representative or agent of the other, or has the power to obligate (or has the right to direct or supervise the daily affairs of) the other for any purpose. You expressly acknowledge that we have a business relationship based entirely on, and defined by, the express provisions of this Agreement and that no partnership, joint venture, joint employer, agency, fiduciary or employment relationship is intended or created by reason of this Agreement. Neither we nor any Entity will have any responsibility to any person for any debts, liabilities, damages, claims or expenses related to the establishment, construction or operation of the Hotel or arising out of or related to your policies, procedures, practices or alleged practices in the operation of the Hotel or any other business conducted at the Hotel. You are solely responsible for all employment decisions with regard to employees, agents and independent contractors that you may hire to assist in the operation of the Hotel. You assume all liability for such employees, agents and independent contractors. You agree that any employee, agent or independent contractor that you hire will be your employee, agent, or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline and supervision. You agree to comply with all applicable local, state and federal laws governing your employees and will at all times hold us free, clear and harmless from all actions, claims and expenses arising out of said laws, bylaws, ordinances, rules and regulations that are or may be promulgated in connection herewith. You assume full responsibility for the payment of all payroll taxes, use, sales, income or other form of taxes, fees, licenses, excises, or payments required by any city, county, federal or state legislation which is now or may during the License Term be enacted as to all persons employed by you.

b. **Notices to Public Concerning Your Independent Status**. You will take all steps reasonably necessary to minimize the chance of a claim being made against us for anything that occurs at the Hotel, or for the acts or omissions of you or anyone associated or affiliated with you or the Hotel, including steps mandated by us under the System Standards or otherwise. You will not incur any obligation or indebtedness on our behalf. 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 using the name of the Settle Inn Marks or any of the Network Marks or any acronyms or variations on same. You will disclose in all dealings with suppliers and third parties that you are an independent entity and that we have no liability for your debts.

17. Miscellaneous.

a. **Severability and Interpretation**. The remedies provided in this Agreement are cumulative. These remedies are not exclusive of any other remedies to which you or we may be entitled in case of any breach or threatened breach of the terms and provisions hereof. If any provision of this Agreement is held to be unenforceable, void or voidable, that provision will be ineffective to the extent of the prohibition without in any way invalidating or affecting the remaining provisions of this Agreement, and all remaining provisions will continue in effect. If any provision of this Agreement is held unenforceable due to its scope, but may be made enforceable by limiting its scope, the provision will be considered amended to the minimum extent necessary to make it enforceable. This Agreement will be interpreted without interpreting any provision in favor of or against either of us by reason of the drafting of the provision, or either of our positions relative to the other. 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. To the extent that any provision of this Agreement is void or is inconsistent with any applicable state statute, such as any applicable statute that provides for termination notice periods that are longer than those required by this Agreement, such applicable statute will supersede such provision of this Agreement..

b. **Exclusive Benefit**. This Agreement is exclusively for our and your benefit, and none of the obligations of either of us in this Agreement will run to, or be enforceable by, any other party (except for covenants in favor of the Entities, which covenants will run to and be enforceable by the Entities or their successors and assigns), or give rise to liability to a third party, except as otherwise specifically set forth in this Agreement.

c. **Entire Agreement**. You and we acknowledge that we want all terms of this business relationship defined in this written agreement, and that neither of us wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth in this Agreement. Therefore, you and we agree that this Agreement and its attachments will be construed together and will supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or by any other term) between us, except for any representations we have made in the FDD. We each agree that we placed, and will place, no reliance on any such discussions or writings, except that you are entitled to rely on representations we made in the FDD. You agree that no claims, representations or warranties of earnings, sales, profits, success or failure of the Hotel have been made to you except for those contained in Item 19 of the FDD. This Agreement and its attachments is the entire agreement between us and contains all of the terms, conditions, rights and obligations between us with respect to the Hotel and any other aspect of the relationship between us. No change, modification, amendment or waiver of any of the provisions of this Agreement will be effective and binding upon us unless it is in writing, specifically identified as an amendment to this Agreement and signed by one of our officers. If any provision of this Agreement is inconsistent with the Manual, the provisions of this Agreement will prevail. No failure by us or by any Entity to exercise any power given us under this Agreement or to insist on strict compliance by you with any of your obligations, and no custom or practice at variance with the terms of this Agreement, will be considered a waiver of our or any Entity's right to demand exact compliance with the terms of this Agreement.

d. **Consent; Business Judgment**. Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our approval in our discretion taking into consideration our assessment of the long-term interests of the System overall. You and we recognize, and any arbitrator or judge is affirmatively advised that if those decisions are supported by our business judgment, neither an arbitrator nor a judge nor any other person reviewing those decisions will substitute his, her or its judgment for our judgment. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable. Our approvals and consents will not be effective unless given in writing. In no event may

you make any claim for money damages based on any claim that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement. You also may not claim damages by way of set-off, counterclaim or defense for our withholding of consent. Your sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement by specific performance or by declaratory judgment. Our approvals are related only to our exercise of our approval rights under this Agreement and do not imply, for example, that you have complied with applicable law or your obligations to any third party.

e. **Notices**. All notices required or permitted under this Agreement must be in writing, must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery or courier service, to us at Red Lion Hotels Franchising, Inc., 201 W. North River Drive, Spokane, Washington, 99201, Attention: General Counsel, and to you at the address provided in the Rider. Any notice by registered or certified mail or by overnight delivery or courier service is deemed given and received at the date and time of sending.

f. **General Release**. You and your heirs, administrators, executors, agents and representatives and their respective successors and assigns release, remise, acquit and forever discharge us and the Entities and their owners, shareholders, partners, officers, directors, employees, agents, representatives and their respective successors and assigns from any and all actions, claims, causes of action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, whether known or unknown at this time, of any kind or nature, absolute or contingent, at law or in equity, on account of any matter, cause or thing whatsoever that has happened, developed or occurred before you sign and deliver this Agreement to us. This release will survive the termination of this Agreement.

g. **Estoppel Certificate**. Whenever we reasonably request it, you will deliver to us an estoppel certificate in the form we require as to the matters described in this Agreement.

h. **Descriptive Headings**. The descriptive headings in this Agreement are for convenience only and will not control or affect the meaning or construction of any provision in this Agreement.

i. **Representations and Warranties**. You warrant, represent and agree that all statements made by you in the Application you submitted to us in anticipation of this Agreement and all other documents and information you submitted to us are true, correct and complete as of the date of this Agreement and that you will continue to update them so that they are always true, correct and complete. You further represent and warrant to us that you have the full legal power and authority to enter into this Agreement and that by entering into this Agreement you will not be breaching any agreement to which you are a party. 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.

j. **Time**. Time is of the essence in this Agreement.

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

l. **Performance Requirements/Responsibilities**. [Attachment A-1/Attachment A-2], setting forth certain of your performance conditions and requirements, is incorporated by reference and made a part of this Agreement.

m. **Informational Copies**. You acknowledge that we may provide, but are not required to provide, copies of any information we provide to you concerning the Hotel (such as quality assurance reports and default notices) to the owner and/or lessor of the Hotel.

n. **Privacy**. You expressly permit us to disclose in our FDD (whether required by law or made available on a voluntary basis) personal information related to you, including your and your owner's names, any address, telephone numbers and facsimile numbers, and sales, revenues, expenses, costs, results of operations and similar information regarding your business, and any information regarding the non-renewal, expiration, or termination of this Agreement.

[THIS AGREEMENT CONTINUES WITH EITHER: (I) ATTACHMENT A-1 OR ATTACHMENT A-2; AND (II) ATTACHMENT B, WHICH ARE A PART OF THIS AGREEMENT.]

ATTACHMENT A-1

PERFORMANCE CONDITIONS - CONVERSION

A. **Consultation.** You or your representative(s) will meet with us to consult and coordinate with the project manager we assign to you. The meeting will take place within forty five (45) days after we notify you, and the meeting will be held at a location we select.

B. **Work and Purchase Requirement.** If applicable, the PIP, is included in this Agreement and incorporated herein by reference. You will perform the renovation and/or construction work and purchase the items described on the PIP (the "**Renovation Work**") on or before the completion date specified on the Rider. The Renovation Work will include your purchasing and/or leasing and installing all fixtures, equipment, furnishings, furniture, signs, computer terminals and related equipment, supplies and other items which would be required of a new System Hotel under the System Standards and other equipment, furnishings and supplies as we may require for you to operate the Hotel. You will be responsible for obtaining all necessary licenses, permits and zoning variances required for the Hotel.

C. **Approval of Architect/Engineer/Contractors.** Before you submit Plans and Designs (as defined in Section D below) to us, you will furnish us with resumes and other information we request pertaining to the architect you desire to retain to prepare your Plans and the interior designer you desire to retain to prepare your Designs. The Plans and Designs will not be approved until we have approved the architect and designer who are to prepare the Plans and Designs. Before Renovation Work, you will also submit to us resumes and other information we request pertaining to the general contractor and/or any major subcontractors for the Renovation Work (as defined below). Renovation Work will not begin until we have approved the contractors, which approval may be conditioned on bonding of the contractors.

D. **Approval of Plans and Designs**. On or before the date specified on the Rider for submission of the Plans, you must submit to us your plans, layouts, specifications, and drawings for the Hotel, (collectively, the "**Plans**"). We may supply you with representative prototype Guest Room and public area plans and schematic building plans as a guide for preparation of the Plans. Renovation Work will not begin unless and until we have approved the Plans. You must also submit to us your plans, layouts, specifications and designs for the proposed furnishings, fixtures, equipment and décor of the Hotel (collectively, the "**Designs**") when we instruct you to do so. Once we approve the Plans and Designs, no change may be made to the Plans and Designs without our advance consent. In approving the Plans and Designs, we do not warrant the depth of our analysis or assume any responsibility for the efficacy of the Plans and Designs, or the resulting Renovation Work. You will cause the Renovation Work to be in accordance with this Agreement, the approved Plans and Designs, the System Standards and the PIP. You will be solely responsible for obtaining all necessary licenses, permits and zoning variances that may be required for the Renovation Work. You should not rely upon our approval for any purpose whatsoever except compliance with our then prevailing System Standards.

   You are solely responsible for making certain that the Hotel and the Renovation Work comply in all respects with all Legal Requirements. For purposes of this Agreement, "Legal Requirements" means all public laws, bylaws, statutes, ordinances, orders, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments and governmental authorities, which, now or hereafter, may apply to the construction, completion, equipping and opening of the Hotel and the operation of the Hotel, including environmental, zoning, building, and life safety. We will have the right to, and you will arrange for us to participate in all progress meetings during the Renovation Work, to have access to all contract and construction documents relating to the Hotel and the Renovation Work, and to have access to the Hotel during reasonable business hours to inspect the Hotel, its construction, completion, furnishing and equipping. However, we are not obligated to participate in progress meetings, or inspect the Hotel, and our participation and inspection is not to be considered as a representation of the adequacy of the construction, the structural integrity, or the sufficiency of mechanical and electrical systems for the Hotel or the Renovation Work. Before we approve your Plans, your architect or other certified professional must certify to us that the Plans comply with, or do not require compliance with, the Americans

with Disabilities Act and its architectural guidelines as well as the applicable state and local codes for accessible facilities. Upon completion of the Renovation Work and as a condition to Opening of the Hotel, your architect, general contractor or other certified professional must provide us with a certificate stating that the as-built premises comply with, or do not require compliance with, the Americans with Disabilities Act and its architectural guidelines and all state and local codes for accessible facilities.

E. **Commencement; Completion**. You will begin the Renovation Work on or before the date specified on the Rider and will continue the Renovation Work uninterrupted (except to the extent continuation is prevented by events beyond Franchisee's control, such as acts of God, third party strikes, war, or general governmental restrictions ("**Force Majeure**")) until it is completed. For purposes of this Section, Force Majeure does not include your own financial inability, inability to obtain financing, inability to obtain permits or any other events unique to you or the Hotel. Notwithstanding any Force Majeure, or any other matter, the Renovation Work must be completed and the Hotel must be furnished, equipped, and comply with this Agreement no later than the date specified in the Rider (the "**Construction Work Completion Date**"). If you fail to complete the Construction Work in accordance with this Agreement on or before the Construction Work Completion Date and this failure to meet the Construction Work Completion Date is due solely to Force Majeure, the Pre-Opening Termination Fee (as defined in Section S below) will not be assessed. We will have the sole right to determine whether the Renovation Work has been completed in accordance with this Agreement, the approved Plans and Designs, the System Standards and the PIP.

F. **Inspection.** During the course of Renovation Work, you and your architect, designer, contractors, and subcontractors will cooperate fully with us for the purpose of permitting us to inspect the Hotel and the Renovation Work in order to determine whether Renovation Work is being done in accordance with this Agreement, the approved Plans and Designs, the System Standards, and the PIP. In addition, you and your contractors, architect and designer will (i) supply us with samples of construction materials, supplies, equipment, materials and reports as we may request and (ii) give our representatives access to the Hotel site and Renovation Work in order to permit us to carry out our inspections.

G. **Progress Reports.** You will submit to us each month (or more frequently if we so request) a report showing progress made toward completing the Renovation Work required in this Agreement.

H. **Acquisition of Equipment, Furnishings, and Supplies.** You will purchase and/or lease and install all fixtures, equipment, furnishings, furniture, signs, computer terminals and related equipment, supplies and other items we require in order to assure that the Renovation Work is completed under this Agreement.

I. **Cost of Construction and Equipping.** You will bear the entire cost of the Renovation Work, including the cost of the Plans and Designs, professional fees, licenses, permits, equipment, furniture, furnishings and supplies.

J. **Insurance During Conversion.** In addition to the insurance coverage required under this Agreement, during the course of Renovation Work, you will maintain or will cause the general contractor to maintain builder's risk coverage for the replacement value of the Hotel, which policies must name us and the Entities as additional insureds. This coverage must be evidenced by an original certificate of insurance, submitted to us at least thirty (30) days before you begin Renovation Work and thereafter any time before a change is made in the coverage. Prior to the Opening, you will submit to us a certificate of insurance evidencing the other types of insurance we require under Section 6.a.(32) of this Agreement.

K. **Limitation of Liability.** We will have no liability or obligation with respect to design and construction of the Hotel. We have furnished to you that portion of the Manual which contains the technical standards and specifications to assist you in completing the Renovation Work. You acknowledge you have studied these standards and specifications and satisfied yourself that the Hotel can be designed, furnished and equipped in accordance with these standards and

specifications and that you and your design and construction consultants and contractors have the necessary resources and skills to do so. The Manual does not encompass the architectural, structural, mechanical or electrical safety, adequacy, integrity or efficiency of the design or compliance with applicable Legal Requirements. We do not undertake to approve the Hotel as complying with governmental requirements or as being safe for guests or other third parties and we have no responsibilities in these areas. You must indemnify us with regard to compliance with these matters to the extent provided in Section 9 of this Agreement. The Manual may not be used by you or by any design or construction professional for any hotel project other than the Hotel.

L. **Trademarks.** During the Renovation Work, you will have the right, so long as this Agreement is in effect: (i) to place a sign on the Hotel site, advising the general public that a System Hotel is under construction, and you agree, at your sole expense, on or before the date specified in the Rider, to erect, install and maintain in complete working order at the site of the Hotel a large construction sign using the Settle Inn Marks and other distinguishing characteristics in accordance with our plans and specifications for System Hotels; (ii) to advertise and promote the development and Opening of the Hotel in the media; (iii) to purchase, from vendor(s) approved by us, operating supplies and equipment bearing the Settle Inn Marks required for the operation of the Hotel; and (iv) to purchase, from vendor(s) approved by us, and install the permanent signage required for the operation of the Hotel. Once we authorize the Hotel to Open (conditionally or otherwise) as a System Hotel, you may use the Settle Inn Marks and the System in the operation of the Hotel consistent with the terms and conditions of this Agreement. Prior to Opening, you will stop using all other names, symbols, trademarks or trade logos other than those used and associated with the System.

M. **Staffing.** Before the Opening Date, you will, at your cost, hire a staff to operate the Hotel, and train that staff to protect the Settle Inn Marks and System.

N. **Opening.** You will not Open the Hotel unless and until you receive our written authorization to do so. We will only authorize the Hotel to Open when we, in our sole discretion, are satisfied that: (i) you have complied with all the terms and conditions set forth in this Agreement; (ii) your staff has received adequate training and instruction; and (iii) all fees and charges you owe to us or the Entities have been paid. Opening the Hotel before we authorize you to Open will constitute unauthorized use of Settle Inn Marks and a material breach of this Agreement. Recognizing the difficulty of ascertaining damages for such a breach, you agree to pay to us, as liquidated damages, solely for the damage to Settle Inn Marks, and not as a penalty, $5,000 per day to compensate us for the damage to Settle Inn Marks. You also agree to reimburse us for our costs, including attorneys' fees, incurred in enforcing our rights. These damages do not limit any other remedies we may have, at law or in equity.

O. **Compliance/Investigation.** You will give us at least fifteen (15) days advance notice that, in your opinion, you have complied with all the terms and conditions of this Agreement and the Hotel is ready to Open (conditionally or otherwise). We will use reasonable efforts within fifteen (15) days after we receive your notice to inspect the Hotel and to conduct other investigations as we deem necessary to determine whether to authorize the Opening (conditional or otherwise) of the Hotel, but we will not be liable for delays or loss occasioned by our inability to complete our investigation and to make this determination within the fifteen (15) day period. If you fail to pass our initial opening inspection, we may, in our sole discretion, charge you reasonable fees associated with any additional inspections.

P. **Conditional Opening.** Notwithstanding Section N above, we may, in our sole discretion, conditionally authorize you to Open and operate the Hotel as a System Hotel ("**Conditional Opening**") even though you have not fully complied with the terms of this Agreement, if you are meeting your performance obligations under this Agreement and if you agree to fulfill all remaining terms of this Agreement, including any attachment, on or before the completion date set forth on the Rider, or any extension we approve. Our determination as to whether to authorize a Conditional Opening will be final and binding.

Q. **Performance of Agreement.** You agree to satisfy all of the terms and conditions of this Agreement, and to equip, supply, staff and otherwise make the Hotel ready to Open under the

System Standards. As a result of your efforts to comply with the terms and conditions of this Agreement, you will incur significant expense and expend substantial time and effort. You acknowledge and agree that we will have no liability or obligation to you for any losses, obligations, liabilities or expenses you incur if we do not authorize the Hotel to Open or if we terminate this Agreement because you have not complied with the terms and conditions of this Agreement.

R. **Termination Prior to Opening.** Your failure to satisfy the terms of this Agreement, including your failure to begin or complete the Renovation Work in accordance with the Plans, the System Standards and our requirements (including the milestone and completion dates) will constitute a material breach of your obligations under this Agreement and will be considered an Event of Default. If an Event of Default occurs before the Opening, we may terminate this Agreement if that Event of Default continues for ten (10) days (or longer, if required by law) after notice to you.

S. **Pre-Opening Termination Fees.** If you breach this Agreement and we terminate this Agreement, before Opening, the parties agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your operation of the Hotel through the License Term. The parties agree that a reasonable estimate of those damages is, and you agree to pay us as compensation for the damages, an amount equal to One Thousand Two Hundred Dollars ($1,200.00) for each Guest Room (the "**Pre-Opening Termination Fee**").

T. **Termination after Opening of the Hotel.** Termination of this Agreement after the Opening of the Hotel (conditionally or otherwise) will be governed by Section 14 of this Agreement.

ATTACHMENT A-2

PERFORMANCE CONDITIONS - NEW DEVELOPMENT

A. **Consultation.** You or your representative(s) will meet with us to consult and coordinate with the project manager we assign to you. The meeting will take place within forty five (45) days after we notify you, and the meeting will be held at a location we select.

B. **Approval of Architect/Designer/Contractors.** Before you submit Plans and Designs (as defined below) to us, you will furnish us with resumes and other information we request pertaining to the architect you desire to retain to prepare your Plans and the interior designer you desire to retain to prepare your Designs. The Plans and Designs will not be approved until we have approved the architect and/designer who are to prepare the Plans and Designs. Before Construction Work (as defined below), you will also submit to us resumes and other information we request pertaining to the general contractor and/or any major subcontractors for the Construction Work. Construction Work will not begin until we have approved the contractors, which approval may be conditioned on bonding of the contractors.

C. **Approval of Plans.** On or before the date specified on the Rider for submission of the Plans, you must submit to us your plans, layouts, specifications, and drawings for the Hotel, (collectively, the "**Plans**"). Construction Work will not begin unless and until we have approved the Plans. You must also submit to us your plans, layouts specifications and designs for the proposed furnishings, fixtures, equipment and décor of the Hotel (collectively, the "**Designs**") when we instruct you to do so. Once we approve the Plans and Designs, no change may be made to the Plans without our advance consent. In approving the Plans and Designs, we do not warrant the depth of our analysis or assume any responsibility for the efficacy of the Plans and Designs, or the resulting Construction Work. You should not rely upon our approval for any purpose whatsoever except compliance with our then prevailing System Standards.

You are responsible for making certain that the Hotel complies in all respects with all Legal Requirements. For purposes of this Agreement, "**Legal Requirements**" means all public laws, bylaws, statutes, ordinances, orders, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments and governmental authorities, which, now or hereafter, may apply to the construction, completion, equipping and opening of the Hotel and the operation of the Hotel, including environmental, zoning, building, and life safety. We will have the right to, and you will arrange for us to participate in all progress meetings during the development and construction of the Hotel, to have access to all contract and construction documents relating to the Hotel, and to have access to the Hotel during reasonable business hours to inspect the Hotel, its construction, completion, furnishing and equipping. However, we are not obligated to participate in progress meetings, or inspect the Hotel, and our participation and inspection is not to be considered as a representation of the adequacy of the construction, the structural integrity, or the sufficiency of mechanical and electrical systems for the Hotel. Before we approve your Plans, your architect or other certified professional must certify to us that the Plans comply with the Americans with Disabilities Act and its architectural guidelines as well as all applicable state and local codes for accessible facilities. Upon completion of the construction of the Hotel and as a condition to Opening of the Hotel, your architect, general contractor or other certified professional must provide us with a certificate stating that the as-built premises comply with the Americans with Disabilities Act and its architectural guidelines and all applicable state and local codes for accessible facilities.

D. **Site Control.** Before you begin Construction Work, you must submit to us a copy of the deed or lease to the Hotel site evidencing your legal access to the Hotel site for the full License Term.

E. **The Construction Work.** You agree to take all action necessary to perform the development and construction of the Hotel, renovation, furnishing, equipping, acquisition of supplies and the implementation of the Plans ("**Construction Work**") all in accordance with this Agreement, the approved Plans and Designs, and the System Standards, within the time frames we specify. You will be solely responsible for obtaining all necessary licenses, permits and zoning variances required for the Construction Work. Before you begin the Construction Work, you will submit to us copies of applicable permits, licenses and zoning variances.

F. **Commencement; Completion.** Construction Work will begin on or before the date specified on the Rider (the "**CCD**"). Your failure to begin construction by the CCD will be an Event of Default, unless we extend the CCD. If you want to request an extension of the CCD, you must submit a written request and a Ten Thousand Dollar ($10,000) extension fee before the CCD. If we approve the extension, we will set a new CCD and the extension fee will become non-refundable. If we deny the extension, we will refund the extension fee. Beginning Construction Work will mean the excavation and pouring of footings. Once begun, the Construction Work will continue uninterrupted (except to the extent continuation is prevented by events beyond Franchisee's control, such as acts of God, third party strikes, war, or general governmental restrictions ("**Force Majeure**")) until it is completed. For purposes of this Section, Force Majeure does not include your own financial inability, inability to obtain financing, inability to obtain permits or any other events unique to you or the Hotel.

Upon our request, you will promptly provide us with evidence that construction has commenced. Notwithstanding any Force Majeure, or any other matter, Construction Work must be completed and the Hotel must be furnished, equipped, and otherwise made ready to Open in accordance with this Agreement no later than the date specified on the Rider (the "**Construction Work Completion Date**"). If you fail to complete the Construction Work in accordance with this Agreement on or before the Construction Work Completion Date and this failure to meet the Construction Work Completion Date is due solely to Force Majeure, the Pre-Opening Termination Fee (as defined in Section T below) will not be assessed. We will have the sole right to determine whether the Construction Work has begun and has been completed in accordance with this Agreement, the approved Plans, and Designs, and the System Standards.

G. **Inspection.** During the course of Construction Work, you and your architect, engineer, contractors, and subcontractors will cooperate fully with us for the purpose of permitting us to inspect the Hotel site and the Construction Work in order to determine whether Construction Work is proceeding in accordance with this Agreement, the approved Plans and Designs, and the System Standards. In addition, you and your contractors, architect and designer will (i) supply us with samples of construction materials, test borings, corings, supplies, equipment, materials and reports as we may request and (ii) give our representatives access to the Hotel site and Construction Work in order to permit us to carry out our inspections.

H. **Progress Reports.** You will submit to us each month (or more frequently if we so request) a report showing progress made toward completion of the Construction Work required in this Agreement.

I. **Acquisition of Equipment, Furnishings, and Supplies.** You will purchase and/or lease and install all fixtures, equipment, furnishings, furniture, signs, computer terminals and related equipment, supplies and other items we require in order to prepare the Hotel for opening as a System Hotel under this Agreement. After Opening, you will replace all these items, at your cost, in accordance with schedules we set in order to assure that the Hotel will meet the System Standards for operation we set for the System Hotels.

J. **Costs of Constructing and Equipping.** You will bear the entire cost of the Construction Work, including the cost of the Plans, professional fees, licenses, permits, equipment, furniture, furnishings and supplies.

K. **Insurance During Construction.** In addition to the insurance coverage required under this Agreement, during the course of Construction Work, you will maintain or will cause the general contractor to maintain Builder's Risk coverage for the replacement value of the Hotel, which policies must name us and the Entities as additional insureds. This coverage must be evidenced by an original certificate of insurance, submitted to us at least thirty (30) days before you begin Construction Work and thereafter any time before a change is made in the coverage. Prior to the Opening Date, you will submit to us a certificate of insurance evidencing the other types of insurance we require under Section 6.a.(32) of this Agreement.

L. **Limitation of Liability.** We will have no liability or obligation with respect to design and construction of the Hotel. We have furnished to you that portion of the Manual which contains the technical standards and specifications to assist you in completing the Construction Work. You acknowledge you have studied these standards and specifications and satisfied yourself that the Hotel can be designed, furnished and equipped in accordance with these standards and specifications and that you and your design and construction consultants and contractors have the necessary resources and skills to do so. The Manual does not encompass the architectural, structural, mechanical or electrical safety, adequacy, integrity or efficiency of the design or compliance with applicable Legal Requirements. We do not undertake to approve the Hotel as complying with governmental requirements or as being safe for guests or other third parties and we have no responsibilities in these areas. You must indemnify us with regard to compliance with these matters to the extent provided in Section 9 of this Agreement. The Manual may not be used by you or by any design or construction professional for any hotel or lodging project other than the Hotel.

M. **Trademarks.** During the planning and Construction Work phases of the Hotel, you will have the right, so long as this Agreement is in effect: (i) to place a sign on the Hotel site, advising the general public that a System Hotel is under construction, in accordance with our plans and specifications for System Hotels; (ii) to advertise and promote the development and Opening of the Hotel in the media; (iii) to purchase, from vendor(s) approved by us, operating supplies and equipment bearing the Settle Inn Marks required for the operation of the Hotel; and (iv) to purchase, from vendor(s) approved by us, and install the permanent signage required for the operation of the Hotel. You agree, at your sole expense, upon, or promptly after, you begin construction, to install and maintain a construction sign on the Hotel site using the Settle Inn Marks and other distinguishing characteristics, which meets the System Standards. Once we authorize the Hotel to Open (conditionally or otherwise), you may use the Settle Inn Marks and the System in the operation of the Hotel consistent with the terms and conditions of this Agreement.

N. **Staffing.** Before the Opening Date, you will, at your cost, hire a staff to operate the Hotel, and train that staff to protect the Settle Inn Marks and System.

O. **Opening.** You will not Open the Hotel unless and until you receive our written authorization to do so. We will only authorize the Hotel to Open when we, in our sole discretion, are satisfied that: (i) you have complied with all the terms and conditions set forth in this Agreement; (ii) your staff has received adequate training and instruction; and (iii) all fees and charges you owe to us or the Entities have been paid. Opening the Hotel before we authorize you to Open will constitute unauthorized use of Settle Inn Marks and a material breach of this Agreement. Recognizing the difficulty of ascertaining damages for such a breach, you agree to pay to us, as liquidated damages, solely for the damage to Settle Inn Marks and not as a penalty, $5,000 per day to compensate us for the damage to Settle Inn Marks. You also agree to reimburse us for our costs, including attorneys' fees, incurred in enforcing our rights. These liquidated damages for damages to Settle Inn Marks do not limit any other remedies we may have, at law or in equity.

P. **Compliance/Investigation.** You will give us at least fifteen (15) days advance notice that, in your opinion, you have complied with all the terms and conditions of this Agreement and the Hotel is ready to Open (conditionally or otherwise). We will use reasonable efforts within fifteen (15) days after we receive your notice to inspect the Hotel and to conduct other investigations as we deem

necessary to determine whether to authorize the Opening (conditional or otherwise) of the Hotel, but we will not be liable for delays or loss occasioned by our inability to complete our investigation and to make this determination within the fifteen (15) day period. If you fail to pass our initial opening inspection, we may, in our sole discretion, charge you reasonable fees associated with any additional inspections.

Q. **Conditional Opening.** Notwithstanding Section O above, we may, in our sole discretion, conditionally authorize you to Open and operate the Hotel as a System Hotel ("**Conditional Opening**") even though you have not fully complied with the terms of this Agreement, if you are meeting your performance obligations under this Agreement and if you agree to fulfill all remaining terms of this Agreement, including any attachment, on or before the completion date set forth on the Rider, or any extension we approve. Our determination as to whether to authorize a Conditional Opening will be final and binding.

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

S. **Termination Prior to Opening.** Your failure to satisfy the terms of this Agreement, including your failure to begin or complete the Construction Work in accordance with the Plans, the System Standards and our requirements (including the milestone and completion dates) will constitute a material breach of your obligations under this Agreement and will be considered an Event of Default. If an Event of Default occurs before the Opening, we may terminate this Agreement if that Event of Default continues for ten (10) days (or longer, if required by law) after notice to you.

T. **Pre-Opening Termination Fees.** If you breach this Agreement and we terminate this Agreement, before Opening, the parties agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your operation of the Hotel through the License Term. The parties agree that a reasonable estimate of those damages is, and you agree to pay us as compensation for the damages, an amount equal to Three Thousand Six Hundred Dollars ($3,600.00), for each Guest Room (the "**Pre-Opening Termination Fee**").

U. **Termination after Opening of the Hotel.** Termination of this Agreement after the Opening of the Hotel (conditionally or otherwise) will be governed by Section 14 of this Agreement.

(Remainder of page left intentionally blank.)

ATTACHMENT B

RIDER TO FRANCHISE LICENSE AGREEMENT

Effective Date:	The later of the dates below Franchisor and Franchisee signatures below
Opening Date:	Anticipated to be _____ but in no event later than _____
Franchisor Name:	Red Lion Hotels Franchising, Inc.
Type of Hotel:	Settle Inn
Initial Approved Hotel Name (Trade Name):	_____

Franchisee Name and Address (Principal Correspondent):

Address of Hotel: -

Initial Number of Approved Guest Rooms:

Plans Submission Dates: As provided in the PIP set forth below ("PIP")

Construction Commencement Date: Construction shall commence on or after the Effective Date and Renovation Work (as defined in [Attachment A-1/Attachment A-2]) shall be completed according to the completion deadlines set forth herein and in the PIP provided below:

Property Improvement Plan:

Expiration of Term: **At midnight on the 20th year anniversary of the Opening Date.**

Additional Requirements/Special Provisions:

1. Franchisee previously paid an Application Fee to Franchisor in the amount of $_____, pursuant to the terms set forth in Section 7.a. of the Agreement.

2. The Opening Date shall be as mutually agreed by Franchisor and Franchisee but in no event earlier than completion of the applicable PIP items nor later than _____. If, for any reason you have not opened the Hotel as a System Hotel or completed the applicable portions of the PIP by _____, and we have not consented to a delay, a breach of this Agreement shall exist. Notwithstanding the foregoing, you may request an extension of the Opening Date of up to ninety (90) days by providing written notice to us with payment of a $5,000 extension fee ("**Extension Fee**"). We may grant your extension in our sole discretion but if we deny the extension we will refund the Extension Fee to you and terminate this Agreement in accordance with the terms and conditions set forth in the Agreement. Notwithstanding anything to the contrary in the Agreement, in the event Franchisee fails to complete all the Renovation Work described in the PIP within the times provided for therein, any such failure shall be an Event of Default and Franchisor shall have all remedies available to it under the Agreement.

3. Franchisor's offer and acceptance of this Agreement is conditioned upon execution and delivery by each of your owners (if you are a legal entity) and their spouses, including _____ of an unconditional and unlimited Guarantee of Franchise License Agreement of even date herewith on a form acceptable to us. Such guarantors shall be jointly and severally liable for the obligations under this Agreement.

Your Ownership Structure:

Name (Shareholder, Partner, Member, and Manager)	**Nature of Ownership Interest**	**% Interest**

IN WITNESS WHEREOF, the parties have executed this Agreement, which has an effective date as of the date set forth in this Rider (the "**Effective Date**").

FRANCHISEE:	**FRANCHISOR:**
,	**RED LION HOTELS FRANCHSING, INC.,**
a(n)	**a Washington corporation**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT E

GUARANTEE OF LICENSE AGREEMENT

Guarantee of Franchise License Agreement

[Hotel Name]

THIS DOCUMENT AFFECTS AND WAIVES IMPORTANT RIGHTS OF THE PERSONS AND ENTITIES SIGNING IT.

THIS GUARANTEE OF FRANCHISE LICENSE AGREEMENT (the "Guarantee") is made by _____, (the "Guarantor"), as of the ____ day of _____, _____, in connection with that certain Franchise License Agreement dated as of _____, _____, [as amended and assigned] (the "Franchise License Agreement"), by and between Red Lion Hotels Franchising, Inc.. ("Franchisor") and _____ ("Franchisee") covering that certain [name of hotel] [to be] located at _____, _____, _____ (the "Hotel").

WHEREAS, Guarantor is the owner of the [Hotel] [real property where the Hotel will be built (the "Property")] and [is the sole owner, sole controlling owner, or one of the controlling owners of Franchisee]; and

WHEREAS, Franchisor would not have entered into the Franchise License Agreement absent Guarantor's commitment to deliver this Guarantee; and

WHEREAS, Guarantor acknowledges that it will receive considerable benefits as a result of Franchisee holding the license pursuant to the Franchise License Agreement.

NOW, THEREFORE, for good and valuable consideration, including but not limited to the execution of the Franchise License Agreement by Franchisor, the undersigned hereby unconditionally and irrevocably guarantees the following: (i) the full and prompt payment of all sums owed under the Franchise License Agreement at the times and according to the terms expressed therein, including, but not limited to, all fees and charges, interest, default interest, and other costs and fees (including, without limitation, attorneys' fees in connection with enforcement of the Franchise License Agreement); and (ii) the performance of all other obligations of Franchisee arising under the Franchise License Agreement (Items (i) and (ii) are hereinafter collectively referred to as the "Obligations").

By signing this Guarantee, Guarantor also agrees that:

1. Guarantee of Payment and Performance. Guarantor's liability under this Guarantee is a guarantee of payment and performance of the Franchise License Agreement and not of collectability. Guarantor's liability hereunder will continue until all Obligations under the Franchise License Agreement have been satisfied in full and will not be limited or affected in any way by transfer of the Hotel or any disability of Franchisee. Guarantor further agrees that should Franchisee cease to exist or become unable to perform its obligations under the Franchise License Agreement, Guarantor will be deemed Franchisee under the Franchise License Agreement and will perform all obligations of Franchisee existing or accruing thereunder.

2. Waivers of Certain Rights and Defenses. This Guarantee is absolute and unconditional. Guarantor hereby waives the rights or benefits otherwise provided to sureties or guarantors under any state or federal law, except as provided in this Agreement. This waiver is expressly intended to waive any and all benefits and defenses under California Civil Code ("CC") Sections 2819, 2845, 2849, and 2850 and any benefits or defenses available under the

laws of any other state that may be deemed to be applicable to this Guarantee, including, without limitation, the right to require Franchisor to (i) obtain Guarantor's consent to any modification of the Franchise License Agreement or any other agreement between Franchisor and any party other than Guarantor, (ii) proceed against any collateral that may be given for any of the Obligations, or (iii) pursue any other right or remedy for Guarantor's benefit, and agrees that Franchisor may proceed against Guarantor for the Obligations guaranteed herein without taking any action against Franchisee or any other guarantor or pledgor. Guarantor agrees that Franchisor may unqualifiedly exercise, in its sole discretion, any or all rights and remedies available to it against Franchisee or any other guarantor or pledgor without impairing Franchisor's' rights and remedies in enforcing the Guarantee, under which Guarantor's liabilities will remain independent and unconditional. Guarantor acknowledges that Franchisor's exercise of certain of such rights or remedies may affect, or eliminate Guarantor's right of subrogation or recovery against Franchisee and that Guarantor may incur a partially or totally nonreimbursable liability under this Guarantee.

3. Additional Waivers. No failure or delay on Franchisor's part in exercising any power or privilege hereunder will impair any such power, right, or privilege or be construed as a waiver of or acquiescence therein.

4. Guarantee Made With Full Knowledge. Guarantor has had the opportunity to review the matters discussed and contemplated by the Franchise License Agreement, including the remedies Franchisor may pursue against Franchisee in the event of a default under the Franchise License Agreement and Franchisee's financial condition and ability to perform under the Franchise License Agreement. Guarantor further agrees to keep Franchisor fully informed on all aspects of Franchisee's financial condition and the performance of Franchisee's obligations to Franchisor and that Franchisor has no duty to disclose to Guarantor any information pertaining to Franchisee or to notify Guarantor of Franchisee's default under the Franchise License Agreement.

5. Guarantee Continues if Payments Are Avoided or Recovered from Franchisor. If all or any portion of the Obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder will continue and remain in full force and effect if all or any part of such payment or performance is avoided or recovered directly or indirectly from Franchisor as a preference, fraudulent transfer or otherwise, irrespective of any notice of revocation given by Guarantor prior to such avoidance or recovery.

6. Financial Information. Upon Franchisor's' request, Guarantor will promptly deliver to Franchisor complete and current financial statements and tax returns and such other financial information about Guarantor as Franchisor may reasonably request.

7. Changes, Waivers, Revocations, and Amendments in Writing. No terms or provisions of this Guarantee may be changed, waived, revoked, or amended without Franchisor's prior written consent. Should any provision of this Guarantee be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions will remain effective. This Guarantee embodies the entire agreement among the parties hereto with respect to the matters set forth herein and supersedes all prior agreements among the parties with respect to the matters set forth herein. No course of prior dealing among the parties, no usage of trade, and no parole or extrinsic evidence of any nature will be used to supplement, modify, or vary any of the terms hereof. There are no conditions to the full effectiveness of this Guarantee.

8. Other Guarantees. This Guarantee is in addition to the guarantees of any other guarantors and any and all of Guarantor's other guarantees of Franchisee's liabilities to Franchisor. This Guarantee will in no way limit or lessen any other liability, howsoever arising, Guarantor may have for the payment of any other obligation of Franchisee to Franchisor.

9. Representations and Warranties. The following representations and warranties will be continuing representations and warranties so long as any Obligation will remain unpaid or unperformed:

(a) Guarantor has the requisite power to execute, deliver, and perform the terms and provisions of the Guarantee and has taken all necessary [corporate/partnership/company] actions to authorize the execution, delivery and performance by it of the Guarantee. This Guarantee is a valid, binding, and legally enforceable obligation of Guarantor in accordance with its terms.

(b) The execution and delivery of this Guarantee are not, and the performance of this Guarantee will not be, in contravention of, or in conflict with, any agreement, indenture, or undertaking to which Guarantor is a party or by which it or any of its property is or may be bound or affected.

(c) Guarantor owns all rights, title, and interest in and to the [Hotel] [Property].

(d) Guarantor [owns all or a controlling interest in] [is an affiliate of] Franchisee.

10. Additional Provisions.

(a) If there is more than one Guarantor named herein, any reference to Guarantor will mean any one and all of them and the singular will include the plural. All obligations of each such Guarantor to Franchisor of whatever nature are hereby jointly and severally guaranteed by each Guarantor.

(b) Each Guarantor hereby jointly and severally holds harmless, and agrees to defend, protect, and indemnify Franchisor from any actions, causes of action, liabilities, damages, losses, and fees (including attorneys' fees) and all other claims of every nature which may arise as a result of any dispute between or among any of Guarantor and any other persons or entities.

(c) Franchisor may assign this Guarantee without in any way affecting Guarantor's liability. Franchisor will endeavor to give Guarantor notice of such assignment, but the failure to do so will not affect Guarantor's liability. This Guarantee will inure to the benefit of Franchisor and its successors and assigns and will bind Guarantor and Guarantor's heirs, executors, administrators, successors, and assigns.

(d) Any notices, requests and demands to be made hereunder will be in writing and will be effective on the earlier of (i) the day it is sent by facsimile with a confirmation of receipt; or (ii) the day it is delivered by express delivery service; or (iii) the third business day after it is sent by first class or certified mail, to the appropriate party at the address, or to the fax number, set forth below, or such other address or fax number of which the notifying party has been notified:

If to Franchisor: Attn: General Counsel
201 W. North River Drive
Spokane, Washington 99201

If to Guarantor:

_____
_____
_____

(e) If Guarantor is a partnership, limited liability company, or other unincorporated association, its liability will not be affected by changes in the name of the entity or in its membership.

(f) This Guarantee is executed in accordance with, and pursuant to, the terms of the Franchise License Agreement and any default hereunder will be a default under the Franchise License Agreement.

12. Arbitration. Guarantor agrees to be personally bound by the arbitration obligations under Section 15.a of the Franchise License Agreement, including, without limitation, the obligation to submit to binding arbitration of the claims described in Section 15.a of the Franchise License Agreement, in accordance with its terms.

13. WAIVER OF JURY TRIAL. GUARANTOR HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY WITH RESPECT TO THE ENFORCEMENT OF THIS GUARANTEE. THIS WAIVER WILL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN SUCH ACTION, INCLUDING BUT NOT LIMITED TO CLAIMS RELATING TO THE ENFORCEMENT OR INTERPRETATION OF THIS GUARANTEE, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND A CONNECTION WITH ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES ARISING UNDER THIS GUARANTEE.

THE UNDERSIGNED GUARANTOR ACKNOWLEDGES THAT IT WAS AFFORDED THE OPPORTUNITY TO READ THIS DOCUMENT CAREFULLY AND TO REVIEW IT WITH AN ATTORNEY OF ITS CHOICE BEFORE SIGNING IT. GUARANTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE MEANING AND EFFECT OF THIS DOCUMENT BEFORE SIGNING IT.

IN WITNESS WHEREOF, the parties have executed this Agreement which has an effective date as of the date first written above.

GUARANTOR:

_____,
a _____

By:_____

Printed Name:_____

Title:_____

Date:_____

FRANCHISOR:

RED LION HOTELS FRANCHSING, INC.
a Washington corporation

By:_____

Printed Name:_____

Title:_____

Date:_____

EXHIBIT F

BRAND STANDARD EQUIPMENT LOAN DOCUMENTS

HOTEL IMPROVEMENT FINANCING AND SECURITY AGREEMENT

THIS HOTEL IMPROVEMENT FINANCING AND SECURITY AGREEMENT ("Agreement"), dated _____, is entered into by and between Red Lion Hotels Franchising, Inc. a Washington corporation ("Franchisor"), and _____ ("Franchisee"). Franchisor and Franchisee are party to that certain Franchise License Agreement (the "Franchise License Agreement") for certain premises (the "Premises") located at the commonly known address of _____ (the "Hotel").

RECITALS

WHEREAS, the Franchise License Agreement contemplates that Franchisee shall make certain personal property improvements from time to time in order to maintain Franchisor's brand standards at the Hotel;

WHEREAS, Franchisor is currently making available a loan program to certain credit-worthy Franchisees that will finance the acquisition and installation, as applicable, of the following personal property improvements: televisions, beds, Wi-Fi networks, _____.

WHEREAS, Franchisee desires to finance through Franchisor's program the implementation at the Hotel of those certain improvements set forth on Exhibit A (the "Improvements") in accordance with Franchisor's applicable brand standards; and

WHEREAS, contemporaneously with the execution of this Agreement, Franchisee, as maker, and Franchisor, as holder, have entered into that certain promissory note (the "Note") whereby Franchisor will loan up to $_____ (the "Funds") to finance implementation of the Improvements.

NOW, THEREFORE, this Agreement sets forth the agreement of Franchisor and Franchisee with respect to the application of the Funds for implementation of the Improvements. Franchisee's obligations under this Agreement and the Note shall be hereinafter referred to as the "Obligations."

1. Improvements.

(a) Franchisor shall apply the Funds for the Improvements in accordance with this Agreement. Franchisee hereby acknowledges and agrees if Franchisee does not substantially follow the processes set forth in this Agreement, Franchisor shall have no duty or obligation to advance Funds to Franchisee.

(b) The Funds shall be used solely for the Improvements.

(c) Franchisee shall bear and pay the cost of any additional expense in excess of the Funds to acquire or install as applicable the Improvements in accordance with the terms and conditions of the Franchise.

(d) The distribution of the Funds shall be made in accordance with Section 2 below.

(e) If Franchisor reasonably believes that the Improvements are not being implemented in accordance with this Agreement, Franchisor may withhold the disbursement of Funds until Franchisor is satisfied in its sole and absolute discretion with the implementation of the Improvements.

2. Disbursement of the Funds.

(a) The Funds shall be disbursed by Franchisor (each of which disbursements shall be made pursuant to Franchisor's disbursement process) for costs related to the completed acquisition and/or installation, as applicable, of the Improvements, so long as the Improvements are implemented in accordance with Franchisor's applicable brand standards as determined in Franchisor's sole and absolute discretion.

(b) If Franchisee is implementing the Improvements utilizing Franchisor's preferred vendors through Franchisor's affiliate's purchasing department, Franchisor shall directly pay such vendors the Funds in accordance with the same processes Franchisor's affiliates use for the implementation of their own personal property improvements with such vendors. In the event the Funds are not sufficient to cover the cost of the Improvements, Franchisee shall promptly pay to such vendors the balance owing to the vendors for the Improvements.

(c) If Franchisee is implementing the Improvements utilizing its own vendors, Franchisor shall only make disbursements of the Funds at such time as Franchisor has received written evidence satisfactory to Franchisor in its sole and absolute discretion that the Improvements have been acquired or have been installed, as applicable, in accordance with Franchisor's applicable brand standards. In such case, Franchisee's request for payment shall be deemed Franchisee's acceptance and approval of the Implementation of the Improvements as set forth in Franchisee's payment request. Once Franchisor has received and approved in its sole and absolute discretion all information Franchisor requires, Franchisor shall deliver a check for the Funds to Franchisee within thirty (30) days unless Franchisor, in its sole and absolute discretion, determines that any Improvements do not comply with the applicable brand standards. In the event of such determination, Franchisor will notify Franchisee and Franchisee agrees to cause such implementation of Improvements to be corrected and to cause the Improvements to comply with the applicable brand standards.

3. Delay.

Any and all Improvements shall be managed and completed by Franchisee and, unless Franchisor is in breach of this Agreement, Franchisor shall have no liability for any delay in completion of the Improvements.

4. Creation of a Security Interest.

(a) Grant of Security Interest. Franchisee hereby grants Franchisor, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges and assigns to Franchisor as collateral, the Improvements, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Franchisee warrants and represents that the security interest granted herein shall be a first priority security interest in the Improvements and the security interest in the Improvements shall continue until all the Obligations are fulfilled or Franchisor otherwise agrees in writing to

terminate this Agreement. If Franchisee shall at any time, acquire a commercial tort claim, Franchisee shall promptly notify Franchisor in a writing signed by Franchisee of the brief details thereof and grant to Franchisor in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Franchisor.

(b) Authorization to File Financing Statements. Franchisee hereby authorizes Franchisor to file financing statements, without notice to Franchisee, with all appropriate jurisdictions in order to perfect or protect Franchisor's interest or rights hereunder, including a notice that any disposition of the Improvements, by either the Franchisee or any other person or entity, shall be deemed to violate the rights of Franchisor. Any such financing statements may indicate the Improvements in such detail as Franchisor may determine in Franchisor's sole and absolute discretion.

5. General Provisions.

(a) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, or forty-eight (48) hours after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth in the Franchise.

(b) Interpretation. The parties agree that they have actively participated in the drafting of this Agreement. Accordingly, no presumption shall apply against any party as the drafter of any provision.

(c) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(d) Entire Agreement; Nonassignability; Parties in Interest. This Agreement, the Franchise, the Note, and any other documents and instruments and other agreements specifically referred to herein (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; and (ii) shall not be assigned by operation of law or otherwise except as otherwise specifically provided.

(e) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(f) Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Washington, without giving effect to

principles of conflicts of law. In the event there is a breach of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs incurred to enforce this Agreement.

(g) Amendments and Waivers. Any term of this Agreement may be amended or waived only with the written consent of the parties or their respective successors and assigns. Any amendment or waiver effected in accordance with this Section 5(g) shall be binding upon the parties and their respective successors and assigns.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Agreement as of the respective dates set forth below.

FRANCHISOR:

Dated: _____

Red Lion Hotels Franchising, Inc. a Washington corporation

By:_____
Its:_____

FRANCHISEE:

Dated: _____

_____

By:_____
Its:_____

EXHIBIT A

Please see attached.

PROMISSORY NOTE

$_____ Spokane, Washington

_____ ___, 201__

WHEREAS, _____ ("Borrower") and Red Lion Hotels Franchising, Inc. ("Red Lion") are parties to that certain Franchise License Agreement ("Franchise License Agreement") dated _____ ____, 201__. Any capitalized term not defined herein shall have the meaning set forth in the Franchise License Agreement.

WHEREAS, in addition to the requirements under the Franchise License Agreement, including Borrower's compliance with the requirements set forth in the Manual, the parties have entered into a Hotel Improvement Financing and Security Agreement dated _____ ____, 201__ (the "Loan Agreement"); and

WHEREAS, Borrower has agreed to be liable under this Promissory Note for all amounts owed to Red Lion under the Loan Agreement;

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower hereby promises to pay to the order of Red Lion at such place as Red Lion may from time to time designate, the principal amount of $_____, with no interest accruing on the unpaid principal amount.

1. PAYMENTS. Borrower shall pay Red Lion equal monthly payments in the amount of $_____ for [choose one] 12 or 24 months on or before the ____ day of each month. All amounts owed by Borrower to Red Lion under this Promissory Note must be paid no later than _____ ___, 201__.

2. PREPAYMENT. At Borrower's option, this Promissory Note may be prepaid in whole or in part, without penalty. Any partial prepayment shall not extend, postpone or change the due dates of the installment payments required by Paragraph 1 above or change the amounts thereof.

3. REMEDIES; DEFAULT INTEREST. In the event Borrower does not make any payment required hereunder on or before the date it is due, or if Borrower defaults under the Franchise License Agreement referenced herein, this shall result in Borrower's automatic default under this Promissory Note. After any Event of Default under this Promissory Note, the Loan Agreement or the Franchise License Agreement, all amounts payable under the Note shall bear interest from the date of such Event of Default at the rate of eighteen percent (18%) or the maximum per annum rate permissible under applicable law, whichever is lower (the "Default Rate"). Such default interest shall be payable on demand. Red Lion's failure to exercise any right or remedy shall not be a waiver of the right to exercise the same. The foregoing remedy shall be in addition to all other rights and remedies available to Red Lion under the Promissory Note or at law or in equity.

4. COLLECTION EXPENSES. Borrower shall reimburse Red Lion on demand for all attorney fees (whether of external or internal legal counsel), legal fees and other costs and expenses incurred in collecting or enforcing this Promissory Note and/or protecting or enforcing Red Lion's rights under this Promissory Note. Such fees, costs and expenses shall include those incurred with or without suit and in any appeal, any petition for review, any arbitration or mediation, any action contesting or seeking to restrain, enjoin, stay or postpone the exercise of

any remedy of Red Lion, any post-judgment collection proceedings, any probate proceedings, any state or federal bankruptcy or insolvency proceedings, and in connection with all negotiations, documentation, and other actions relating to any workout, compromise, settlement or satisfaction of any of the indebtedness evidenced by this Note. All such costs, expenses and fees shall bear interest from the date of disbursement at the Default Rate.
Presentment, demand, protest, notices of protest, dishonor and nonpayment of this Promissory Note and all notices of every kind are hereby waived by the undersigned. To the extent permitted by applicable law, the defense of the statute of limitations is hereby waived by Borrower.

Any failure by Red Lion to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time. No amendment to or modification of this Promissory Note shall be binding upon Red Lion unless in writing and signed by Red Lion. Any provision hereof found to be illegal, invalid or unenforceable for any reason whatsoever shall not affect the validity, legality or enforceability of the remainder hereof.

The term "Red Lion" shall include any subsequent holder of or participant in this Promissory Note. Red Lion may assign the Promissory Note in whole or in part. Red Lion may make available to any proposed assignee or participant all credit and financial data with respect to Borrower as may be in the possession of Red Lion. Borrower agrees to provide any additional information that any proposed assignee or participant may reasonably request.

This Promissory Note is being delivered in, is intended to be performed in, shall be construed and interpreted in accordance with, and be governed by the internal laws of, the State of Washington, without regard to principles of conflict of laws. Any legal action necessary to enforce the terms of this Promissory Note may be brought by Red Lion in the State of Washington and Borrower hereby submits to the jurisdiction of any federal or state court in the State of Washington. Any default under the terms of the Agreement or this Promissory Note shall be deemed a default of the Agreement and this Promissory Note and Red Lion may pursue its remedies as available under the Agreement and Promissory Note.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING PAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BORROWER:

_____

By: _____

Name: _____

Title: _____

Date: _____

Guarantee of Loan Agreement

THIS DOCUMENT AFFECTS AND WAIVES IMPORTANT RIGHTS OF THE PERSONS AND ENTITIES SIGNING IT.

THIS GUARANTEE OF LOAN AGREEMENT (the "Guarantee") is made by _____ and spouse, if applicable; (hereafter collectively referred to as "Guarantor"), as of the _____ day of _____, 201__ in connection with that certain Hotel Improvement Financing and Security Agreement dated _____ ___, 201__ (the "Loan Agreement"), by and between Red Lion Hotels Franchising, Inc. ("Red Lion") and _____ ("Borrower") and that certain Promissory Note of even date herewith pursuant to which Borrower is the maker and Red Lion is the holder ("Promissory Note").

WHEREAS, Guarantor is a principal in the ownership of the Hotel located at _____ (the "Property"), which is the subject of the Franchise License Agreement dated _____ ___, _____ ("Franchise License Agreement") by and between Borrower and Red Lion;

WHEREAS, Red Lion would not have entered into the Loan Agreement absent Guarantor's commitment to deliver this Guarantee; and

WHEREAS, Guarantor acknowledges that it will receive considerable benefits as a result of Borrower receiving the no interest loan in the amount of $_____ pursuant to the Loan Agreement and the Promissory Note.

NOW, THEREFORE, for good and valuable consideration, including but not limited to the execution of the Loan Agreement by Red Lion, the undersigned hereby unconditionally and irrevocably guarantees the following: (i) the full and prompt payment of all sums owed under the Promissory Note and Loan Agreement at the times and according to the terms expressed therein, including, but not limited to, all fees and charges, default interest, and other costs and fees (including, without limitation, attorneys' fees in connection with enforcement of the Loan Agreement and the Promissory Note), and (ii) the performance of all other obligations of Borrower arising under the Promissory Note and Loan Agreement and the Franchise License Agreement (Items (i) and (ii) are hereinafter collectively referred to as the **"Obligations"**).

By signing this Guarantee, Guarantor also agrees that:

1. **Guarantee of Payment and Performance**. Guarantor's liability under this Guarantee is a guarantee of payment and performance of the Promissory Note and Loan Agreement and not of collectability. Guarantor's liability hereunder will continue until all Obligations under the Promissory Note and Loan Agreement have been satisfied in full and will not be limited or affected in any way by transfer of the Hotel or any disability of Borrower. Guarantor further agrees that should Borrower cease to exist or become unable to perform its obligations under the Promissory Note and Loan Agreement, Guarantor will be deemed Borrower under the Loan Agreement and will perform all obligations of Borrower existing or accruing thereunder.

2. **Waivers of Certain Rights and Defenses**. This Guarantee is absolute and unconditional. Guarantor hereby waives the rights or benefits otherwise provided to sureties or guarantors under any state or federal law, except as provided in this Agreement. This waiver is expressly intended to waive any and all benefits and defenses under California Civil Code ("**CC**") Sections 2819, 2845, 2849, and 2850 and any benefits or defenses available under the laws of any other state that may be deemed to be applicable to this Guarantee, including, without limitation, the right to require Red Lion to (i) obtain Guarantor's consent to any modification of the Promissory Note, the Loan Agreement or any other agreement between Red Lion and any party other than Guarantor, (ii) proceed against any collateral that may be given for any of the Obligations, or (iii) pursue any other right or remedy for Guarantor's benefit, and agrees that Red Lion may proceed against Guarantor for the Obligations guaranteed herein without taking any action against Borrower or any other guarantor or pledgor. Guarantor agrees that Red Lion may unqualifiedly exercise, in its sole discretion, any or all rights and remedies available to it against Borrower or any other guarantor or pledgor without impairing Red Lion's rights and remedies in enforcing the Guarantee, under which Guarantor's liabilities will remain independent and unconditional. Guarantor acknowledges that Red Lion's exercise of certain of such rights or remedies may affect, or eliminate Guarantor's right of subrogation or recovery against Borrower and that Guarantor may incur a partially or totally nonreimbursable liability under this Guarantee.

3. **Additional Waivers**. No failure or delay on Red Lion's part in exercising any power or privilege hereunder will impair any such power, right, or privilege or be construed as a waiver of or an acquiescence therein.

4. **Guarantee Made With Full Knowledge**. Guarantor has had the opportunity to review the matters discussed and contemplated by the Loan Agreement, including the remedies Red Lion may pursue against Borrower in the event of a default under the Promissory Note or the Loan Agreement and Borrower's financial condition and ability to perform under the Franchise License Agreement. Guarantor further agrees to keep Red Lion fully informed on all aspects of Borrower's financial condition and the performance of Borrower's obligations to Red Lion and that Red Lion has no duty to disclose to Guarantor any information pertaining to Borrower or to notify Guarantor of Borrower's default under the Loan Agreement.

5. **Guarantee Continues if Payments Are Avoided or Recovered from Red Lion**. If all or any portion of the Obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder will continue and remain in full force and effect if all or any part of such payment or performance is avoided or recovered directly or indirectly from Red Lion as a preference, fraudulent transfer or otherwise, irrespective of any notice of revocation given by Guarantor prior to such avoidance or recovery.

6. **Financial Information**. Upon Red Lion's' request, Guarantor will promptly deliver to Red Lion complete and current financial statements and tax returns and such other financial information about Guarantor as Red Lion may reasonably request.

7. **Changes, Waivers, Revocations, and Amendments in Writing**. No terms or provisions of this Guarantee may be changed, waived, revoked, or amended without Red Lion's prior written consent. Should any provision of this Guarantee be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions will remain effective. This Guarantee embodies the entire agreement among the parties hereto with respect to the matters set forth herein and supersedes all prior agreements among the parties with respect to the matters set forth herein. No course of prior dealing among the parties, no usage of trade, and no parole or extrinsic evidence of any nature will be used to supplement, modify, or vary any of the terms hereof. There are no conditions to the full effectiveness of this Guarantee.

8. **Other Guarantees**. This Guarantee is in addition to the guarantees of any other guarantors and any and all of Guarantor's other guarantees of Borrower's liabilities to Red Lion. This Guarantee will in no way limit or lessen any other liability, howsoever arising, Guarantor may have for the payment of any other obligation of Borrower to Red Lion.

9. **Representations and Warranties**. The following representations and warranties will be continuing representations and warranties so long as any Obligation will remain unpaid or unperformed:

(a) Guarantor has the requisite power to execute, deliver, and perform the terms and provisions of the Guarantee and has taken all necessary [corporate/partnership/company] actions to authorize the execution, delivery and performance by it of the Guarantee. This Guarantee is a valid, binding, and legally enforceable obligation of Guarantor in accordance with its terms.

(b) The execution and delivery of this Guarantee are not, and the performance of this Guarantee will not be, in contravention of, or in conflict with, any agreement, indenture, or undertaking to which Guarantor is a party or by which it or any of its property is or may be bound or affected.

(c) Guarantor owns all rights, title, and interest in and to the Property.

10. **Additional Provisions**.

(a) If there is more than one Guarantor named herein, any reference to Guarantor will mean any one and all of them and the singular will include the plural. All obligations of each such Guarantor to Red Lion of whatever nature are hereby jointly and severally guaranteed by each Guarantor.

(b) Each Guarantor hereby jointly and severally holds harmless, and agrees to defend, protect, and indemnify Red Lion from any actions, causes of action, liabilities, damages, losses, and fees (including attorneys' fees) and all other claims of every nature which may arise as a result of any dispute between or among any of Guarantor and any other persons or entities.

(c) Red Lion may assign this Guarantee without in any way affecting Guarantor's liability. Red Lion will endeavor to give Guarantor notice of such assignment, but the failure to do so will not affect Guarantor's liability. This Guarantee will inure to the benefit of Red Lion and its successors and assigns and will bind Guarantor and Guarantor's heirs, executors, administrators, successors, and assigns.

(d) Any notices, requests and demands to be made hereunder will be in writing and will be effective on the earlier of (i) the day it is sent by facsimile with a confirmation of receipt; or (ii) the day it is delivered by express delivery service; or (iii) the third business day after it is sent by first class or certified mail, to the appropriate party at the address, or to the fax number, set forth below, or such other address or fax number of which the notifying party has been notified:

If to Red Lion: **Attn: General Counsel**
Red Lion Hotels Franchising, Inc.
201 W. North River Drive
Spokane, Washington 99201

If to Guarantor:

Contact:

_____

Address:

_____

_____

_____

(e) If Guarantor is a partnership, limited liability company, or other unincorporated association, its liability will not be affected by changes in the name of the entity or in its membership.

(f) This Guarantee is executed in accordance with, and pursuant to, the terms of the Franchise License Agreement and any default hereunder will be a default under the Loan Agreement.

11. **Governing Law/Jurisdiction.** This guarantee will be enforced and interpreted according to the laws of the State of Washington irrespective of its conflicts of laws rules. Guarantor agrees to submit to the jurisdiction of the federal and state courts in Spokane County Washington with respect to the enforcement of this Guarantee.

12. **Venue.** Any litigation arising out of this Guarantee, any breach of this Guarantee, or any dispute between Red Lion and Guarantor, shall be submitted to and resolved exclusively by a court of competent jurisdiction located in the County of Spokane, Washington. Guarantor waives, and agrees never to assert, move or otherwise claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of forum non conveniens).

13. **WAIVER OF JURY TRIAL.** GUARANTOR HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY WITH RESPECT TO THE ENFORCEMENT OF THIS GUARANTEE. THIS WAIVER WILL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN SUCH ACTION, INCLUDING BUT NOT LIMITED TO CLAIMS RELATING TO THE ENFORCEMENT OR INTERPRETATION OF THIS GUARANTEE, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR

CAUSES OF ACTION, AND A CONNECTION WITH ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES ARISING UNDER THIS GUARANTEE.

THE UNDERSIGNED GUARANTOR ACKNOWLEDGES THAT IT WAS AFFORDED THE OPPORTUNITY TO READ THIS DOCUMENT CAREFULLY AND TO REVIEW IT WITH AN ATTORNEY OF ITS CHOICE BEFORE SIGNING IT. GUARANTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE MEANING AND EFFECT OF THIS DOCUMENT BEFORE SIGNING IT.

IN WITNESS WHEREOF, the parties have executed this Agreement which has an effective date as of the date first written above.

GUARANTOR:	**RED LION:**
_____	**RED LION HOTELS FRANCHISING, INC.,** **a Washington corporation**
By:_____	By:_____
Spouse Signature:_____	Printed Name:_____
Printed Name:_____	Title:_____

EXHIBIT G

APPLICATION

APPLICATION FOR A SETTLE INN FRANCHISE

Conversion | New Construction | Ownership Change

RED LION
HOTELS
CORPORATION

APPLICATION INSTRUCTIONS AND CHECKLIST

INSTRUCTIONS: Please answer all of the questions and provide all supporting documentation. If an item does not apply, please write "N/A" in the blank. Attach additional sheets if necessary to complete any questions. Sign the application and submit it, along with the following applicable items (A through K), to the Franchise Development Department at Red Lion Hotels Franchising, Inc. ("Red Lion").

In order to process your Application, all questions must be answered completely and accurately and all applicable items listed below must be enclosed.

CHECKLIST: Please check the appropriate box confirming the item has been attached.

☐ A. Fully executed Application.

☐ B. Check (or wire transfer) for the Application Fee dated no earlier than the day after the **14th full calendar day** following the date the Applicant receives the Franchise Disclosure Document. Example: If you receive the FDD on January 1st, then the earliest you may submit the Application Fee will be fifteen days after that date on January 16th. Please make the check payable to Red Lion Hotels Franchising, Inc.

☐ C. Proof of Ownership of Hotel: Recorded Deed or if in process of purchasing hotel, please provide a copy of the Purchase & Sale Agreement and any amendments.

☐ D. Existing building plans including site plan, main floor plan, typical floor plan, exterior elevations and enlarged guestroom plans.

☐ E. Hotel financial statements for the current year to date and two previous full years.

☐ F. Most recent Quality Assurance Evaluation for the Hotel.

☐ G. Release from existing Franchise (if applicable).

☐ H. Organizational Documents (including all amendments) for Applicant and direct and indirect controlling interests, as follows:

1. Corporation: Articles of Incorporation.
2. Limited Liability Company: Articles of Organization, Operating Agreement, Member Control Agreement.
3. Limited Partnership: Certificate of Limited Partnership and Partnership Agreement.
4. General Partnership: Partnership Agreement.
5. Trust: Trust Agreement.

☐ I. Financial Statements:

1. Current financial statements including balance sheet of the entity applicant.
2. Personal financial statement for each principal having a 20% or greater interest in the Applicant and the managing member (even if less than 20% interest).
3. In the case of a partnership, please provide a personal financial statement for all partners regardless of ownership interest.

☐ J. If financing with a Loan, attach copies of all Loans or Loan Commitments.

☐ K. Resume of General Manager and / or information on the property management company (if applicable).

If this application is for new construction, please provide the following additional information:

☐ Copy of your construction plans and drawings.

☐ Copy of the market or feasibility study.

☐ Quality Assurance evaluations for all lodging properties that you or your affiliates currently own or manage.

☐ Copy of the Lender commitment for hotel financing.

☐ Copy of your project budget.

☐ Copy of jurisdictional permits / applications.

I. HOTEL INFORMATION:

The Franchise License Agreement shall be entered with the fee simple title owner of the Hotel

Current Hotel Name: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Year Hotel was Built: _____ Year of Last Remodel / Renovation: _____

If under franchise agreement, can you exit: ☐ Yes ☐ No

If No: (explain) _____

_____

_____

Expected date to open as a Settle Inn: _____ Total # of Parking Spaces: _____

Total # of Guestrooms _____ # of Standard Rooms _____ # of Suites _____

# of Stories _____ # of Meeting Rooms _____ Seating Capacity for Each _____

Please check as applicable:

Pool: ☐ Indoor ☐ Outdoor ☐ None Exercise Room: ☐ Yes ☐ No Elevator: ☐ Yes ☐ No

Restaurant in Hotel: ☐ Yes ☐ No Corridor Type: ☐ Exterior ☐ Interior ☐ Both

Other: (explain) _____

_____

Hotel Ownership: (Check One)

☐ Owned by Applicant.

☐ Under Purchase Agreement by Applicant.

☐ Other: (explain) _____

Operational Data (Current YTD and two previous years)	Current Year - YTD	Previous Year _____	Previous Year _____
ADR			
Occupancy %			
RevPar			

Attachments Needed:

☐ Existing building plans including site plan, main floor plan, typical floor plan, exterior elevations and enlarged guestroom plans.

☐ Hotel financial statements for the current year and previous 2 years.

☐ Most recent Quality Assurance Evaluation for the Hotel.

☐ Release from existing Franchise (if applicable).

II. APPLICANT: The Applicant is the entity/individual who will enter the Franchise Agreement. Your entity name may not contain the words "Settle Inn" or any variation, including initials.

Full Legal Name of Franchise Applicant: _____

- ☐ Individual / Sole Proprietor
- ☐ Limited Liability Company / Partnership
- ☐ Corporation
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ To Be Formed
- ☐ Other: (please specify) _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

State of Formation: _____ Date of Formation: (mm/dd/yyyy) _____

FEIN Number: _____ Parent Company: (if any) _____

Attachments Needed:

- ☐ Organizational documents (including all amendments) for Applicant.

III. APPLICANT'S REPRESENTATIVE: The Applicant's Representative is the individual who is authorized to be the Primary Contact for this Application and for the Franchise, if granted

Full Name: _____

Company Name: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: _____ Fax Number: _____

Email Address: _____

IV. APPLICANT'S HOTEL MANAGEMENT: List the name of the management company or the individual who is currently or will be responsible for overseeing the day-to-day operations of the Hotel

Individual's Name: _____

Management Company Name: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: _____ Fax Number: _____

Email Address: _____

Name of General Manager: _____

V. APPLICANT OWNERSHIP STRUCTURE: Provide a complete breakdown of the owners of the Applicant who will enter into the Franchise Agreement and who holds or will hold fee title to Hotel (the "Principals"). If these Principals are other legal entities, you must include a breakdown of their underlying ownership down to the individual level. You must also provide the name and description/percentage of ownership interest of all individuals who own and/or control these entities. Copy this form as needed to provide multiple structures. See example.

[Example]

Entity/Individual	Title	Ownership %
Jim Smith	Owner	100%
Jack Frost LLC	N/A	N/A
Jack Frost	Managing Member	50%
Greg Frost	Member	50%
ABC Corporation	N/A	N/A
1. Andy Anderson	President & Shareholder	50%
2. Brad Anderson	Shareholder	40%
3. Claire Anderson	Shareholder	10%

Form

Entity/Individual	Title	Ownership %

Attachments Needed:

☐ Organizational documents (including all amendments) for each entity listed above.

☐ Personal Financial Statement for each Principal listed above with a 20% or greater ownership percentage, and for any General Partner in a Partnership regardless of ownership percentage.

☐ A completed Individual Participation Information form for each Principal listed above with a 20% or greater ownership percentage, and for any General Partner in a Partnership regardless of ownership percentage.

VI. FRANCHISING & HOTEL EXPERIENCE: Does Applicant or any of the Principals listed on previous page:

Own or manage other Hotels? ☐ Yes ☐ No If Yes, please complete this section.

Applicant / Principal	Hotel Name	City / State	Ownership %
[Example] Jim Smith	Sheraton Hotel	Chicago, IL	100%

VII. BACKGROUND INFORMATION: Has Applicant or any of the Principals ever:

a. Been the subject of a voluntary or involuntary bankruptcy filing or made an assignment for the benefit of creditors? ☐ Yes ☐ No

b. Had a receiver appointed over them? ☐ Yes ☐ No

c. Had a civil judgment against them? ☐ Yes ☐ No

d. Had a criminal conviction? ☐ Yes ☐ No

If Yes has been indicated for any of the questions above, you must identify the person, nature of the matter, court case number and outcome below. Please attach additional pages, as necessary.

Applicant / Principal	Date	Nature of Matter Court Case #	Outcome

VIII. PROPERTY IMPROVEMENT PLAN FINANCING: Please indicate how you plan to finance the Property Improvement Plan ("PIP") to the Hotel

☐ Loan. If financing with a loan, please attach a copy of the loan commitment letter.

☐ Owner Equity.

IX. REPRESENTATIONS, WARRANTIES, AUTHORIZATIONS AND SIGNATURE

This Application for a Franchise License Agreement is furnished to the franchise licensing subsidiary of Red Lion Hotels Corporation ("RLH") for the brand selected above and its successors and assigns (each, "Licensor") in order to induce Licensor to process an application for a license to operate a hotel under the brand selected above at the Location designated above. The Applicant understands that Licensor is relying on the information provided in the application and all documents submitted by the Applicant and co-owners in connection with or in support thereof, ("**Application**"). Applicant agrees to supply such additional information, statements or data as may be requested by Licensor. The Applicant represents, understands and acknowledges that:

1. All information contained in the Application is true and correct as of the date set forth below and that the information contained in this Application is complete and not misleading due to an omission of any material information. The Applicant will inform Licensor promptly of any material change in any of the information furnished in the Application. The Applicant has the authority to submit the Application and to enter into the other documents contemplated thereby, including, without limitation, a franchise license agreement ("**License**"). Neither the submission of the Application nor the execution of such other documents (including the License) will conflict with the terms of any agreement(s) to which Applicant is a party or by which the Applicant is bound. The Applicant has not been induced by Licensor to terminate or breach any agreement with respect to the Location.

2. Information concerning the system for the brand selected above ("**System**"), including, without limitation, the Franchise Disclosure Document (if required under applicable law), has been made available to the Applicant. The Applicant is familiar with the System and its requirements and is applying for the form of License contained in the Franchise Disclosure Document.

3. Licensor does not enter into oral agreements or understandings with respect to Licenses or matters pertaining to the granting of a License, and as of the date set forth below there are no oral agreements or understandings whatsoever between the Applicant and Licensor with respect to any proposed License.

4. This Application is not binding upon either you or Red Lion. No franchise relationship is created by submission of this Application. Red Lion reserves the right to approve or deny this Application at any time up until a Franchise Agreement is signed by Red Lion. Any expenses you incur in purchasing a hotel and/or in renovating or operating your hotel are at your sole risk. This Application is for a particular hotel. If your hotel changes, you must submit a new Application, along with a new Application Fee.

5. Payment of the Application Fee is enclosed with the Application. If the Application is not approved, or if Applicant withdraws the Application before it is approved, the Application Fee is nonrefundable and will be used for time and expenses incurred by Licensor in processing the Application. If the Application is approved, Applicant must provide any additional information requested, meet any additional requirements and sign the License within the time period Licensor specifies or Licensor may terminate the proposed hotel project.

6. Applicant authorizes credit bureaus, financial institutions, companies and individuals to disclose to Licensor, any and all information for the use of Licensor and its affiliates for the purpose of conducting any necessary credit and/or background investigations. Licensor will comply with any applicable laws in conducting such credit and/or background investigations. The Applicant (jointly and severally if applicable) agrees to indemnify and defend Licensor, Red Lion Hotels Franchising, Inc., and its parent, subsidiaries and affiliates, and the officers, directors, employees, agents, representatives, successors and assigns of each (collectively, the "**Red Lion Indemnitees**") and to hold them harmless from all losses in connection with the Application and the Location, including breach of any representations, undertakings or warranties contained herein and all claims, demands, suits, causes of action, liabilities, losses or otherwise, incurred (including legal and accounting fees and expenses), and including claims as a result of Licensor processing the Application and/or approving a License. Each Red Lion Indemnitee will have the right independently to take any action it may deem necessary in its sole discretion to protect and defend itself against any threatened action subject to Applicant's indemnification, without regard to the expense, forum or other parties that may be involved. Each Red Lion Indemnitee will have sole and exclusive control over the defense of any such action (including the right to be represented by counsel of its choosing) and over the settlement, compromise or other disposition thereof. Licensor may rely on any information, statement or notice from the Applicant pertaining to the Location or License without having to investigate or ascertain the accuracy of any fact or allegation in the notice.

7. This Application may be executed in counterparts, each of which shall be deemed an original, which together shall constitute one and the same instrument. This Application must be signed by the authorized signer(s) for the Applicant and the undersigned represents and warrants that he/she has the authority to sign this Application. Please make as many copies as needed.

8. This Application shall be governed by and construed in accordance with the substantive laws of the State of Washington, without regard to its choice of law principles.

For Individual Applicant

Signature: _____

Print Name: _____

Date: _____

For Business Entity Applicant

Entity Name: _____

Authorized Signature: _____

Printed Name: _____

Title: _____

Date: _____

Authorized Signature: _____

Printed Name: _____

Title: _____

Date: _____

INDIVIDUAL PARTICIPANT INFORMATION FORM

INSTRUCTIONS: Applicant shall be required to provide the personal and business information requested below, and such additional information, which Licensor may require, for each of the following individuals, as applicable. Please duplicate this form as necessary:

1. Each individual with a 20% or greater direct or indirect ownership interest in Applicant, and
2. Each individual with a controlling interest in Applicant, i.e. general partner(s), managing member(s), etc., regardless of ownership interest.

Personal information provided by Applicant to Red Lion pursuant to this request will be considered confidential.

First Name: _____ Middle Name: _____

Last Name: _____

Spouse First Name: _____ Middle Name: _____

Last Name: _____

Other Names Used & Date Changed: (Including Maiden Name) _____

_____

Business Street Address: _____

City: _____ State: _____ Zip Code: _____

Country: _____ Phone Number: _____ Fax Number: _____

Home Street Address: _____

City: _____ State: _____ Zip Code: _____

Country: _____ Phone Number: _____ Fax Number: _____

Email Address: _____ Date of Birth: (mm/dd/yyyy) _____

Social Security Number: _____ Driver's License Number: _____ State: _____

Social Security / Social Insurance / Country Identification Number: _____

_____

Have you ever been convicted of a Felony or Misdemeanor crime? ☐Yes ☐No

If Yes, please explain: (attach additional pages as necessary) _____

_____

_____

What state, what country, what year? _____

Resident addresses for the past 7 years:

Street Address	City, State, Zip Code	From (mm/yyyy)	To (mm/yyyy)

I certify that to the best of my knowledge the statements contained in this Individual Participant Information form are true and complete and nothing has been withheld affecting my reputation and credit standing. I expressly authorize any credit reporting agency, any law enforcement agency (federal/state/local) and any person, association, firm, company, financial institution, court system, personnel agency or credit bureau to furnish and release to Red Lion and/or its representatives, parents, subsidiaries, affiliates, successors and assigns and each of such entities' officers, directors, agents and employees (collectively, "Red Lion"), any information that is requested including, but not limited to, information concerning my education, employment history, financial transactions, credit payment history, civil record, criminal conviction record, legal proceedings or judgments or any other record or report, and Red Lion to request, obtain and use such information for the purpose of conducting any necessary credit and/or background investigations. You further authorize ongoing procurement of the types of reports mentioned herein at any time during the term of the Franchise Agreement with Red Lion. A photocopy of this document may be substituted for the original. The items of information requested in this Application are required to process your background investigation. They are intended solely for that purpose and will not be used in a discriminatory manner for the making of business decisions.

I hereby release, indemnify, defend and hold harmless Licensor, Red Lion and its respective parent, subsidiaries and affiliates, and the officers, directors, employees, agents, representatives, successors and assigns of each (collectively, the "**Red Lion Indemnitees**") and any and all other persons or entities, including without limitation those providing information, from any and all liability for losses, claims, injuries, liabilities, and damages of whatever kind or nature, whether known or unknown, including without limitation those based upon defamation, invasion of privacy, and rights of publicity and personality, against any or all of them which may at any time arise or accrue to me or my heirs, successors, parents, subsidiaries, assigns, officers, directors, employees, agents or other persons or entities claiming by or through me, on account of the provision of such information or reliance on such information or on other information gathered pursuant thereto and hereto. I hereby authorize this Individual Participant Information Form, indemnity and release to be shown and delivered to such persons, with a copy of this Individual Participant Information Form, indemnity and release to be as valid as the original.

This document shall be governed by and construed in accordance with the substantive laws of the State of Washington, without regard to its choice of law principles.

Signature: _____

Print Name: _____

Date: _____

Spouse's Signature: _____

Print Name: _____

Date: _____

EXHIBIT H

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

CALIFORNIA

Department of Business Oversight:
1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego

1350 Front Street
San Diego, California 92101
(619) 525-4044

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

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

ILLINOIS

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

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

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

MARYLAND

(state administrator)

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

(agent for service of process)

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

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

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

NEW YORK

(state administrator)

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

(agent for service of process)

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

NORTH DAKOTA

(state administrator)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Business Services Division of
Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA

(state administrator)

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

(agent for service of process)

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

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)
Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Securities Commission
201 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-1064

(agent for service of process)

Division of Securities
Wisconsin Securities Commission
201 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-1064

EXHIBIT I

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, **RED LION HOTELS CORPORATION**, a Washington corporation located at **201 W. NORTH RIVER DRIVE, SPOKANE, WASHINGTON 99201** (the "Guarantor"), absolutely and unconditionally guarantees the performance by **RED LION HOTELS FRANCHISING, INC.**, located at **201 W. NORTH RIVER DRIVE, SPOKANE, WASHINGTON 99201** (the "Franchisor"), of all of the obligations of Franchisor in accordance with the terms and conditions of the franchise registration in each state where the franchise is registered, and under its Franchise/Franchise License Agreement identified in its 2017 Franchise Disclosure Document, as it may be amended, and as that Franchise/Franchise License Agreement may be entered into with franchisees as amended, modified or extended from time to time. This guarantee continues in full force and effect until all obligations of the Franchisor under its franchise registrations, and Franchise/Franchise License Agreements are satisfied or until the liability of Franchisor to its franchisees under the Franchise/Franchise License Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive notice of Franchisor's default. This guarantee is binding on the Guarantor and its successors and assignees.

The Guarantor signs this guarantee at Spokane, Washington on the 31st day of March, 2017.

GUARANTOR:

RED LION HOTELS CORPORATION

By: _____

Name: Thomas L. McKeirnan

Title: Director, Executive VP, General Counsel and Secretary

EXHIBIT J

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

The purpose of this Statement is to demonstrate to Red Lion Hotels Franchising, Inc. ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Settle Inn® franchise to operate as a Settle Inn ®-branded lodging facility is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days (10 business days in Michigan) before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.	INITIAL:
Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success)? ☐ Yes ☐ No (Initial Here: ____) If you selected "Yes," please describe the information you received on the lines below: _____ _____	

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

If the lodging facility that you will operate under Settle Inn® is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any acknowledgments or representations of the franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[Signature page follows]

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

EXHIBIT K

STATE ADDENDA AND AGREEMENT RIDERS

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF RED LION HOTELS FRANCHISING, INC.

The following are additional disclosures for the Franchise Disclosure Document of RED LION HOTELS FRANCHISING, INC. required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE LICENSE AGREEMENT.

3. OUR WEBSITE, www.redlion.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

4. The following statement is added to the end of Item 3:

Neither we, our parent, predecessor or affiliate nor any person in Item 2 of the Franchise Disclosure Document 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. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following sentence is added at the end of the "Remarks" section for the line item entitled, "Service Charges for Overdue Payments" within the Item 6 Table:

The highest interest rate allowed in California is 10% annually.

6. The following paragraphs are added to the end of Item 17:

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

The Franchise License Agreement requires binding arbitration. The arbitration will occur at a suitable location chosen by the arbitrator within a 50 mile radius of Spokane, Washington. 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 the Franchise License Agreement restricting venue to a forum outside the State of California.

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

The Franchise License Agreement requires application of the laws of the State of Washington. This provision may not be enforceable under California law.

The Franchise License Agreement contains a liquidated damages clause. Under California Civil Code, Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise License Agreement requires you to sign a general release of claims on renewal or transfer of the Franchise License Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

ILLINOIS

1. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.

2. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the state of Illinois apply.

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

MARYLAND

1. **Initial Fees**. The following is added to the end of Items 5 and 7:

Any release required as a condition of obtaining a refund of the initial fee shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the "Summary" section of Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, under COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The following is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**:

The Franchise License Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

4. The "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**, are amended to add the following:

A franchisee may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following language is added to the end of the chart in Item 17:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MINNESOTA

1. **Termination Fee**. The Item 6 line items of the Franchise Disclosure Document entitled "Termination Fee (Liquidated Damages)" and "Special Termination Fee" will not be enforced to the extent prohibited by applicable law.

2. **Trademark Indemnification**. The following paragraph is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise License Agreement applicable to the Settle Inn Marks, we will protect your rights to use the Settle Inn Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Settle Inn Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

3. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added to the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise License Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise License Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulations or provision in the Franchise License Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release as a condition of renewal and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NORTH DAKOTA

1. **Termination Fee**. The Item 6 line items of the Franchise Disclosure Document entitled "Termination Fee (Liquidated Damages)" and "Special Termination Fee" will not be enforced to the extent prohibited by applicable law.

2. The following is added to the end of Note 7 in Item 6:

Sections of the Franchise Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

3. The following is added to the end of the "Summary" section Item 17(m), entitled **Conditions for franchisor approval of transfer**:

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.

4. The following is added to the end of the "Summary" section of Item 17(u), entitled **Dispute resolution by arbitration or mediation**:

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

5. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

Litigation must be exclusively in any court of competent jurisdiction within a 50-mile radius of Spokane, Washington, except that, subject to your arbitration obligation, and to the extent required by North Dakota Franchise Investment Law you may bring an action in North Dakota.

6. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the State of Washington will apply.

RHODE ISLAND

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17(e), entitled **Termination by franchisor without cause**:

Under 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 License Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

1. The following language is added to the end of Item 17:

The State of Washington has a statute, RCW 19.100.180, which may supersede this Franchise Disclosure Document or the Franchise License Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede this Franchise Disclosure Document or the Franchise License Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

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 by the parties at the time of the arbitration, or as determined by the arbitrator.

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

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

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

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE LICENSE AGREEMENT

RIDER TO THE RED LION HOTELS FRANCHISING, INC.
FRANCHISE LICENSE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is by and between **RED LION HOTELS FRANCHISING, INC.**, a Washington corporation with its principal business address at 201 W. North River Drive, Spokane, Washington 99201 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise License Agreement dated _____, 20____ (the "Franchise License Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise License Agreement occurred in Illinois and the Hotel that you will operate under the Franchise License Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **GOVERNING LAW; JURISDICTION AND VENUE**. Section 15.e of the Franchise License Agreement is deleted and replaced with the following:

> e. **GOVERNING LAW; JURISDICTION AND VENUE**. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISE OWNER WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

3. **WAIVER OF PUNITIVE DAMAGES CLAIMS AND WAIVER OF JURY TRIAL**. The following language is added to the end of Sections 15.c and 15.f of the Franchise License Agreement:

> HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200.609.

4. **NO CLASS ACTIONS**. Section 15.b of the Franchise License Agreement is deleted and replaced with the following:

> b. **NO CLASS ACTIONS**. THE PARTIES AGREE THAT CLAIMS OF ANY OTHER PARTY OR PARTIES SHALL NOT BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN YOU AND US. NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT. EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US OR OUR AFFILIATE, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR

ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. HOWEVER, NOTHING CONTAINED IN THIS SECTION SHALL CONSTITUTE A CONDITION, STIPULATION, OR PROVISION PURPORTING TO BIND ANY PERSON TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OR ANY OTHER LAW OF THE STATE OF ILLINOIS, TO THE EXTENT APPLICABLE.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as a new Section 15.h of the Franchise License Agreement:

h. **ILLINOIS FRANCHISE DISCLOSURE ACT**. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise License Agreement.

RED LION HOTELS FRANCHISING, INC., a Washington corporation

By:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By:_____

Title:_____

DATED:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

RIDER TO THE RED LION HOTELS FRANCHISING, INC.
FRANCHISE LICENSE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is by and between **RED LION HOTELS FRANCHISING, INC.**, a Washington corporation, with its principal business address at 201 W. North River Drive, Spokane, Washington 99201 ("we," "us," or "our"), and _____, whose principal business address is _____ _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise License Agreement dated _____, 20__ (the "Franchise License Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Hotel that you will operate under the Franchise License Agreement will be located in Maryland.

2. **REPRESENTATIONS AND WARRANTIES**. The following is added to the end of Article 17.i of the Franchise License Agreement:

> The acknowledgments or representations of the franchisee made in the Franchise License Agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that could constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **RELEASES.** The following is added to the end of Sections 2, 11.b(3), 17.f of the Franchise License Agreement:

> Pursuant to COMAR 02.02.08.16L, any release required as a condition of sale, renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **BANKRUPTCY**. The following is added to the end of Subsection 14.b(2)(b) and Subsection 14.b(2)(d) of the Franchise License Agreement:

> ; however, we and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **GOVERNING LAW; JURISDICTION AND VENUE**. Section 15.e of the Franchise License Agreement is deleted and replaced with the following:

> e. **GOVERNING LAW; JURISDICTION AND VENUE**. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT (1) ANY STATE LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISE OWNER WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH, AND (2) MARYLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

SUBJECT TO ARTICLE 15.A, YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN ANY COURT OF COMPETENT JURISDICTION WITHIN A 50-MILE RADIUS OF SPOKANE, WASHINGTON, AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NOTWITHSTANDING THE FOREGOING, YOU MAY BRING AN ACTION IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

6. **LIMITATION OF CLAIMS**. The following is added to the end of Section 15.b of the Franchise License Agreement:

ANY LIMITATION ON THE PERIOD OF TIME ARBITRATION AND/OR LITIGATION CLAIMS MUST BE BROUGHT SHALL NOT ACT TO REDUCE THE THREE YEAR STATUTE OF LIMITATIONS AFFORDED A FRANCHISEE FOR BRINGING A CLAIM ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise License Agreement.

RED LION HOTELS FRANCHISING, INC., a Washington corporation

By:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By:_____

Title:_____

DATED:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

RIDER TO THE RED LION HOTELS FRANCHISING, INC.
FRANCHISE LICENSE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is by and between **RED LION HOTELS FRANCHISING, INC.**, a Washington corporation, with its principal business address at 201 W. North River Drive, Spokane, Washington 99201 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise License Agreement dated _____, 20___ (the "Franchise License Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) the Hotel that you will operate under the Franchise License Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise License Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 2, 11.b(3), 17.f of the Franchise License Agreement:

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

3. **TERMINATION**. The following is added to the end of Sections 14.a-e and 13 of the Franchise License Agreement, Section Q., R. and T. of Attachment A-1, and Sections R., S. and U. of Attachment A-2:

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

4. **CLAIMS AGAINST THE SETTLE INN MARKS**. The following is added to the end of Section 5.b of the Franchise License Agreement:

> Provided you have complied with all provisions of this Agreement applicable to the Settle Inn Marks, we will protect your rights to use the Settle Inn Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Settle Inn Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

5. **LIQUIDATED DAMAGES**. The following is added to the end of Section 14.c of the Franchise License Agreement, Sections N. and S. of Attachment A-1, and Sections O. and T. of Attachment A-2:

> We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

6. **GOVERNING LAW; JURISDICTION AND VENUE**. Section 15.e of the Franchise License Agreement is deleted and replaced with the following:

> e. **GOVERNING LAW; JURISDICTION AND VENUE**. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF

1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT (1) ANY STATE LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISE OWNER WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH, AND (2) NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

SUBJECT TO Section 15.a AND THE OTHER PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN ANY COURT OF COMPETENT JURISDICTION WITHIN A 50-MILE RADIUS OF SPOKANE, WASHINGTON, AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. NOTHING IN THIS AGREEMENT SHALL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **INJUNCTIVE RELIEF** The following is added to the end of Section 15.a of the Franchise License Agreement:

Nothing in this Agreement bars our right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us, the Settle Inn Marks and/or the Hotel loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by Article 15). You agree that we may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). A court will determine if a bond is required.

8. **WAIVER OF PUNITIVE DAMAGES AND WAIVER OF JURY TRIAL**. If and then only to the extent required by the Minnesota law, Section 15.f and the last sentence of Section 15.c of the Franchise License Agreement are deleted.

9. **LIMITATION OF CLAIMS**. The following is added to the end of Article 15.b of the Franchise License Agreement:

MINNESOTA LAW PROVIDES THAT NO ACTION MAY BE COMMENCED UNDER MINN. STAT. SEC. 80C.17 MORE THAN 3 YEARS AFTER THE CAUSE OF ACTION ACCRUES.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise License Agreement.

RED LION HOTELS FRANCHISING, INC., a Washington corporation.

By:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By:_____

Title:_____

DATED:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

RIDER TO THE RED LION HOTELS FRANCHISING, INC.
FRANCHISE LICENSE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is by and between **RED LION HOTELS FRANCHISING, INC.**, a Washington corporation, with its principal business address at 201 W. North River Drive, Spokane, Washington 99201 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise License Agreement dated _____, 20____ (the "Franchise License Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Hotel that you will operate under the Franchise License Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise License Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Sections 2, 11.b(3), 17.f of the Franchise License Agreement:

> However, any release required as a condition of sale, renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **LIQUIDATED DAMAGES**. The following is added to the end of Section 14.c of the Franchise License Agreement, Sections N. and S. of Attachment A-1, and Sections O. and T. of Attachment A-2:

> We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

4. **GOVERNING LAW; JURISDICTION AND VENUE**. Section 15.e of the Franchise License Agreement is deleted and replaced with the following:

> e. **GOVERNING LAW; JURISDICTION AND VENUE**. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISE OWNER WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.
>
> SUBJECT TO Section 15.a, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN ANY COURT OF COMPETENT JURISDICTION WITHIN A 50-MILE RADIUS OF SPOKANE, WASHINGTON, AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE

ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO YOUR ARBITRATION OBLIGATIONS, YOU MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

5. **ARBITRATION**. The first paragraph of Section 15.a of the Franchise License Agreement is deleted and replaced by the following:

We and you agree that any dispute, controversy, claim or issue ("Dispute") between us or our affiliates, and our and their respective owners, officers, directors, members, agents, partners and employees, on the one hand, and you (and your owners, guarantors, members, partners, affiliates and employees), on the other hand, arising out of or relate to:

(1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);

(2) our relationship with you;

(3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or

(4) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. The arbitrator must not have any conflict of interest. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within fifty (50) miles of Spokane, Washington; however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

6. **WAIVER OF PUNITIVE DAMAGES AND WAIVER OF JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Section 15.f and the last sentence of Section 15.c of the Franchise License Agreement are deleted.

7. **LIMITATION OF CLAIMS**. The following is added to the end of Section 15.b of the Franchise License Agreement:

THE STATUTES OF LIMITATIONS UNDER NORTH DAKOTA LAW APPLY WITH RESPECT TO CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise License Agreement.

RED LION HOTELS FRANCHISING, INC., a Washington corporation

By:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By:_____

Title:_____

DATED:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

RIDER TO THE RED LION HOTELS FRANCHISING, INC.
FRANCHISE LICENSE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is by and between **RED LION HOTELS FRANCHISING, INC.**, a Washington corporation, with its principal business address at 201 W. North River Drive, Spokane, Washington 99201 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise License Agreement dated _____, 20____ (the "Franchise License Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Hotel that you will operate under the Franchise License Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise License Agreement occurred in Rhode Island.

2. **GOVERNING LAW; JURISDICTION AND VENUE**. The following language is added to Section 15.e of the Franchise License Agreement:

> SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT."

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise License Agreement.

RED LION HOTELS FRANCHISING, INC., a Washington corporation

By:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By:_____

Title:_____

DATED:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

RIDER TO THE RED LION HOTELS FRANCHISING, INC.
FRANCHISE LICENSE AGREEMENT
FOR USE IN VIRGINIA

THIS RIDER is by and between **RED LION HOTELS FRANCHISING, INC.**, a Washington corporation, with its principal business address at 201 W. North River Drive, Spokane, Washington 99201 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise License Agreement dated _____, 20____ (the "Franchise License Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because the Hotel that Franchisee will operate under the Franchise License Agreement will be established or maintained in Virginia.

2. **TERMINATION BY EITHER PARTY**. The following is added to the end of Section 14.a(1) of the Franchise License Agreement:

> Under 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 License Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise License Agreement.

RED LION HOTELS FRANCHISING, INC., a Washington corporation

By:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By:_____

Title:_____

DATED:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

RIDER TO THE RED LION HOTELS FRANCHISING, INC.
FRANCHISE LICENSE AGREEMENT
FOR USE IN WASHINGTON

THIS RIDER is by and between **RED LION HOTELS FRANCHISING, INC.**, a Washington corporation, with its principal business address at 201 W. North River Drive, Spokane, Washington 99201 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise License Agreement dated _____, 20____ (the "Franchise License Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) Franchisee is domiciled in the State of Washington; and/or (b) the Hotel that Franchisee will operate under the Franchise License Agreement will be located in Washington; and/or (c) any of the offering or sales activity relating to the Franchise License Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise License Agreement:

In recognition of the requirements of the Washington Franchise Investment Protection Act (the "Act") and the rules and regulations promulgated thereunder, this Agreement shall be modified as follows:

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

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 by the parties at the time of the arbitration, or as determined by the arbitrator.

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

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

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

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise License Agreement.

RED LION HOTELS FRANCHISING, INC., a Washington corporation

By:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By:_____

Title:_____

DATED:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

EXHIBIT L

RECEIPT

RECEIPT
(OUR COPY)

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 Red Lion Hotels Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Red Lion Hotels Franchising, Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our first personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must 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. Under New York law, we must provide this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Red Lion Hotels Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit H.

The franchisor is Red Lion Hotels Franchising, Inc., 201 W. North River Drive, Spokane, WA 99201; (509) 459-6100. The franchise seller for this offering is:

☐ _____
Red Lion Hotels Franchising, Inc.
201 W. North River Drive
Spokane, WA 99201
(509) 459-6100

☐ _____
Red Lion Hotels Franchising, Inc.
201 W. North River Drive
Spokane, WA 99201
(509) 459-6100

☐ _____
Red Lion Hotels Franchising, Inc.
_____
_____
_____

Issuance Date: March 31, 2017.

See Exhibit I for Red Lion Hotels Franchising, Inc.'s registered agents authorized to receive service of process.
I have received a disclosure document dated March 31, 2017, that included the following Exhibits:

Exhibit A -	List of Current Franchisee Outlets	Exhibit H -	List of State Administrators/Agents for Service of Process
Exhibit B -	List of Franchisee Outlets Terminated, Not Renewed or Who Otherwise Left the System	Exhibit I -	Guarantee of Performance
Exhibit C -	Financial Statements	Exhibit J -	Representations and Acknowledgment Statement
Exhibit D -	Franchise License Agreement	Exhibit K -	State Addenda and Agreement Riders
Exhibit E -	Guarantee of Franchise License Agreement	Exhibit L -	Receipts
Exhibit F -	Brand Standard Equipment Loan Documents		
Exhibit G -	Franchise License Application		

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Property located (or to be built) at _____.
(street address) (city) (state) (zip code)

Please enter the address of the Property, sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or facsimile, to Red Lion Hotels Franchising, Inc., ., 201 W. North River Drive, Spokane, WA 99201, fax: 509-325-7324.

RECEIPT
(YOUR COPY)

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 Red Lion Hotels Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Red Lion Hotels Franchising, Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our first personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must 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. Under New York law, we must provide this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Property located (or to be built) at _____.
(street address) (city) (state) (zip code)

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.