# FRANCHISE DISCLOSURE DOCUMENT

My Place Hotels of America, LLC ("MPHOA")
a South Dakota limited liability company
1910 8th Avenue Northeast
Aberdeen, South Dakota 57401
Tel. 605-725-5981
myplacehotels.com
Franchising@trendbymyplace.com

The franchise offered in this franchise disclosure document is for the rights to own and/or operate, through the conversion of an existing property, a Trend Hotels and Suites by My Place ("Trend") business that provides transient lodging (hotel) services to the public.

The total investment necessary to begin the operation of a newly converted 65-130 room Trend franchise is approximately $180,500 - $2,851,000 not including the cost to buy or lease real property. This includes the $55,000 - $72,000 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or our 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 availability in different formats, contact the MPHOA Company Office at 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401 and (605) 725-5981.

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 (FTC). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. 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.

The issuance date of this disclosure document is April 1, 2022.

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

> **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in South Dakota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in South Dakota than in your own state.

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

## MICHIGAN NOTICE

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

Each of the following provisions is void and unenforceable if contained in any documenting relating to a franchise:

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

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

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

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

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

**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, about the franchisor, or about franchising in your state should be directed towards the state franchise administrator identified in Exhibit A or as follows:

Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
PO BOX 30213
Lansing, MI 48909
Phone: (517) 373-7117

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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## Item 1: The Franchisor, and any Parents, Predecessors and Affiliates

To make it easier to read this disclosure document, “MPHOA”, "us", "we", or "our" means My Place Hotels of America, LLC, the franchisor. The terms, "you", "your", or "yours" means the person or entity that buys the franchise. If the buyer of the franchise is a corporation, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, or other business organization, the terms "you", "your", or "yours" also include the individual owners of those entities. Additionally, any reference to "System" means the Trend franchise systems.

MPHOA is a South Dakota limited liability company that was organized on July 22, 2011 and has no predecessors or parents. Our principal business address is 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401. The MPHOA registered agents, for service of process, are disclosed in Exhibit B.

MPHOA operates other hotel and lodging franchise businesses similar to the type being franchised under the names of MY PLACE®, MY PLACE HOTELS®, and MY PLACE ECONOMY EXTENDED STAY®. The franchise offered in this franchise disclosure document is for the rights to own and/or operate a Trend Hotels and Suites by My Place (“Trend”) business that provides high quality transient lodging (hotel) services to the public. Franchisees also conduct business using the name Trend and Trend Hotels.

The general market for your services will be the traveling public as well as people needing lodging accommodations on an extended basis. Upon the conversion of your existing hotel to Trend according to our System Standards, you will provide the traveling public with lodging services. This market is well developed, but it continues to adapt with the changing needs of the traveling public. Rooms will be marketed and sold to many individuals and groups including but not limited to transient, negotiated, and government customers with seasonal fluctuations of demand that are subject to local market conditions.

You are subject to federal, state, and local laws and regulations, which apply to all businesses, generally, and you, must investigate those laws and abide by them. These laws include laws regarding construction, zoning, public accommodations, accessibility, health and safety, and privacy. Certain jurisdictions will require you to obtain licenses and permits in order to operate your hotel. You must also investigate and determine the existence of local laws or regulations, which may apply to your hotel business.

The predominant competition for Trend franchises consists of all hotels and motels in your market including My Place Hotels®. There are many competitors in the lodging market. There are wide ranges of rates charged by those competitors. You will need to evaluate your ability to compete with those competitors based on the location and quality of your hotel, the quality of your services, and the rates you charge.

Prior Business Experience

MPHOA also operates the My Place Hotels® franchise system that grants franchises for extended stay lodging. MPHOA has offered franchises for My Place Hotels since May 30, 2012. My Place Hotels consists of only newly built hotels that provide transient lodging (hotel) services to the public. As of February21, 2022, MPHOA has sold 84 franchises. Other than My Place Hotels, MPHOA has not conducted business nor offered franchises in any other line of business.

Ronald Rivett, Board of Managers and Chairman of MPHOA, developed the Super 8 Motel® economy lodging system in 1974. Ronald Rivett developed Trend and My Place Hotels concepts in collaboration with Ryan Rivett. Ryan Rivett, Board of Managers, Chief Executive Officer, and President of MPHOA, has been personally involved with the development of hotels since 2008, including the site selection, financing, and construction of several My Place hotels.

The Franchised Business

Trend is an upper-midscale and upscale hotel that offers high quality lodging services to the traveling public. Trend is available for conversion from an existing hotel property. There is no maximum or minimum number of guest rooms required for the operation of Trend, but each market may dictate the need for a minimum or maximum number of guest rooms. Amenities at each franchised location are subject to the local needs of the community it serves. Although MPHOA has offered franchises for Trend Hotels since June 5, 2020, no Trend businesses have opened as of the issuance date of this FDD.

Affiliates

MPHOA currently has six affiliates that provide products or services to the franchisees of the franchisor that include The Rivett Group, LLC of 1910 8th Ave NE, Aberdeen, SD 57401 since February 16, 1994, Legacy Management, LLC of 1910 8th Ave NE, Aberdeen, SD 57401 since April 24, 2013, TLC Management, LLC of 1910 8th Ave NE, Aberdeen, SD 57401 since March 22, 2016, Legacy Builders, Inc of 1910 8th Ave NE, Aberdeen, SD 57401 since May 29, 2008, MP Technology, LLC of 1910 8th Ave NE, Aberdeen, SD 57401 since February 16, 2018, and Legacy Design Group, LLC, of 1910 8th Ave NE, Aberdeen, SD since December 13, 2011. No affiliate offers franchises providing the type of business the franchisee will operate. No affiliate has offered franchises in other lines of business. We are not currently engaged in any other business activities not listed here, but we reserve the right to enter into future business activities.

## Item 2: Business Experience

Chairman and Board of Managers: Ronald J. Rivett

Since July 22, 2011, Ronald Rivett has served as Chairman of the Board and Director of MPHOA in Aberdeen, South Dakota. Mr. Rivett has also served as the Chairman of the Board of The Rivett Group, L.L.C., in Aberdeen, South Dakota, since 1993. Mr. Rivett organized The Rivett Group, L.L.C. after selling the Super 8 Motel® economy lodging franchise company in 1993. The Rivett Group, L.L.C. has owned and operated Super 8 motels, and other brands, since 1993.

President, Chief Executive Officer, and Board of Managers: Ryan J. Rivett

Since July 22, 2011, Ryan Rivett has served as President, Chief Executive Officer, and Manager of MPHOA in Aberdeen, South Dakota. Mr. Rivett has been involved in ownership, development, construction, and operations of many hospitality and multifamily properties since 2006. Since 2007, Mr. Rivett has also been involved with the development and operation of hotels on behalf of The Rivett Group, L.L.C., in Aberdeen, South Dakota; he served as Vice President of Development with that company.

Executive Vice President, Chief Financial Officer, and Treasurer: Sarah J. Hogg

Since July 22, 2011, Sarah Hogg has served as Treasurer of MPHOA in Aberdeen, South Dakota. Ms. Hogg is currently Executive Vice President, Chief Financial Officer, and Treasurer of MPHOA. Ms. Hogg also serves as Treasurer for The Rivett Group, L.L.C., in Aberdeen, South Dakota; she has been associated with The Rivett Group, L.L.C. since August 1997.

Chief Operating Officer, Chief Legal Officer, and Secretary: Matthew J. Campbell

Since July 31, 2015, Matthew J. Campbell has served as General Counsel for MPHOA in Aberdeen, South Dakota. Mr. Campbell is currently Chief Operating Officer, Chief Legal Officer, and Secretary of MPHOA.

Executive Vice President of Franchise Development: Terry Kline

Since January 2, 2014, Terry Kline has served as Executive Vice President of Franchise Development for MPHOA in Aberdeen, South Dakota.

Executive Vice President of Franchise Operations: Sarah Dinger

Since May 2012, Sarah Dinger has served MPHOA in various capacities in Aberdeen, South Dakota. Currently, Ms. Dinger serves as Executive Vice President of Franchise Operations.

## Item 3: Litigation

No litigation is required to be disclosed in this Item. Please see state specific addenda in Exhibit C.

## Item 4: Bankruptcy

No bankruptcy is required to be disclosed in this Item.

## Item 5: Initial Fees

You must pay us $45,000 for the Initial Franchise Fee. All prospective franchisees must complete an application and pay an Application Fee in the amount of $2,500. Except for the nonrefundable Application Fee of $2,500, all fees will be collected when we sign the Franchise Agreement. We will credit the Application Fee towards the Initial Franchise Fee. All fees are paid in a lump sum and are nonrefundable. The Initial Franchise Fee constitutes part of our general operating fund and will be used as such in our discretion.

We will approve or reject your application within 30 days of receiving a fully completed application. We will provide written notice in the event we reject your application. If we approve your application, we will send you an approval with copies of the Franchise Agreement. You will be required to sign and return the Franchise Agreement to us within 120 days of the date we approve the franchise. If you do not sign and return the franchise agreement within 120 days, your application will be surrendered, and you may be required to complete a new application and pay another non-refundable application fee to us.

You must participate in our training program as outlined in Item 11 which includes the Resource Evaluation and Guidance Program at a rate of $10,000. Such amount must be provided to us no less than 14 days prior to your scheduled evaluation and training. The training fees are subject to change upon our sole and absolute discretion. This fee is uniformly charged for all franchises and is nonrefundable.

In the event you already possess PMS and CRS that are compatible with our System Standards, you may not be required to purchase additional hardware or software from us or our affiliates. The cost to acquire the necessary computer hardware and software necessary to operate the cloud-based PMS, CRS and CRM from us or our affiliates is

approximately $15,000 - $17,000. This sum is paid to establish the database for us and provide access to enable your hardware to utilize the PMS, CRS, and CRM provided by the supplier's cloud server. This is nonrefundable.

## Item 6: Other Fees

### OTHER FEES

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty[1] | 0% of your Gross Room Revenue for 30 calendar days after your hotel begins operating, 2.5% of your Gross Room Revenue beginning on day 31 of operation until day 90, 4% of your Gross Room Revenue beginning on day 91 of operation until day 180, and 5% of your Gross Room Revenue thereafter for the remaining term of your franchise agreement. | Payable monthly within 30 days after the date on the billing statement | Gross Room Revenue means receipts, collected or uncollected, directly or indirectly attributable to the use, occupancy, or rental of guest rooms, including barter and credit card transactions (before commissions and discounts) and the proceeds of use and occupancy, business interruption, rent loss, or similar insurance; will never decrease once a period has been achieved. |
| Marketing and Reservation Fund Fee[2] | 2.50% of Gross Room Revenue | Payable monthly within 30 days after the date on the billing statement | Marketing and Reservation Fund Fees are based on Gross Room Revenue. |

[1] This fee is payable to us and nonrefundable.
[2] This fee is payable to us and nonrefundable.

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Revenue Intelligence Service[3] | 1% of Gross Room Revenue | Payable monthly within 30 days after the date on the billing statement | Revenue Intelligence Service fees fund revenue management, business intelligence, and hotel support associated with rate management and forecasting. |
| Guest Loyalty Program[4] | 1% of Gross Room Revenue | Payable monthly within 30 days after the date on the billing statement | Loyalty Fees fund the costs associated with operation, customer support, technology, and marketing of any guest loyalty program. |
| Travel Agent, Internet, and Global Distribution System (GDS) Fees | You must reimburse us for all fees and taxes paid by us to travel agents, Internet reservation systems, GDS providers, and others. | Within 30 days after the date of our billing statement | We reserve the right to pay travel agents, Internet reservation providers, and GDS fees on your behalf; you must reimburse us for the payment of those fees; We do not pay commissions. Fees are nonrefundable. |

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[3] This fee is payable to us, nonrefundable, and uniformly imposed. We reserve the right to change the amount of the fee upon 120 days' notice to you. You must honor all program rules, which are System Standards and which we may change from time to time.

[4] This fee is payable to us, nonrefundable, and uniformly imposed. We reserve the right to change the amount of the fee upon 120 days' notice to you. You must honor all program rules, which are System Standards and which we may change from time to time.

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Transfer[5] | One-half (1/2) of the Initial Franchise Fee then being charged | Before we approve of transfer | Payable when you sell, or otherwise transfer your franchise, or a portion of your franchise. No fee if you transfer to a business entity, in which you own 51% or more of the equity interests. |
| Audit[6] | Cost of audit, plus sums underpaid, plus interest on underpayment | 10 days after notification by us | Payable if audit shows an underpayment of 2% or more of sums due to us. |
| Renewal Fee | The then-current Application Fee and the then-current Initial Franchise Fee. | 180 days before expiration | If you are in Good Standing and give us notice to renew 180 days prior to expiration, at the expiration of the initial term, we will provide you an option to renew the franchise agreement for 5 years subject to obtaining compliance with the then current System Standards and a review of the Protected Area. Fee is payable to us, nonrefundable, and uniformly imposed. |
| Indemnification[7] | As incurred | As incurred | You must indemnify us against claims for losses and damages related to your operation of the Business. |

[5] This fee is payable to us, nonrefundable, and uniformly imposed.
[6] This fee is payable to us, nonrefundable, and uniformly imposed.
[7] This fee is payable to us, nonrefundable, and uniformly imposed.

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Damages[8] | Unspecified | Within 30 days after termination of your franchise due to your default | You must pay all damages caused by your default. |
| Liquidated Damages | As incurred | As incurred | Please see the footnote.[9] |
| Interest[10] | The highest rate allowed by applicable law | Immediately upon being billed by us | You must pay interest on any delinquent sums owed to us |

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[8] This fee is payable to us, nonrefundable, and uniformly imposed.

[9] If incurred, this fee is payable to us, nonrefundable, and uniformly imposed. You must pay us, as liquidated damages, one thousand dollars ($1,000) per day your hotel is open prior to receiving our written approval to compensate us for your breach. For premature termination of the Franchise Agreement, you will promptly pay to us, as liquidated damages, a lump sum equal to: (i) if the hotel has been open less than 36 months, then a projection of 36 months of your hotel's average monthly fees payable to us under Section 4(B),(C), and any fees under the loyalty and revenue management programs; (ii) if your hotel has been open for 36 months or more, then 36 multiplied by the sum of the hotel's average monthly fees for the past 36 months payable to us under Section 4(B),(C) of the Franchise Agreement, and any fees under the loyalty and revenue management programs; or (iii) if there are less than 36 months remaining in the Term, then a lump sum equal to the number of remaining months on the Term multiplied by the sum of the hotel's average monthly fees for the past 36 months payable to us under Section 4(B),(C) of the Franchise Agreement, and any fees under the loyalty and revenue management programs . However, if you are in Good Standing, we will grant to you the option to terminate this Agreement without cause, penalty, or the payment of liquidated damages on the 5th anniversary of the opening of your hotel if you provide written notice at least six (6) months in advance of termination. You must perform the post termination obligations set forth in the Agreement within seven (7) days of the effective date of termination.

[10] This fee is payable to us, nonrefundable, and uniformly imposed.

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Initial Training[11] | $10,000 for initial training with includes participation in the Resource Evaluation and Guidance Program plus the actual employment related, travel, lodging, and meal expenses of your trainees | At least 14 days before the scheduled training or immediately upon being billed by us | You pay this fee for our standard training program for you and/or your staff; if you request additional training, if additional training is required, or if you request training other than our standard training program, we may provide the additional/nonstandard training upon your payment of our then current rate; you must also pay the employment related, travel, lodging, and meal expenses of your staff attending training |
| Administrative Training[12] | Travel, lodging, meal, and actual employee related expenses if you designate an employee representative to attend on your behalf and amount is included as part of initial training fee | N/A | This is an optional training program that you or another designated individual may attend at My Place University in Aberdeen, South Dakota. |

[11] This fee is payable to us, nonrefundable, and uniformly imposed.
[12] If incurred, this fee is payable to us, nonrefundable, and uniformly imposed.

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Late Fees and Dishonored Check Fees[13] | $30 per occurrence and $5 per day | When you pay delinquent payments, and when "bad" checks are made good | You must pay fees if your reports and/or payments to us are late; also, there are fees if you give us a check which is not honored by your bank |
| Approved Supplier[14] | Not to exceed $1,000 | Within 30 days of receiving billing | If you believe that you have a product/supplier that exceeds our specifications (see Item 8) |
| Securities Offering Fee[15] | One-half (1/2) of the Initial Franchise Fee then being charged | With the offering application | This sum is paid to us if you make a public offer of the equity interests in your entity |
| Reinspection Fee[16] | Currently $2,500 but is subject to System Standards | Within 30 days after the date of our billing statement | This sum is paid to us to cover our costs for reinspecting your hotel after receipt of an unsatisfactory Construction Milestone visit, Initial Quality Assurance evaluation; or subsequent Quality Assurance Evaluation |

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[13] This fee is payable to us, nonrefundable, and uniformly imposed.
[14] This fee is payable to us, nonrefundable, and imposed based on cost.
[15] This fee is payable to us, nonrefundable, and uniformly imposed.
[16] This fee is payable to us, nonrefundable, and uniformly imposed.

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Meeting Attendance[17 & 18] | Registration fee, lodging costs, travel, meals, and other expenses for any MPHOA franchisee/owner's convention which cannot be quantified at this time | We will advise you of the amount of the registration fee; you must preregister and pay the fee before the date of the MPHOA convention; all other expenses for travel, lodging, meals, and miscellaneous expenses must be paid by you as incurred | You, or a designated representative, and your general manager(s) must attend certain meetings; except for the Registration Fee(s), none of the costs are paid to us |
| Technology Subscription Fee[19] | $887 per month plus any applicable sales tax, amount varies based upon the number of rooms, computers, and email addresses. | Within 30 days after the date of our billing statement | This sum is paid to us or our affiliate to provide for continued access to the supplier's cloud server and for the timely maintenance and update of your PMS, CRS, and CRM, Website, Email, AV/Patch Management, Firewall, and other technology services. |

[17] This fee is payable to us, nonrefundable, and uniformly imposed.
[18] This fee is payable to service provider in accordance with provider's requirements. It may or may not be refundable, depending on the provider's terms of service.
[19] This fee is payable to us or our affiliate, nonrefundable, and uniformly imposed. This fee is variable based on how many computers and email addresses you have.

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Website Fee[20] | $1,000 annually, but subject to System Standards. | Payment due within 30 days after the date of our billing statement and annually thereafter at the then current rate | We control the content of your website; you must use the website that we provide. |
| Fee and Costs Related to Change of Opening Date[21] | $1,500 plus all costs that we incur for lodging, travel, meals, salaries/wages and other expenses | Within 30 days after the date of our billing statement | If we have scheduled opening training, quality assurance, construction milestone visits, or sales and marketing events at your hotel, and you change the scheduled date, you must pay us a fee of $1,500 and reimburse us for any costs that we have incurred due to the date change |
| Payment Gateway Provider[22] | Approximately $2,500 for one-time set up; and monthly charges thereafter subject to gateway provider | Within billing period established by your payment gateway provider | These approximate amounts would be paid to the payment gateway provider if you do not already have a payment gateway provider. |

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[20] This fee is payable to us, nonrefundable, and uniformly imposed.
[21] This fee is payable to us, nonrefundable, and uniformly imposed.
[22] This fee is payable to the payment gateway provider in accordance with provider's requirements. It may or may not be refundable, depending on the provider's terms of service.

## Item 7: Estimated Initial Investment

## YOUR ESTIMATED INITIAL INVESTMENT

## TREND CONVERSION HOTEL (Note 1)

| Type of expenditure | Amount | Method of payment | When Due | To whom payment is to be made |
|---|---|---|---|---|
| Initial Franchise Fee (Note 2) | $45,000 | Lump sum | At, or before, signing Franchise Agreement | Us |
| Training Fee (Note 3) | $10,000 | Lump sum | At least 14 days before the scheduled training | Us |
| Architects and Engineers Fees (Note 4) | $0 – $70,000 | As arranged | As arranged | Architect and/or Engineer |
| Preconstruction Costs (Note 5) | $0 – $50,000 | As arranged | Before opening | Suppliers |
| Building Costs (Note 6) | $0 – $500,000 | As required by suppliers | As required by suppliers | Contractors and suppliers |
| Real Property (Note 7) | The dollar amount varies as it depends on the probable location of the hotel and whether it is leased or purchased. | As required by real property owner | As required by real property owner | Real property owner |
| Furniture, Fixtures and Equipment (Note 8) | $10,000 – $1,800,000 | As arranged | As incurred | Suppliers |
| Insurance (Note 9) | $12,000 – $20,000 | As arranged | Before construction and opening | Insurance companies |
| Business Permits and Utility Deposits (Note 10) | $0 – $25,000 | As arranged | As incurred | Suppliers |

| Type of expenditure | Amount | Method of payment | When Due | To whom payment is to be made |
|---|---|---|---|---|
| Opening Advertising (Local) (Note 11) | $0 – $20,000 | As arranged | Prior to opening | Advertising media |
| Startup Supplies (Note 12) | $5,000 – $25,000 | As arranged | Prior to opening | Suppliers |
| Travel and Living Expenses While Training (Note 13) | $1,500 – $2,000 | As Incurred | During training | Service stations, airlines, lodging providers, and restaurants |
| Signage (Note 14) | $5,000 – $100,000 | As required by suppliers | As required by suppliers | Us or Authorized Supplier |
| Computer Hardware and Software (Note 15) | $0 – $17,000 | As incurred | Prior to opening | Us or Our Affiliate |
| Additional funds and expenses during the first 3 months after opening (Note 16) | $92,000 – $167,000 | As incurred | As Incurred | Employees, Suppliers, Utilities, Us or Our Affiliate, etc. |
| YOUR ESTIMATED INITIAL INVESTMENT TOTALS: $180,500 - $2,851,000 (Note 17) | | | | |

NOTES:

1. This table is an estimate of the initial investment required to remodel and open a conversion hotel based on our experience. Estimates are based on renovating a 65-130 guest room hotel. The cost of renovating will depend on a number of factors unique to your hotel. Therefore, actual amounts may vary and fall outside the ranges provided. This chart does not include the cost of acquiring land as it varies on the probable location of the building and whether or not it is lease or purchased.

2. You will not, under any circumstances, receive any refund of any portion of the Initial Franchise Fee.

3. You must pay us for our training program which includes the Resource Evaluation and Guidance Program. This fee partially offsets our expenses for staff and training materials along with travel costs to your hotel to complete the Resource Evaluation and Guidance Program. You must also pay for each trainee's wages, insurance of all types, lodging, meals, and travel expenses for the training period. You will not, under any circumstances, receive any refund of any portion of the sums paid to us for the training program. If retraining is required, or if new management staff is trained, you must pay us our then current fees for the additional training. It is nonrefundable.

4. We have not converted an existing hotel to a Trend. Therefore, we do not have an actual construction cost based on first-hand experience of converting a hotel into a Trend. This amount is estimated from our understanding of industry averages and our experience of developing and franchising hotels. You will need to develop your own plans in compliance with our standards and requirements and you will need to hire architects and engineers to adapt the plans for compliance with code and zoning requirements. Also, every hotel development project requires engineering services based upon the unique characteristics of the site. This fee may or may not be refundable as it is paid by you to the architect and engineer.

5. Preconstruction costs will vary, if any, based upon the unique characteristics of the property. This may include construction loan interest payments, accounting fees, developer fees, and other miscellaneous expenses incurred throughout the construction process. This fee is not paid to us and may or may not be refundable.

6. The costs of materials, the cost of labor, and other factors affected by local conditions, as well as the design of your building, will affect your conversion costs. This fee is not paid to us and may or may not be refundable.

7. Because land costs vary significantly across different markets within the United States and because each franchisee will have its own circumstances regarding their conversion of their existing hotel to Trend, it is not possible for us to estimate the amount required to purchase or lease land for your hotel. A Trend hotel can range in size and be located anywhere a current hotel exists. Your real property may be purchased or leased. Additionally, land cost varies whether the hotel is located in a rural market, downtown market, or along an interstate highway; all are typical locations for a hotel. The typical Trend hotel contains various units, various square feet and requires may be located on various acres of real property depending on the

dimensions and location of the real property. This fee is not paid to us and may or may not be refundable.

8. This amount depends on the existing age, condition, and amenities provided within the hotel prior to conversion. This estimate includes room furnishings such as bed frames, mattresses and box springs, refrigerators, microwave ovens, electric cooktops, case goods, upholstered furniture, lighting fixtures, artwork, mirrors, televisions, phones, internet equipment, closed circuit television, interior signage and drapes. This fee is not paid to us and may or may not be refundable.

9. You must comply with our requirements for insurance as provided in accordance with System Standards. We currently require you to obtain liability insurance in the amount of $1,000,000 per occurrence and $2,000,000 in the aggregate. In addition, we require an umbrella policy in an amount equal to or greater than $5,000,000, property insurance, worker's compensation and employer's liability, employment practice liability insurance, automobile liability insurance, cyber coverage, and liquor liability insurance (if applicable). Note that these amounts may change at any time according to System Standards. Insurance premiums vary depending upon factors such as the jurisdiction in which your hotel is located, loss history, the location of your hotel, the size and design of your hotel, payroll size, and other factors. This fee is not paid to us and may or may not be refundable.

10. The licenses and permits you must obtain to operate your hotel will vary depending upon the state, county, or other political subdivision in which your hotel is located. The security deposits you must pay to utilities, lessors, and vendors or suppliers of products or services, will vary depending on the location of your hotel and your financial strength. This fee is not paid to us and may or may not be refundable.

11. These expenses are not required, but advertising and marketing prior to re-opening your hotel are strongly recommended to ensure your hotel is properly positioned in the local market. The expenses may include pre-opening advertising such as direct mail, newspaper advertising, digital advertising and billboards. This fee is not paid to us and may or may not be refundable.

12. These expenses include bath linens, bed linens, cleaning and maintenance supplies, laundry supplies, and accounting and stationery supplies. This fee is not paid to us and may or may not be refundable.

13. If it is determined necessary to attend additional training at My Place University® in Aberdeen, South Dakota, you will incur expenses for lodging, food, and personal items during the training period. For any training that we provide at your hotel, you will have less expense for lodging, food, and personal expenses; if we provide

training at another hotel, you will also incur expenses for lodging, food, and personal items. The amounts that you spend for travel will vary depending on whether you drive or fly to the training. If you also have employees trained, you will have employment related expenses which we cannot estimate. This fee is not paid to us and may or may not be refundable.

14. You must purchase a primary identification signage for your hotel. Your hotel must be easily identified; therefore, the primary sign and building script signs must be illuminated 24 hours a day. You must adhere to the System Standards regarding signage. You may also need to purchase directional signs, and other signage, to get sufficient visual exposure for your hotel. Costs for the pole, foundation, freight, and installation will depend upon site location, local market conditions, and the height of your sign. The cost for any other signage will depend upon your desires and needs. This fee is not paid to us and may or may not be refundable.

15. If you already possess PMS and CRS that are compatible with our System Standards, you may not be required to purchase new software and hardware. However, if necessary, you must purchase the computer hardware and software necessary to operate our cloud-based PMS, CRS, and CRM from us or our affiliate. This sum may be paid to us to establish the database and provide access to enable your hardware to utilize the PMS, CRS, and CRM. This fee is not refundable.

16. We have not operated a Trend and we base these numbers on our experience with existing hotel franchise systems. This estimates your initial operating expenses for 3 months after opening.

17. We have compiled the information noted above based on the experience of Ronald Rivett and Ryan Rivett in developing and operating hotels throughout the United States. The information provided above may not reflect all of your expenses for opening and operating a hotel. You should review this information carefully with a business advisor before making any decision to purchase a franchise. We do not offer direct or indirect financing, but we reserve the right to develop financing arrangements for leases and installment contracts in the future.

## Item 8: Restrictions on Sources of Services and Products

You must build, furnish, equip, and supply your Business in accordance with System Standards. You can review our specifications for products and services in the System Standards manual. You can purchase other products and services from any approved supplier whose products and services equal or exceed our specifications and criteria.

If you believe that you have a product or supplier, which equals or exceeds our performance

and appearance specifications for any furniture, fixtures, equipment, signage, and other goods used to operate your Business, you may seek prior written approval for the substitute product or supplier. To seek prior written approval for a substitute product, you must submit the specification deviation form along with the manufacturer's specifications for the product, along with any other information that we reasonably request including but not limited to product samples. We will review the specifications to determine whether the product equals or exceeds our current specifications. Our approval of substitute products will not be unreasonably withheld, and you will get our reply within 30 days after our receipt of the specifications and any reasonably requested information. You are responsible for and may be billed for any reasonable costs that we incur as part of this review process, not to exceed $1,000. We can revoke our approval at any time if we determine in our sole judgment that the specifications for an approved product no longer equal or exceed our specifications; you will receive 30 days advance written notice of any revocation of our approval.

You must purchase all of the products related to the preparation and dispensing of coffee for guests from Farmer Bros. Co. Any convenience store-type products that you sell must be purchased from Performance Food Group Inc., which conducts business as Vistar. Sara Lee Foodservice and PepsiCo Sales, Inc. will provide a variable rate rebate to us depending on the type and quantity of the products purchased. In the year ended December 31, 2021, our total revenue was $6,598,925, and our revenues from all required purchases of products was $1,919, or 0.03%. There are no required leases.

You may be required to purchase credit card payment terminals, have them programmed, and connected to the payment gateway provider, Shift4 Payment, LLC. Shift4 Payment, LLC does not make payment to us.

The computer hardware and equipment that you need to connect to our PMS, CRS, and CRM must be purchased from us or our affiliate, MP Technology, LLC, a company in which two of our officers own membership interests. In the year ended December 31, 2021, our total revenue was $6,598,925 . Our revenue from all required purchases and leases including hardware, labor, and software subscriptions for the PMS, CRS, and CRM in the year ended December 31, 2021 was $0.00, or 0% of our total revenue. Our affiliate's revenue from all required purchases and leases including hardware, labor, and software subscriptions for the PMS, CRS, and CRM in the year ended December 31, 2021 from franchisees of all our brands was $169,086. There are no required leases.

All signage and products including but not limited to items in which our marks and distinguishing characteristics are affixed, must be purchased from us or an approved supplier. Furniture, fixtures, equipment, and other goods used to operate your hotel must also be purchased from an approved supplier. Our System Standards provide specifications

regarding furniture, fixtures, equipment, and other goods used to operate your Business; the System Standards apply to all System franchisees. Any modification of our specifications will be based on our operational experience and changes in industry standards.

One of our officers has a minority ownership interest in an approved supplier of signage, products, furniture, fixtures, equipment, and other goods, Quest Hospitality Suppliers, L.L.C. ("QHS"). As such, that officer will derive an indirect benefit through a minority ownership interest in the entity, but we will not receive revenue from required purchases of the approved supplier's products. Zero percent of our total revenue comes from your required purchases QHS. QHS does not make any payments to us based on your purchases.

We estimate that your required purchases or leases of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items to establish or operate the franchised business according to System Standards either from the franchisor, its designee, or suppliers approved by the franchisor, or under the franchisor's specifications will constitute approximately 90% of all purchases of goods and services for establishing and operating your Business. We currently have no other required specifications or designated suppliers for goods, services, or real estate relating to the operation of your Business. We can, in the future, develop other System Standards which may provide specifications related to the furniture, fixtures, equipment, and other goods used to operate your Business.

There are no purchasing or distribution cooperatives. Except for the products provided by Farmer Bros. Co., Performance Food Group, Inc., Sara Lee Foodservice, PepsiCo Sales, Inc., and Shift4, we have not negotiated purchase arrangements with suppliers, including price terms, for the benefit of franchisees, but we may do so in the future. We do not provide you with any material benefits based on your purchase of products or services or your use of particular suppliers.

Although we may, from time to time, communicate with you or your suppliers and service providers regarding supply chain or performance issues in an attempt to resolve complaints, we have no responsibility for the performance or financial condition of any supplier or service provider. Nothing prevents MPHOA from having an ownership interest in any future business, including business interests that provide products or services to you.

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## Item 9: Franchisee's Obligations

## FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise 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.**

| | ***Obligation*** | ***Section in Franchise Agreement*** | ***Item in Disclosure Document*** |
|---|---|---|---|
| a. | Site selection and acquisition/lease | Sections 18(F) and 18(G) | Item 11 |
| b. | Pre-opening purchases/leases | Sections 4(A), 4(H), 6(B)(15), and 6(B)(28) | Item 5, 6, 7, and 8 |
| c. | Site development and other pre-opening requirements | Sections 6 (generally) and 7(B) | Items 6, 7, and 11 |
| d. | Initial and ongoing training | Sections 4(H), 6(B)(8), 7(A)(2), and 7(C) | Items 5 and 11 |
| e. | Opening | Section 6(T) | Not applicable |
| f. | Fees | Section 4, 7(A)(2), and 7(A)(3) | Items 5 and 6 |
| g. | Compliance with standards and policies/Operating Manual | Sections 6(B), 6(M), 6(Q), and 9(D) | Item 11 |
| h. | Trademarks and proprietary information | Sections 5, 6(C), 6(E), 6(F), 6(K), 6(L) 6(Q), 7(F), 9(C), and 9(D) | Items 8, 13, and 14 |
| i. | Restrictions on products/services offered | Sections 6(B)(3), 6(B)(12), and 6(M) | Items 8 and 16 |

| | ***Obligation*** | ***Section in Franchise Agreement*** | ***Item in Disclosure Document*** |
|---|---|---|---|
| j. | Warranty and customer service requirements | Sections 6(B)(5), 6(B)(14), and 6(B)(20) | Item 1 and 11 |
| k. | Territorial development and sales quotas | Sections 6(B)(4) and 6(B)(6) | Not applicable |
| l. | Ongoing product/service purchases | Sections 6(B)(15), 6(L), and 6(M) | Items 8 and 16 |
| m. | Maintenance, appearance, and remodeling requirements | Sections 3(C), 6(B)(15), 6(B)(18), 6(G), and 6(P) | Not applicable |
| n. | Insurance | Section 6(J) | Items 6 and 7 |
| o. | Advertising | Sections 6(B)(4), 6(B)(23), 6(C), 6(E)and 6(L) | Items 6, 7, and 11 |
| p. | Indemnification | Section 6(J) | Item 6 |
| q. | Owner's participation/ management/staffing | Section 1(L), 6(B)(8), 6(B)(13), 6(B)(31), 6(D), 9(A), and 18(D) | Items 11 and 15 |
| r. | Records and reports | Sections 6(B)(9), 6(B)(22), 6(B)(26), 6(K), and 16 | Items 6 and 11 |
| s. | Inspections and Audits | Sections 6(H), 7(B), 7(E), and 16(B) | Item 6 |
| t. | Transfer | Sections 6(N), 6(O), 6(Q), 8(A)(4) and 17 | Items 6 and 17 |
| u. | Renewal | Section 3(C), 4(M) | Items 6 and 17 |
| v. | Post-termination obligations | Sections 8(B), 9(B), 9(C) and 9(D) | Item 17 |

| | ***Obligation*** | ***Section in Franchise Agreement*** | ***Item in Disclosure Document*** |
|---|---|---|---|
| w. | Non-competition covenants | Sections 9(A) and 9(B) | Item 17 |
| x. | Dispute resolution | Section 11 | Item 17 |
| y. | Registered user requirement | Section 14(B) | Not applicable |
| z. | Compliance with laws | Section 6(B)(2) | Item 1 |
| aa. | Product purchases | Sections 6(B)(15) and 6(M) | Items 6, 7, 8, and 16 |
| bb. | Central reservation system | Section 6(B)(28) | Items 6 and 7 |
| cc. | Non-Disclosure, Confidentiality, and Non-competition Agreement | Not Applicable | Exhibit G |

**Note:** Please see state specific addenda in Exhibit C.

## Item 10: Financing

We do not offer direct or indirect financing, but we reserve the right to develop financing arrangements for leases and installment contracts in the future. We do not guaranty your note, lease, or other financial obligations.

## Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

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

Before you open your hotel, we will:

(1) Designate your Protected Area (Franchise Agreement - sections 2(A) and 25).

(2) We will conduct the Resource Evaluation and Guidance Program at your facility in effort to train you, your manager, or your designated representative, but we do not

assist in the hiring of your employees. We will provide brand training. You, your manager, or any additional people designated by you who participate in the training program must complete the training program to our satisfaction. In the event additional brand specific training is required, training will be conducted at our training facility in Aberdeen, South Dakota, and at your hotel, or at a hotel that we select. The training program covers the following subjects:

## TRAINING PROGRAM

### Resource Evaluation and Guidance Program

| *SUBJECT* | *CLASSROOM TRAINING HOURS* | *ON THE JOB TRAINING HOURS* | *LOCATION* |
|---|---|---|---|
| Staff Development | 0 | 8 | Selected Hotel |
| Hotel Operations observation | 0 | 50 | Selected Hotel |

Subject to the successful completion of the Resource Evaluation and Guidance Program, additional General Manager Training and Administrative Training will be conducted after the scheduled opening of your hotel. The Resource Evaluation and Guidance Program will be provided prior to the opening of your hotel. You and your designated staff should complete, if applicable, the self-training program before beginning and General Manager Training. The instructional materials for the self-training program consist of the Standards Manual, the Style Guide, information regarding the computerized property management system, and other brand materials. The standards manual is available for viewing before acquiring a franchise. Each instructor has at least 2 years of practical on the job experience in the management and operation of hotels. The schedule and content for training will be determined in our discretion (Franchise Agreement – sections 4(H), 6(B)(8), and 7(C)).

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## General Manager Training

| *SUBJECT* | *CLASSROOM TRAINING HOURS* | *ON THE JOB TRAINING HOURS* | *LOCATION* |
|---|---|---|---|
| Operation – Standards and Resources | 13 | 0 | Aberdeen, SD |
| Hotel Operations | 35 | 0 | Aberdeen, SD |
| Hotel Systems | 9 | 0 | Aberdeen, SD |

## Administrative Training

| *SUBJECT* | *CLASSROOM TRAINING HOURS* | *ON THE JOB TRAINING HOURS* | *LOCATION* |
|---|---|---|---|
| Construction & Specs | 1 | 0 | Aberdeen, SD |
| Operations Systems | 1 | 0 | Aberdeen, SD |
| Operations | 4 | 0 | Aberdeen, SD |
| Brand Resources & Support | 6 | 0 | Aberdeen, SD |

Participation in our Training Program is mandatory (Franchise Agreement – sections 6(B)(8) and 7(C)). You cannot open your hotel until you have scheduled and successfully completed the Resource Evaluation and Guidance Program. You must pay us a fee of $10,000, and you must pay any travel, living, and employment related expenses for you, your general manager, and any other person you designate for all trainings. No additional training or refresher courses are required for the opening and operation of your hotel pursuant to current System requirements. If System requirements are changed in the future, it may be necessary for you, your manager, or any other person you designate, to receive additional training to effectively implement the change at your hotel. If you replace your general manager, or the individual managing your hotel, that individual must successfully complete the General Manager Training at the then-current fee within ninety (90) days of hire unless we provide written approval due to exceptional circumstances.

Since 2017, Shirley Sharpe has been the Director of My Place University and oversees the My Place University training program. From 2015 to 2017, Shirley Sharpe served as Director of Franchise Operations for MPHOA in Aberdeen, South Dakota. From 2011-2015, Ms. Sharpe served as a hotel inspection specialist for the American Automobile Association (AAA) in Pittsburgh, Pennsylvania. From 2001-2011, Ms. Sharpe served as Regional Manager for Eastern Hospitality Management, Inc. in Roanoke, Virginia.

(3) Provide you with general consultation and advice regarding the operation of your hotel, but we will not direct your employees (Franchise Agreement - section 7(A)).

(4) Review construction ready plans and specifications for your hotel, including its general architectural appearance. We do not review your plans and specifications to determine engineering or architectural adequacy or quality, nor compliance with applicable laws and building codes (Franchise Agreement - section 7(B)).

(5) Provide you with specifications for the use of all marks and distinguishing characteristics of the System (Franchise Agreement - section 7(F)).

During the operation of your franchise, we will:

(1) Provide training as we develop new services and methods (Franchise Agreement - sections 6(B)(8) and 7(C)).

(2) Provide you with general consultation and advice regarding the operation of your hotel (Franchise Agreement - section 7(A)).

(3) Upon the appointment of a Franchise Advisory Council ("FAC"), consult with the FAC generally, regarding problems, opportunities and agreements between us and System franchisees (Franchise Agreement - section 7(A)(1)).

(4) Provide you with specifications for the use of all marks and distinguishing characteristics of the System (Franchise Agreement - section 7(F)). We provide names of approved suppliers that are capable of providing products meeting our written specifications. We do not deliver or install the items.

(5) Provide you with an electronic copy of all manuals that contain mandatory and suggested specifications, standards, and procedures. The manuals and all information in them are confidential and remains our property. We can amend and modify the information in manuals at any time; any amendment or modification can only change your status and rights as permitted by the Franchise Agreement and applicable law (Franchise Agreement - sections 6(Q), 7(J), and 9(D)). The table of contents for the Standards Manual and the number of pages devoted to each subject and the total number of pages in the manual are described in Exhibit I.

(6) Protect, in our discretion, the marks and distinguishing characteristics of the System and, in some circumstances, indemnify you regarding your use of the marks and distinguishing characters (Franchise Agreement - sections 5, 6(C), 6(E), 6(F), 7(F)), and 7(L)).

(7) Inspect your hotel to assure compliance with our requirements and standards (Franchise Agreement – section 7(E)).

(8) Administer and expend sums received from you for the Marketing and Advertising Fund (Fund). It is our intention that all or at least substantially all franchised outlets, including any company owned outlets, contribute to the Fund on an equal basis. In 2021, we received $1,994,790.95 through the Fund. We received $7,123.78 in rebates, which were added to the Fund. We spent $1,602,706.00 on marketing in 2021. In 2021, we applied $67,584.71 to the amount we previously loaned to the Fund. To date, the outstanding amount loaned to the Fund is $0. We deferred $331,624.02 to 2022. A substantial part of the Fund fees are used: (i) to maintain our online reservations interface and call-in reservations channels; (ii) for promotion, publicity, market research, and sales and marketing programs; (iii) for maintaining and producing System marketing and sales programs; (iv) for our overhead related to costs associated with the financial management of the Fund, the salaries and benefits of individuals who work under the Fund, and travel and other related expenses; and (v) for our overhead related to costs associated with the central reservation system, the salaries and benefits of individuals who work for, or in, the central reservation system and other related expenses. We will use the Marketing and Advertising Fund fees for various programs and publicity including other marketing programs for the benefit of System hotels in addition to our affiliates operating other brands including My Place Hotels. We will not use the Fund to pay for marketing solely related to our sale of franchises. The Fund is not obligated to spend more than the amounts received from System franchisees. If the Fund has a surplus at the end of any calendar year, that surplus will be used in the following calendar year before current year payments are used, or it will be used to repay loans made to the Fund. If payments to the Fund are insufficient to cover expenses, it may be necessary to borrow money from us**,** our affiliates, or third parties. The Fund will pay interest, at commercially reasonable rates, for money borrowed from us**,** our affiliates or third parties. The Fund is not audited. We will not provide you with a financial statement of the Fund, but we will provide you with an annual statement regarding the Fund, upon written request (Franchise Agreement – section 7(G)).

Advertising funds were used on the following categories in the following percentages during the 2021 fiscal year: Admin Expenses 29.96%, General Marketing 28.06%, Production 30.62%, and Media Placement 11.36%.

The media that we select will depend, in part, on the amount of monthly revenue received from franchisees. The media coverage may be local, regional, or national with that determination based on the amount of funding being received on a

monthly basis. Some advertising and marketing will be handled by us; other advertising and marketing may be handled by a national or regional advertising agency. No requirement exists that all or any part of the Fund be disbursed within any accounting period; any marketing placement will be at our sole discretion. We do not ensure that you benefit directly, or on a proportional basis, from the Fund (Franchise Agreement – section 7(G)). We are also not required to spend any amount on advertising in the franchisee's area or territory. You can develop your own advertising, using our Marks and Distinguishing Characteristics, but such advertising must be approved by us in writing prior to your use or publication. You are prohibited from using any advertising and promotional items that we have not previously approved. We do not have an advertising council composed of franchisees, but we may consult with the FAC regarding advertising (Franchise Agreement – section 7(P)). We will not use any part of the Fund to directly solicit new franchise sales.

(9) Provide you with ongoing assistance (Franchise Agreement – section 7(H)).

(10) Exercise reasonable efforts to maintain and upgrade all Internet and e-Commerce computer software and information technology and systems developed for the online reservations interface system, the property management system, and other technological assets of the System, in a manner that keeps the System competitive with the lodging industry. All decisions regarding technology improvements and upgrades will be made, in our discretion (Franchise Agreement – section 7(K)).

(11) Strive to establish relationships with suppliers that offer products and services related to the operation of your hotel (Franchise Agreement – section 7(M)).

(12) Keep secret, and not divulge to any party, your proprietary and confidential information. Proprietary and confidential information includes your operational data, which are not a part of any public records, and includes customer lists, which are deemed to be our joint property, but which will be used by us on a confidential basis. We can compile data, customer lists, and information for the benefit of the System. We can also use your operational data, without identifying you, in any filings or registrations made by us with governmental and regulatory entities and provide the data to third parties to benefit the System (Franchise Agreement – section 7(N)).

(13) Treat you in the same manner as other similarly situated System franchisees operating under similar franchise agreements and conditions (Franchise Agreement – section 7(O)).

At the present time, no advertising cooperatives have been established and franchisees are

not required to participate in local and regional cooperatives. We reserve the right to require participation in the future. If a majority of the franchisees, in any advertising area that we have designated, vote to engage in cooperative advertising, you, if your Business is located in that advertising area, will participate in and pay your reasonably designated share of such cooperative advertising (Franchise Agreement – section 6(E)(2)). The franchises in the designated advertising area will select the members of the advertising council and the advertising council will have decision making power. We have the right to change or dissolve the council should an advertising council be established.

We may provide, and you must participate in, marketing programs and activities that are not funded by the Fund, such as email marketing, internet search engine marketing, transaction-based paid internet searches, sales lead referrals and bookings, cooperative advertising programs, travel agency programs, incentive awards, gift cards, guest satisfaction programs, complaint resolutions and loyalty programs. These programs may vary in duration, and apply on a local, regional, national, continental, international, or category basis.

The site for your hotel must be within your Protected Area. While we do not select or acquire your site, we will provide reasonable assistance, in accordance with our System Standards, to help you evaluate the proposed site. We may make an inspection of the site and the surrounding area. We reserve the right to disapprove a site if it is in proximity to another business activity, or governmental activity, that would be detrimental to the System by creating a negative public impression; therefore, if we disapprove a site, a franchise will not be approved. As an example, if a potential site is located in an area close to industries that emit offensive odors or dust, we have the right to disapprove the site, in our sole discretion. There is no time limit for how soon after you submit a Franchise Application that we must approve or reject the proposed site. We will approve or disapprove the site prior to completing the sale of the franchise. The consequence of not agreeing on a site is that we will not sell you a franchise. We will not enter into a Franchise Agreement with you unless your site is approved. Conforming the site to federal, state, and local laws, ordinances, and building codes and obtaining required permits (e.g. health, sanitation, building, driveway, utility, and sign permits, etc.) is your responsibility. You must convert and furnish the property according to System Standards.

We do not provide necessary supplies; however, we will provide the name of approved suppliers. We do provide specifications for these items, but we do not deliver or install them.

The typical length of time between the signing of the Franchise Agreement, and the opening of the hotel from the conversion of an existing property, will be approximately 60 days. Local governmental requirements and weather conditions will significantly influence the length of time that it will take to convert your hotel to System Standards. Your ability

to obtain financing and building permits, and deal with delayed installation, and shortages of equipment, fixtures, and signs will also influence the length of time it will take for you to open your hotel.

The typical property management system computer hardware configuration for Trend, utilizing the System Standard suppliers for PMS, CRS, and CRM, is subject to existing hotel equipment but generally requires two desktop computers at the front desk, one desktop computer in the general manager's office or workroom, and a computer and printer for the guest lounge business center. If required, this hardware is purchased from us or our affiliate and will cost from $15,000 to $17,000. You cannot buy your computer hardware and accessories from any other source.

We do not provide any ongoing maintenance, repairs, upgrades, or updates for your computer system and website. The computer system and website will be upgraded or updated, on a continuing basis, by suppliers, at a cost of approximately $887 per month. You must have that service and you must pay the monthly fee that will total approximately $10,664 on an annual basis. A failure to upgrade or update the computer system will adversely affect your ability to operate your Business. The property management system is interfaced with the CRS and CRM. We will have independent access to the information that will be generated or stored in your Business computer system. That information may include your occupancy, room rates, accounts receivable, financial reports, sales and marketing information, housekeeping schedules, names and addresses of guests, room reservations, management of maintenance needs, and other miscellaneous information that you may enter into the computer system. There are presently no other requirements for electronic cash registers or computers.

## Item 12: Territory

We may grant you a franchise to operate a Trend at a specific location selected by you. We will grant you a specified exclusive territory around your hotel that will be exclusive to you, hereinafter referred to as, "Protected Area". You cannot relocate your hotel or establish additional Trend hotels elsewhere. In the case of a natural disaster, we may, with written notice, approve relocation of the franchise business. The boundaries of your Protected Area will depend on the population base in your area, and other market factors such as the number of businesses, offices, and other entities that could potentially use hotel services, the proximity of highways, the locations of Protected Areas for existing franchisees, and the potential for the future growth of our System.

Generally, Protected Areas will be larger in smaller markets and rural areas, and smaller in urban areas with high concentrations of population, businesses, and industries that generate greater demand for lodging services. We will negotiate with you, in good faith, to establish a reasonable Protected Area; our determination, however, will be final. You do not

automatically have an option, right of first refusal, or similar right to acquire additional franchises. You are not required to achieve a certain sales volume, market penetration, or other contingency to retain the exclusivity of your Protected Area.

We will not develop or franchise any additional Trend outlets in your Protected Area. We and our affiliates have the right to engage in any business of any nature, including any competing brands in the lodging or hospitality industry. In section 2(B) of the Franchise Agreement, we reserve the right to franchise different systems, and methods of distribution and operation, within your Protected Area.

We have established a franchise under a different trademark, MY PLACE®. My Place offers a different lodging system, operation, and procedures. We may sell a My Place franchise within your Protected Area. My Place is currently being offered to potential franchisees. There is no mechanism for resolving conflicts that may arise between your hotel and franchised or company-owned outlets. Any resolution of conflicts regarding location, customers, support or services will be entirely within our business judgment. We plan to maintain the same offices and training facilities for the similar competing franchise, My Place.

## Item 13: Trademarks

The following principal trademarks may be licensed to you to use on a limited basis. "Principal trademark" means primary trademarks, service marks, names, logos, and commercial symbols you will use to identify the franchised business.

| Mark | Number | Date | Register |
|---|---|---|---|
| TREND HOTELS® | 6,603,316 | 12/28/2021 | Principal |
| TREND® | 6,598,623 | 12/21/2021 | Principal |

You must follow our rules when you use our marks, which may change from time to time. You cannot use any of our marks as a part of your corporate, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, or business name, or with modifying words, designs, or symbols, except the ones we license to you. You cannot use our marks in connection with the sale of any unauthorized services or products or in any manner not authorized, in writing, by us.

You must immediately notify us when you learn about an infringement of, or challenge to, your use of any of our marks. We will take the action we deem appropriate. If we believe, in our sole discretion, that we can successfully defend you against a claim challenging your use of our marks, we will defend you at our expense, and we will control any administrative proceedings and litigation involving our mark. If we cannot undertake a successful defense, you must operate your franchise under another trade name that we approve; in certain circumstances, we may reimburse you for costs incurred by you to operate under a different name.

You must modify or discontinue the use of a mark if we modify or discontinue it. Any modification, discontinuance, or change will be at your sole expense. You must not, directly or indirectly, contest our right to use our marks.

There are no agreements that limit our right to use or license the use of our mark to you. We have no actual knowledge of any superior prior rights or infringing uses that could materially affect your use of our marks.

There are no currently effective material determinations by the trademark administrator of any state, or any court, involving our principal service mark. Also, there is no pending infringement, cancellation, or material litigation involving our service mark. All affidavits required to maintain the effectiveness of the mark registration have been filed.

## Item 14: Patents, Copyrights, and Proprietary Information

No patents or copyrights are material to the franchise.

Our manuals, audio and video recordings, photographs, CD-ROMs, compact disks, electronic files, training materials, methods of operation, information concerning other franchisees of the System, and any other information received by, or provided to, you by us that is not a part of any public records filed by us, is proprietary information that you cannot disclose to any other party.

We can patent, copyright, or otherwise use any concept developed by you (Franchise Agreement - Section 5 and 6(C). Before becoming a franchisee, you have access to the Manuals, and other proprietary and confidential information concerning My Place. Since that information can be used to compete with us, and our franchisees, you and each of your employees must sign a Non-Disclosure, Confidentiality, and Non-competition Agreement (Agreement). That Agreement prohibits you and your employees from disclosing proprietary and confidential information to other parties, and it prohibits you from using proprietary and confidential information to compete with us, or our franchisees (See Exhibit G).

## Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

You are not required to personally participate in the direct operation of the hotel, but such participation is recommended. You must, however, retain and exercise management control over your hotel. If you are an individual and will be the on-premises manager, you must successfully complete and attend our training programs. If another party will be your on-premises manager, that person must successfully complete and attend our training programs. An on-premises manager does not need to have an equity interest in the franchisee's business.

Each person who directly or indirectly owns 10% or larger equity interest in any business organization that owns a franchise, must sign an agreement (Guaranty, Exhibit H), assuming, and agreeing to discharge, all obligations required in the Franchise Agreement.

## Item 16: Restrictions on What the Franchisee May Sell

You can only offer and sell lodging services and products that conform with our System Standards. We may require you to provide discounted rates to members of our loyalty programs. You can also offer and sell other products, approved by us, that are complementary to the lodging services provided to guests. You cannot offer and sell services or products that are not customarily related to the provision of lodging services to the public without our prior written consent.

There are no restrictions regarding the persons to whom you can provide lodging services, but all goods and services offered at your hotel must be consistent with the highest ethical standards. You must adhere to all rules and regulations including applicable local, state, and federal law.

We have the right to add authorized services and/or products that you must offer and sell; we can also require you to offer and sell different services and/or products as new services and/or products are developed, and as competitive conditions change in the marketplace. There are no limits on our right to make changes.

## Item 17: Renewal, Termination, Transfer and Dispute Resolution

### THE FRANCHISE RELATIONSHIP

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

| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| a. | Length of the franchise term | Section 3(A) | The term is for 10 years, with a window to terminate at year 5 by providing 180-day notice. |
| b. | Renewal or extension of the term | Section 3(C) | We will provide you an option to renew the franchise agreement for 5 years |
| c. | Requirements for you to renew or extend | Section 3(C) | Renewal means that we will give you the option to extend your franchise agreement for an additional 5-year period with substantially similar terms and conditions. You must give us notice of your intent to extend, be in Good Standing, adhere to current System Standards, and review the Protected Area. When renewing you will not be asked to sign a contract with materially different terms and conditions than your original contract. |
| d. | Termination by you | None | Not applicable. |

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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| e. | Termination by us without cause | Sections 3(A) and 3(B) | After your hotel opens as a part of the System, we do not have the unilateral right to terminate your franchise, or refuse to renew your franchise, if you fully comply with the requirements in the Franchise Agreement. |
| f. | Termination by us with cause | Section 8(A) | We can terminate your franchise if you fail to fulfill your obligations in the Franchise Agreement. |
| g. | "Cause" defined - curable defaults | Section 8 | You have 30 days, or any longer time required by applicable law, to cure any failure to fulfill your obligations under the Franchise Agreement; only defaults not designated under section 8(A) of the Franchise Agreement are curable. |

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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| h. | "Cause" defined - non-curable defaults | Section 8(A), subsections (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), and (11) | Non-curable defaults: loss of possession of the premises; unapproved transfers; an uncured default in your underlying mortgage, lease, or other indenture; failure to pay debts, generally; conviction of a crime; public endangerment; abandonment; trademark misuse; and repeated defaults even if cured; our right to terminate the Franchise Agreement upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et. seq.). |
| i. | Your obligations on termination/non-renewal | Sections 9(B), 9(C) and 9(D), 6(Q) | Your obligations include complete de-identification of your hotel and payment of amounts due to us (also see r., below). |
| j. | Assignment of Franchise Agreement by us | Section 19(D) | We can assign the Franchise Agreement to any person or entity who we reasonably believe can fulfill our obligations. |
| k. | "Transfer" by you definition | Sections 6(O) and 17 | Includes transfer of Franchise Agreement, or assets, or ownership change. |

| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| l. | Our approval of transfer by you | Section 17 | We have the right to approve or deny all transfers, but will not unreasonably withhold approval. |
| m. | Conditions for our approval of transfer | Section 17(B) | Applications completed; new franchisee qualifies; transfer fee paid; sums you owe us are paid; training arranged; release or statement of claims signed by you; refurbishment requirement satisfied; and current agreement signed by new franchisee (also see r., below) |
| n. | Our right of first refusal to acquire your business | None | None |
| o. | Our option to purchase your business | None | None |
| p. | Your death or disability | Section 17(C) | Franchise may be assigned to estate or legal guardian upon fulfillment of conditions satisfactory to us. |
| q. | Non-competition covenants during the term of the franchise | Section 9(A) | No involvement in competing business in your Protected Area without our written authorization. |

| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| r. | Non-competition covenants after the franchise is terminated or expired | Sections 9(B), 9(C), and 9(D) | If the Franchise Agreement is terminated for any reason including expiration, you cannot be involved in a competing business within your Protected Area for a 2 year period (including after an assignment by you), unless we have previously authorized your operation of another competing business. |
| s. | Modification of the Agreement | Sections 5(C), 6(P), and 6(Q) | The material provisions in the Franchise Agreement are not subject to change; manuals, operating methods, and other requirements determined by us to be in the best interests of the System are subject to change. |

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| | Provision | Section in Franchise Agreement | Summary |
|---|---|---|---|
| t. | Integration/merger clause | Section 19(E) | Any representations or promises made outside of the Franchise Disclosure Document and other agreements may not be enforceable. 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 agreement may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | Section 11 | We and you have a mutual obligation to mediate disputes; if mediation is unsuccessful, we can require you to arbitrate any disputes regarding the franchise relationship in Aberdeen, South Dakota. |
| v. | Choice of Forum | Section 10(A) | Any non-arbitration litigation arising, directly or indirectly, from the franchise relationship, must be commenced and maintained, at our election, in South Dakota. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| w. Choice of Law | Section 10(A) | The provisions of the Franchise Agreement will be governed by the laws of South Dakota unless the laws of your state require that its laws apply. |

**Note**: Please see state specific addenda in Exhibit C.

## Item 18: Public Figures

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

## Item 19: Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ryan Rivett, 1910 8th Ave NE, Aberdeen, SD 57401, 605-725-5981, the Federal Trade Commission, and the appropriate state regulatory agencies.

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## Item 20: Outlets and Franchisee Information

Table No. 1

**Systemwide Outlet Summary**
**For years 2019 to 2021**

| Outlet Type | Year | Outlets at The Start of Year | Outlets at The End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| Company-Owned | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| Total Outlets | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |

Table No. 2

**Transfers of Outlets from Franchisees to New Owners**
**(other than Franchisor)**
**For years 2019 to 2021**

| State | Year | Number of Transfers |
|---|---|---|
| TOTAL | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |

Table No. 3

**Status of Franchised Outlets**
**For years 2019 to 2021**

| 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 |
|---|---|---|---|---|---|---|---|---|
| Totals | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table No. 4

**Status of Company-Owned Outlets**
**For years 2019 to 2021**

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reaquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| TOTALS | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |

Table No. 5

**Projected Openings as Of December 31, 2021**

| State | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlets in The Next Fiscal Year | Projected New Company Owned Outlets in The Next Fiscal Year |
|---|---|---|---|
| TOTAL | 0 | 0 | 0 |

The names of all current franchisees and the address and telephone number of each of their Franchise Businesses are shown on Exhibit D. The name, city and state, and current business telephone number of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within ten (10) weeks of the disclosure document issuance date is

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

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

As of the date of this franchise disclosure document, there is no trademark-specific franchisee organization associated with the system being offered. This statement does not prohibit or prevent any trade-mark specific franchisee organization permitted to exist under the franchise agreement.

## Item 21: Financial Statements

Our audited financial statements for 2019, 2020, and 2021 are contained in Exhibit E and were prepared in accordance with generally accepted accounting principles (GAAP).

## Item 22: Contracts

The following contracts are attached and made a part of this disclosure document:

Exhibit C Franchise Agreement State Specific Addenda

Exhibit F Franchise Agreement and Technology Agreement

Exhibit G Nondisclosure, Confidentiality, and Non-Competition Agreement

Exhibit H Personal Guaranty

These exhibits are samples only and are not for signature.

## Item 23: Receipts

Receipt

Two detachable Receipts, consisting of 2 pages each, are placed at the end of this Franchise Disclosure Document. You must sign, date, and return 1 of the Receipts to My Place Hotels of America, LLC. The other Receipt can be retained with your records. By signing the Receipt, you are not incurring any obligation; you are only acknowledging that you have received this Franchise Disclosure Document.

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# EXHIBIT A

## STATE AGENCIES

**Federal Trade Commission**
Division of Marketing Practices
Bureau of Consumer Protection
600 Pennsylvania Ave., NW
Washington, DC 20580
(202) 326-2222

**California**
Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
(916) 445-7205
(866) 275-2677 Toll Free

**Hawaii**
Commissioner of Securities State of Hawaii Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

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

**Indiana**
Franchise Section
Indiana Securities Division
302 West Washington Street Room E-111
Indianapolis, IN 46204
(317) 232-6681

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

**Michigan**
Department of Attorney General
Franchise Section
Physical: 525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
Mailing: PO Box 30213
Lansing, MI 48909
(517) 335-7622

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

**New York**
New York State Department of Law
Investor Protection Bureau
28 Liberty St, 21st Floor
New York, NY 10005
(212) 416-8000

**North Dakota**
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol Fifth Floor
Bismarck, ND 58505-0510
(701) 328-4712

**Rhode Island**
Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Cranston, RI 02920-4407
(401) 462-9500

**South Dakota**
Division of Insurance
124 S. Euclid Ave, 2nd Floor
Pierre, SD 57501
(605) 773-3563

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

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

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

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# EXHIBIT B

## AGENTS FOR SERVICE OF PROCESS

**California**
Commissioner of the Department of Financial Protection & Innovation
2101 Arena Blvd
Sacramento, CA 95834
(916) 445-7205
(866) 275-2677 (toll-free)

**Hawaii**
Commissioner of Securities for the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Rm 203
Honolulu, HI 96813
(808) 586-2722

**Illinois**
Illinois Attorney General
500 S Second Street
Springfield, IL 62706
(217) 782-4465

**Indiana**
Secretary of State
302 W Washington St, Rm E-111
Indianapolis, IN 46204
(317) 232-6681

**Maryland**
Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

**Michigan**
Michigan Department of Commerce
Corporations and Securities Bureau
Mailing: P.O. Box 30018
Lansing, MI 48909
Physical: 2407 N. Grand River Ave
Lansing, MI 48906
(517) 241-6470

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

**New York**
Secretary of State
99 Washington Avenue
Albany, NY 12231
(518) 473-2492

**North Dakota**
Securities Commissioner
600 East Boulevard Avenue
State Capitol – 5th Floor
Bismarck, ND 58505-0510
(701) 328-4712

**Oregon**
Director of the Department of Consumer and Business Services
350 Winter Street NE
Salem, OR 97310
(503) 378-4100

**Rhode Island**
Director of Business Regulation
1511 Pontiac Avenue
Cranston, RI 02920-4407
(401) 462-9500

**South Dakota**
Director of the Division of Insurance
124 S. Euclid Ave, 2nd Floor
Pierre, SD 57501
(605) 773-3563

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

**Washington**
Director of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

**Wisconsin**
Division of Securities
4822 Madison Yard Way, North Tower
Madison, WI 53705
(608) 266-3364

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# EXHIBIT C

# TO

# MY PLACE HOTELS OF AMERICA, LLC

# FRANCHISE DISCLOSURE DOCUMENT

# STATE ADDENDA

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**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Disclosure Document for the State of California.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TO YOU TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. Neither the franchisor, nor any person or franchise broker identified in Item 2 of the Uniform Franchise Disclosure Document is subject to any currently effective order of any national securities association nor national securities association exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. Item 5 is amended to add:

> Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

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

5. Section 8(A)(6) of the franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 1010 et. seq.)

6. Section 9(B) of the franchise agreement, containing a covenant not to compete, which extends beyond the termination of the franchise, may not be enforceable under California law.

7. The franchise agreement section 6(I)(1)(d) and section 8(B)(3) contain liquidated damages clauses. Under California Code section 1671, certain liquidated damages clauses are unenforceable.

8. The franchise agreement requires binding arbitration. The arbitration will occur at Aberdeen, South Dakota with each bearing their own costs related to arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

9. The franchise agreement requires the application of the laws of South Dakota. This provision may not be enforceable under California law.

10. Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

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

12. Our website is www.myplacehotels.com

13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at https://www.dfpi.ca.gov.

## Special Risks to Consider About *This* Franchise

The State of California requires the following additional risks be highlighted:

1. **Personal Guaranty.** The performance of all franchisee obligations in the franchise agreement must be personally guaranteed for any franchisee which is a corporation, limited liability company, or similar type of business entity.

**ADDENDUM TO THE TREND FRANCHISE AGREEMENT**
**FOR THE STATE OF CALIFORNIA**

THIS ADDENDUM is incorporated in and made a part of the TREND Franchise Agreement ("Agreement") entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company ("**WE"**, "**US**", "**OUR"**), 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____ _____("**YOU**", "**YOUR**") whose address is_____ _____and is effective on the date specified in section 26 of the Agreement.

The Trend Franchise Agreement is amended and revised as follows:

Section 4(A) of the Trend Franchise Agreement is amended to the following:

YOU must pay US a sum of Forty-Five Thousand Dollars ($45,000), which constitutes the fee for the initial grant of the franchise, including the goodwill, rights, and protections granted to YOU in the Protected area, within seven (7) days after YOUR business begins operating as a System franchise.

Section 19(A) shall additionally include the following:

Nothing in this, the Trend Franchise Agreement, or in any related agreement is intended to disclaim the representations made in the Trend Franchise Disclosure Document.

| **TREND FRANCHISEE:** | **FRANCHISOR:** |
|---|---|
| _____ | **MY PLACE HOTELS OF AMERICA, LLC** |
| Name of Business Organization | |
| _____ | By: _____ |
| _____ | Its: _____ |
| Date: _____ | Date: _____ |

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**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Disclosure Document for the state of Hawaii.

The Franchise Disclosure Document shall further provide that:

**Special Risks to Consider About *This* Franchise**

The State of Hawaii requires the following additional risks be highlighted:

> The franchisor's liabilities exceed its assets. This negative equity situation, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

1. The following paragraphs are to be added:

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

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

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

The name and address of Franchisor's registered agent in this state authorized to receive service of process is: Commissioner of Securities, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

2. Item 5 is amended as follows:

We are deferring your obligation to pay the $45,000 Initial Franchisee Fee, the $10,000 Resource Evaluation and Guidance Program, and the $15,000-$17,000 for computer hardware and software that may be necessary to operate our cloud-based PMS, CRS, and CRM, until all of our obligations to you are met and the business is open. All Initial Fees listed in this Item must be received by us within 7 days after your hotel first provides lodging services to the public. The Initial Franchise Fee is paid in a lump sum and is nonrefundable. The Initial Franchise Fee constitutes part of our general operating fund and will be used as such in our discretion.

We will approve or reject your application within 30 days of receiving a fully completed application. We will provide written notice in the event we reject your application. If we approve your application, we will send you an approval with copies of the Franchise Agreement. You will be required to sign and return the Franchise Agreement to us within 120 days of the date we approve the franchise. If you do not sign and return the franchise agreement within 120 days, your application will be surrendered, and you may be required to complete a new application and pay another non-refundable application fee to us.

You must participate in our training program as outlined in Item 11 which includes the Resource Evaluation and Guidance Program at a rate of $10,000. Such amount must be provided to us no less than 14 days prior to your scheduled evaluation and training. The training fees are subject to change upon our sole and absolute discretion. This fee is uniformly charged for all franchises and is nonrefundable.

In the event you are converting your hotel and already possess PMS and CRS that is compatible with our System Standards, you may not be required to purchase additional programming/software from us or our affiliates. The cost to acquire the necessary computer hardware and software necessary to operate the cloud-based PMS, CRS and CRM from us or our affiliates is approximately $15,000 - $17,000. This sum is paid to establish the database for us and provide access to enable your hardware to utilize the PMS, CRS, and CRM provided by the supplier’s cloud server. This is nonrefundable.

**ADDENDUM TO THE TREND FRANCHISE AGREEMENT**
**FOR THE STATE OF HAWAII**

THIS ADDENDUM is incorporated in and made a part of the TREND Franchise Agreement ("Agreement") entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company ("**WE", "US", "OUR"),** 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____("**YOU", YOUR"**) whose address is _____ and is effective on the date specified in section 26 of the Agreement.

The Trend Franchise Agreement is amended and revised as follows:

Section 4(A) of the Franchise Agreement is amended to the following:

Since the applicant's audited financial statements indicate a negative net worth, the payment of the initial franchise fee must be deferred until all pre-opening obligations of the franchisor have been satisfied and the franchise location has opened for business.

After all of OUR pre-opening obligations to YOU have been met and within seven (7) days after YOUR business begins operating as a System Franchise, YOU must pay US a sum of Forty-Five Thousand Dollars ($45,000.00), which constitutes the fee for the initial grant of the franchise, including the goodwill, rights, and protections granted to YOU in the Protected Area,.

After all of OUR pre-opening obligations to YOU have been met and within seven (7) days after YOUR business begins operating as a System Franchise, YOU must pay US or our affiliate Ten Thousand Dollars ($10,000) for the Resource Evaluation and Guidance Program.

In the event you are converting your hotel and do not already possess PMS and CRS that is compatible with our System Standards, you are required to purchase additional programming/software from US or OUR affiliates. After OUR pre-opening obligations to YOU have been satisfied and within seven (7) days after YOUR business begins operating as a System Franchise, YOU must pay to US or OUR affiliate in between Thirteen Thousand Five Hundred and Fifteen Thousand Dollars ($15,000 - $17,000) for computer hardware and software necessary to operate our cloud based PMS, CRS, and CRM.

Section 19(E) also includes the following language:

Nothing in this Agreement is meant to disclaim any representations made in the TREND Franchise Disclosure Document, its attachments, or addenda.

**TREND FRANCHISEE:**

_____
Name of Business Organization

_____

_____

Date: _____

**FRANCHISOR:**

**MY PLACE HOTELS OF AMERICA, LLC**

By: _____
Its: _____

Date: _____

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**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Disclosure Document for the state of Illinois.

The Trend Franchise Disclosure Document shall further provide that:

1. Any provision in a franchise agreement that designates jurisdiction or venue outside of Illinois is void. Arbitration, however, may take place outside of Illinois.

2. 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.

3. Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial status.

4. Item 17. t. shall further provide that no claim made in the franchise agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

5. Illinois law governs the agreements between the parties to this franchise.

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**ADDENDUM TO THE TREND FRANCHISE AGREEMENT**
**FOR THE STATE OF ILLINOIS**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Agreement ("Agreement") entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company ("**WE**", "**US**", "**OUR**"), 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____ ("**YOU**", "**YOUR**") whose address is _____ _____ and is effective on the date specified in section 26 of the Agreement.

The Trend Franchise Agreement is amended and revised as follows:

1. Any provision in a franchise agreement that designates jurisdiction or venue outside of Illinois is void. Arbitration, however, may take place outside of Illinois.

2. 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.

3. Section 4(A) is amended to the following:

Payment of Initial Franchise Fees of $45,000 will be deferred until **WE** have met all of **OUR** initial obligations to **YOU**, and **YOU** have commenced doing business. This financial assurance requirement was imposed by the Illinois Attorney General's Office due to Franchisor's financial status.

4. Notwithstanding the provisions in section 19. GENERAL PROVISIONS, (E) Entire Agreement, nothing in the Franchise Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

5. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. Only the sections specifically added to, or amended by this Addendum shall be affected.

6. Section 19(e) shall further include:

Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in the Trend Franchise Disclosure Document.

| **TREND FRANCHISEE**: | **FRANCHISOR**: |
| --- | --- |
| _____ | **MY PLACE HOTELS OF AMERICA, LLC** |
| Name of Business Organization | |
| _____(Sample – Not for signature)_____ | By: _____ |
| _____ | Its: _____ |
| Date: _____ | Date: _____ |

## MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. On the basis of the financial information submitted, the Commissioner has determined that all fees shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee.

2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the franchise.

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## MARYLAND ADDENDUM TO THE TREND FRANCHISE AGREEMENT

1. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.

2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the franchise.

3. Pursuant to COMAR 02.02.08.16L, a general release as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. On the basis of the financial information submitted, the Commissioner has determined that all fees shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee.

5. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

| **TREND FRANCHISEE**: | **FRANCHISOR**: |
|---|---|
| _____ | **MY PLACE HOTELS OF AMERICA, LLC** |
| Name of Business Organization | |
| (Sample – Not for signature) | By: _____ |
| _____ | Its: _____ |
| Date: _____ | Date: _____ |

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**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Disclosure Document for the state of Minnesota.

The Trend Franchise Disclosure Document shall further provide that:

1. In accordance with Minn. Stat. Sec. 80C.12, Subd. 1(g), the Minnesota Department of Commerce requires that we indemnify you against liability to third parties resulting from claims by third parties that your use of our trademarks infringes the trademark rights of the third parties. We do not indemnify you against the consequences of your use of our trademarks except in accordance with the requirements of the franchise, and, as a condition to indemnification, you must provide us with notice of any such claim within 10 days and tender the defense of the claim to us. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle, or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. In accordance with Minn. Rule Part 2860.4400J, you cannot be required to consent to the imposition of liquidated damages, and, we shall only be entitled to seek such damages as are allowed pursuant to Minnesota law.

3. In accordance with Minn. Rule Part 2860.4400J, you cannot be required to consent to the granting of an injunction, and, we shall only be entitled to seek an injunction pursuant to Minnesota law. Further, a court must determine if a bond is required.

4. In accordance with Minn. Rule Part 2860.4400J, you cannot be required to waive your rights to a jury trial.

5. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Pursuant to Minn. Rule Part 2860.4400D, you cannot be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes; provided, that this part shall not bar the voluntary settlement of disputes.

7. We will comply with Minn. Stat. Sec. 80C.14 Subd. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; our consent to the transfer of a franchise will not be unreasonably withheld.

8. In accordance Minn. Stat. Sec. 80C.17, Subd. 5, no action may be commenced more than 3 years after the cause of action accrues.

**ADDENDUM TO THE TREND FRANCHISE AGREEMENT**
**FOR THE STATE OF MINNESOTA**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Agreement (Agreement) entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company (“**WE**”, “**US**”, “**OUR**”), 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____ ("**YOU**", “**YOUR**”) whose address is _____ _____ and is effective on the date specified in section 26 of the Agreement.

The Trend Franchise Agreement is amended and revised as follows:

1. In accordance with Minn. Stat. Sec. 80C.12, Subd. 1(g), Sections 5(B), 6(B), 6(C), 7(F), 7(L), and 9(C) are, to the extent appropriate, amended to provide that the Minnesota Department of Commerce requires that WE indemnify YOU against liability to third parties resulting from claims by third parties that YOUR use of the trademarks of My Place infringes the trademark rights of the third parties. WE do not indemnify against the consequences of YOUR use of the trademarks of My Place except in accordance with the requirements of the franchise, and, as a condition to indemnification, YOU must provide US with notice of any such claim within 10 days and tender the defense of the claim to US. If WE accept the tender of the defense, WE have the right to manage the defense of the claim including the right to compromise, settle, or otherwise resolve the claim, and to determine whether to appeal any final determination of the claim.

2. In accordance with Minn. Rule Part 2860.440J, Section 8(B) shall further provide that YOU have not consented to the imposition of liquidated damages, but, WE can seek such damages as are allowed pursuant to Minnesota law.

3. In accordance with Minn. Rule Part 2860.4400J, Section 12 shall further provide that YOU have not consented to the granting of an injunction, but WE can seek an injunction pursuant to Minnesota law. A court must determine if a bond is required.

4. In accordance with Minn. Rule Part 2860.4400J, WE cannot require YOU to waive YOUR rights to a jury trial.

5. In accordance with Minn. Stat. Sec. 80C.17, Subd. 5, no action may be commenced more than 3 years after the cause of action accrues.

6. Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400K, Section 10(A) shall not, in any way, abrogate or reduce any of YOUR rights as provided in Minnesota Statute, Chapter 80C, or YOUR rights to any procedure, forum, remedies provided by the laws of the jurisdiction.

7. Pursuant to Minn. Rule Part 2860.4400D, Section 17(B)(1)(f) shall further provide that WE cannot require YOU to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes; provided, that this part shall not bar the voluntary settlement of disputes.

8. With respect to franchises governed by Minnesota law, WE will comply with Minn. Stat. Sec. 80C.14. Subd. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement; and OUR consent to the transfer of a franchise will not be unreasonably withheld.

9. All other rights, obligations, and provisions of the Trend Franchise Agreement shall remain in full force and effect. Only the sections specifically added to, or amended by this Addendum shall be affected.

**TREND FRANCHISEE:**

_____

Name of Business Organization

_(Sample- Not for signature)_____

_____

Date:_____

**FRANCHISOR:**

**MY PLACE HOTELS OF AMERICA, LLC**

By:_____

Its:_____

Date:_____

**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

**Special Risks to Consider About *This* Franchise**

The State of New York requires that the following additional risks be highlighted:

1. **Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from $180,500 - $2,851,000. This amount exceeds the franchisor's stockholders' equity as of December 31, 2021, which is $425,074.

THIS ADDENDUM is incorporated in and made a part of the Franchise Disclosure Document for the State of New York.

1. Item 1 of the Franchise Disclosure Document is amended to include:

For each future unit franchise, the area developer may be required to sign a form of franchise agreement that is different from the form of franchising agreement included in the Franchise Disclosure Document being used to offer this development franchise.

2. Item 2 of the Franchise Disclosure Document is amended as follows:

Chairman of the Board of Managers: Ronald J. Rivett

Since July 22, 2011, Ronald Rivett has served as Chairman of the Board and Director of My Place in Aberdeen, South Dakota.

President, Chief Executive Officer and Board of Managers: Ryan J. Rivett

Since July 22, 2011, Ryan Rivett has served as President, Chief Executive Officer, and Director of My Place in Aberdeen, South Dakota.

Executive Vice President, Chief Financial Officer, and Treasurer: Sarah J. Hogg

Since July 22, 2011, Sarah Hogg has served as Treasurer of My Place in Aberdeen, South Dakota. Ms. Hogg is currently Executive Vice President, Chief Financial Officer, and Treasurer of My Place.

Chief Operating Officer, Chief Legal Officer, and Secretary: Matthew J. Campbell

Since July 31, 2015, Matthew J. Campbell has served as General Counsel for My Place in Aberdeen, South Dakota. Mr. Campbell is currently Chief Operating Officer, Chief Legal Officer, and Secretary of My Place.

Executive Vice President of Franchise Development: Terry Kline

Since January 2, 2014, Terry Kline has served as Executive Vice President of Franchise Development for My Place in Aberdeen, South Dakota.

Executive Vice President of Franchise Operations: Sarah Dinger

Since May 2012, Sarah Dinger has served My Place in various capacities in Aberdeen, South Dakota. Currently, Ms. Dinger serves as Executive Vice President of Franchise Operations.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

5. The following is added to the end of the "Summary" Sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by you"**:

> You may terminate the Franchise Agreement on any grounds available by law.

7. The following is added to the end of "Summary" section of Item 17(j) titled "**Assignment of contract by us"**:

> However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

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

**ADDENDUM TO THE TREND FRANCHISE AGREEMENT**
**FOR THE STATE OF NEW YORK**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Agreement (Agreement) entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company ("**WE"**, "**US**", "**OUR"**), 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____ _____ ("**YOU**", "**YOUR**") whose address is _____ _____ and is effective on the date specified in section 26 of the Agreement.

The Franchise Agreement is amended and revised as follows:

Section 4(A) of the Franchise Agreement is amended to the following:

YOU must pay US a sum of Forty-Five Thousand Dollars ($45,000), which constitutes the fee for the initial grant of the franchise, including the goodwill, rights, and protections granted to YOU in the Protected Area, within seven (7) days after YOUR business begins operating as a System Franchise.

| **TREND FRANCHISEE**: | **FRANCHISOR**: |
|---|---|
| _____ | **MY PLACE HOTELS OF AMERICA, LLC** |
| Name of Business Organization | |
| (Sample – Not for signature) | By: _____ |
| _____ | Its: _____ |
| Date: _____ | Date: _____ |

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**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Disclosure Document for the state of North Dakota.

Item 5 of the Franchise Disclosure Document shall further provide that in accordance with the requirements of the North Dakota Securities Department, you do not have to pay the Initial Franchise Fee until your hotel has commenced doing business pursuant to the Franchise Agreement.

Item 17. r. of the Franchise Disclosure Document shall further provide that covenants not to compete contrary to Section 9-08-06 of the North Dakota Century Code or that are unfair, unjust, or inequitable within the intent Section of the North Dakota Franchise Investment Law are generally considered unenforceable in the State of North Dakota.

Item 17. u. of the Franchise Disclosure Document shall further provide that for franchises sold in North Dakota, arbitration shall be conducted at a site which is mutually agreeable to all parties and may not be remote from your place of business.

Item 17. v. of the Franchise Disclosure Document shall further provide that for franchises sold in North Dakota, any non-arbitration litigation arising, directly or indirectly, from the franchise relationship, shall be commenced and maintained in North Dakota.

Item 17. w. of the Franchise Disclosure Document shall further provide that for franchises sold in North Dakota, the provisions of the Franchise Agreement shall be governed by the laws of North Dakota.

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**ADDENDUM TO THE TREND FRANCHISE AGREEMENT FOR THE STATE OF NORTH DAKOTA**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Agreement (Agreement) entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company ("**WE"**, "**US**", "**OUR"**), 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____ _____ ("**YOU**", "**YOUR**") whose address is _____ _____ and is effective on the date specified in section 26 of the Agreement.

The Agreement is amended and revised as follows:

1. Section 4(A) shall further provide that YOU must pay the Initial Franchise Fee on the date that YOUR hotel has commenced doing business pursuant to the Agreement.

2. Section 8 shall further provide that WE cannot require YOU to consent to the termination of YOUR franchise or consent to the payment of liquidated damages.

3. Section 9 shall further provide that covenants not to compete contrary to Section 9-08-06 of the North Dakota Century Code or that are unfair, unjust, or inequitable within the intent Section 51-1909-09 of the North Dakota Franchise Investment Law are generally considered unenforceable in the State of North Dakota.

4. Section 10(A) shall further provide:

Disputes concerning the Agreement shall be subject to the laws of North Dakota and the jurisdiction of the federal or state courts of North Dakota.

5. Section 11(B) is modified by providing that the site of arbitration or mediation shall be at a site which is mutually agreeable to all parties and may not be remote from **YOUR** place of business.

6. To the extent that this Addendum is deemed inconsistent with any terms or conditions of the Agreement, or exhibits or attachments to the Agreement, the terms of this Addendum govern.

7. All other rights, obligations, and provisions of the Agreement shall remain in full force and effect. Only the sections specifically added to, amended, or deleted by this Addendum shall be affected.

| **TREND FRANCHISEE**: | **FRANCHISOR**: |
|---|---|
| _____ | **MY PLACE HOTELS OF AMERICA, LLC** |
| Name of Business Organization | |
| (Sample – Not for signature) | By: _____ |
| _____ | Its: _____ |
| Date: _____ | Date: _____ |

**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF RHODE ISLAND**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Disclosure Document for the state of Rhode Island.

The Franchise Disclosure Document shall further provide that:

1. Any provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act ("Act").

2. A condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by the Act or a rule or order under this Act is void.

3. Item 5 is amended as follows:

You must pay $45,000 for the Initial Franchise Fee. With the exception of the nonrefundable deposit of $2,5000, we are deferring your obligation to pay the Initial Franchise Fee until the date your hotel first provides lodging services to the public. The Initial Franchise Fee must be received by us within 7 days after your hotel first provides lodging services to the public. The Initial Franchise Fee is paid in a lump sum and is nonrefundable. The Initial Franchise Fee constitutes part of our general operating fund and will be used as such in our discretion.

We will approve or reject your application within 30 days of receiving a fully completed application. We will provide written notice in the event we reject your application. If we approve your application, we will send you an approval with copies of the Franchise Agreement. You will be required to sign and return the Franchise Agreement to us within 120 days of the date we approve the franchise. If you do not sign and return the franchise agreement within 120 days, your application will be surrendered, and you may be required to complete a new application and pay another non-refundable application fee to us.

You must participate in our training program as outlined in Item 11 which includes the Resource Evaluation and Guidance Program at a rate of $10,000. Such amount must be provided to us no less than 14 days prior to your scheduled evaluation and training. The training fees are subject to change upon our sole and absolute discretion. This fee is uniformly charged for all franchises and is nonrefundable.

In the event you already possess PMS and CRS that are compatible with our System Standards, you may not be required to purchase additional hardware or software from us or our affiliates. The cost to acquire the necessary computer hardware and software necessary to operate the cloud-based PMS, CRS and CRM from us or our affiliates is approximately $15,000 - $17,000. This sum is paid to establish the database for us and provide access to enable your hardware to utilize the PMS, CRS, and CRM provided by the supplier's cloud server. This is nonrefundable.

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**ADDENDUM TO THE TREND FRANCHISE AGREEMENT**
**FOR THE STATE OF RHODE ISLAND**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Agreement (Agreement) entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company ("**WE"**, "**US**", "**OUR"**), 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____ _____ ("**YOU**", "**YOUR**") whose address is _____ _____ and is effective on the date specified in section 26 of the Agreement.

The Franchise Agreement is amended and revised as follows:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act ("Act").

A condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by the Act or a rule or order under this Act is void.

Section 4(A) of the Franchise Agreement is amended to the following:

YOU must pay US a sum of Forty-Five Thousand Dollars ($45,000), which constitutes the fee for the initial grant of the franchise, including the goodwill, rights, and protections granted to YOU in the Protected area, within seven (7) days after YOUR business begins operating as a System franchise.

| **TREND FRANCHISEE**: | **FRANCHISOR**: |
|---|---|
| _____ | **MY PLACE HOTELS OF AMERICA, LLC** |
| Name of Business Organization | |
| (Sample – Not for signature) | By: _____ |
| _____ | Its: _____ |
| Date: _____ | Date: _____ |

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**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF SOUTH DAKOTA**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Disclosure Document for the state of South Dakota.

The Franchise Disclosure Document shall further provide that:

1. The first paragraph under Item 5 is amended as follows:

You must pay $45,0000 for the Initial Franchise Fee. With the exception of the nonrefundable deposit of $2,500, we are deferring your obligation to pay the Initial Franchise Fee until the date your hotel first provides lodging services to the public. The Initial Franchise Fee must be received by us within 7 days after your hotel first provides lodging services to the public. The Initial Franchise Fee is paid in a lump sum and is nonrefundable. The Initial Franchise Fee constitutes part of our general operating fund and will be used as such in our discretion.

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**ADDENDUM TO THE TREND FRANCHISE AGREEMENT**
**FOR THE STATE OF SOUTH DAKOTA**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Agreement (Agreement) entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company ("**WE"**, "**US**", "**OUR"**), 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____ _____ ("**YOU**", "**YOUR**") whose address is _____ _____ and is effective on the date specified in section 26 of the Agreement.

The TREND Franchise Agreement is amended and revised as follows:

1. Section 4(A) is amended to the following:

YOU must pay US a sum of Forty-Five Thousand Dollars ($45,000), which constitutes the fee for the initial grant of the franchise, including the goodwill, rights, and protections granted to YOU in the Protected Area, within seven (7) days after YOUR business begins operating as a System Franchise.

2. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. Only the sections specifically added to, or amended by this Addendum shall be affected.

| **TREND FRANCHISEE**: | **FRANCHISOR**: |
|---|---|
| _____ | **MY PLACE HOTELS OF AMERICA, LLC** |
| Name of Business Organization | |
| (Sample – Not for signature) | By: _____ |
| _____ | Its: _____ |
| Date: _____ | Date: _____ |

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# ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF VIRGINIA

In recognition of the restrictions contained in Article 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosures:

1. In recognition of the restrictions contained in Article 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17

Pursuant to Article 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement do 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.

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**ADDENDUM TO THE TREND FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON**

THIS ADDENDUM is incorporated in and made a part of the Franchise Disclosure Document for the state of Washington.

The Franchise Disclosure Document shall further provide that:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 3 of the Franchise Disclosure Document is amended as follows:

To resolve an investigation by the Washington Attorney General and without admitting any liability, we have entered into an Assurance of Discontinuance ("AOD") with the State of Washington, by which we have agreed to remove from our form My Place franchise agreement a provision which restricts a franchisee from hiring employees of other franchisees or us. The Washington Attorney General asserted that such a provision violated RCW 19.86.030, which we deny. Nevertheless, to avoid protracted and expensive litigation, we have agreed as part of the AOD not to enforce any such provision in any existing franchise agreement and to notify our franchisees of the AOD. The State of Washington did not assess any fines or other monetary penalties against us. On October 7, 2019, the King County Superior Court approved the AOD and closed the matter. This provision was never in the Trend franchise agreement and the AOD does not affect Trend hotels.

Item 5 of the Franchise Disclosure Document is amended as follows:

You must pay us $45,000 for the Initial Franchise Fee. In lieu of an impound of franchise fees, we will not require or accept the payment of any initial franchise fees until you have (a) received all initial training that you are entitled to under the franchise agreement or offering circular, and (b) are open for business. The Initial Franchise Fee constitutes part of our general operating fund and will be used as such in our discretion.

We will approve or reject your application within 30 days of receiving a fully completed application. We will provide written notice in the event we reject your application. If we approve your application, we will send you an approval with copies of the Franchise Agreement. You will be required to sign and return the Franchise Agreement to us within 120 days of the date we approve the franchise. If you do not sign and return the franchise agreement within 120 days, your application will be surrendered, and you may be required to complete a new application and pay another non-refundable application fee to us.

You must participate in our training program as outlined in Item 11 which includes the Resource Evaluation and Guidance Program at a rate of $10,000. Such amount must be provided to us no less than 14 days prior to your scheduled evaluation and training. The training fees are subject to change upon our sole and absolute discretion. This fee is uniformly charged for all franchises and is nonrefundable.

In the event you already possess PMS and CRS that are compatible with our System Standards, you may not be required to purchase additional hardware or software from us or our affiliates. The cost to acquire the necessary computer hardware and software necessary to operate the cloud-based PMS, CRS and CRM from us or our affiliates is approximately $15,000 - $17,000. This sum is paid to establish the database for us and provide access to enable your hardware to utilize the PMS, CRS, and CRM provided by the supplier's cloud server. This is nonrefundable.

Item 17.d. of the Franchise Disclosure Document shall be revised to state that Termination by you is within Section 8(C) of the Franchise Agreement. The Summary section is revised to state the following:

"If we have a material default in the performance of our obligations pursuant to the Franchise Agreement, and we have not cured our default within ninety (90) days after receiving written notice from you, you can terminate this Agreement and all of your respective obligations, and our obligations, pursuant to the Franchise Agreement shall terminate, except, any obligations which you have to pay us sums, pursuant to the Franchise Agreement, through the effective date of termination. If any force majeure event reasonably prevents us from curing a default, our time for curing the default shall be extended until the force majeure event has ceased. Your right to terminate pursuant to this provision is subject to you not being in default of the Franchise Agreement pursuant to the provisions of section 8(A)."

Items 17.q, 17.r, 17.t, 17.u, 17.v, and 17.w of the Franchise Disclosure Document shall further provide that the provision(s) are subject to the state laws of Washington.

**Special Risks to Consider about *This* Franchise**

The State of Washington requires the following additional risk be highlighted:

1. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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**ADDENDUM TO THE TREND FRANCHISE AGREEMENT**
**FOR THE STATE OF WASHINGTON**

THIS ADDENDUM is incorporated in and made a part of the Trend Franchise Agreement ("Agreement") entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company ("**WE**", "**US**", "**OUR**"), 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and _____ _____ ("**YOU**", "**YOUR**") whose address is _____ _____ and is effective on the date specified in section 26 of the Agreement.

The Franchise Agreement is amended and revised as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or

hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 4(A) of the Franchise Agreement is amended to the following:

**YOU** must pay $45,000 for the Initial Franchise Fee. In lieu of an impound of franchise fees, **WE** will not require or accept the payment of any initial franchise fees until **YOU** have (a) received all initial training that **YOU** are entitled to under the franchise agreement or offering circular, and (b) are open for business.

Section 8(C) is hereby added to the Franchise Agreement:

(C) Termination of Franchise by **YOU**

If **WE** have a material default in the performance of **OUR** obligations pursuant to the Agreement, and **WE** have not cured **OUR** default within ninety (90) days after receiving written notice from **YOU**, **YOU** can terminate this Agreement and all of **YOUR** respective obligations, and **OUR** obligations, pursuant to the Agreement shall terminate, except, any obligations which **YOU** have to pay **US** sums, pursuant to the Agreement, through the effective date of termination. If any force majeure event reasonably prevents **US** from curing a default, **OUR** time for curing the default shall be extended until the force majeure event has ceased. **YOUR** right to terminate pursuant to this provision is subject to **YOU** not being in default of the Agreement pursuant to the provisions of section 8(A).

Sections 9(A), 9(B), 9(C), 9(D) are subject to the state laws of Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

**TREND FRANCHISEE**:

_____

Name of Business Organization

_____

_____

Date: _____

**FRANCHISOR**:

**MY PLACE HOTELS OF AMERICA, LLC**

By: _____

Its: _____

Date: _____

# EXHIBIT D

## TREND FRANCHISE OWNERS

As of the date of this franchise disclosure document, there were no TREND franchisees.

As of the date of this franchise disclosure document, there were no open TREND outlets and there were no TREND franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within ten (10) weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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**EXHIBIT E**

**TO**

**MY PLACE HOTELS OF AMERICA, LLC**

**TREND FRANCHISE DISCLOSURE DOCUMENT**

**AUDITED FINANCIAL STATEMENTS**
**FOR 2021, 2020, 2019**

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EideBailly

CPAs & BUSINESS ADVISORS

Consent of Independent Auditors

The financial statements of My Place Hotels of America, LLC as of December 31, 2021, 2020, and 2019 and for the years then ended, included in Exhibit E of the Franchise Disclosure Document of My Place Hotels of America, LLC for Trend Hotels and Suites by My Place ("Trend"), have been audited by Eide Bailly LLP, independent auditors, as stated in their report appearing herein.

We consent to the inclusion in the Franchise Disclosure Document issued by My Place Hotels of America, LLC for Trend on April 1, 2022, of our report, dated March 28, 2022, on our audit of the financial statements of My Place Hotels of America, LLC.

Eide Bailly LLP

Aberdeen, South Dakota
April 1, 2022

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Financial Statements
December 31, 2021, 2020, and 2019

# My Place Hotels of America, LLC

My Place Hotels of America, LLC
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December 31, 2021, 2020, and 2019

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EideBailly

CPAs & BUSINESS ADVISORS

**Independent Auditor's Report**

The Members
My Place Hotels of America, LLC
Aberdeen, South Dakota

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of My Place Hotels of America, LLC, which comprise the balance sheets as of December 31, 2021, 2020, and 2019, and the related statements of operations, members equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of My Place Hotels of America, LLC as of December 31, 2021, 2020, and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of My Place Hotels of America, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about My Place Hotels of America, LLC 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Aberdeen, South Dakota
March 28, 2022

# My Place Hotels of America, LLC
Balance Sheets
December 31, 2021, 2020, and 2019

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Assets | | | |
| Current Assets | | | |
| Cash | $ 2,542,028 | $ 457,436 | $ 989,350 |
| Due from related party | - | 16,584 | 6,811 |
| Accounts receivable | 806,006 | 680,116 | 603,047 |
| Franchise fee receivable | 121,000 | 151,000 | 242,000 |
| Current portion of contract acquisition costs | 21,288 | 20,642 | 17,763 |
| Prepaid expenses | 122,820 | 37,477 | 70,275 |
| Total current assets | 3,613,142 | 1,363,255 | 1,929,246 |
| Leasehold improvements | 148,452 | 148,452 | 136,907 |
| Vehicles | 59,617 | 59,617 | 91,398 |
| Furniture and equipment | 270,127 | 290,764 | 269,676 |
| Software | 126,344 | 164,170 | 164,170 |
| Less accumulated depreciation | (401,676) | (369,445) | (316,825) |
| Net property and equipment | 202,864 | 293,558 | 345,326 |
| Intangibles and Other Assets | | | |
| Trademark development costs | 192,495 | 186,760 | 166,420 |
| Contract acquisition costs, less current portion | 512,019 | 554,868 | 572,911 |
| Total intangibles and other assets | 704,514 | 741,628 | 739,331 |
| | $ 4,520,520 | $ 2,398,441 | $ 3,013,903 |

# My Place Hotels of America, LLC
Balance Sheets
December 31, 2021, 2020, and 2019

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Liabilities and Members' Equity (Deficit) | | | |
| Current Liabilities | | | |
| Accounts payable | $ 974,196 | $ 479,686 | $ 521,800 |
| Current maturities of long-term debt | 4,296 | 3,780 | 3,960 |
| Accrued salaries and other accruals | 219,652 | 198,239 | 171,948 |
| Current portion of deferred revenue | 632,850 | 201,353 | 86,979 |
| Total current liabilities | 1,830,994 | 883,058 | 784,687 |
| Long-Term Liabilities | | | |
| Deferred revenue, less current portion | 2,261,491 | 2,319,523 | 2,323,140 |
| Long-term debt, less current maturities | 2,961 | 7,604 | - |
| Total long-term liabilities | 2,264,452 | 2,327,127 | 2,323,140 |
| Total liabilities | 4,095,446 | 3,210,185 | 3,107,827 |
| Members' Equity (Deficit) | | | |
| Class A members | (3,374,062) | (4,561,407) | (3,872,300) |
| Class B members | 3,799,136 | 3,749,663 | 3,778,376 |
| Total members' equity (deficit) | 425,074 | (811,744) | (93,924) |
| | $ 4,520,520 | $ 2,398,441 | $ 3,013,903 |

# My Place Hotels of America, LLC
## Statements of Operations
## Years Ended December 31, 2021, 2020, and 2019

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Revenues | | | |
| Franchise fees | $ 473,210 | $ 107,272 | $ 115,292 |
| Royalties | 3,450,104 | 2,032,410 | 2,107,338 |
| Marketing fees | 1,663,167 | 1,177,895 | 1,223,541 |
| Loyalty program fees | 730,091 | 403,509 | 277,151 |
| Training fees | 138,713 | 94,600 | 160,600 |
| Franchise website fees | 51,665 | 17,667 | 22,000 |
| Social media fees | 13,330 | 76,465 | 78,095 |
| Conference fees | - | - | 198,875 |
| Other income | 78,645 | 27,173 | 12,862 |
| Forgiveness of PPP loan and interest | - | 508,635 | - |
| Total revenues | 6,598,925 | 4,445,626 | 4,195,754 |
| Operating Expenses | | | |
| Salaries | 2,288,293 | 2,386,065 | 2,083,475 |
| Other payroll related expenses | 442,604 | 481,741 | 535,232 |
| Retirement | 56,032 | 55,504 | 58,041 |
| Brand standards | 10,651 | 1,806 | 20,439 |
| Franchise sales expense | 45,203 | 26,164 | 38,594 |
| Travel | 88,786 | 51,082 | 140,024 |
| Travel - air | 488,707 | 540,345 | 689,975 |
| Territorial royalty rebates | 147,103 | 68,815 | 89,949 |
| Franchise development | 95,418 | 17,758 | 133,131 |
| Loyalty program redemption costs | 82,125 | 45,120 | 10,790 |
| Professional fees | 189,264 | 202,599 | 210,725 |
| Depreciation and amortization | 75,876 | 84,401 | 90,325 |
| Sponsorship and promotion | 69,860 | 34,730 | 68,735 |
| Marketing and program development | 408,135 | 406,319 | 619,712 |
| Training | 1,406 | 2,202 | 10,568 |
| Office | 15,012 | 11,815 | 23,272 |
| Telephone | 23,595 | 23,552 | 25,945 |
| Meetings and conventions | 35,820 | 29,554 | 442,647 |
| Rent | 436,216 | 382,830 | 299,917 |
| Postage | 8,854 | 6,643 | 12,822 |
| Copy and printing charges | 14,026 | 14,616 | 20,025 |
| Other insurance | 45,726 | 45,084 | 30,853 |
| Computer and technology | 127,806 | 115,731 | 113,773 |
| Miscellaneous | 18,210 | 31,834 | 25,905 |
| Interest | 380 | 3,488 | 9,080 |
| Vehicle | 15,982 | 6,272 | 14,061 |
| Meals and entertainment | 59,542 | 24,531 | 49,984 |
| Dues and subscriptions | 60,605 | 54,497 | 64,980 |
| Licenses and fees | 10,870 | 8,348 | 7,118 |
| Total operating expenses | 5,362,107 | 5,163,446 | 5,940,097 |
| Net Income (Loss) | $ 1,236,818 | $ (717,820) | $ (1,744,343) |

# My Place Hotels of America, LLC
## Statements of Members' Equity (Deficit)
## Years Ended December 31, 2021, 2020, and 2019

| | Units | Class A Members | Class B Members | Class B Subscriptions Receivable | Total |
|---|---|---|---|---|---|
| Balance, January 1, 2019 | 10,000 | $ (656,089) | $ 4,941,989 | $ (4,000,000) | $ 285,900 |
| Cumulative effect of accounting change to adopt and implement FASB Topic 606 | - | (1,552,442) | (81,707) | - | (1,634,149) |
| Subscriptions receivable cancelled by Class B members and transfer of units from Class B to Class A members (100 units) | - | - | (1,000,000) | 1,000,000 | - |
| Subscriptions receivable paid | - | - | - | 3,000,000 | 3,000,000 |
| Syndication costs | - | - | (1,332) | - | (1,332) |
| Net loss | - | (1,663,769) | (80,574) | - | (1,744,343) |
| Balance, December 31, 2019 | 10,000 | (3,872,300) | 3,778,376 | - | (93,924) |
| Net loss | - | (689,107) | (28,713) | - | (717,820) |
| Balance, December 31, 2020 | 10,000 | (4,561,407) | 3,749,663 | - | (811,744) |
| Net income | - | 1,187,345 | 49,473 | - | 1,236,818 |
| Balance, December 31, 2021 | 10,000 | $ (3,374,062) | $ 3,799,136 | $ - | $ 425,074 |

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Operating Activities | | | |
| Net income (loss) | $ 1,236,818 | $ (717,820) | $ (1,744,343) |
| Adjustments to reconcile net income (loss) to net cash from (used for) operating activities: | | | |
| Gain on disposal of property and equipment | - | (15,000) | - |
| Forgiveness of PPP loan principal | - | (505,323) | - |
| Amortization and depreciation | 75,876 | 84,401 | 90,325 |
| Changes in assets and liabilities: | | | |
| Accounts receivable | (125,890) | (77,069) | (109,774) |
| Franchise fee receivable | 30,000 | 91,000 | 27,000 |
| Prepaid expenses | (85,343) | 32,798 | 174,518 |
| Contract acquisition costs | 42,203 | 15,164 | (19,406) |
| Accounts payable | 532,337 | (53,659) | (363,452) |
| Accrued salaries and other accruals | 21,413 | 26,291 | 34,166 |
| Accrued interest | - | - | (2,962) |
| Deferred revenue | 373,465 | 110,757 | 278,023 |
| Net Cash from (used for) Operating Activities | 2,100,879 | (1,008,460) | (1,635,905) |
| Investing Activities | | | |
| Purchase of property and equipment | (23,009) | (8,365) | (26,726) |
| Proceeds from disposal of property and equipment | - | 15,000 | - |
| Net change in due from related party | 16,584 | (9,773) | (858) |
| Payment of trademark development costs | (5,735) | (20,340) | (11,421) |
| Net Cash used for Investing Activities | (12,160) | (23,478) | (39,005) |
| Financing Activities | | | |
| Proceeds from subscriptions receivable | - | - | 3,000,000 |
| Payments for syndication costs | - | - | (1,332) |
| Net payments on line of credit | - | - | (550,000) |
| Payments on long-term debt | (4,127) | (5,299) | (10,667) |
| Proceeds from PPP loan | - | 505,323 | - |
| Net Cash from (used for) Financing Activities | (4,127) | 500,024 | 2,438,001 |
| Net Change in Cash | 2,084,592 | (531,914) | 763,091 |
| Cash, Beginning of Year | 457,436 | 989,350 | 226,259 |
| Cash, End of Year | $ 2,542,028 | $ 457,436 | $ 989,350 |

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Supplemental Disclosures of Cash Flow Information | | | |
| Cash paid during year for interest | $ 380 | $ 176 | $ 12,042 |
| Supplemental Schedule of Noncash Investing and Financing Activities | | | |
| Purchase of property and equipment through issuance of long-term debt | $ - | $ 12,723 | $ - |
| Purchase of property and equipment included in accounts payable | - | 11,545 | - |
| Accounts payable cancelled for abandoned software development | 37,827 | - | - |

## Note 1 - Principal Activity and Significant Accounting Policies

### Principal Business Activity

My Place Hotels of America, LLC, (the Company) was formed July 22, 2011, under the laws of the state of South Dakota. This Company has an indefinite life and was organized for the purpose of offering and selling franchises for lodging facilities under the My Place name. Sales of My Place franchises began during 2012 and during 2020, the Company established an additional franchise brand, Trend Hotels and Suites by My Place (Trend). There were 3, 2, and 10 total franchises sold during the years ended December 31, 2021, 2020, and 2019, respectively, of which 3, 0, and 2 were sold to related parties, respectively. There were 65, 61, and 53 total franchises in operation as of December 31, 2021, 2020, and 2019, respectively. Overall changes to operating franchisees are as follows:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Franchises operating, beginning of year | 61 | 53 | 44 |
| Franchises opened during the year | 5 | 8 | 9 |
| Franchise closed during the year | (1) | - | - |
| Franchises operating, end of year | 65 | 61 | 53 |

### Concentrations of Credit Risk

The Company maintains certain cash balances at financial institutions. The accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to their legal limits. From time to time, the balances in these accounts may exceed those limits.

### Accounts Receivable

Accounts receivable represents unpaid fees due from franchisees and amounts due from related party entities for the reimbursement of certain expenses. Currently, no interest is charged on overdue receivables. Accounts receivable are generally collected within 30 days. Receivable balances over 90 days past due as of December 31, 2021, 2020, and 2019, were $7,398, $19,676, and $0, respectively. Fee receivables are stated at the amount billed to the franchisee. Payments of franchisee receivables are allocated to the earliest unpaid invoice.

### Franchise Fee Receivable

Franchise fee receivable represents unpaid fees related to initial franchise sales due to certain jurisdictions requiring payment of these fees to be deferred until after the hotel property is open. No interest is charged by the Company. The Company does not consider the deferral of the initial franchise fee payment to be a significant financing component.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts for accounts and franchise fee receivables is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectability of an account balance is confirmed. Subsequent recoveries, if any, are credited to the allowance when received. The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the accounts in light of historical experience, adverse situations that may affect the franchisee's ability to repay, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for doubtful accounts was $0 as of December 31, 2021, 2020, and 2019.

**Property and Equipment**

Property and equipment are stated at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. The cost and related accumulated depreciation of assets retired or sold are removed from the appropriate asset and depreciation accounts, and the resulting gain or loss is reflected in income. Depreciation and amortization are computed on a straight-line basis over the following estimated useful lives:

| Description | Estimated Useful Life |
|---|---|
| Leasehold improvements | 40 years |
| Vehicles | 5 years |
| Furniture and equipment | 3-7 years |
| Software | 3-5 years |

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2021, 2020, and 2019.

**Intangible Assets – Trademarks**

The Company's trademarks represent intangible assets with infinite lives valued at the total cost of developing the trademarks. The trademarks are not amortized; rather, potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the carrying amount of the trademarks is greater than its fair value. As of December 31, 2021, 2020, and 2019, the carrying value of the Company's trademarks was not considered impaired.

**Revenue Recognition**

Revenues are primarily derived from the services provided to third party hotel owners (franchisees) and, generally, are recognized when the service has transferred to the customer. Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

As reported in prior year's financial statements, the Company adopted the provisions of FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606), as of January 1, 2019. Topic 606 requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Company adopted Topic 606 using the modified retrospective approach and recorded the cumulative effect of adoption as an adjustment to members' equity (deficit) as of January 1, 2019. The cumulative effect adjustment was primarily related to the recognition of contract acquisition costs and deferred revenue for franchise fees and development fees. Under previous guidance, these fees and costs were typically recognized when substantially all initial services of the Company, as required in the franchise or development agreement, had been performed and no other material conditions or obligations related to substantial performance existed, compared to Topic 606 which deemed these fees and costs to be recognized over the term of the franchise agreement. In addition, convention income had previously been classified as a reduction of convention expense and is now classified as revenue at its gross amount received.

**Franchise Fees**

Topic 606 impacted the timing of recognition of initial franchise fees. Under Topic 606, the initial franchise fees are considered highly dependent upon, and interrelated with, the franchise right or intellectual property (IP) granted in the franchise agreement. Initial application fees are fixed consideration payable upon submission of a franchise application and are recognized as revenue on a straight-line basis over the contractual term of the individual franchise agreements, generally 20 years for My Place and 10 years for Trend, and are reduced by any consideration paid to customers.

**Marketing Fees**

The Company's marketing fees are earned in exchange for providing access to the Company's IP and are based on a percentage of the franchisee's gross room revenue, which varies with the changes in occupancy rates. Marketing fees are charged based on a fixed percentage of the monthly gross room revenue upon the hotel opening. Fees are generally payable monthly as the franchisees derive value from access to the Company's IP and are to be used by the Company for specified marketing and reservation-related expenditures. The Company recognizes a portion of marketing fee revenue for the performance obligation over time to the franchisee under the variable, sales-based royalty criteria, with the remaining portion related to the performance obligation deferred until any surplus marketing fees are spent in the subsequent period, at which time the deferred portion is recognized into revenue.

**Royalty Fees**

The Company's royalty fees are earned in exchange for providing access to the Company's IP and are based on a percentage of the franchisee's gross room revenue, which varies with the changes in occupancy rates. Royalty fees are not charged to franchisees until their occupancy reaches the level specified in each franchise agreement. Fees are generally payable on a monthly basis as the franchisees derive value from access to the Company's IP. Royalty fees are variable, sales-based fees and are recognized over time as services are rendered.

**Loyalty Program Fees**

Stay Rewarded is the Company's guest loyalty program provided to franchised hotels and their customers. Starting June 3, 2019, a loyalty program fee is charged to all franchisees based on a fixed percentage of the franchisee's gross room revenue and is payable on a monthly basis. The Company recognizes a portion of loyalty program revenue for the performance obligation over time to the franchisee under the variable, sales-based royalty criteria, with the remaining portion related to the performance obligation to provide awards to Stay Rewarded members deferred until program benefits are redeemed by the Stay Rewarded member or expire.

Stay Rewarded members earn points based on their spending at franchised hotels. Members can redeem points, which the Company tracks on their behalf, for external vendor gift cards. The Company recognizes the deferred portion into revenue as the points are redeemed and the Company provides the related award. The amount of revenue recognized upon point redemption is impacted by the Company's estimate of the "breakage" for points that members will never redeem. Breakage is estimated based on historical experience, expectations of future member behavior, and breakage percentage ranges utilized by other loyalty programs. Since the Company is considered the principal with respect to the loyalty program, redemption costs are recorded as an expense on the income statement.

**Training Fees**

Training fees are recognized at a point in time, at the conclusion of each day of training, and are payable when billed to the customer.

**Franchise Website Fees**

A franchise website fee is charged to each hotel monthly with revenue recognized over time as the franchisee receives the benefits from the website services.

**Development Fees**

Development fees revenue represented a nonrefundable fee charged to a franchise developer for the opportunity to purchase franchises in a certain geographical area at a reduced franchise fee. The development fees are considered highly dependent upon, and interrelated with, the performance obligations of the franchise right granted in the franchise agreement. As such, the development fees are deferred and recognized as franchise fee revenue on a straight-line basis over the contractual term of the individual franchise agreements, generally 20 years, effective January 1, 2019.

**Social Media Fees**

Social media fees were charged to certain hotels monthly for the Company's role in managing social media accounts and were payable when billed to the customer, until such fees were discontinued in March 2021. Revenue is recognized by the Company over time as the franchisee receives the benefits from the social media services provided.

**Conference Fees**

The Company's brand conference is typically provided every 18-24 months for franchisees to gather and attend educational seminars and brand informational presentations. Conference fees are recognized at a point in time, at the conclusion of the event, and are payable when billed to the customer.

**Contract Acquisition Costs**

The Company incurs certain costs to obtain and fulfill contracts with customers. Contract acquisition costs consist of sales commissions paid to internal employees, sub-franchise fees, and territorial franchise fee rebates paid to non-customers to obtain a new franchise agreement that would have, otherwise, not been incurred if the franchise contract was not obtained. As the result of establishing the My Place trademark, the Company has entered into an agreement to pay an outside party a $1,000 sub-franchise fee for each initial franchise sold anywhere in the United States after April 2013. The Company has entered into agreements with parties interested in developing and promoting the My Place franchise in certain agreed-upon territories. Upon receipt of an initial franchise fee in their respective territories, the Company is obligated to pay a franchise fee rebate to the developer. These costs are capitalized and amortized to franchise sales expense over the life of the franchise agreement, which is normally 20 years.

**Advertising**

The Company expenses advertising costs as they are incurred. Advertising, marketing, and promotion expenses were $477,995, $441,049, and $688,447 for the years ended December 31, 2021, 2020, and 2019, respectively.

**Territorial Royalty Rebates**

The Company has entered into agreements with parties interested in developing and promoting the My Place franchise in certain agreed-upon territories. In exchange for the right to develop franchisees in their respective territories, the Company is obligated to pay a 1% royalty fee rebate for a 20-year period of time after each hotel reaches a specified occupancy rate. The agreements also contain development goals which, if not met, allow the Company certain termination rights. Territorial royalty rebates on non-developer-owned franchises are recorded to expense and territorial royalty rebates on developer-owned franchises are recorded as a reduction to royalty fee revenue.

**Income Taxes**

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

The Company evaluates its tax positions that have been taken, or are expected to be taken, on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2021, 2020, and 2019, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred.

**Members' Equity**

The Company's operating agreement provides for two classes of membership interest, a regular Class A membership interest and a non-voting Class B membership interest. The operating agreement provides for up to ten Class B membership blocks comprised of 100 units each, for an aggregate offering of up to $10,000,000. All income, losses, and distributions will be allocated according to their membership interest. The members' respective ownership units of the Company as of December 31, 2021, 2020 and 2019, are as follows:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Class A Members (voting) | 9,600 | 9,600 | 9,600 |
| Class B Members (non-voting) | 400 | 400 | 400 |

**Syndication Costs**

Syndication costs are reflected as a reduction to members' equity, as such costs are netted against the capital raised. The amount shown is primarily comprised of fees pertaining to document preparation, regulatory filing fees, and accounting and legal costs. Syndication costs of $0, $0, and $1,332 were incurred during the years ended December 31, 2021, 2020, and 2019, respectively.

**Subscriptions Receivable**

Subscriptions receivable represent the purchase of membership units for which the Company has not yet received payment from the purchaser. As of December 31, 2021, 2020, and 2019, the amount of subscriptions receivable was $0. During the year ended December 31, 2019, $1,000,000 of subscriptions receivable were cancelled and the remainder was paid in full.

**Use of Estimates**

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

**Concentrations**

The Company conducts business with several related parties. See Note 5 for a summary of these transactions.

**Recent Accounting Guidance**

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes FASB ASC Topic 840*, Leases,* and provides principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is, effectively, a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months, regardless of classification. If the available accounting election qualifies and is made, leases with a term of twelve months or less can be accounted for similar to existing guidance for operating leases. The standard is effective for fiscal years beginning after December 15, 2021. The Company does not have a significant amount of long-term leasing activity.

## Note 2 - Due From Related Party

During 2021, 2020, and 2019, the Company had their cash deposits held in a combined bank account that is owned by The Rivett Group, an entity that a member of the Company also has an ownership interest. As such, these deposits represent a right to receive cash on demand from The Rivett Group.

## Note 3 - Line of Credit

The Company has a revolving line of credit with US Bank that currently provides for available borrowings of $500,000. Borrowings under the line of credit bear interest at the one-month Term SOFR rate plus 3.0%. Interest is payable monthly, and principal is due December 25, 2022. The line of credit is secured by all assets with a blanket UCC filing and guaranteed by the Company's Class A members. Amounts outstanding on the line totaled $0 as of December 31, 2021, 2020, and 2019.

## Note 4 - Long-Term Debt

Long-term debt consists of:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| 4% note payable to MP Technology, due in monthly installments of $376 including interest, beginning September 2020 until August 2023, unsecured. | $ 7,257 | $ 11,384 | $ - |
| Notes paid in full | - | - | 3,960 |
| Less current maturities | (4,296) | (3,780) | (3,960) |
| | $ 2,961 | $ 7,604 | $ - |

## Note 5 - Related Party Transactions

The Company conducts business with a number of entities where members of the Company also have ownership interest. In addition, the Company shares certain costs with related parties, and reimbursements for these costs occur on a periodic basis. The following is a summary of transactions and balances with related parties as of and for the years ended 2021, 2020, and 2019:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Revenues: | | | |
| Franchise fees | $ 190,271 | $ 36,563 | $ 80,750 |
| Royalties | 1,237,695 | 930,593 | 1,113,353 |
| Marketing fees | 717,892 | 537,339 | 633,962 |
| Loyalty program fees | 322,322 | 238,877 | 179,836 |
| Training fees | 54,975 | 45,375 | 84,700 |
| Franchise website fees | 21,226 | 11,833 | 11,500 |
| Social media fees | 11,610 | 65,360 | 60,250 |
| Conference fees | - | - | 99,400 |
| Other income | 17,500 | 15,000 | 10,000 |
| | $ 2,573,491 | $ 1,880,940 | $ 2,273,751 |

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Expenses/Expenditures: | | | |
| Rent | $ 436,216 | $ 382,830 | $ 299,917 |
| Other payroll-related expenses | 1,735 | - | - |
| Fixed assets and leasehold improvements | 10,442 | 29,034 | 31,162 |
| Office | 13,597 | 6,130 | 5,916 |
| Professional fees | 137,571 | 153,185 | 177,716 |
| Travel and travel-air | 437,296 | 464,133 | 580,999 |
| Territorial royalty rebates | 135,495 | 58,276 | 80,150 |
| Franchise development | 68,324 | 7,459 | 100,602 |
| Sponsorship and promotion | 9,319 | 12,594 | 30,600 |
| Brand standards | 839 | - | 9,766 |
| Marketing and program development | 21,956 | 8,664 | 17,576 |
| Copy and printing charges | 753 | - | - |
| Computer and tecnhology | 93,978 | 79,440 | 88,905 |
| Meetings and conventions | - | 2,032 | 7,427 |
| Training | - | 247 | 3,629 |
| Miscellaneous | 170 | 1,738 | 2,038 |
| Interest | 380 | 209 | - |
| Legal fees | - | 89 | - |
| Dues and subscriptions | 349 | - | - |
| Franchise sales expense | 3,938 | 2,313 | 26,000 |
| | $ 1,372,358 | $ 1,208,373 | $ 1,462,403 |
| Reimbursements received: | | | |
| Payroll and other reimbursements | $ 176,177 | $ 165,768 | $ 185,273 |
| Reimbursements paid: | | | |
| Payroll and other employee benefits | $ 75,400 | $ 58,907 | $ 15,713 |
| Copy and printing charges | 13,273 | 13,763 | 13,983 |
| Telephone | 13,105 | 13,080 | 12,676 |
| Postage | 8,657 | 6,278 | 12,043 |
| Insurance - payroll related and other | 343,160 | 379,925 | 391,121 |
| | $ 453,595 | $ 471,953 | $ 445,536 |
| Balance sheet: | | | |
| Accounts receivable | $ 385,091 | $ 510,619 | $ 483,568 |
| Contract acquisition costs | 92,811 | 111,749 | 129,062 |
| Accounts payable | 556,210 | 156,703 | 287,754 |
| Deferred revenue | 625,291 | 731,245 | 762,125 |
| Long-term debt | 7,257 | 11,384 | - |

The Company leases its office and training spaces from related parties under the terms of month-to-month or cancelable operating lease agreements.

## Note 6 - Simple IRA Plan

The Company has a Simple IRA plan covering all employees. The plan provides that employees can voluntarily contribute an amount up to $12,000 to the plan with the employer contributing a match of up to 3% of the employee's salary. Company Simple IRA contributions for the years ended December 31, 2021, 2020, and 2019, were $56,032, $55,504, and $58,041, respectively.

## Note 7 - Disaggregation of Revenue

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations subject to Topic 606 for the years ended December 31, 2021, 2020, and 2019:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Revenue recognized at a point in time | $ 217,358 | $ 121,773 | $ 372,337 |
| Revenue recognized over time | 6,381,567 | 3,815,218 | 3,823,417 |
| | $ 6,598,925 | $ 3,936,991 | $ 4,195,754 |

Revenue from performance obligations satisfied at a point in time consist of conference fees, training fees and other income. All other revenue from the Company's performance obligations subject to Topic 606 is satisfied over time.

## Note 8 - Contract Balances

The Company generally receives payments from customers as performance obligations are satisfied. The Company records a receivable when there is an unconditional right to receive payment and only the passage of time is required before payment is due. Deferred revenue is recorded when payment is received, or the Company has an unconditional right to receive payment, in advance of the satisfaction of the performance obligations.

Contract assets relate to (1) hotel revenue generating performance obligations that have been satisfied and payment still to be received, and (2) franchise fees to be paid related to signed franchise agreements. The beginning and ending balances for contract assets related to performance obligations subject to Topic 606 were as follows for the years ended December 31, 2021, 2020 and 2019:

| | 2019 January 1 | 2019 December 31 | 2020 December 31 | 2021 December 31 |
|---|---|---|---|---|
| Accounts receivable - hotels | $ 189,378 | $ 312,337 | $ 404,871 | $ 508,027 |
| Franchise fee receivable | 269,000 | 242,000 | 151,000 | 121,000 |
| | $ 458,378 | $ 554,337 | $ 555,871 | $ 629,027 |

Contract liabilities relate to (1) advance consideration received from franchise owners at contract inception for services considered to be part of the contract performance obligations; (2) advance consideration received on territory development agreements for services considered to be part of the franchise contract performance obligations; (3) amounts received for marketing fees for which revenue is not yet recognized related to franchise specific marketing and reservation expenditures not yet incurred; and (4) amounts received for loyalty program participation related to points issued under the Stay Rewarded program, for which revenue is not yet recognized, since the related points are not yet redeemed. Contract liabilities related to advance consideration received for franchise and territory development fees are recognized as revenue over the term of the related franchise contract. Contract liabilities related to amounts received for Stay Rewarded are recognized as revenue when the points are redeemed by the Stay Rewarded member or expire. The beginning and ending balances for contract liabilities related to performance obligations subject to Topic 606 were as follows for the years ended December 31, 2021, 2020, and 2019:

| | 2019 January 1 | 2019 December 31 | 2020 December 31 | 2021 December 31 |
|---|---|---|---|---|
| Deferred revenue - franchise fees | $ 1,936,917 | $ 2,139,625 | $ 2,100,353 | $ 2,231,143 |
| Deferred revenue - training fees | 7,679 | 4,750 | 35,291 | 6,393 |
| Deferred revenue - website fees | - | - | 12,832 | - |
| Deferred revenue - development fees | 187,500 | 187,500 | 187,500 | 7,500 |
| Deferred revenue - marketing fees | - | - | - | 331,624 |
| Deferred revenue - loyalty program fees | - | 78,244 | 184,900 | 317,681 |
| | $ 2,132,096 | $ 2,410,119 | $ 2,520,876 | $ 2,894,341 |

## Note 9 - Paycheck Protection Program (PPP) Loan

The Company was granted a $505,323 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the federal government. The Company initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Company recognized $508,635 of loan forgiveness income for the year ended December 31, 2020, for the original loan and related interest.

## Note 10 - Subsequent Events

The Company has evaluated subsequent events through March 28, 2022, the date which the financial statements were available to be issued.

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**Exhibit F**

# FRANCHISE AGREEMENT FOR TREND HOTELS AND SUITES BY MY PLACE

**THIS FRANCHISE AGREEMENT** ("Agreement") is entered into between **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company, (**"OUR", "US", "WE"**) whose address is 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, and **YOU**, whose name and address are specified in Section 23 of this Agreement and ownership structure is represented on Schedule 1; this Agreement is effective on the date specified in Section 26 ("Effective Date").

The parties acknowledge the following facts:

**WE** are the owner of the Trend Hotels and Suites by My Place franchise system ("System") through which independently owned and operated businesses offer and sell lodging services to the public. We grant licenses to operate under the System as provided under this Agreement.

The System provides uniform methods of operation, using the distinctive service Marks and other Distinguishing Characteristics, designed and developed by **US**. **WE** may develop additional, or different, services, and marks for the System. All franchisees must comply with the standards, specifications, methods, procedures, and techniques **WE** have established (all of which may be changed, improved, and further developed by **US**).

**WE** have the exclusive right to license the System through the granting of franchises.

**YOU** have independently evaluated and investigated the risks of investing in the hotel industry, generally, and purchasing a System franchise, specifically, including factors such as current and potential market conditions, owning a franchise, and appropriate competitive factors. Based on **YOUR** investigation, and determining that **YOU** can derive benefits from being associated with the System, **YOU** desire to acquire a franchise to use the System, and **WE** agree to grant **YOU** a franchise to use the System, governed by the provisions in this Agreement.

## 1. DEFINITIONS

The definitions in this Section apply to only a few of the terms used in this Agreement. This Section is not intended to be all-inclusive, and terms, not specifically defined, shall be given their usual and customary meaning in accordance with the context of this Agreement.

### (A) Average Occupancy

"Average Occupancy" means the total number of guest rooms occupied in **YOUR** hotel for a specified period of days divided by the cumulative total number of guest rooms in **YOUR** hotel each day during the same specified period.

(B) Business

"Business" means the offer and sale of lodging (hotel) services to the public, and associated commercial activities conducted by **YOU,** in accordance with the System Standards.

(C) Brand

"Brand" means the brand name "Trend Hotels and Suites by My Place".

(D) Conversion Date

"Conversion Date" means the date My Place Hotels of America, LLC approves **YOU** to operate under the System.

(E) Franchise

"Franchise" means the cumulative group of rights granted to and obligations incurred by **YOU,** pursuant to this Agreement.

(F) Franchisee

"Franchisee" means the person or entity granted the franchise rights pursuant to this Agreement.

(G) Franchise Advisory Council

"Franchise Advisory Council" ("FAC") means individuals with experience in the lodging industry and System franchisees appointed for the purpose of consulting with **US** regarding matters of importance to the System.

(H) Franchisor

The terms "**OUR", "US",** and "**WE",** mean the franchisor, **MY PLACE HOTELS OF AMERICA, LLC,** which grants **YOU** the franchise.

(I) Good Standing

"Good Standing" means that **YOU** have complied with all of **YOUR** obligations pursuant to this Agreement and **OUR** System Standards, or **YOU** have cured any defaults in compliance with this Agreement.

(J) Gross Room Revenue

"Gross Room Revenue" means all receipts, collected or uncollected, directly or indirectly attributable to the use, occupancy, or rental of guest rooms, including barter, credit card transactions (before commissions and discounts), redemption of points or rewards under loyalty

programs, and the proceeds of use and occupancy, business interruption, rent loss, or similar insurance.

(K) Marks and Distinguishing Characteristics

"Marks and/or Distinguishing Characteristics" mean any trademarks, service marks, copyrights, signs, slogans, logos, emblems, trade dress, and other distinguishing characteristics, registered and unregistered, which **WE** develop, at any time, whether now or in the future, related to the Brand.

(L) Section(s)

"Section" or "Sections" mean the designated parts and subparts of this Agreement.

(M) System

"System" means the cumulative group of franchises operating pursuant to **OUR** franchise agreement and **OUR** System Standards related to the Brand.

(N) System Standards

"System Standards" mean **OUR** methods, procedures, and requirements related to the operation and management of **YOUR** Business under the System, as initially developed and instituted, or later modified. **WE** retain the right to develop, institute, modify, and enforce System Standards in **OUR** discretion for the benefit of the System. System Standards include **OUR** standards of operation, quality assurance standards, trademark identity standards, and other rules **WE** establish for the benefit of the System.

2. GRANT OF FRANCHISE - PROTECTED AREA

(A) **WE** grant **YOU**, subject to the provisions in this Agreement, a franchise to operate a Business within the Protected Area described in Section 25. The rights and benefits granted to **YOU** are applicable only to the Protected Area; those rights and benefits are personal in nature, and may not be used, directly or indirectly, by **YOU** outside of the Protected Area.

(B) **YOU** cannot subfranchise or sublicense any of **YOUR** franchise rights. **WE** will not develop or franchise any additional System outlets in **YOUR** Protected Area. **WE** may develop and franchise different lodging systems, and methods of distribution and operation, within the Protected Area. **WE** have the unconditional right to establish franchises anywhere outside of **YOUR** Protected Area whether the franchise is the same as that granted to **YOU**, or a different franchise.

3. TERM OF FRANCHISE

The franchise shall be in effect for a term beginning on the Effective Date and continuing until terminated.

(A) Term Period

The franchise is granted to **YOU** for a term which begins on the Effective Date and which automatically terminates on the tenth (10th) anniversary of the date **YOUR** Business begins operation as a System franchise. Upon the effective date of any termination, and even if **YOU** are not in default, **YOU** must comply with Sections 9(B), 9(C), and 9(D). You acknowledge and agree that this Agreement is non-renewable and this Agreement grants you no rights of license renewal.

(B) Voluntary Termination.

If **YOU** are in Good Standing on the 5th anniversary of the date **YOUR** Business begins operation as a System franchise, **YOU** are permitted to terminate this Agreement, without recourse, upon providing written notice to **US** no later than 180 days' prior to the 5th anniversary. Upon such termination, and even if **YOU** are not in default, **YOU** must comply with Sections 9(B), 9(C), and 9(D).

(C) Option to Extend

If **YOU** are in Good Standing on the 10th anniversary of the date **YOUR** Business begins operating as a System franchise, **YOU** are granted an option to extend this franchise for an additional 5-year period upon providing written notice to **US** no later than 180 days prior to the 10th anniversary **YOUR** Business begins operating as a System franchise subject to (i) **YOU** must be in compliance with the then current System Standards and (ii) the Protected Area, as set forth under Section 25, is adjusted in our sole and absolute discretion to reflect the current market conditions. Upon termination of such extension, and even if **YOU** are not in default, **YOU** must comply with Sections 9(B), 9(C), and 9(D).

4. INITIAL AND RECURRING FEES

(A) Initial Franchise Fee

When **YOU** sign this Agreement, **YOU** must pay **US** a sum of Forty-Five Thousand Dollars ($45,000.00) which constitutes the fee for the initial grant of the franchise, including the goodwill, rights, and protection granted to **YOU** in the Protected Area.

(B) Royalty Fees

Within thirty (30) days after the date of the billing statement, starting with the first (1st) full calendar month after the month that **YOUR** Business begins operating as a System franchise, and continuing throughout the effective term of this Agreement, **YOU** must pay **US** a recurring Royalty Fee, delivered to **OUR** address or any other place **WE** designate, equal to a percentage of **YOUR** Gross Room Revenue.

Beginning with the Conversion Date of **YOUR** hotel, **YOU** must pay **US** zero percent (0%) of **YOUR** Gross Room Revenue for 30 calendar days, two and one-half percent (2.5%) of **YOUR**

Gross Room Revenue beginning on day 31 of operation until day 90, four percent (4.0%) of **YOUR** Gross Room Revenue beginning on day 91 of operation until day 180, and five percent (5%) of **YOUR** Gross Room Revenue thereafter for the remaining term of your franchise agreement.

(C) Marketing and Advertising Fund Fee

**YOU** must pay **US** a Marketing and Advertising Fund Fee equal to two and one-half percent (2.5%) of **YOUR** monthly Gross Room Revenue. The Marketing and Advertising Fund Fee is a recurring, non-refundable, monthly payment which will be accounted for separately from **OUR** general revenue. No requirement exists that all or any part of the Marketing and Advertising Fund be disbursed within any accounting period; any marketing placement shall be at **OUR** sole discretion, as provided in Section 7(G). **WE** do not ensure that **YOU** benefit directly, or on a proportional basis, from any marketing. **WE** will utilize the Marketing and Advertising Fund to advertise, promote, conduct market research, loyalty programs, and other marketing programs for the benefit of System hotels and our affiliate operating other brands including My Place Hotels. **YOU** must pay for all of **YOUR** local marketing and advertising, and those payments cannot be credited against or deducted from the monies due to the Marketing and Advertising Fund. **WE** may create programs and allocate monies generated from the Marketing and Advertising Fund in our sole and absolute discretion. All sums paid by **YOU** into the Marketing and Advertising Fund will be combined with sums paid by all System franchisees.

(D) Additional Reservation Fees

**YOU** must participate in any program, procedure, or process used by **OUR** central reservation system and pay applicable fees and commissions for the services provided; further, **YOU** must pay all applicable fees and commissions owed to travel agents using **OUR** central reservation system. **WE** may pay these sums on **YOUR** behalf, or **YOU** may be billed directly; **YOU** must reimburse **US** for all payments made on **YOUR** behalf, plus a reasonable processing fee for each transaction; the amount of the processing fee shall be determined in **OUR** sole discretion. **YOU** must pay **US** within thirty (30) days after the date of **OUR** billing statement.

(E) Late Fees and Dishonored Checks

If **YOUR** payments, or **YOUR** reports, are received later than thirty (30) days after the date on the statement or as required, **YOU** must pay **US** a late fee of Thirty Dollars ($30.00) to cover **OUR** costs for handling delinquent payments and reports. Additionally, **YOU** must pay a fee of Five Dollars ($5.00) per day for each day, past the tenth ($10^{th}$) day, that a payment or report is not received by, or transmitted to, **US**. The Thirty Dollars ($30.00) late fee, and the Five Dollars ($5.00) per day penalty, apply to each late payment, and each late report. If transmitted by mail, the postmark on the envelopes which contain **YOUR** payments and reports, dated at least three (3) days before the due date, shall be conclusive proof regarding **YOUR** compliance with this Section.

If **YOU** give **US** a check which is dishonored for any reason, **YOU** must pay **US** a fee of Thirty Dollars ($30.00) for each dishonored check. If **YOU** tender two (2) or more dishonored checks within a one (1) year period, or if **YOU** are two (2) or more weeks delinquent in any of **YOUR** accounts with **US**, **WE** can require **YOUR** payments to **US** to be made by cashier's checks

or by electronic fund transfer. No late fees or dishonored check fees will be charged which exceed the sums allowed by applicable law.

(F) Taxes

**YOU** must pay **US** sums equal to any excise, sales, use, value added, or privilege tax imposed**,** or which **WE** are required to collect from **YOU**, by any governmental agency, except any tax on **OUR** income.

(G) Electronic Fund Transfer

If **WE** request, **YOU** must make payments to **US** by electronic fund transfer. **YOU** must execute any documents needed to accomplish payment by electronic fund transfer and **YOU** must pay all costs associated with the electronic fund transfer process. Electronic fund transfers will be under **YOUR** control and direction if **YOU** are in Good Standing.

(H) Training Fee

**OUR** initial training program consists of the Resource Evaluation and Guidance Program ("REGP") at **YOUR** hotel to provide an assessment and Brand training. The REGP will include up to five (5) days of training at your hotel. **YOU** must provide **OUR** trainers complimentary lodging during the training at **YOUR** hotel, if available, and pay **US** a fee of Ten Thousand Dollars ($10,000.00) for the initial training program fourteen (14) days prior to **YOUR** scheduled training. This fee partially offsets **OUR** expenses for staff and training materials. Subsequent training may be required at My Place University® in Aberdeen, South Dakota, **YOUR** hotel, or at another hotel that **WE** select at the then current rate.

Retraining is required pursuant to System Standards. Retraining will take place at My Place University® in Aberdeen, South Dakota, **YOUR** hotel, or at another hotel that **WE** select. **YOU** must also pay for each of **YOUR** trainee's wages, insurance of all types, lodging, meals, and traveling expenses for all training periods.

**YOU** may also participate in the complimentary three-day administrative training program. The administrative training program takes place at My Place University® in Aberdeen, South Dakota and is for the benefit of the owner or owner's representative.

**WE** may require additional required training programs to operate **YOUR** hotel including but not limited to consultation services. **WE** may charge you for the required training services and provide these programs at various locations. **WE** are permitted to charge you for the required training and materials. **YOU** are responsible for all costs related to attending these training programs.

(I) No Accord or Satisfaction

For any payment **YOU** make to **US**, **YOUR** payment will first be applied to any earlier obligations which are unpaid. No special or restrictive endorsement or statement on any check or

payment or in any letter accompanying any check or payment, will constitute or be accepted as an accord or satisfaction. **WE** can accept such a check or payment without prejudice to **OUR** rights to recover the balance of all sums owed pursuant to this Agreement, and to pursue any other remedy.

(J) Withholding Payment

**YOU** cannot withhold the payment of any sum owed to **U**S pursuant to this Agreement for any reason. The alleged nonperformance, or breach, of any of **OUR** obligations pursuant to this Agreement, or any other agreement, does not establish a right at law or in equity for **YOU** to withhold any sum owed to **US**.

(K) Guest Loyalty Program

**YOU** must pay to **US** a Loyalty Fee equal to one percent (1%) of **YOUR** Gross Room Revenue to participate in Stay Rewarded® or any subsequent guest loyalty program. **WE** will bill **YOU** for the Loyalty Fee monthly, in arrears. **WE** reserve the right to change the amount of the Loyalty Fee upon one hundred twenty (120) days' notice to **YOU**. The Loyalty Fee is a recurring, non-refundable payment which will be accounted for separately from **OUR** general revenue. **YOU** must honor all loyalty program rules, which are System Standards and which **WE** may change from time to time.

**YOU** must meet the technological requirements necessary to operate the guest loyalty system. **YOU** must provide staff fully trained and able to use the guest loyalty system and honor the terms of any discount or promotional programs that **WE** offer to the public on **YOUR** behalf. **WE** reserve the right to modify the terms of the loyalty program, at any time, and at **OUR** sole discretion.

(L) Revenue Intelligence Service

**YOU** must pay to **US** a Revenue Intelligence Service Fee equal to one percent (1%) of **YOUR** Gross Room Revenue. **WE** will bill **YOU** for the Revenue Intelligence Services monthly, in arrears. **WE** reserve the right to change the amount of the Revenue Intelligence Service Fee upon one hundred twenty 120 days' notice to **YOU**. The Revenue Intelligence Service Fee is a recurring, non-refundable payment which will be accounted for separately from **OUR** general revenue. **YOU** must honor all program rules, which are System Standards and which **WE** may change from time to time

(M) Renewal Fee

If **YOU** meet the criteria to renew and **YOU** opt to renew this Agreement, **YOU** must pay to **US** a Renewal Fee, which will be equal to the then-current Application Fee and the then-current Initial Franchise Fee, which is due one hundred eighty (180) days prior to expiration of the initial term.

## 5. **OUR** OWNERSHIP OF SYSTEM

### (A) Exclusive Ownership

**WE** are the exclusive owners of the System, including the names "Trend Hotels and Suites", "Trend Hotels", "Trend Suites", and "Trend" used alone, or in association with Marks and Distinguishing Characteristics. **YOU** have no rights, express or implied, to subfranchise or license others to use any part of the System.

### (B) Licensing of Marks

**WE** grant **YOU** a limited license to use **OUR** Marks and Distinguishing Characteristics in connection with the operation of **YOUR** hotel in accordance with this Agreement, subject to our prior written approval.

**YOU** must follow **OUR** rules when **YOU** use **OUR** marks. **YOU** cannot use **OUR** marks as a part of **YOUR** corporate, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, or business name, or with modifying words, designs, or symbols, except the ones **WE** license to **YOU**. **YOU** cannot use **OUR** marks in connection with the sale of any unauthorized services or products or in any manner not authorized, in writing, by **US**.

**YOU** must immediately notify **US** when **YOU** learn about an infringement of, or challenge to, **YOUR** use of any of **OUR** marks. **WE** will take the action **WE** deem appropriate. If **WE** believe, in our sole discretion, that **WE** can successfully defend **YOU** against a claim challenging **YOUR** use of **OUR** marks, **WE** will defend **YOU** at **OUR** expense, and **WE** will control any administrative proceedings and litigation involving **OUR** marks. If **WE** cannot undertake a successful defense, **YOU** must operate **YOUR** franchise under another trade name that **WE** approve; in certain circumstances, **WE** may reimburse **YOU** for costs incurred by **YOU** to operate under a different name.

**YOU** must modify or discontinue the use of a mark if **WE** modify or discontinue it. Any modification, discontinuance, or change will be at **YOUR** sole expense. **YOU** must not, directly or indirectly, contest **OUR** right to use **OUR** marks.

**YOU** have no right to license, or otherwise permit, any party to use or reproduce **OUR** Marks and Distinguishing Characteristics without our prior written approval. **YOU** agree that **YOU** will not contest, or assist others in contesting, the validity, or **OUR** ownership, of the Marks and Distinguishing Characteristics.

### (C) Right to Revise System

**WE** can revise, amend, or change the System, in **OUR** discretion. Any changes (including Marks, and Distinguishing Characteristics) developed by **US**, **YOU**, or other franchisees is **OUR** sole property, and **WE** may incorporate the changes into the System; **WE** have the sole right to copyright, register, or patent, such changes in **OUR** name. **YOU** have no right to copyright, register, or patent such changes on **OUR** behalf, nor use such changes except as **WE** specify.

**YOU**, **WE,** and the entire System mutually benefit from **OUR** respective contributions regarding changes to the System.

(D) Franchisor's Right within Protected Area

Except for **YOUR** rights granted in this Agreement, and except as **OUR** rights are limited in this Agreement, **WE** have the right to operate and administer the System within, and outside of, **YOUR** Protected Area.

6. **YOUR** OBLIGATIONS TO THE SYSTEM

(A) Operate **YOUR** business for the entire term of this Agreement.

(B) Standards of Operation

To preserve the distinction, valuable goodwill, and uniformity of the System, which protects **YOU, US,** and other franchisees of the System, **YOU** must:

(1) Treat as confidential, and comply with, the System Standards (as it may from time to time be modified or revised by US), and any other reasonable policies, procedures or requirements that **WE** develop and communicate to **YOU**. Communication to **YOU** may be in physical hard paper copy or digital, electronic, or computerized form and **YOU** must pay for any costs to retrieve, review, use or access such hard paper copy, digital, electronic, or computerized communication.

(2) Comply with all local, state, and federal laws and regulations, pay all taxes, and obtain and maintain all required permits, certifications, or licenses, and provide **US** with proof of compliance**.**

(3) Fully and diligently provide all System services, products, and programs to the public.

(4) Engage in direct sales solicitations and marketing efforts on an active and continuous basis.

(5) Provide all guests with prompt, courteous, efficient, high quality, and ethical service, and act in a competent and professional manner.

(6) Promote the use of the System wherever System franchises are available.

(7) Continuously operate **YOUR** Business as a System franchise, twenty-four (24) hours per day, every day, using the Marks and Distinguishing Characteristics except as otherwise permitted based on special circumstances.

(8) Attend and successfully complete (including **YOUR** General Manager) **OUR** initial training program, or a training program **WE** approve before **YOUR** Business

opens as a part of the System; as new services and methods are developed, **YOU**, and **YOUR** General Manager, must attend and successfully complete any additional training **WE** determine to be necessary, for the System as a whole, which may be several times a year.

(9) Promptly provide **US** with reasonably requested information.

(10) Grant discounts and participate in promotions **WE** require in accordance with System Standards.

(11) Accept cash, checks, credit cards, debit cards, and other methods and forms of payment that **WE** require.

(12) Offer and sell only those services and products approved by **US**, in writing.

(13) Continuously retain and exercise management control over **YOUR** Business; **YOU** cannot enter into any lease, management agreement, or similar arrangement for the operation of **YOUR** Business, or any part of **YOUR** Business, without **OUR** prior written authorization.

(14) Resolve guest complaints promptly and courteously to the reasonable satisfaction of each guest in accordance with System Standards; for guest complaints that are reported directly to **US** or to third party internet sites, **YOU** must provide **US** with copies of each guest complaint and documentation of **YOUR** actions to resolve the complaint within five (5) days after the date on which **YOU** are notified about the complaint. If **WE** determine that a guest complaint is valid, and **YOU** do not resolve, or reasonably attempt to resolve, the complaint in a manner which **WE** deem to be appropriate, **YOU** can be assessed a fee, by **US**, due to the inadequacy of **YOUR** response. If **WE** decide to resolve the guest complaint, due to the inadequacy of **YOUR** response, **YOU** must pay the fee and reimburse **US** for **OUR** costs, including any sums paid to a guest. The amount of any fee will be based on **OUR** determination of the seriousness of the guest complaint. The range of potential assessed fees is specified in **OUR** System Standards.

(15) Maintain equipment, supplies, and products, of the types that **WE** require, and in quantities which are reasonable for the proper operation of **YOUR** Business, in accordance with System Standards.

(16) **YOU** must pay to **US** a Website Fee in accordance with System Standards.

(17) Hire and supervise efficient, competent, and courteous persons, and require all employees, including **YOURSELF**, to work in clean, neat, and well-maintained attire (uniforms) as **WE** require.

(18) Maintain the hotel facility and premises in accordance with System Standards.

(19) Maintain a business telephone that is answered and identified pursuant to System Standards.

(20) Honor all rates, room types, and other requirements related to reservations for **YOUR** Business made through **OUR** central reservation system and any authorized third-party provider; **YOU** cannot publish any rates for lodging rooms in **YOUR** hotel which are less than the rates **YOU** have provided to **US** for reservations made through **OUR** central reservation system, and published in any System directory and any System internet site.

(21) Provide **US**, in a timely manner, with **YOUR** room rates, room types, amenities, and other appropriate information.

(22) Provide **US** with information, in the format that **WE** require, regarding revenue, expenses, and other information related to the operation of **YOUR** Business.

(23) Participate in any internet site that **WE** develop and maintain.

(24) Obtain **OUR** written authorization before using any internet site or social media platform to promote **YOUR** Business and allow **US** to manage **YOUR** internet site in accordance with System Standards. **YOU** must discontinue use of **YOUR** internet site or social media platform if **WE** determine in **OUR** sole discretion that the site or platform does not meet System Standards.

(25) Notify **US**, in writing, within ten (10) days after receipt of information about any lawsuit, action, or proceeding related to **YOUR** Business.

(26) Provide **US** with the names and addresses of guests and access to **YOUR** sales and guest database; **WE** can use the information for any purpose related to the System; **WE** are permitted to share this information with third parties to benefit the System.

(27) Not withhold payment of any sums due to **US** for any reason; **YOU** cannot offset any amounts allegedly due to **YOU** against sums owed to **US**.

(28) Comply with the requirements of **OUR** central reservation system which includes the property management system, telephone reservation center, proprietary internet site, internet booking engine, online marketing capabilities, and global distribution system sources. To insure optimum performance, **YOU** must:

(a) Install **OUR** standard property management system software and comply with requirements for the use of the system; and

(b) Obtain and properly maintain adequate computer hardware and networking infrastructure; and

(c) Provide staff fully trained and able to use **OUR** property management, central reservation systems, and guest loyalty system;

(29) Participate in and pay all charges related to any guest loyalty program designed and developed by **US** and honor the terms of any discount or promotional programs that **WE** offer to the public on **YOUR** behalf.

(30) Participate in and pay all charges related to Revenue Intelligence Services, or any revenue management program, designed and developed by **US** and honor the terms of the program.

(31) Adopt all improvements or changes to the System as may be from time to time designated by **US**.

(32) Not engage, directly or indirectly, in any cross marketing with any other hotel without or express written consent. You agree to refer guests and customers, wherever reasonably possible, only to **OUR** hotels or **OUR** affiliates' hotels.

(33) **YOU** must designate a General Manager ("GM"), and they must attend training. The GM must demonstrate good moral character. WE may require additional training of any GM who fails to perform to System Standards.

(C) System Identity

**YOU** must:

(1) Not use any of the Marks or Distinguishing Characteristics, except as **WE** require, or approve, in writing.

(2) Submit, for **OUR** written approval, any variation or deviation from **OUR** Marks and Distinguishing Characteristics, mandated by a governmental entity, political subdivision, or other party. **WE** can deny approval and contest the mandate; **YOU** must cooperate with **US** in prosecuting the action.

(3) Immediately advise **US** if a claim of prior use of any of **OUR** Marks or Distinguishing Characteristics is asserted by any party, regarding **YOUR** Business, and, if required by **US**, **YOU** must use names, and combinations of Marks, or other Distinguishing Characteristics, in a manner that will clearly avoid any possible confusion between **YOUR** Business and any claimant, subject to **OUR** approval of such name or use; **WE** can defend claims as **WE** deem appropriate.

(4) Inform **US** of any known or suspected infringement, by others, of the Marks or Distinguishing Characteristics; if reasonably defensible, **WE** will defend the System against limitations or infringements on **OUR** Marks and Distinguishing Characteristics, protected by law.

(5) Not use the Marks or Distinguishing Characteristics as a part of the name of **YOUR** corporation, partnership, limited partnership, limited liability company, limited liability partnership, joint venture or other entity.

(6) Not use the Marks or Distinguishing Characteristics, or identify the System, in any private or public investment offering without OUR prior written authorization.

(7) Not use the Marks or Distinguishing Characteristics, or identify the System, with any service or product not approved by **US,** in writing.

(8) Make every effort to protect and maintain the Marks and Distinguishing Characteristics.

(9) **YOU** hereby permanently and irrevocably assign to **US** any and all rights and interests (including intellectual property rights and interests) to any and all of the following which is developed by **YOU**, or on behalf of **YOU**, if developed in whole or in part in connection with **YOUR** hotel: all products and services, all variations, modifications and/or product improvements on products or services, **YOUR** means, manner, and style of offering and selling products and services, management techniques or protocols **YOU** may develop or have developed on **YOUR** behalf; all sales, marketing, advertising, and promotional programs, campaigns, or materials developed by **YOU** or on **YOUR** behalf; and all other intellectual property developed by **YOU**, or behalf of **YOU**, in connection with **YOUR** hotel. **WE** are permitted to make use and exploit any rights assigned hereunder. **WE** may further assign such rights to affiliates or third parties. The sole consideration for **YOUR** assignment to **US** of the foregoing rights is the grant of the franchise conferred upon **YOU** by this Agreement.

(D) Convention

**YOU**, or a designated representative, must attend any franchisee/owner's conventions **WE** sponsor, and pay **OUR** then-current convention registration fee, which **WE** will bill to **YOU**. **YOU** are responsible for **YOUR** own travel, lodging, meals, and miscellaneous expenses. **YOU** must preregister and pay the registration fee before the date of the convention.

(E) Advertising

**YOU** must:

(1) Advertise and promote **YOUR** Business.

(2) Participate in and pay **YOUR** reasonably designated share for cooperative advertising agreed upon by the majority of the franchises in any advertising market area that **WE** designate.

(3) Use only advertising and promotional materials that **WE** provide or authorize; any other advertising or promotional materials must be approved by **US**, in writing, prior to **YOUR** use or publication.

(F) Identification of Franchise Relationship

(1) **YOU** must display a sign, in an unobstructed and conspicuous location, near the front desk in **YOUR** hotel lobby; the sign must be in a size and style that **WE** approve per Brand standards, and must state, "This facility is independently owned by [Insert **YOUR** name] and is operated by [Insert Management Company, if applicable] pursuant to a Franchise Agreement with My Place Hotels of America, LLC."

(2) In the use of any mark or distinguishing characteristic on **YOUR** printed materials and advertising, **YOU** must state, "Each hotel is independently owned and operated".

(3) **YOU** must inform guests, investors, lenders, offerees of any security, employees, and every other party, that no legal relationship exists between **YOU** and **US** except that of independent contractors.

(G) Business Premises Specifications

(1) Prior to the time that **YOUR** Business initially opens as a part of the System, **YOU** must construct, furnish, and decorate **YOUR** hotel according to plans and specifications that **WE** approve. Prior to commencing construction, **YOU** must submit, for **OUR** written approval, **YOUR** completed plans for constructing, furnishing, arranging, and decorating, as appropriate. **WE** can inspect **YOUR** hotel while work is in progress and require alterations or modifications as **WE** deem reasonably necessary. **WE** may charge **YOU** reasonable fees, as set forth in the System Standards, to conduct a reinspection due to an unsatisfactory site inspection. Prior to the time that **YOUR** Business opens as a part of the System, **WE** may inspect the premises to determine compliance with the approved plans and specifications; **YOUR** Business cannot commence operation within the System without **OUR** prior written approval.

(2) No part of **OUR** review or approval of plans and specifications, or inspection, or approval, of the hotel facility shall be deemed to be an examination to determine if **YOUR** plans and specifications, or business premises, comply with local, state or federal building codes, the Americans With Disabilities Act, as amended, or similar acts, or are sufficient for the protection or safety of the public; the review, inspection, and approval are only to determine compliance with **OUR** minimum System Standards with respect to room size, furnishings, fixtures, layout, appearance, and guest convenience.

(3) No structural change, remodeling, renovation, or reconstruction of **YOUR** hotel shall commence without **OUR** prior written approval.

(H) Inspection of Hotel

**YOU** must allow **US** to inspect **YOUR** hotel to assure compliance with this Agreement and System Standards. All manuals furnished to **YOU** shall be kept, physically or electronically, at **YOUR** hotel, or any other location that **WE** approve, in writing, and maintained, up to date, as **WE** make amendments. The manuals shall be available for **OUR** inspection at all reasonable times. If requested by **US**, **YOU** must provide **OUR** representatives with complimentary lodging during any inspection. **YOU** must pay **US** a reasonable fee, as set forth in the System Standards, to reinspect **YOUR** hotel if **YOUR** hotel receives an unsatisfactory Quality Assurance evaluation. **WE** reserve the right to use guest surveys during inspections and any Quality Assurance evaluation.

(I) Opening **YOUR** Hotel

(1) **YOU** agree to perform or cause to be completed any hotel improvements in accordance with this Agreement, the approved designs and plans, and System Standards. **YOU** are responsible for all costs for any hotel improvements. **YOU** must receive **OUR** express written consent to open **YOUR** business pursuant to the following:

(a) **YOU** must provide at least twenty (20) days advance written notice that **YOU** have complied with the terms and conditions of this Agreement, and the Hotel is ready to open. **WE** will use commercially reasonable efforts within twenty (20) days after **WE** receive **YOUR** notice to visit the hotel and/or conduct other investigations that **WE** deem appropriate in order to determine whether or not to permit the opening of **YOUR** hotel. **WE** will not be liable for delays or losses associated by **OUR** inability to complete **OUR** investigation and provide **OUR** determination within twenty (20) days. If **YOU** fail **OUR** opening inspections, **WE** are permitted, in **OUR** sole and absolute business judgement, to deny **YOUR** opening and charge **YOU** reasonable fees associated with any additional inspections.

(b) If **YOU** change the opening date of **YOUR** hotel, **YOU** must pay us a fee of $1,500 and reimburse **US** for any costs **WE** have incurred in scheduling support and other assistance to **YOUR** hotel.

(c) **WE** are permitted to withhold **OUR** consent to the opening of **YOUR** hotel until:

(i) **WE** have received reasonable assurances that **YOUR** hotel has complied with all laws;

(ii) **YOU** have complied with all the terms and conditions of this Agreement;

(iii) **YOU** have complied with all branding requirements including signage, photographs, and collateral requirements as set forth in the System Standards; and

(iv) All fees have been paid to **US** and **OUR** affiliates;

(d) Opening **YOUR** hotel prior to receiving **OUR** express written consent is a material breach of this Agreement. **YOU** must pay **US**, as liquidated damages, one thousand dollars ($1,000) per day **YOUR** hotel is open prior to receiving **OUR** written approval to compensate **US** for **YOUR** breach. These liquidated damages do not limit or exclude other remedies **WE** may have. **YOU** agree that this is not a penalty and it is a reasonable estimate in light of the anticipated or actual loss caused by the material breach.

(J) Indemnification and Insurance

(1) **YOU** must indemnify and hold **US**, **OUR** subsidiaries and affiliates, and the respective directors, officers, shareholders, members, employees, agents, and assigns harmless from any claims, liability, and damages (compensatory, punitive, and other), and any costs, expenses, and attorney's fees, resulting, directly or indirectly, from each of the following types of claims related to **YOUR** hotel:

(a) Personal injury, death, and property damage;
(b) Defamation;
(c) Contractual claims and/or debts;
(d) Mechanic's liens for materials and/or labor;
(e) Claims, of any nature, based upon agency or vicarious liability;
(f) Cyber liability;
(g) Employment practice violations.

(2) **YOU** will procure and maintain insurance with the coverages, deductibles, limits, carrier ratings, and policy obligations required by the System Standards. Such insurance requirements may include: property insurance including business interruption, earthquake, flood, terrorism and windstorm; workers' compensation; commercial general liability; liquor liability; business auto liability; umbrella or excess liability; fidelity coverage; employment practices liability; cyber liability; and such other insurance customarily carried on hotels similar to **YOUR** hotel. **WE** may change such requirements in the System Standards and may also require **YOU** to obtain additional types of insurance or increase the amount of coverages. All insurance will by endorsement specifically:

(a) Name as unrestricted additional insureds **US,** any Affiliate designated by **US** and their employees and agents (except for workers' compensation and fidelity insurance);
(b) Provide that the coverages will be primary and that any insurance carried by any additional insured will be excess and non-contributory;
(c) Contain a waiver of subrogation in favor of **US** or any Affiliate of **OURS;** and
(d) Provide that the policies will not be canceled, non-renewed or reduced without at least 30 days' prior notice to Franchisor.

(3) **YOU** will deliver to **US** a certificate of insurance (and certified copy of such insurance policy if requested) evidencing the insurance required. Renewal certificates of insurance will be delivered to **US** not less than 10 days before their respective inception dates. If **YOU** fail to procure or maintain the required insurance, **WE** have the right and authority to procure (without any obligation to do so) such insurance at **YOUR** cost, including a reasonable fee for **OUR** procurement and maintenance of such insurance. If **YOU** delegate **YOUR** insurance obligations to any other Person, **YOU** will ensure that such Person satisfies such obligations. Such delegation will not relieve **YOU** of **YOUR** obligation under this Section 6 (J) and the System Standards. Any failure to satisfy the insurance requirements is a default under this Agreement. **YOU** will cooperate with **US** in pursuing any claim under insurance required by this Agreement.

(K) Operating Reports

(1) All reports must be received by **US** by the third (3rd) day of each month. Reports must be in the form that **WE** specify. Reporting must be completed using paper forms, electronic reporting, or both, as **WE** require.

(2) All financial reports must substantially comply with generally accepted accounting principles (GAAP) consistently applied, on forms, or in a format, approved by **US**.

(3) **YOU** must deliver to **US** any other reports and information **WE** reasonably request and in the form and manner that **WE** prescribe.

(L) On-Premises Advertising

(1) **YOU** cannot use, advertise, or display the names, service marks, trademarks, or distinguishing characteristics of any business other than System franchises, except as **WE** may approve in writing.

(2) **YOU** must display all advertising and promotional programs that **WE** require, and display advertising for services and products as **WE** require.

(M) System Quality

(1) To preserve System uniformity, **YOU** must comply with **OUR** System Standards for providing lodging services to the public.

(2) **YOU** must purchase signs, furniture, fixtures, equipment, supplies, products, and services, which equal, or exceed, **OUR** System Standards. Purchases of signs, furniture, fixtures, equipment, supplies, products, and services must be made from vendors that comply with **OUR** System Standards and have been approved by **US**.

(N) Pre-Termination Options

Prior to the termination of this Agreement, upon **YOUR** failure to pay any amounts owed to **US**, or upon **YOUR** failure to comply with any System Standards, **WE** may, at **OUR** option:

(1) Remove **YOUR** Business from the central reservation system and any System and internet directory;

(2) Suspend **YOUR** access to the central reservation system, property management system, and guest loyalty system;

(3) Suspend some, or all, franchise services;

(4) Suspend **YOUR** right to use **OUR** Marks and Distinguishing Characteristics.

**OUR** actions may continue until **YOU** have settled **YOUR** accounts and complied with **OUR** requirements, and **WE** acknowledge **YOUR** compliance in writing.

(O) Sale of Hotel

Throughout the effective term:

(1) **YOU** cannot discontinue the operation of **YOUR** Business under **OUR** Marks and Distinguishing Characteristics, nor sell, transfer, or assign, or offer to sell, transfer, or assign, any interest in **YOUR** Business or any part of it, or in **YOUR** hotel building, equipment, or furnishings, or any interest in **YOU**, without complying with the provisions of Section 17(B) and receiving **OUR** prior written authorization.

(2) **YOU** cannot offer the Business, the hotel building, or any interest in them, or any interest in **YOU**, through public auction, or by advertising in any media, without **OUR** prior written authorization.

(3) Nothing in this Section shall be construed to prevent, delay or otherwise interfere with the sale, or confirmation of sale, of **YOUR** hotel in any mortgage foreclosure proceeding, provided that **WE** receive sixty (60) days prior written notice, and further provided that if the purchaser of **YOUR** hotel, at the foreclosure sale, wishes to continue the hotel's affiliation with **US**, the purchaser must be approved

by **US**, in accordance with Section 17(B), and must execute the then existing Franchise Agreement for a new term.

(P) Periodic Refurbishing

**YOU** must pay all expenses associated with the refurbishment of **YOUR** hotel which shall be completed at the times and in the manner **WE** require. As new and different competitors of the System enter the marketplace, as existing competitors change, and as the needs of guests change, **YOU** may be required to refurnish, modernize, and upgrade **YOUR** hotel; as a part of that refurbishment, **YOU** may be required to replace **YOUR** signs, furniture, fixtures, equipment, supplies, stationery, brochures, and sales and promotional materials.

(Q) Manuals

**YOU** must comply with the requirements specified in **OUR** System Standards. **WE** can amend and modify System Standards at any time, in **OUR** discretion. Upon the termination or transfer of **YOUR** Business, **YOU** must certify to **US** that **YOU** have deleted or destroyed, in an irreversible manner, all electronic information provided to **YOU** by **US**. **YOU** must also deliver all printed manuals to **US** upon termination, or transfer, of the franchise. If **YOU** fail to deliver such certification and any printed manuals to **US** within thirty (30) days after termination or transfer, **YOU** must pay **US** a fee of One Thousand Dollars ($1,000.00). **YOU** cannot copy or reproduce any manuals without **OUR** prior written authorization. The term "manuals" includes written information, audio and video recordings, photographs, CD-ROM, computer disks, **OUR** internet information, and other descriptions of methods, procedures, or techniques.

(R) Confidential Information

**YOU** must keep secret, and not divulge to any party, **OUR** proprietary and confidential information. **OUR** proprietary and confidential information includes but is not limited to manuals, methods of operation, information concerning other System franchisees, and any other information **YOU** receive from **US**, which is not a part of any public records.

(S) Interest

(1) **WE** can assess interest at the highest rate allowed by applicable law on any delinquent sum owed to **US**.

(2) Sums owed to **US** are delinquent on the day following the date such sums are due pursuant to this Agreement or any other agreement between **YOU** and **US**; interest on delinquent sums shall accrue on a daily basis until paid.

(T) Commencement of Operations

**YOUR** hotel must begin operating as a System Business within twelve (12) months of the Effective Date of this Agreement. If **YOU** fail to do so, this Agreement will terminate; however,

**WE** may provide, in **OUR** sole discretion, a written extension of the time **YOUR** hotel has to begin operating as a System Business.

(U) Electronic Commerce

**YOU** must participate in any electronic commerce program that **WE** initiate.

7. **OUR** OBLIGATIONS TO **YOU**

(A) Consultation

(1) Upon appointment of the FAC, **WE** will consult with the FAC, from time to time, regarding matters material to the System.

(2) Services requiring professional or specialized training, not possessed by **US**, shall be provided, at **OUR** discretion, upon **YOUR** payment of any fees negotiated between **YOU** and **US**.

(3) **WE** will make **OUR** System support staff available for reasonable consultation on issues involving the operation of **YOUR** Business. If **OUR** staff is required, or requested, to visit **YOUR** hotel to provide the requested support, **YOU** must reimburse **US** for **OUR** reasonably incurred expenses for meals, lodging, and travel, and **YOU** may have to pay fees for **OUR** services.

(B) Preliminary Plans and Specifications

**WE** will review construction ready plans and specifications for **YOUR** hotel, including its general architectural appearance. The only purpose for reviewing construction-ready plans and specifications shall be to determine **YOUR** compliance with **OUR** minimum System Standards. **WE** do not review **YOUR** plans and specifications to determine engineering or architectural adequacy or quality, nor compliance with applicable laws and building codes; those determinations are **YOUR** responsibility.

(C) Training

**WE** shall provide **OUR** initial training program to **YOU,** which includes up to five (5) days of the Resource Evaluation and Guidance Program at **YOUR** hotel. All subsequent training shall be provided at a location that **WE** designate. **WE** will select the staff who will conduct the training. **YOU** must pay **US** Ten Thousand Dollars ($10,000.00) for the initial training program. If **YOU** request other training, or if retraining is required, or if new or replacement management staff must be trained, **YOU** must pay **US** the then current fee for the training. The training fees must be paid at least fourteen (14) days in advance of the scheduled training. **YOU** must also pay for each trainee's wages, insurance of all types, lodging, meals, and traveling expenses for the training period. All training fees are nonrefundable.

**WE** may offer consultation services and advise in various areas of operations outside the typical training program(s). **WE** are permitted to establish fees in advance, or on a project basis, for any consultation services **YOU** request. **YOU** acknowledged that, although **WE** are permitted to provide consultation services and advice, **YOU** have exclusive daily control of **YOUR** hotel, and **WE** do not in any way (directly or indirectly) possess or exercise such control.

(D) Central Reservation System

**WE** shall provide **YOU** with access to a central reservation system which may be operated by **US** or a third party. **WE** may publish, electronically or in print form, a System directory.

(E) Inspection

**WE** shall conduct periodic inspections of **YOUR** hotel to assure compliance with **OUR** System Standards. **YOU** will permit us to conduct inspections of the hotel without notice to determine compliance. **YOU** will cooperate with our representatives during any inspections and take any necessary steps to correct any deficiencies identified. **YOU** may be charged a Reinspection Fee if **YOU** fail to meet the minimum quality standards as set forth in the System Standards. **YOU** will provide complimentary lodging accommodations to **OUR** representatives each time **WE** conduct a quality assurance inspection or reinspection.

(F) Standardized Identification

**WE** shall, through **OUR** service mark/trademark identity standards manual, or any other document, provide **YOU** with specifications for the use of all Marks and other Distinguishing Characteristics.

(G) Marketing and Advertising Fund

**WE** shall administer and expend the sums received from **YOU** pursuant to Section 4(C). A substantial part of the Marketing and Advertising Fund fees will be used: (1) to maintain **OUR** online reservations interface and call-in reservations channels; (2) for promotion, publicity, market research and sales and marketing programs; (3) for maintaining and producing any System marketing and sales programs; (4) for **OUR** overhead related to costs associated with the financial management of the Marketing and Advertising Fund, the salaries and benefits of individuals who work under the Fund, and travel and other related expenses; and (5) for **OUR** overhead related to costs associated with the central reservation system, the salaries and benefits of individuals who work for, or in, the central reservation system and other related expenses. **WE** do not ensure that **YOU** benefit directly, or on a proportional basis, from the Marketing and Reservation Fund. **WE** will use the Marketing and Advertising Fund fees for various programs and publicity including other marketing programs for the benefit of System hotels in addition to our affiliates operating other brands including My Place Hotels. **WE** will not use it to pay for marketing solely related to **OUR** sale of franchises. The Marketing and Advertising Fund is not obligated to spend more than the amounts received from System franchisees. If the Fund has a surplus at the end of any calendar year, that surplus will be used in the following calendar year before current year payments are used. If payments to the Marketing and Advertising Fund are insufficient to cover expenses, it

may be necessary for the Marketing and Advertising Fund to borrow money from **US, OUR** affiliates, or third parties. The Marketing and Advertising Fund shall pay interest, at commercially reasonable rates, for money borrowed from **US, OUR** affiliates or third parties. **WE** will not provide **YOU** with a financial statement of the Fund, but **WE** will provide **YOU** with an annual statement regarding the Marketing and Advertising Fund, upon written request.

(H) Ongoing Assistance

During the operation of **YOUR** franchise, **WE** will:

(1) Advise **YOU** of current operating procedures and methods;

(2) Advise **YOU** of all changes, improvements, and additions to the System to the same extent as that information is available to other existing franchisees;

(3) Provide additional assistance and review of **YOUR** operating procedures and marketing techniques as often as **WE** deem appropriate.

(I) Request by **YOU**

All services and information provided to **YOU** will be performed or provided upon **YOUR** written request, after the Effective Date, or as **WE** deem appropriate.

(J) Manuals

**WE** will provide **YOU** with one (1) electronic copy of each manual, and any amendments, produced or developed by **US**.

(K) Technology Standards

**WE** will exercise reasonable efforts to maintain and upgrade all internet and e-commerce computer software and information technology systems developed for the central reservation system, the property management system, and other technological assets of the System, in a manner which keeps the System competitive with the lodging industry. All decisions regarding technology improvements and upgrades will be made in **OUR** sole and absolute discretion.

(L) Indemnification for Marks.

If, at the time that **YOU** become a System franchisee, **YOU** have no actual or constructive knowledge of any prior or existing use of **OUR** Marks or Distinguishing Characteristics in **YOUR** Protected Area, or the market area around **YOUR** Protected Area, **WE** will indemnify **YOU,** as **WE** deem appropriate, regarding **YOUR** use of the Marks and Distinguishing Characteristics during the effective term of this Agreement.

(M) Vendor Relationships

**WE** will evaluate vendors which offer services and products related to the operation of **YOUR** Business. **WE** will provide **YOU** with a list of vendors whose signs, furniture, fixtures, equipment, supplies, products, and services comply with **OUR** System Standards and have been approved by **US**. **YOU** can only purchase signs, furniture, fixtures, equipment, supplies, products, and services from **OUR** approved vendors.

(N) Confidential Information

**WE** will keep secret, and not divulge to any party, **YOUR** proprietary and confidential information. Proprietary and confidential information includes **YOUR** operational data, which are not a part of any public records, and includes customer lists, which are deemed to be **OUR** joint property, but which will be used by **US** on a confidential basis. **WE** can compile data, customer lists for **YOUR** hotel, and information for the benefit of the System. **WE** can also use **YOUR** operational data, without identifying **YOU**, in any filings or registrations made by **US** with governmental and regulatory entities and provide the data to third parties to benefit the System.

(O) Application of System Standards

**WE** will treat **YOU** in the same manner as other similarly situated System franchisees operating under similar franchise agreements and conditions.

(P) Franchise Advisory Council

**WE** may appoint a Franchise Advisory Council ("FAC"). The FAC shall consist of individuals with extensive knowledge in the lodging industry and may include franchisees who are in Good Standing.

8. DEFAULT

(A) Termination of Franchise

The franchise and this Agreement shall terminate and all of **YOUR** rights shall be immediately forfeited upon the occurrence of any of the following:

(1) **YOU** fail to perform any provision of this Agreement (except those defaults listed below) and **YOUR** failure continues for a period of thirty (30) days, or the period required by applicable law, whichever is greater, after receiving written notice from **US**;

(2) **YOU** make repeated failures to perform the provisions of this Agreement, even if cured, as provided in Section 8(A)(1);

(3) **YOU** lose possession, or the right to possession, of all or any part of **YOUR** Business;

(4) **YOU** transfer any material right granted to **YOU** in this Agreement, without **OUR** written authorization;

(5) **YOU** default in the performance of any other agreement with **US**, **OUR** subsidiaries or affiliates, which is material to **YOUR** franchise, or any mortgage, deed of trust, indenture, or lease applicable to the hotel, and **YOU** fail to cure the default within the time required by the contract, or applicable law, whichever is greater;

(6) **YOU** fail to pay **YOUR** debts generally as they become due, or **YOU** are subject to the appointment of a receiver, or **YOU** file for protection under applicable bankruptcy or insolvency statutes;

(7) **YOU** are convicted of a crime the nature of which impairs or diminishes the goodwill and reputation of the System;

(8) **YOU** operate **YOUR** Business in a manner that endangers the public's health or safety;

(9) **YOU** intentionally use System Marks or Distinguishing Characteristics in a manner which is not authorized by **OUR** System Standards;

(10) **YOU** fail to continuously operate **YOUR** Business pursuant to this Agreement, without **OUR** authorization to do so;

(11) **YOU** fail to open and operate **YOUR** Business as required in Section 6(Q).

(B) Damages and Attorney's Fees

Upon termination of this Agreement pursuant to Section 8(A), **WE** have the following rights, in addition to the rights provided in Section 9:

(1) In addition to all other sums owed to **US**, as of the date of termination, **YOU** must pay **US** all damages which directly or indirectly arise from **YOUR** default.

(2) **YOU** must reimburse **US** for all reasonably incurred costs, expenses, and attorneys' fees.

(3) The parties acknowledge the challenge of determining damages to **US** resulting from the premature termination of this Agreement and agree to implement liquidated damages, which represent the parties' best estimate of the damages arising from premature termination of the Agreement. The parties recognize that liquidated damages are not a penalty for breaching this Agreement or in exchange of other payments. If the Agreement is terminated pursuant to this Section 8, Default, **YOU** will promptly pay to **US**, as liquidated damages, a lump sum equal to: (i) if the hotel has been open less than 36 months, then a projection of 36 months

of **YOUR** hotel's average monthly fees payable to **US** under Sections 4(B) and 4(C), and any fees under the loyalty and revenue intelligence programs developed by **US**; (ii) if **YOUR** hotel has been open for 36 months or more, then 36 multiplied by the sum of the hotel's average monthly fees for the past 36 months payable to **US** under Sections 4(B) and 4(C), and any fees under the loyalty and revenue intelligence programs developed by **US**; or (iii) if there are less than 36 months remaining in the Term, then a lump sum equal to the number of remaining months on the Term multiplied by the sum of the hotel's average monthly fees for the past 36 months payable to **US** under Sections 4(B) and 4(C), and any fees under the loyalty and revenue intelligence programs developed by **US**.

(4) **WE** have the right to terminate **YOUR** access to the Property Management System.

Upon termination of this Agreement pursuant to Section 6(T), **WE** have the following rights, in addition to the rights provided in Section 9.

(5) The parties acknowledge the challenge of determining damages to **US** resulting the premature termination of this Agreement and agree to implement liquidated damages, which represent the parties' best estimate of the damages arising from premature termination of the Agreement. **YOU** agree to promptly pay **US** One Thousand Dollars ($1,000) multiplied by the number of guest rooms **YOU** have been authorized under this Agreement.

9. NONCOMPETITION REQUIREMENTS AND OTHER PROTECTION FOR **US**

(A) Restriction on Competing Business

Unless otherwise authorized in writing by **US**, **YOU** shall, during the effective term of this Agreement, devote sufficient time and attention, and **YOUR** best efforts, to ensure the proper management and operation of **YOUR** Business. **YOU** shall not, directly or indirectly, for **YOURSELF**, or through, on behalf of, or in conjunction with any other person or entity divert, or attempt to divert, any business or guest of **YOUR** Business to any competitor, by direct or indirect inducement, or otherwise, or perform, directly or indirectly, any other act which is injurious or prejudicial to the good will associated with the System. Further, neither **YOU**, nor any members of **YOUR** family residing in **YOUR** home, or if **YOU** are a partnership or joint venture, none of **YOUR** partners or joint venture partners, or members of their families residing in their homes, or if **YOU** are a limited liability company, none of **YOUR** members, or members of their families residing in their homes, or if **YOU** are a corporation, none of **YOUR** shareholders, directors, or officers, or members of their families residing in their homes, or, if **YOU** are a trust, none of **YOUR** trustors/grantors, trustees, or beneficiaries, shall, without **OUR** written authorization, directly or indirectly, own any interest in, operate, or be connected in any manner with, or own any stock, not publicly held and traded, in any other business providing lodging services to the public within the Protected Area specified in Sections 2 and 25.

(B) Term of Protection Upon Termination or Expiration of Agreement

If this Agreement is terminated for any reason, or if this Agreement expires, neither **YOU**, nor any members of **YOUR** family residing in **YOUR** home, or if **YOU** are a partnership or joint venture, none of **YOUR** partners or joint venture partners, or family members residing in **YOUR** partner's or joint venture partners' homes, or if **YOU** are a limited liability company, none of **YOUR** members, or members of their families residing in their homes, or if **YOU** are a corporation, none of **YOUR** shareholders, directors, or officers, or members of their families residing in their homes, or, if **YOU** are a trust, none of **YOUR** trustors/grantors, trustees, or beneficiaries, shall, for a period of two (2) years after the effective date of termination or expiration and nonrenewal, directly or indirectly, own any interest in, operate, or in any manner be connected with, or own any stock, not publicly held and traded, in any business providing, in whole or in part, any lodging to the public, within the Protected Area specified in Sections 2 and 25, except any competing business **WE** have previously authorized **YOU** to operate pursuant to Section 9(A).

(C) Trademarks, Service Marks, and Distinguishing Characteristics

(1) Upon the termination of this Agreement, **YOU** must immediately remove and stop using, directly or indirectly, **OUR** Marks and Distinguishing Characteristics, and remove from the hotel premises all signs and any other personal property which display **OUR** Marks or Distinguishing Characteristics.

(2) Upon the termination of this Agreement, **YOU** must stop holding **YOUR** hotel out to the public as a part of the System or as a System franchisee; **YOU** must take all necessary action to distinguish **YOUR** hotel from **OUR** franchisees to prevent confusion by the public, including the termination of the telephone number **YOU** used as a System franchisee.

(3) Upon the termination of this Agreement, **YOU** cannot use any of **OUR** Marks or Distinguishing Characteristics in any name, logo, mark, or other method of representing **YOUR** hotel, nor can **YOU** use signs, advertising, billboards, displays, or other information combining **OUR** colors in any manner.

(4) Upon the termination of this Agreement, **YOU** must discontinue the use of any uniforms or attire on which the Marks or Distinguishing Characteristics are affixed, and, **YOU** cannot use any uniforms or attire which are confusingly similar.

(5) If, on the date of termination, **YOU** have failed to remove or to stop the use of **OUR** Marks and Distinguishing Characteristics, **YOU** convey to **US** all of **YOUR** right, title, and interest to any signs and other personal property on which **OUR** Marks and Distinguishing Characteristics are affixed or displayed, upon **YOUR** receipt of One Hundred Dollars ($100.00) from **US**.

(6) **YOU** grant **US** an unconditional right of access to go upon **YOUR** hotel facility and premises to remove all signs and other personal property on which **OUR** Marks and Distinguishing Characteristics are affixed or displayed. This right may be exercised by **US**, at any time, upon the payment of One Hundred Dollars ($100.00) as provided in Section 9(C)(5).

(7) **YOU** grant **US** a limited power of attorney, to act on **YOUR** behalf, to sign documents, and to take any other action, reasonably necessary, to fulfill any obligations which **YOU** fail to fulfill pursuant to Section 9(C).

(8) Each of the provisions of Section 9(C) is **YOUR** continuing obligation which survives the termination of this Agreement.

(D) Return of Manuals

**YOU** shall, within thirty (30) days after the termination of **YOUR** franchise, delete or destroy, in an irreversible manner, all electronic information provided to **YOU** by **US** and return to **US** all printed manuals, audio and video recordings, photographs, CD-ROM, computer disks, and other descriptions of methods, procedures, and techniques, provided to **YOU** by **US**, and stop using such information as required in this Section and Section 6(Q).

10. CONSTRUCTION OF FRANCHISE AGREEMENT

(A) Applicable Law and Venue

Unless **WE** and **YOU** mutually agree otherwise, this Agreement shall be governed and construed according to the laws of South Dakota. Any non-arbitration litigation arising, directly or indirectly, from the franchise relationship shall be commenced and maintained, at **OUR** election, in the appropriate state court, or United States District Court, in South Dakota.

(B) Language of Agreement

The language in this Agreement shall be construed as a whole according to its usual, customary, and fair meaning, and neither strictly for nor against either **US** or **YOU**.

(C) Captions

Descriptive captions are for convenience only and are not to be construed as a part of this Agreement nor in any way defining, limiting, or amplifying any provisions.

(D) Reasonable Exercise of Discretion

Whenever **WE** have the right to act, or refrain from acting, pursuant to this Agreement, any action or inaction shall be exercised based on **OUR** reasonable judgment of what is in the best interests of the System, including **US**, even if other reasonable, or better, alternatives exist. The exercise of **OUR** right to act, or refrain from acting, in relation to any request made by **YOU** pursuant to this Agreement, will not be unreasonably withheld, conditioned, or delayed.

(E) Force Majeure

If **YOU** or **WE** are reasonably prevented from performing **OUR** respective obligations,

pursuant to this Agreement, due to forces of nature, war, riot, terrorism, or any other cause reasonably beyond the control of the affected party, the failure to perform shall be excused for the period of time the affected party is reasonably unable to perform.

(F) Prohibited Provisions

Any provision of this Agreement prohibited by law or by court decree will not void this entire Agreement, and the remainder will continue in full force and effect.

11. RESOLUTION OF DISPUTES

**WE** and **YOU** agree that the provisions contained in this Section are reasonable and were specifically bargained for.

(A) Good Faith Discussion and Mediation

While **WE** and **YOU** intend to work together in good faith and with the best interests of the System in mind, it is possible that disagreements between **US** and **YOU** may occur. **WE** and **YOU** agree to attempt to resolve such differences through good faith discussions, whenever possible.

If good faith discussions do not resolve the differences between **US** and **YOU**, and the issues do not involve the collection of fees due pursuant to this Agreement, the differences between the parties shall be submitted to mediation. Mediation shall begin within thirty (30) days after written notice is provided by either party to the other. The controversy or claim shall be submitted to one mediator mutually agreed upon by **US** and **YOU**. **WE** and **YOU** must act diligently, reasonably, and in good faith in selecting a mediator. The mediation shall occur in in Aberdeen, South Dakota, or at a location mutually agreed upon by **US** and **YOU**. **WE** and **YOU** shall participate in the mediation in good faith. **WE** and **YOU** shall each bear **OUR** own costs related to the mediation; however, the fees and expenses of the mediator shall be divided equally between **US** and **YOU**. **WE** and **YOU** acknowledge that mediation is a nonbinding process.

(B) Arbitration

Except for matters involving the remedies specified in Section 12 and sums owed to **US** pursuant to Sections 4(B) and 4(C), any controversy or claim relating to this Agreement, including default, and any claim that this Agreement, or any part, is invalid, illegal or otherwise voidable or void, shall be submitted to arbitration before the American Arbitration Association, or any other mutually agreed upon arbitration association, in accordance with its commercial arbitration rules. The arbitration rules are modified to permit discovery pursuant to the rules of civil procedure for South Dakota. If an individual arbitrator is used, that person shall have experience concerning franchising. If an arbitration panel is used, one member shall have franchise law experience, one member shall be a certified public accountant, and the third member shall have experience in the hotel industry. Arbitration shall take place in Aberdeen, South Dakota, unless otherwise agreed by **YOU** and **US**.

(1) Judgment Upon Arbitration

Judgment on an arbitration award can be entered in any court having competent jurisdiction and shall be binding, final and non-appealable.

(2) Effective After Termination

These arbitration provisions shall be deemed to be self-executing and shall remain in full force and effect after the termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the non-appearing party, by default or otherwise.

(3) Obligation to Arbitrate

The obligation to arbitrate binds both parties except for claims related to **OUR** Marks, patents, or copyrights, except anti-trust claims, except claims related to **YOUR** failure to pay **US** pursuant to Sections 4(B) and 4(C), and except requests for temporary restraining orders, preliminary injunctions, or other proceedings to obtain relief to preserve the status quo or to prevent irreparable injury pending resolution by arbitration of the actual dispute.

(C) Federal Preemption

Regardless of any provisions of state law to the contrary, **WE** intend to fully enforce the arbitration provisions of this Agreement, and to rely on federal preemption under the federal arbitration act (9 U.S.C. § 1, et seq.)

(D) Attorney's Fees

Except as provided in Section 8, if any legal action, appeal, arbitration, or other proceedings are initiated to enforce or interpret this Agreement, the prevailing party shall be entitled to recover attorney and paralegal fees, court costs, and other reasonably incurred expenses, in addition to any other relief to which such party may be entitled. "Prevailing party" means the party who obtains the greater part, comparatively, of the relief sought by each, as determined by any court or arbitrator. The fees, costs, and expenses shall be included in, and be a part of, any settlement, order, judgment, or other determination, which shall also provide for the recovery of any fees, costs, and expenses incurred in enforcing such settlement, order, judgment, or determination.

12. REMEDIES

Whenever **WE** have no adequate remedy at law and shall suffer immediate and irreparable harm for a violation of this Agreement, **WE** are entitled to injunctive and equitable relief and any other relief deemed appropriate by a court.

## 13. RELATIONSHIP OF THE PARTIES

The relationship between **US** and **YOU** is that of independent contractors. **WE** and **YOU** are independent entities, and are not partners, joint venturers, or agents of the other, and neither has the power to obligate the other in any way. **YOU** are not **OUR** employee, and no fiduciary relationship exists between **US** and **YOU**. **YOU** acknowledge that **WE** have no control over **YOUR** employees or **YOUR** Business, except to the limited extent required pursuant to this Agreement. **YOU** must clearly represent to **YOUR** employees, and third parties, that **YOU** are independent of **US**, and **YOU** must take any further action, reasonably required by **US**, to advise parties of the independent contractor relationship.

## 14. REGISTERED USER AND ASSUMED NAMES

### (A) **WE** Are Owner of System

At **OUR** request, **YOU** must promptly execute and deliver to **US** appropriate applications, declarations, or agreements naming **US** as the owner of the System and **YOU** as an authorized user of the System, and execute and deliver any other documents **WE** reasonably request.

### (B) Registration of Name

**YOU** must make any application **WE** require for an assumed name, business name, corporate name, or other appropriate registration and maintain the registration. Such a registration shall not, in any way, vest in **YOU** any interest in the System or **OUR** Marks and Distinguishing Characteristics, and **YOU** shall, at **OUR** request, promptly assign any registration to **US**, or cancel it, as **WE** direct.

## 15. CURRENCY AND TAXES

All money due to **US** shall be paid in United States funds, free of all taxes, duties, and imposts of any kind by any government or political subdivision. If any taxes, duties, or impositions shall be payable on any fees owed to **US**, **YOU**, at **YOUR** expense, shall take all action necessary to claim and obtain an exemption from, or refund of, such taxes, duties, and impositions. Where the failure to remit payment is not caused by **YOU**, but by restrictions upon the transfer of funds or currency imposed by law, **YOU** shall advise **US** of such restrictions and shall, upon **OUR** direction, deposit payments to **OUR** credit in a bank in a jurisdiction where the transfer of funds or currency is not blocked; or **YOU** shall take such other action as **WE** request to effect payment.

## 16. FINANCIAL AND BUSINESS RECORDS

### (A) Required Financial Records

**YOU** must, within thirty (30) days after the close of each quarter, deliver to **US**, in the form approved by **US**, **YOUR** financial records including balance sheets, profit and loss statements,

cash flow statements, bank statements, daily reports, register tapes, tax returns related to the revenue derived from the operation of **YOUR** Business (including all schedules), government reports, and any other reports **WE** require. **YOUR** financial records must be prepared substantially in accordance with generally accepted accounting principles (GAAP). **YOU** must keep **YOUR** financial records for a period of at least six (6) years.

If **YOU** do not provide **US** with any required financial records, within the required time, **YOU** must pay **US** Five Hundred Dollars ($500.00) per incident; **WE** can withdraw the payment from **YOUR** account as provided in Section 4(G).

(B) Audit of Records

**WE** can, upon reasonable notice, audit the records concerning **YOUR** Business. **YOU** must mail or ship the records to **US** at **OUR** request; **YOU** can mail or ship **US** copies of **YOUR** records rather than **YOUR** original records; **YOU** must provide **US** with complete, true, and accurate records. **WE** can also enter the premises where **YOUR** Business records are kept, during **YOUR** normal business hours, to audit and copy **YOUR** records at **OUR** expense.

If an audit determines that **YOU** have not reported two percent (2%) or more of **YOUR** actual Gross Room Revenue, or **YOU** have not paid two percent (2%) or more of the amounts owed pursuant to Sections 4(B) and 4(C), **YOU** must pay the full cost of the audit, including reasonably incurred accountants' and attorneys' fees, salaries of **OUR** employees for the time reasonably expended for performing the audit, expenses for food, lodging, and travel, and the amounts underpaid, together with interest at the highest rate allowed by applicable law; further, this Agreement can be terminated, in **OUR** discretion. The amount due to **US** is due ten (10) days after notification by **US.**

(C) Certification of Records

**YOU** must certify that all financial and business records submitted by **YOU** are complete, true and accurate. Certification does not require an audit by a certified public accountant, public accountant or bookkeeping service.

17. TRANSFER AND CONTROL

(A) Personal Franchise

As to **YOU**, the franchise is personal in nature and **YOU** acknowledge that **WE** have entered into this Agreement in reliance on the business skill, financial capacity, and personal character of **YOU** (if **YOU** are a sole proprietor), and of **YOUR** partners, members, or shareholders, as set forth in Schedule 1, (if **YOU** are a partnership, limited partnership, joint venture, limited liability partnership, limited liability company, or corporation). Any attempted transfer of the interests, in whole or in part, set forth on Schedule 1, by law or otherwise, not specifically authorized pursuant to this Agreement, is void and a default. The franchise cannot be the subject of a pledge, mortgage, security interest, lien, levy, attachment, execution or encumbrance of any type, except with **OUR** prior written authorization.

(B) Sale of **YOUR** Franchise or Business

(1) Except as provided in Sections 17(C) and 17(E), before **YOU** can sell, exchange, or otherwise transfer, any interest in **YOU**, or all, or any part, of **YOUR** interest in the franchise, the hotel, and/or the Business, **YOU** must give **US** written notice. of the sale, exchange or transfer. **WE** will provide approval upon the satisfactory fulfillment of the following conditions:

(a) **YOU** provide sixty (60) day advance written notice of the proposed sale, and **YOU** and the proposed purchaser/transferee, both, fully and accurately complete the application forms for the sale, exchange or transfer;

(b) The proposed purchaser/transferee conforms with **OUR** then existing System Standards for issuing new franchises for the System;

(c) **YOU** pay to **US** a nonrefundable processing fee of Five Thousand Dollars ($5,000.00), which is credited toward the fee hereunder. **WE** receive payment of the transfer fee which is the sum equal to one-half (½) of **OUR** then current Initial Franchise Fee if this Agreement is being transferred or assigned, or the full Initial Franchise Fee if a new franchise term is being acquired. **WE** have the sole and absolute discretion whether or not a new franchise is required;

(d) All sums that **YOU** owe to **US**, or **OUR** subsidiaries or affiliates, are paid in full;

(e) Arrangements, satisfactory to **US**, are made to remedy any quality assurance deficiencies which presently classify **YOUR** hotel facility or premises as "unacceptable", or which, if not remedied prior to the next quality assurance inspection, will result in the hotel facility or premises being classified as unacceptable;

(f) Where permitted by law, **YOU** must execute a general release, in a form satisfactory to **US**, waiving all of **YOUR** claims against **US**, **OUR** subsidiaries or affiliates, and the respective directors, officers, members, shareholders, employees, agents, and assigns, in their company and individual capacities, including claims arising under federal, state, and local laws, rules, and ordinances; if **YOU** execute a general release;

(g) **YOU** must execute, in a form satisfactory to **US**, a statement setting forth any claims, of any nature, which **YOU** have against **US**, **OUR** subsidiaries or affiliates, and the respective directors, officers, members, shareholders, employees, agents, and assigns, in their company and individual capacities, including claims arising under federal, state, and local laws, rules, and ordinances;

(h) The proposed purchaser/transferee must complete, or make arrangements to complete, to **OUR** satisfaction, the standard System training program;

(i) The proposed purchaser/transferee must execute an assignment of this Agreement, for the remaining effective term, and personal guaranties if applicable; or, the proposed purchaser/transferee must execute the franchise agreement, being used by **US** at the time of the transfer, for a new term, and personal guaranties, if applicable;

(j) If this Agreement is being assigned, and **YOU** have not fulfilled **YOUR** obligations pursuant to Section 6(O), or if a new franchise is being acquired, the hotel must be renovated and upgraded in accordance with **OUR** System Standards on the effective date of the sale, exchange or transfer;

(k) **YOU** must execute a written agreement affirming **YOUR** obligation to comply with Sections 9(B), 9(C), and 9(D) of this Agreement.

(l) The proposed purchaser/transferee must agree to follow the then-current Royalty Fee, Marketing and Advertising Fund Fee, Loyalty Fee, and other fee structures.

**WE** can waive or reasonably modify the conditions set forth above.

(2) **WE** can modify the Protected Area specified in Sections 2 and 25 of this Agreement, upon the sale, exchange or transfer of **YOUR** Business consistent with **OUR** then current System Standards.

(C) Transfers Not Subject to Transfer Fee

No new Initial Franchise Fee or transfer fee will be assessed, and no new Franchise Agreement will be executed in connection with any change in an equity interest pursuant to this Section 17(C). The transfer, creation or elimination of any equity interest, by operation of law or otherwise, will be a default, subject to Sections 8 and 9, unless specifically authorized pursuant to Sections 6(N), 17(A), 17(B), 17(E), or as provided below.

(1) If **YOU** are a natural person, the franchise, or **YOUR** equity interest in the franchise, will pass to **YOUR** estate at death, or to **YOUR** legal guardian if **YOU** are declared physically or mentally incompetent, if provisions satisfactory to **US** have been made for the management of the Business by the estate, or guardian, and if the estate, or guardian, promptly advises **US**, and assumes, in writing, **YOUR** obligations in this Agreement. The estate, or guardian, may transfer the franchise, or **YOUR** equity interest in the franchise, to **YOUR** spouse, parent, sibling, descendant, or spouse's descendant, if the transferee is legally competent to assume, in writing, **YOUR** obligations in this Agreement. If **YOU** are a natural person, **YOU** may transfer the franchise, or **YOUR** equity interest in the franchise, to a

corporation, limited liability company, limited liability partnership, or other business entity in which **YOU** own fifty-one percent (51%) or more of the equity interests, provided **YOU** first guarantee, in accordance with **OUR** requirements, the performance of the transferee's obligations pursuant to this Agreement. Further, if **YOU** are a natural person, **YOU** may transfer the franchise, or **YOUR** equity interest in the franchise, to **YOUR** spouse or descendants provided that they meet the then current System Standards for new franchises, or, **YOU** guarantee their performance of this Agreement.

(2) Other equity interests in the franchise may be transferred, created, or eliminated with **OUR** written authorization, if, after the transaction:

(a) no more than fifty percent (50%) of **YOUR** equity will have changed hands since **YOU** first became a party to this Agreement, or

(b) no more than eighty percent (80%) of **YOUR** equity will have changed hands since **YOU** first became a party to this Agreement, and none of **YOUR** equity will be held by others than those who held it when **YOU** first became a party to this Agreement.

(3) If **YOU** are not a natural person, **YOU** represent that **YOUR** equity interests are directly owned, or (if applicable) indirectly owned, as shown on forms **WE** provide. **OUR** judgment will be final if there is any question as to how to define "equity" or "equity interests" or how to compute relative equity interests, the principal considerations being:

(a) direct and indirect power to exercise control over **YOUR** affairs;

(b) direct and indirect right to share in **YOUR** profits; and

(c) amounts directly or indirectly exposed at risk in **YOUR** Business (but general partners will not be distinguished from limited partners in computing the percentages).

(D) Other Transfers

Any other proposed transfer, creation or elimination of an equity interest, will be treated as a transfer of the franchise pursuant to Sections 17(A) and 17(B).

(E) Public Offers and Limited Partnerships

Publicly-traded equity interests that have been previously registered under federal securities law may be transferred without **OUR** authorization (1) if immediately before the proposed transfer, the transferor owns less than twenty-five percent (25%) of **YOUR** equity, (2) immediately after the proposed transfer, the transferee will own less than twenty-five percent (25%) of **YOUR** equity, and (3) the transfer is exempt from registration under applicable securities laws. Such

equity interest may be transferred, upon **OUR** written authorization, if the transfer is exempt from registration under applicable securities laws. Each time a registration of **YOUR** securities, or other equity interests, is desired (on an initial public offering and subsequently), **OUR** written authorization is required. **OUR** authorization must be requested, in writing, at least forty-five (45) days prior to the effective date of the registration and accompanied by a non-refundable fee equaling one-half (1/2) of **OUR** then-existing Initial Franchise Fee to cover **OUR** expenses for all transactions required as a part of the registration. **YOU** and the other participants in the registration must fully indemnify **US**, **OUR** subsidiaries and affiliates, and their directors, officers, shareholders, members, employees, agents, and assigns, in connection with the registration, furnish all information that **WE** reasonably request, and avoid any inference that **WE** are participating in or endorsing the offering. **OUR** Marks and Distinguishing Characteristics may be used only as **WE** authorize, in writing.

18. NO GUARANTEE OF SUCCESS

**YOU** acknowledge that:

(A) **YOU** have conducted an independent investigation of the rights granted, and obligations required, by this Agreement;

(B) **YOU** have conducted an independent investigation of the risks associated with operating a System Business, including current and potential market conditions, competitive factors and risks, and the future investments that may be required of **YOU** pursuant to this Agreement;

(C) The operation of **YOUR** Business involves business risks;

(D) **YOUR** success or failure will be largely dependent upon **YOUR** initiative, **YOUR** ability to manage and operate the Business, and **YOUR** level of participation and involvement with hotel operations;

(E) **YOU** have received no representation or guarantee as to the potential volume of business, earnings, profits, or success of **YOUR** Business;

(F) **WE** do not select or approve sites for **YOUR** Business in terms of the potential volume of business, earnings, profits, or success;

(G) It is **YOUR** sole obligation to evaluate the suitability and viability of a site for **YOUR** hotel facility and premises.

19. GENERAL PROVISIONS

(A) Notices

Any notice from **YOU** or **US** declaring default of a provision of this Agreement, or potential or final termination of this Agreement, must be delivered in person, or by prepaid overnight courier delivery service, or by prepaid overnight United States mail, or by prepaid certified United States mail return-receipt requested. If overnight delivery is not available to the notice address, **WE** will send notices under this Section only to the Entity Contact Person listed in Section 23 of this Agreement. **YOU** must send notices to **US** under this Section as follows: My Place Hotels of America, LLC, Attention: General Counsel, 1910 8th Ave NE, Aberdeen, SD 57401. Notice sent under this Section will be deemed effective on the earlier of (a) receipt, or first refusal of delivery; (b) one day after sending if sent by overnight courier delivery service or overnight United States mail; or (c) three (3) days after placement in the United States certified mail with return receipt requested.

For notices regarding any issue other than those specified above, **WE** may provide notice to **YOU** via electronic mail at the email address designated by **YOU** in Section 23 of this Agreement, or to the email address of other persons YOU designate for these notices.

(B) Waiver

No waiver or delay in enforcing any particular default by **YOU** shall affect **OUR** rights with respect to any subsequent default, nor shall the manner of enforcement of any right affect **OUR** rights as to any future default by **YOU** or other franchisees.

(C) Severable Provisions

If all, or part, of any provision in this Agreement, is declared illegal, invalid, or unenforceable, it shall be automatically modified to the extent necessary to make the provision legal, valid, and enforceable, or deleted, as appropriate. All remaining provisions, or parts of provisions, shall remain in full force and effect.

(D) Assignment by **US**

**WE** can assign this Agreement to any person or entity who **WE** reasonably believe can fulfill the franchisor's obligations in this Agreement. This Agreement shall inure to the benefit of **OUR** successors and assigns. **WE** can designate agents to perform any of **OUR** obligations.

(E) Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or any related agreement, however, is intended to disclaim the representations **WE** made in the franchise disclosure document that **WE** furnished to **YOU**.

**YOU** acknowledge that **YOU** are entering into this Agreement as a result of **YOUR** own independent investigation of **OUR** franchised business and not as a result of any representations about us made by **OUR** shareholders, officers, directors, employees, agents, representatives,

independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus

(F) Original Counterparts

This Agreement can be executed in any number of counterparts each of which, when executed and delivered, shall be deemed an original, and the counterparts, together, shall constitute the same instrument.

20. EXECUTIVE ORDER 13224

In accordance with Executive Order 13224, dated September 24, 2001, as amended or supplemented, which prohibits transactions with terrorists and terrorist organizations, **YOU**, by executing this Agreement, certify that neither **YOU**, nor any employee, agent, representative, or any other person or entity associated with **YOU** are:

(A) A person or entity listed in the Annex to the Executive Order or listed in any relevant lists maintained by the United Nations, North Atlantic Treaty Organization, Organization of Economic Cooperation and Development, Financial Action Task Force, United States Office of Foreign Properties Control, United States Securities & Exchange Commission, United States Federal Bureau of Investigation, United States Central Intelligence Agency, United States Internal Revenue Service, the Department of Homeland Security, or any country or organization, all as may be amended from time to time.; or

(B) A person or entity otherwise determined to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; or

(C) A person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(D) A person or entity owned or controlled by terrorists or sponsors of acts of terrorism; or

(E) A person has who engaged in any dealings or transactions, directly or indirectly,

(1) in contravention of anti-money laundering laws, or

(2) in conducting any business or engaging in any transaction with any person appearing on the United States Treasury Department's Office of Foreign Properties Control list of restrictions and prohibited persons.

**YOU** further certify that neither **YOU**, nor any employee, agent, representative, or any other person or entity associated with **YOU** will, during the effective term of this Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism measure. If, at any time, any certification/representation becomes inaccurate, it shall constitute a default of this

Agreement and **WE** can exercise any of the remedies set forth in this Agreement, including the immediate termination of **YOUR** franchise and this Agreement.

21. TIMELY RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT AND THIS AGREEMENT

When **YOU** sign this Agreement, **YOU** acknowledge that **YOU** received the appropriate franchise disclosure document at the earlier of:

(A) At least fourteen (14) calendar days prior to signing this Agreement, or

(B) At least fourteen (14) calendar days prior to paying any money to **US**.

Further, **YOU** acknowledge that **YOU** received a completed original of this Agreement, and any related documents which **WE** require **YOU** to sign, at least seven (7) calendar days, excluding the day of receipt, prior to the date **YOU** are signing this Agreement.

22. PROPER AUTHORIZATION

The person affixing his/her signature to this Agreement, on **YOUR** behalf, warrants that he/she is legally authorized to sign this Agreement.

23. **YOUR** NAME AND ADDRESS AND PHONE NUMBER

Name of Entity: _____

Entity Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: _____

Email: _____

24. HOTEL INFORMATION

Address: _____

Or approximate location: _____

City, State, Postal Code: _____

County: _____

Number of floors: _____ Number of guest rooms: _____

25. PROTECTED AREA

**YOUR** Protected Area, granted in Section 2 of this Agreement, is as follows: _____

26. EFFECTIVE DATE

This Agreement is effective as of the date **WE** sign this Agreement.

27. SURVIVAL CLAUSE

Franchisee's and Franchisor's rights and obligations under this agreement will survive the termination of this agreement.

| **FRANCHISEE**: | **FRANCHISOR**: |
|---|---|
| | **MY PLACE HOTELS OF AMERICA, LLC** |
| Name of Business Organization | |
| By: _____ | By: _____ |
| Date: _____ | Date: _____ |

Witness
Date: _____

SIGNING INSTRUCTIONS:

IF **YOU** ARE AN INDIVIDUAL OWNER (SOLE PROPRIETOR), **YOU** MUST SIGN AND HAVE **YOUR** SIGNATURE WITNESSED; IF **YOU** ARE A PARTNERSHIP OR JOINT VENTURE, AT LEAST TWO PARTNERS MUST SIGN AND HAVE THE SIGNATURES WITNESSED; IF **YOU** ARE A CORPORATION, A DULY AUTHORIZED OFFICER MUST SIGN, DESIGNATE CORPORATE TITLE, AND HAVE THE SIGNING ACKNOWLEDGED BY THE CORPORATE SECRETARY; IF **YOU** ARE A LIMITED LIABILITY COMPANY, DULY AUTHORIZED MEMBERS OR MANAGERS MUST SIGN, DESIGNATE COMPANY TITLE, AND HAVE THE SIGNING ACKNOWLEDGED BY AN APPROPRIATE OFFICER; IF **YOU** ARE A TRUST, THE TRUSTEE OR CO-TRUSTEES MUST SIGN AS TRUSTEE OR CO-TRUSTEES AND HAVE THE SIGNATURES WITNESSED.

## SCHEDULE 1

**YOUR Ownership Structure:**

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

**This page has been intentionally left blank.**

**Technology Agreement**

THIS HOTEL OPERATIONS SOFTWARE AGREEMENT ("Agreement"), is entered into this_____ day of _____, 20__, between MY PLACE HOTELS OF AMERICA, LLC, a South Dakota limited liability company, 1910 8th Avenue NE, Aberdeen, South Dakota 57401 (we, us, our) and _____ (you, your).

We and you acknowledge the following facts:

a) To operate your hotel, you need a property management system and you must be connected to our central reservation system and our customer relationship manager;

b) You must purchase the computer hardware ("Hardware") to operate the property management system, and to interface with the central reservation system and customer relationship manager, from us;

c) Certain proprietary information must be used to access the property management system, the central reservation system, and the customer relationship manager;

d) In some of our manuals and in this Agreement, the property management system is referred to as "PMS", the central reservation system is referred to as "CRS" and the customer relationship manager is referred to as "CRM";

e) We currently have a partnership with certain providers ("Service Providers") to provide you with the proprietary information needed to access the PMS, CRS, and CRM ("Services"); and

f) You must use the Service Providers we designate and reimburse us for providing you with such Services.

In consideration of the mutual rights and obligations set forth in this Agreement, we and you agree as follows:

1. **ACKNOWLEDGEMENTS.** The acknowledged facts stated above are incorporated in and made a part of this Agreement.
2. **INSTALLATION AND TRAINING.**
   2.1. Scheduling. After you sign and return this Agreement to us, we will contact you to coordinate the installation of the Hardware, the configuration of the Services, and any related training, if applicable. Any installation or training rescheduled by you could be subject to a rescheduling fee. The scheduling of any alternative installation or training is subject to the availability of our staff.
   2.2. Hardware Delivery. We will arrange for the delivery of the Hardware necessary for access to the Services. You must follow any instructions that we provide for preparing the Hardware for installation, and for installing the Hardware. We will provide you with support for the installation of the Hardware and configuring the Hardware for access to the Services. The Service Providers' access information will be deemed accepted by you ("Acceptance") once the communications interface is established between the cloud network and your Hardware (the "Acceptance Date").

## 3. PAYMENT FOR SERVICES.

3.1. Service Fees. You must pay us the fee amounts specified in Exhibit A to this Agreement for the Services ("Fees"). We may modify the Fees at any time, in our sole discretion, whether by changing the amount of the Fees, by adding or removing elements of the Services, or both. Your obligation to pay us the Fees begins on the day that access to the Services is activated for your hotel, and is due and payable on the first day of each successive month throughout the period that this Agreement is in effect. We can apply any amounts received from you to any outstanding billing statements in any order. If you do not pay all Fees to us when due, we can withhold delivery of the Hardware and installation assistance, suspend the Services (subject to section 3.3 below) or terminate this Agreement. Fees begin accruing when the Services go live.

3.2. Past-due Charges. If any Fees are not received by us by the due date, then, at our option, (a) such unpaid Fees can accrue interest at the rate of one and one-half percent (1.5%) of the outstanding balance per month, or the highest rate permitted by law, whichever is lower, from the date such payment was due until the date paid, and/or (b) we can condition future renewals of the Services on payment terms different than those specified in section 3.1.

3.3. Suspension of the Services. If any Fees owed pursuant to this Agreement are thirty (30) or more days overdue, we can, without limiting our other rights and remedies, accelerate your unpaid Fee obligations so that all such obligations become immediately due and payable, and suspend the Services to you until such amounts are paid in full. We will give you at least seven (7) days prior notice that your account is overdue, in accordance with section 18 (Notices), before suspending the Services.

3.4. Taxes. The amount of the Fees does not include any taxes, levies, duties or similar governmental assessments of any nature, including any sales, use, withholding, or value-added, taxes assessed by any local, state, provincial, federal or foreign jurisdiction (collectively, "Taxes"). You must pay all Taxes associated with your use of the Services. If we have the legal obligation to pay or collect Taxes for which you are responsible pursuant to this section, the appropriate amount shall be invoiced to, and paid by, you unless you provide us with a valid tax exemption certificate authorized by the appropriate taxing authority. We are only responsible for paying taxes assessed on our income and property.

## 4. PROPRIETARY ACCESS INFORMATION.

4.1. Proprietary Access Information. For the period of the Term (section 15), and subject to the Restrictions in section 4.3 and the other provisions in this Agreement, and contingent on your continued payment of all Fees, we grant to you a limited, non-transferable, non-exclusive right, solely for the purposes permitted in this Agreement and as described in the Documentation (a) to access the Services solely with the Hardware, or other computer hardware, authorized by us, that meets our technical specification requirements, and (b) to use the Services. We can audit your records and can at reasonable times enter the system to verify your compliance with this Agreement.

4.2. Title. Title to and ownership of the Services, including all software, training materials, and all intellectual property rights, are, and remain, with us or the Service Providers. You must, at all times, protect and defend, at your cost and expense, our title and ownership against any claims, liens and legal processes initiated by your creditors and other parties, and take

such steps as may be necessary to prevent any party from acquiring any rights that are superior to our rights and the rights of the Service Providers. If any party attempts to establish any legal rights in the Services or training materials, you must promptly notify us in writing. We can inspect the Services during normal business hours with reasonable notice to you.

4.3. Restrictions. You cannot (a) permit any third party to access the Services except as permitted pursuant to this Agreement, (b) create derivative works based on the Services, (c) copy, frame or mirror any part or content of the Services, other than copying or framing on your own intranets or otherwise for your own internal business purposes, (d) reverse engineer the Services, or (e) access the Software or Services in order to (i) build a competitive product or service, or (ii) copy any features, functions or graphics of the Services.

4.4. Suggestions. We shall have a royalty-free, worldwide, irrevocable, perpetual license to use and incorporate into the Services any suggestions, enhancement requests, recommendations or other feedback provided by you, including your employees, relating to the operation of the Services.

4.5. Access. The information in your property management system, central reservation system, and customer relationship manager system will be accessible by our staff.

**5. HARDWARE.**

5.1. To access and use the Services, you must use the Hardware purchased from us or our affiliate and subscribe to communication services that meet our technical specification requirements. If any service provider (including any service provider made available by us) attempts, at your request, to integrate the Hardware with the Services, we are not liable for any injury or damage to either the Hardware or the Services unless due to our negligence or misconduct. The warranties and support described in this Agreement, do not apply to any actions undertaken by the providers of communication services.

**6. THE SERVICES.**

6.1. We will provide you with a specific User ID and password, and training, to access the Services. We can, from time to time, change your password and the security features that you need to access and use the Services. You must follow all security procedures and protocols that we establish. You cannot permit the Services to be accessed in violation of the security procedures and protocols or otherwise be breached, attacked, evaded, destroyed, or invaded. You must safeguard the User ID and password as a trade secret, revealed only to your employees on a need to know basis. You must immediately notify us if you believe that the User ID and/or password have been lost, stolen, misappropriated or compromised and you must follow our instructions regarding any replacement User ID and password.

6.2. You may use the Services only for the operation of your hotel business and not for personal or household purposes. You cannot load, store or otherwise use any software on or with the Services, without our prior written consent, as it can adversely affect the operation and functioning of the Services. If you violate this section, the warranties provided in this Agreement will be void, and you shall be solely responsible for the cost of the repair or replacement of the Services.

6.3. Our Responsibilities. We will: (a) use commercially reasonable efforts to make the Services available twenty-four (24) hours a day, seven (7) days a week, except for: (i) planned downtime (for which we will provide you with reasonable notice), or (ii) any unavailability caused by circumstances beyond the reasonable control of us or the Service Providers, including acts of nature, acts of government, floods, fires, earthquakes, civil unrest, acts of terror, strikes or other labor problems, internet service provider failures or delays, or denial of service attacks, and (b) provide the Services only in accordance with applicable laws and government regulations.

6.4. Your Responsibilities. You (a) are responsible for compliance with this Agreement by you and your employees, (b) are responsible for the accuracy quality and legality of guest information and of the means by which you acquire guest information, (c) must prevent unauthorized access to or use of the Services, and you must notify us promptly of any unauthorized access or use, and (d) must use the Services only in accordance with the documentation and applicable laws and government regulations. You cannot (a) make the Services available to anyone other than you and your employees, (b) sell, resell, rent or lease the Services, (c) use the Services to store or transmit infringing, libelous, or otherwise unlawful or tortious material, or to store or transmit material in violation of third-party privacy rights, (d) use the Services to store or transmit malicious code, (e) interfere with or disrupt the integrity or performance of the Services or third-party data contained therein, or (f ) attempt to gain unauthorized access to the Services or their related networks.

## 7. CONFIDENTIALITY.

7.1. Definition of Confidential Information. As used in this Agreement, "Confidential Information" means all information disclosed by a party ("Disclosing Party") to another party ("Receiving Party"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential considering the nature of the information and the circumstances of disclosure. Our Confidential Information includes the Services, and the provisions of this Agreement, as well as business and marketing plans, technology and technical information, product plans and designs, and business processes disclosed by such party. Confidential Information does not include any information that (a) is or becomes generally known to the public without the violation of any obligation owed to the Disclosing Party, (b) was known to the Receiving Party prior to its disclosure by the Disclosing Party without the violation of any obligation owed to the Disclosing Party, (c) is received from a third party without the violation of any obligation owed to the Disclosing Party, or (d) was independently developed by the Receiving Party.

7.2. Protection of Confidential Information. The Receiving Party must (a) use the same degree of care that it uses to protect the confidentiality of its own confidential information (but, in no event, less than reasonable care) (b) not to use any Confidential Information of the Disclosing Party for any purpose outside the scope of this Agreement, and (c) except as otherwise authorized by the Disclosing Party, in writing, limit access to Confidential Information of the Disclosing Party to those of its, and its affiliates', employees, contractors and agents who need access for purposes consistent with this Agreement and who have signed confidentiality agreements with the Receiving Party containing protections no less stringent than those in this Agreement. Neither party shall disclose the

terms of this Agreement to any third party other than its affiliates and their legal counsel and accountants without the other party's prior written consent.

7.3. Compelled Disclosure. The Receiving Party may disclose the Confidential Information of the Disclosing Party if it is compelled by law to do so, provided the Receiving Party gives the Disclosing Party prior notice of such compelled disclosure (to the extent legally permitted) and reasonable assistance, at the Disclosing Party's cost, if the Disclosing Party wishes to contest the disclosure. If the Receiving Party is compelled by law to disclose the Disclosing Party's Confidential Information as a part of a civil proceeding to which the Disclosing Party is a party, and the Disclosing Party is not contesting the disclosure, the Disclosing Party will reimburse the Receiving Party for its reasonable cost of compiling and providing secure access to such Confidential Information.

## 8. PRIVACY OF GUEST DATA.

8.1. You must comply with our data policies and procedures which we can update from time to time (the "Data Policies"). If there is a conflict between the policies and procedures and applicable law, you must comply with applicable law and notify us in writing of the conflict.

8.2. You agree that (a) we own the guest information jointly with you, (b) you will, at all times, take commercially reasonable action to assure the timely and accurate collection, recording, processing and transmittal of guest information via the Services, and (c) with respect to your use of guest information, you will comply with applicable law, our Data Policies and any contract or promise that you make with guests.

8.3. Other than the guest information, you cannot use any information that you obtain from the Services, including any information that we append to the guest information ("Non-Owned Information"), for the benefit of any business, enterprise or activity other than the business of the hotel system, and in accordance with all applicable laws and our Data Policies.

8.4. You cannot disclose, copy, assign, transfer, lease, rent, sell, donate, disseminate or otherwise commercialize any Non-Owned Information for any purpose without our written consent, which we can withhold at our sole discretion.

8.5. Any information provided to you through the Services may contain "dummy" information, special codes or other devices to assure compliance with this Agreement and to monitor possible unauthorized use of Services. You will be conclusively presumed to have violated this Agreement if we find unauthorized mail or contacts from information provided only to you or the system.

8.6. If you obtain access to Non-Owned Information in violation of the Data Policies or this section, you become a trustee of that information and must act in a fiduciary capacity to protect the information from further unauthorized use or disclosure, and you must initiate commercially reasonable action to return the information to us as soon as possible.

## 9. CUSTOMER PCI-DSS OBLIGATIONS.

9.1. Password and Implementation Materials. All information provided to you by us or our Service Providers in relationship to the Services will remain the property of us, our Service Providers, or their payment processor as appropriate. You agree to restrict use and access to your password and log-on ID to your employees and agents as may be reasonably necessary, and will ensure that each such employee or agent complies with all applicable

provisions contained herein. You will not give, transfer, assign, sell, resell or otherwise dispose of the information and materials provided to you to utilize the Services. You are solely responsible for maintaining adequate security and control of any and all IDs, passwords, or any other codes that are issued to you by us, the Service Providers, or their payment processor.

9.2. Compliance with Data Security Requirements. You will comply with all then-current legal obligations and guidelines, including without limitation those issued by Associations and the Federal Trade Commission, associated with the collection, security and dissemination of data, and expressly including the Visa Cardholder Information Security Program (CISP) and the MasterCard Site Data Protection Program (SDP) requirements. For details log onto www.visa.com and www.mastercard.com. You shall not store Cardholder Verification Value 2 (CVV2) information or any other credit card information of any cardholder (whether received electronically or by fax or hardcopy) and will be liable for any fines for violation of such Association Rule. If you fail to comply with the requirements of this Section, we may terminate your use of the Services. You are fully responsible for the security of data in your possession. You will: (i) comply with all then-current legal obligations and guidelines, including without limitation those issued by Visa USA, Inc., MasterCard International Incorporated or other applicable card associations (collectively, the "Associations", and the "Association Rules") and the Federal Trade Commission, associated with the collection, security and dissemination of data, and expressly including the Visa Cardholder Information Security Program (CISP) and MasterCard's Site Data Protection (SDP) Program. These programs include without limitation requirements that you: maintain a network firewall, keep security patches up-to- date, encrypt stored data, maintain updated anti-virus software, restrict access to data (including physical access), maintain unique user identification, user tracking and password requirements, conduct regular testing of security systems and procedures, maintain a security information policy for employees and contractors. For details of these programs log onto www.visa.com/cisp or MasterCard's SDP Program website ); (ii) notify us of any agent, including any web hosting service, gateway, shopping cart, or other third party provider, that has access to cardholder data and ensure that such agent is compliant with all then-current legal obligations associated with the collection, security and dissemination of data; (iii) provide information or access to records as needed for us to evaluate your compliance with this section; and (iv) notify us immediately of any security breach to your data records or system as it relates to your use of the Services. If you fail to comply with the requirements contained herein, or we have indication of an actual or potential security breach, we may suspend or terminate your use of the Services. If you are suspended, the notice will explain the basis for such suspension, including measures reasonably calculated to rectify the failure or security breach. The suspension will remain in effect and until such time as we are satisfied that you have cured your failure or properly addressed the security breach. You shall not store or retain PIN data, AVS data, or Card Validation Codes (three-digit values printed in the signature panel of most Cards, and a four-digit code printed on the front of an American Express Card) of any cardholder and will be liable for any fines for violation of such Association Rule. You acknowledge that in the event that we receive indication of a security breach or compromise of cardholder data relating to you, you may be required to have a third party forensic auditor certified by the Associations, conduct a security review of your systems and facilities and issue a report to be provided to us and

the Associations. In the event that you fail to initiate such process after our request you authorize us to take such action, at your expense.

Under certain circumstances, and contingent upon receipt of our express permission, you may utilize third parties in order to perform certain of your obligations contained herein (each such party, a "Technical Service Provider"). The data security standards set forth above apply to any Technical Service Provider that you may use to store, process or transmit Cardholder data to us. Because such Technical Service Provider must be registered with the applicable Association(s), you must (1) notify us of any Technical Service Provider that engages in, or proposes to engage in, the storing, processing or transmitting of Cardholder data on your behalf, regardless of the manner or duration of such activities and (2) ensure that all such Technical Service Providers are (A) registered with the applicable Association and (B) comply with all applicable data security standards, including, without limitation, CISP and SDP Program requirements. Your failure to comply with these requirements, or the failure of your Gateway processor to register and/or comply with applicable data security requirements, may result in fines or penalties for which you are liable and termination of this Agreement. In the event that such a Technical Service Provider is being used by you and we deem it necessary, you: (a) give us permission to register you with such Technical Service Provider, if needed; and (b) agree that you are solely responsible for your relationship with such Technical Service Provider and any data transmitted or made available to such Technical Service Provider, including complying with any requirements of such provider with respect to its services, hardware or software and obtaining any required end-user consents for transmission of data through such Technical Service Provider.

**10. WARRANTY AND SUPPORT SERVICES.**

10.1. We warrant that, following the Acceptance Date, the Services will perform the functions and operations we specify on the documentation provided that you follow our written instructions, install updates and modifications and make corrections, as directed, pay Fees when due and that you are not otherwise in default of this Agreement or your Franchise Agreement. Our sole obligation pursuant to this warranty is to use reasonable efforts to remedy any failure of the Services to perform as represented in the documentation within a reasonable time after you report it to us. We do not warrant that the Hardware or Services will be error free.

10.2. We have authority to provide you with the rights granted in this Agreement, and, to the best of our knowledge, the Services do not infringe the intellectual property rights of any third party.

10.3. We will provide you with the vendor's telephone number and/or e-mail address for reporting any problems with the Services, and the vendor will attempt to remotely diagnose whether the problem involves the Hardware or the Services. If it is a failure of the Services to operate as represented in the Documentation, the vendor will use reasonable efforts to remedy such failure within a reasonable time after you report it to the vendor. You must perform all user-required maintenance procedures specified by the vendors of the specific Hardware components, and obtain required maintenance and repairs only from an authorized service provider.

10.4. The warranties in this section will be void if the Services are subjected to abuse, misuse, improper maintenance by unauthorized service personnel, or if the Services are altered without our consent or direction, or used for a purpose not authorized pursuant to this Agreement or if the Services are damaged or destroyed due to acts of nature, war, terrorism, civil unrest, fires, natural disasters, or other events beyond our control.

**11. INDEMNIFICATION.**

11.1. You must defend, indemnify, and hold us, our affiliates, successors and assigns, and each of the respective directors, officers and employees associated with them, harmless against all claims of employees, agents, guests, and all other persons and entities, arising out of your operation, use or non-use of the Services, including any use of guest information and any third party data or any system security breaches. We are not liable to you or any other person or entity for personal injury or property loss, including damage to the system, including but not limited to loss of data, interruption, or loss of business, as a result of your operation, use or non-use of the Services, and/or any third-party data or any actual or alleged system security breaches.

**12. NO LIABILITY FOR INFORMATION.**

12.1. We are not liable for any claims or damages resulting from any incorrect information given to us or input into the Services. Support or assistance necessitated by computer viruses, or by any failure or breach of security for your computer systems or data, including damage caused by persons lacking authorized access, are not covered pursuant to this Agreement. You hereby waive any claims against us to the extent arising from your failure to have or maintain current virus and firewall protection, or arising as a result of a failure or breach of your security for your computer systems or data, or as a result of any unauthorized access to your computer systems, as a result of any failure of the virus and firewall protection services provided through us or as a result of persons accessing or utilizing the Services without authorized access unless due to our willful misconduct. This paragraph survives the termination of this Agreement.

**13. NO OTHER WARRANTIES.**

13.1. Except as described in section 10, we make no warranties of any kind, express or implied, including any warranty regarding the Services, their merchantability or their fitness for any particular purpose. We make no representation or warranty regarding the volume of reservations or amount of revenue that you may attain through the use of the Services or that your reservations or revenue will increase. You, on behalf of yourself, your successors and assigns, hereby waive and release all claims or causes of action that you may have against us, our affiliates, and our or their officers, directors or agents, arising out of the Services unless due to our willful misconduct.

**14. DAMAGE LIMITATION.**

14.1. Notwithstanding anything to the contrary in this Agreement, neither we, nor our respective affiliates shall be liable to you for special, consequential, incidental, punitive, exemplary, or indirect damages, including lost profits or lost revenue (collectively referred to as "indirect damages") in connection with the Services or otherwise pursuant to this Agreement, even if we had been advised of the possibility of or could have reasonably

foreseen such damages. In addition, notwithstanding anything to the contrary in this Agreement, for any direct damages caused by us, the Service Providers (and any indirect damages to the extent that the above limitation is not recognized by a court or other authority) any claim shall be limited to the total amount previously paid by you to us for the Services. The above limitations on liability apply regardless of the form of action, whether in contract, tort, or otherwise. This paragraph survives the termination of this Agreement.

**15. TERM.**

15.1. The Term of this Agreement shall begin on the date that this Agreement is executed by you and us and shall continue in full force and effect until the expiration or termination of your Franchise Agreement, unless the Term is earlier terminated in accordance with the provisions of this Agreement.

**16. TERMINATION AND OTHER REMEDIES.**

16.1. To the extent permitted by applicable law, we can immediately terminate this Agreement if: (a) you fail to make any payment when due pursuant to this Agreement or your Franchise Agreement and such failure continues uncured for a period of thirty (30) days; (b) you violate the privacy, security or confidentiality obligations set forth in this Agreement, (c) you violate any other covenant, warranty or agreement pursuant to this Agreement, your Franchise Agreement, or any other agreement between you and us or any affiliate and such violation continues for a period of thirty (30) days after you have received written notice of such violation; (d) the Services become inoperable as a direct or indirect result of your act or omission, or (e) your Franchise Agreement expires or terminates for any reason.

16.2. In addition to the right to terminate this Agreement, we can suspend your access to the Services upon the occurrence of any violation of your obligations in this Agreement, your Franchise Agreement, or any other agreement between you and us, until your violation is cured and you have agreed in writing to engage in no conduct that will cause a repeat violation to occur. If you violate such a restoration agreement, we can suspend or terminate your access to the Services permanently or for an indefinite period. Because we continue to incur costs on your behalf, you must continue to pay us all Fees associated with the Services and the sums owed pursuant to the Franchise Agreement during the suspension period.

16.3. We can terminate this Agreement for any reason, at any time, provided that (a) we provide you with not less than sixty (60) day advance notice and (b) we provide you with reasonable assistance in transitioning to a new system that performs similar services.

16.4. Upon the termination of this Agreement (a) your access to the Services as provided in this Agreement ends and you must immediately cease using the Services; (b) you must cease using the credentials (User ID and Password) that you were provided to access the Services; and (c) you must return the originals and all copies of the training materials, and all guest information to us within thirty (30) days after termination or certify to us, in writing, that you have deleted or destroyed, in an irreversible manner, all electronic and tangible information provided to you by us. If you fail or refuse to return the training materials to us as provided in this section, or certify that the training materials have been deleted and destroyed as provided in this section, you must pay us for the rental of the

training materials at the rate of Five Hundred Dollars ($500.00) per week beginning thirty (30) days after the date that this Agreement terminates. We can, in our sole discretion, embed within the Services various security devices that will render the Services unusable and the data stored by the Services inaccessible if this Agreement terminates.

**17. FORCE MAJEURE.**

17.1. If performance by you or us is delayed or prevented (excluding the obligation to make payments pursuant to this Agreement) because of strikes, inability to procure labor or materials, defaults of suppliers or subcontractors, delays or shortages of transportation, failure of power or communications systems, restrictive governmental laws or regulations, weather conditions, or other reasons beyond the reasonable control of the affected party, then performance of such acts will be excused and the period for performance will be extended for a period equivalent to the period of such delay.

**18. NOTICES.**

18.1. Any notice required or permitted to be given by any party to the other shall be given in writing and shall be (a) hand delivered to the receiving party (or any officer of the receiving party), or (b) mailed by United States Postal Service certified mail, return receipt requested, postage prepaid, or (c) shipped with a nationally recognized overnight delivery service, or (d) transmitted by facsimile or electronic mail (e-mail). Notices shall be effective on the date of receipt. Notices shall be deemed to be received on the same day as delivered or transmitted with respect to hand delivery or facsimile or e-mail transmission, or on the first business day after the date shipped with respect to delivery by overnight delivery service, or on the fourth business day after the date sent with respect to delivery by certified mail.

**19. CHANGE OF SERVICE PROVIDER.**

19.1. We reserve the right to change Service Providers at any time at our sole discretion. To the extent that the provisions of this Agreement are consistent with the terms of any business relationship established by us with a Service Provider, the provisions of this Agreement shall continue in full force and effect. You must execute any addendum to this Agreement which relates to the services of another Service Provider.

**20. MISCELLANEOUS.**

20.1. Integration. This Agreement represents the entire agreement and understanding between the parties with respect to the subject matter of this Agreement and supersedes any prior oral or written agreements or representations between the parties with respect to the subject matter; it may not be altered or amended except with an agreement, in writing, signed by both parties.

20.2. Your Forms. We are not bound by the terms of any purchase order forms, or notices of acceptance, delivered by you which attempt to impose any conditions which are different than the provisions in this Agreement or our invoices, standards manuals or technical specifications. Our failure to object to any provision contained in your printed forms is not a waiver of any provision of this Agreement.

20.3. No Third Party Beneficiary. The Agreement is intended for the sole benefit and protection of the named parties, their successors and permitted assigns, and no other

persons or entities shall have any cause of action or right to payments made or received herein except the Service Providers.

20.4. Attorney's Fees. If any legal action, appeal, arbitration, or other proceedings are initiated to enforce or interpret this Agreement, the prevailing party shall be entitled to recover attorney and paralegal fees, court costs, and other reasonably incurred expenses, in addition to any other relief to which such party may be entitled. "Prevailing party" means the party who obtains the greater part, comparatively, of the relief sought by each, whether by compromise and settlement, or a determination by any court or arbitrator. The fees, costs, and expenses shall be included in, and be a part of, any settlement, order, judgment, or other determination, which shall also provide for the recovery of any fees, costs, and expenses incurred in enforcing such settlement, order, judgment, or determination.

20.5. Other Relief. We may obtain the remedy of injunctive relief without the posting of a bond if you violate your obligations regarding confidentiality, non-disclosure, transfer or limitations on use of the Services pursuant to this Agreement.

20.6. Governing Law. This Agreement shall be determined in accordance with the laws of South Dakota; any controversy concerning the provisions of this Agreement shall be venued in the courts of general jurisdiction for Brown County, South Dakota or in the United States District Court for the District of South Dakota, Northern Division. You consent to the personal jurisdiction of the State of South Dakota for all actions, disputes, litigation, claims, suits, and/or proceedings arising, directly or indirectly, out of this Agreement, whether based on tort, contract, warranty, misrepresentation, fraud, or otherwise, in any way related to or arising from this Agreement including, but not limited to, the termination of this Agreement.

20.7. Waiver. The waiver, by either party, of a violation of, or the failure by either party to enforce, any provision of this Agreement shall not constitute a waiver of any subsequent violation of, or the relinquishment of any rights pursuant to, this Agreement.

20.8. Severability. The terms of this Agreement shall be deemed severable, and if any term is deemed to be illegal or unenforceable, the remainder of the Agreement shall remain in full force and effect.

20.9. Assignment; Binding Effect. This Agreement cannot be assigned by you without our written consent which we may withhold in our sole discretion. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors, representatives and assigns.

20.10. Survival of Covenants. All provisions in this Agreement, which, by their nature, require performance or observance after the termination of this Agreement, shall survive the termination of this Agreement.

20.11. Mitigation of Damages. You must use reasonable efforts to mitigate any damages resulting from a breach of this Agreement by us.

20.12. Captions; Exhibits. The captions of sections in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation. All exhibits shall be incorporated in and constitute a part of this Agreement.

20.13. Counterparts. This Agreement may be executed in duplicate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and both of which, together, shall constitute one and the same instrument.

20.14. Facsimile Documents. Reproductions of this Agreement, or any other document related to this Agreement, which are transmitted by facsimile machine, computer, or other electronic means, and which contain signatures of one or more of the parties, shall be treated and relied upon by all parties, and bind the parties, with the same legal effect as the original document with an original signature. At the request of any party, any document transmitted by facsimile machine, computer, or other electronic means, shall be re-executed by the parties in the original form. The transmission of any document and signature by facsimile machine, computer, or other electronic means, is not a defense to the enforcement of this Agreement, or any amendment to this Agreement.

20.15. Accord and Satisfaction. No payment or receipt, of a lesser amount than the sums designated pursuant to this Agreement shall be anything other than a payment on account of the earliest sum owed, nor shall any special or restrictive endorsement or statement on any check, or any letter accompanying any check or payment, be deemed an accord and satisfaction, and we can accept such a check or payment without prejudice to our rights to recover the balance of sums owed pursuant to this Agreement, or to pursue any other remedy.

20.16. Time is of the Essence. The timely performance of all covenants, obligations, conditions, and other requirements of this Agreement, is an essential part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the preamble above.

| | |
|---|---|
| _____ | My Place Hotels of America, LLC |
| (Name of Entity) | |
| _____ | _____ |
| By: _____ | By: _____ |
| Its: _____ | Its: _____ |
| Date: _____ | Date: _____ |

# EXHIBIT A TO TECHNOLOGY AGREEMENT

## Section A:
## Monthly Subscriptions
*(monthly fees)*

| | |
|---|---|
| **Sabre** | |
| **Sabre Subscriptions**<br>SynXis PM, SynXis CR, SynXis CRS interface with Cendyn | **$**313.00 |
| **Cendyn** | |
| **Cendyn Subscriptions**<br>CRM Subscription Service | **$** 320.00 |
| **Total Monthly Fees** | $ 633.00 |

## Section B:
## Professional Services
*(one-time fee – new installations only)*

| | |
|---|---|
| **Sabre** | |
| **Sabre Set-Up Fees**<br>SynXis PM Setup, SynXis PM Training (includes implementation, training, and support. Training is conducted by Sabre in conjunction with dedicated support from My Place Hotels of America, LLC) | **$** 1,049.00 |
| **Cendyn** | |
| **Set-Up Fees**<br>CRM Setup | **$** 1,250.00 |
| **Total Professional Fees** | **$** 2,299.00 |

## Section C:
## Annual Fees
*(annual fees)*

| Sabre | |
|---|---|
| **Sabre Annual Fees**<br>Travel industry ID reservation processing and Travelport listing fees | **$** 138.00 |
| **Total Annual Fees** | **$** 138.00 |

## Section D:
## Transaction Fees
*(per net reservation - unless otherwise noted)*

| Sabre | |
|---|---|
| **GDS Transactions** | $ 9.56 / net reservation |
| **IDS Transactions** | $ 6.50 / net reservation |
| **SynXis Booking Engine** | $ 2.32 / net reservation |
| **Channel Connect Transactions** | $ 2.32 / net reservation |
| **Net Rate/Merchant Program - Priceline Merchant Travel/Web** | Free |
| **Fax Notification of Reservations (optional)** | $ 0.52 / net reservation |
| **Total transaction fees will be invoiced on your monthly billing statement from My Place Hotels of America, LLC** | |

## Section E:
## Technology Fees
*(monthly fees)*

| MP Technology, LLC | |
|---|---|
| Monthly Antivirus and Patch Management (Up to 4 PCs), Firewall rental and support subscription, Digital Signage player subscription, Email subscription (2 accounts). | **$** 191.00 |
| **My Place Hotels of America, LLC** | |
| Website | $ 83.33 |
| **Total Monthly Fees** | **$** 274.33 |

# Exhibit G

# Non-Disclosure, Confidentiality and Non-Competition Agreement

When I receive manuals to review from My Place Hotels of America, LLC (My Place Hotels of America), I gain access to information regarded by My Place Hotels of America as confidential and proprietary. Defined broadly, confidential or proprietary information is any information which gives My Place Hotels of America an advantage over its competitors or information which would help a competitor compete with or gain an advantage over My Place Hotels of America or its franchisees.

In consideration for receiving information and training from My Place Hotels of America, I, the undersigned, agree to keep confidential, and not divulge, any confidential or proprietary information including suppliers, franchise development information, and potential franchise areas; also included is information regarding the business, business methods and systems, business plans, marketing methods and strategies, and computer software of My Place Hotels of America. I will not divulge or use any confidential or proprietary information, and, when requested, I will promptly return to My Place Hotels of America all documents and other materials provided to me by My Place Hotels of America, or obtained by me regarding My Place Hotels of America.

If, after receiving such information, I do not operate a My Place Hotels of America franchise, I will not, individually, as a partner in a partnership, as a shareholder in a corporation, as a member or manager of a limited liability company or limited liability partnership, as a joint venturer, or as an employee, agent or consultant of a third party, directly or indirectly use such information to compete with My Place Hotels of America franchisees.

If I breach any of the provisions of this Agreement, My Place Hotels of America can seek all remedies provided by law, including an injunction and monetary damages.

Print Name _____

(Sample - Not for Signature)

Signature

Date

**This page has been intentionally left blank.**

## EXHIBIT H

## PERSONAL GUARANTY

To induce **MY PLACE HOTELS OF AMERICA, LLC,** a South Dakota limited liability company, to execute and enter into a Franchise Agreement with _____ _____, a(n) _____ (type of business organization) regarding the site located at _____, (Franchisee), the undersigned, individually, and jointly and severally, unconditionally guarantee the prompt payment, when due, of all Royalty Fees, Marketing and Reservation Fund Fees, and other fees, sums, and obligations, owing by Franchisee, and the performance of all personal obligations of Franchisee pursuant to the Franchise Agreement, together with all expenses incidental to collection, or enforcement of Franchisee's obligations, under this Personal Guaranty, including reasonable attorneys' fees and costs.

No notice of any modification or amendment of the terms of the Franchise Agreement need be given to any of the undersigned, who consent to each of such acts. The undersigned each expressly waive acceptance of this Personal Guaranty, and presentment, demand, notice of nonpayment, protest or notice of protest of all of the monetary and personal obligations guaranteed herein.

The liability of each of the undersigned shall not be affected or impaired by any failure, neglect, or omission of My Place Hotels of America, LLC, including, without limitation, any failure to realize collection of the obligations guaranteed herein from the assets of Franchisee, nor by the taking by My Place Hotels of America, LLC, of any other guaranty or guaranties to secure the obligations guaranteed hereunder; nor by the taking by My Place Hotels of America, LLC, of assets, collateral or security of any kind for Franchisee's obligations; nor by any act or failure to act of any kind which, but for this provision, could, in law or in equity, act to release or reduce the liability of any of the undersigned (including and without limitation, a discharge in bankruptcy or death or release of another guarantor).

The undersigned each waive all defenses, claims, setoffs, and discharges of Franchisee, or any other obligor, under this, or a similar, Personal Guaranty pertaining to the obligations and the indebtedness of Franchisee pursuant to the Franchise Agreement, except for the defense of discharge by full performance and/or payment in full (and then only to the extent that such payment is not recovered from My Place Hotels of America, LLC, as a result of the bankruptcy of Franchisee or other party making the payment). None of the undersigned may assert against My Place Hotels of America, LLC, any claim, defense, or setoff available to the undersigned against Franchisee. So long as any portion of Franchisee's indebtedness is owing to My Place Hotels of America, LLC, none of the undersigned, will, without the prior written consent of My Place Hotels of America, LLC,

collect from Franchisee on the claim or claims, if any, acquired through payment by any of the undersigned of any part of Franchisee's indebtedness or obligations to My Place Hotels of America, LLC.

My Place Hotels of America, LLC, is not required to first resort to Franchisee for the payment of Franchisee's obligations or indebtedness nor to the property or assets of Franchisee or any other persons or business organizations of any type.

The undersigned each acknowledge that this Personal Guaranty is in effect and binding as to him or her without reference to whether it is signed by any other person or persons; each agrees that the possession of this Personal Guaranty by My Place Hotels of America, LLC, shall be conclusive evidence of delivery by the undersigned; and further, each agrees that as to the undersigned, the Personal Guaranty shall continue in full force and effect notwithstanding the death, bankruptcy, insolvency, or release of, or the extension of time to, any other guarantors or Franchisee.

The liability of the undersigned shall not be affected or impaired by the existence, from time to time, of indebtedness from Franchisee to My Place Hotels of America, LLC, in addition to the indebtedness or obligations provided for in the Franchise Agreement.

This Personal Guaranty shall be construed and interpreted according to the laws of South Dakota. The undersigned each submit to the jurisdiction of the State and Federal Courts of South Dakota for all actions relating to this Personal Guaranty, and waive any claim that such forum is not convenient.

This Personal Guaranty shall be binding upon the parties hereto, their heirs, estates, successors and assigns and shall inure to the benefit of My Place Hotels of America, LLC, its successors and assigns.

_____ _____

Witness Guarantor Date

**EXHIBIT I**

**TO**

**MY PLACE HOTELS OF AMERICA, LLC**

**TREND FRANCHISE DISCLOSURE DOCUMENT**

**BRAND STANDARDS TABLE OF CONTENTS**

The prospective franchise may view the manual before buying a franchise.

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**EXHIBIT J**

**TO**

**MY PLACE HOTELS OF AMERICA, LLC**

**TREND FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

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## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| California | April 18, 2022 |
| Hawaii | |
| Illinois | April 19, 2022 |
| Indiana | Pending |
| Maryland | May 3, 2022 |
| Michigan | June 15, 2022 |
| Minnesota | May 3, 2022 |
| New York | August 9, 2022 |
| North Dakota | April 25, 2022 |
| Rhode Island | June 12, 2022 |
| South Dakota | April 4, 2022 |
| Virginia | May 27, 2022 |
| Washington | May 24, 2022 |
| Wisconsin | Pending |

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

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**EXHIBIT K**

**TO**

**MY PLACE HOTELS OF AMERICA, LLC**

**TREND FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**

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# Receipt

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

If My Place Hotels of America, LLC offers you a Trend franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, My Place Hotels of America, LLC, in connection with the proposed Trend franchise sale.

**[Michigan and Oregon require that we give you this franchise 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.]**

**[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration, that relates to the franchise relationship.]**

If My Place Hotels of America, LLC does not deliver this Trend disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state administrator listed on Exhibit A.

Ryan Rivett, Terry Kline, Eric Myers, William Powers, and Rich Brown, all of 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401, telephone 605-725-5981, offer and sell franchises.

The issuance date of this Trend disclosure document is April 1, 2022.

See Exhibit B for the list of Registered Agents authorized to receive service of process on behalf of My Place Hotels of America, LLC

I received a Trend disclosure document dated April 1, 2022, that included the following exhibits:

Exhibit A – State Agencies

Exhibit B - Agents for Service of Process

Exhibit C - State Addenda

Exhibit D - List of Franchise Owners

Exhibit E - Financial Statements

Exhibit F - Franchise Agreement

Exhibit G - Non-Disclosure, Confidentiality, and Non-Competition Agreement

Exhibit H – Personal Guaranty

Exhibit I – Table of Contents For Operations Manual

Exhibit J – State Effective Dates

Exhibit K – Receipts

| | |
|---|---|
| Date | Signature |
| | Printed Name |
| Mailing Address | Physical Address |
| City, State Postal Code | City, State Postal Code |
| Email Address | Preferred Phone Number |

Notice:

You must sign, date, and return one of the Receipt pages to My Place Hotels of America, LLC, at 1910 8th Avenue Northeast, Aberdeen, South Dakota 57401. By signing the Receipt page, you are not incurring any obligation; you are only acknowledging that you have received this Trend Franchise Disclosure Document.

# Receipt

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

If My Place Hotels of America, LLC offers you a Trend franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, My Place Hotels of America, LLC, in connection with the proposed Trend franchise sale.

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| | |
|---|---|
| Date | Signature |
| | Printed Name |
| Mailing Address | Physical Address |
| City, State Postal Code | City, State Postal Code |
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