VAGABOND INN CORPORATION
PRE-EFFECTIVE AMENDMENT No. 1

UFDD CLEAN COPY
with Exhibits

VAGABOND INN CORPORATION
(a California corporation)
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FRANCHISE OFFERING CIRCULAR

As a VAGABOND INN® or VAGABOND INN EXECUTIVE® franchisee, you will operate a limited service, economy motel or hotel.

The total investment necessary to convert and begin operation of a VAGABOND INN or VAGABOND INN EXECUTIVE 65-room, 2-story hotel ranges from $174,500 to $570,500. This includes $15,000 that must be paid to the franchisor. This estimate does not include the cost of acquiring the hotel and other costs that you incurred before signing the franchise agreement. If you build a new 100-room, 3-story hotel, the estimated initial investment ranges from $4,940,000 to $7,066,500. This also includes $15,000 that must be paid to the franchisor. The estimated initial investment required will vary for a larger or smaller hotel.

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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Scott Pokorny at (310)-725-8200, 2225 Campus Drive, El Segundo, CA 90245.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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 be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: ____________, 2017

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

2. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES THE RIGHT TO A JURY AT TRIAL FOR ALL DISPUTES ARISING OUT OF OR RELATING TO THE FRANCHISE AGREEMENT AND THE GUARANTEE AGREEMENT.

3. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA, INCLUDING BUT NOT LIMITED TO A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.

4. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARTIAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Dates: See next page for effective dates in various jurisdictions.

STATE EFFECTIVE DATES

This disclosure document is effective as of the issuance date for use in Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Idaho, Iowa, Kansas, Louisiana, Maine, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Vermont, West Virginia, Wisconsin (offers only), Wyoming, Washington, D.C., American Samoa, Federated States of Micronesia, Guam, Marshall Islands, Northern Mariana Islands (including Saipan), Palau, Puerto Rico and Virgin Islands.

This disclosure document is effective and may be used in the following states, where the disclosure document is filed, registered or exempt from registration as of the dates indicated:

California:

Texas:

Utah:

Washington:

This disclosure document is not effective and may not be used in the following states, where it is not currently filed, registered or exempt from registration: Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin (for sales).

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EXHIBITS

ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

To simplify the language in the disclosure document, “we”, “us” or “our” means the franchisor, Vagabond Inn Corporation (f.k.a. Vagabond Inn Group Corporation). “We”, “us” and “our” does not include our officers, directors or shareholders. “You” means the person or entity who buys the franchise, including a corporation, partnership, limited liability company or other legal entity.

We are a California corporation, formed on April 6, 2012. We changed our name from Vagabond Inn Group Corporation to Vagabond Inn Corporation on November 19, 2012. Our principal business address is 2225 Campus Drive, El Segundo, CA 90245. Our agents for service of process are set forth in Exhibit A.

Our Predecessor, Parents and Affiliates

Vagabond Franchise System, Inc., a California corporation (“VFS”) is our predecessor and is an affiliate (see Item 20 and Exhibit B). VFS’s principal business address is 2225 Campus Drive, El Segundo, California 90245. VFS began offering VAGABOND INN and VAGABOND INN EXECUTIVE franchises on March 15, 2000. VFS no longer offers VAGABOND INN or VAGABOND INN EXECUTIVE franchises.

Vista Management Group, Inc., a California corporation (“VMG”) is our sole shareholder and parent. VMG’s principal business address is 2225 Campus Drive, El Segundo, California 90245.

Vista Investments, LLC, a California limited liability company (“VILLC”), is VMG’s majority shareholder, its parent and our affiliate. Its principal business address is 2225 Campus Drive, El Segundo, CA 90245.

VILLC is a member of Vista Glendale, LLC, a California limited liability company (“VG”), Los Angeles Vagabond Inn USC, LLC, a California limited liability company (“LAVI”), Sacramento Vagabond Inn, LLC, a California limited liability company (“SVI”), San Francisco Airport Vagabond Inn, LLC, a California limited liability company (“SFAVI”), Buena Vista Investments, LLC, a California limited liability company (“BVI”), Vista Truckee Tahoe, LLC, a California limited liability company (“VTT”), Mavi I, LLC, a California limited liability company (“MI”), ") Vista JL Holdings, LLC, a California limited liability company (“VJLH”), Vista El Segundo, LLC (“VES”), Vista Palm Springs Investments, LLC (“VPSI”), and Vista Oxnard Investments, LLC (“VOI”) which also are our affiliates (see Item 20 and Exhibit B). The principal business address for VG, LAVI, SVI, SFAVI, BVI, VTT, MI VJLH, and VES is 2225 Campus Drive, El Segundo, CA 90245.

Vista Investments Mgmt. Co., a California corporation (“VIMCO”), Vista Management Services, Inc. a California corporation ("VMS”), and Vista Supply, Inc. (“VS”) are also our affiliates. VIMCO’s, VMS's and VS’s principal business address is 2225 Campus Drive, El Segundo, CA 90245.

We franchise the right to operate limited and full-service economy and mid-priced hotels under the service mark and trade name VAGABOND INN® or VAGABOND INN EXECUTIVE®. Neither we nor our affiliates offer any franchises in any other line of business, and have not offered other franchises in the hotel business. However, we reserve the right to franchise other lines of business and even other franchises in the hotel business.

We do not currently own or operate hotels, but our affiliates currently own and operate six (6) hotels under the Vagabond mark (see below and Item 20).

Background

Vagabond Motor Hotels, Inc., a California corporation, started the VAGABOND INN hotel chain in 1958. The corporate name changed to Vagabond Hotels, Inc. in October 1975, to Northview Corporation in June 1984 and to Vagabond Inns, Inc. ("VII") on March 11, 1993. VII's principal address has been 2361 Rosecrans Avenue, Suite 375, El Segundo, CA 90245 since May 1994. VII operated hotels under the VAGABOND INN name from 1958 until June 1998. VII sold the hotels it owned and the VAGABOND INN name and trademarks to RPD Hotels 18, LLC, a California limited liability company ("RPD Hotels"), in June 1998.

Imperial '400' Motels, Inc. was organized under the laws of California on January 29, 1959 for the purpose of operating hotels under the service mark IMPERIAL MOTOR HOTELS. Imperial '400' National, Inc., a Delaware corporation, acquired the assets of Imperial '400' Motels, Inc. in 1961. Imperial '400' National, Inc. changed its name to Imperial Hotels Corp. ("Imperial") in April 1987. Imperial's principal address has been 2361 Rosecrans Avenue, Suite 375, El Segundo, CA 90245 since May 1992. Imperial acquired the stock of VII in May 1994. Imperial and its predecessor continuously operated hotels under various brand names from 1961 to June 1998 when RPD Hotels purchased the stock of Imperial.

RPD Hotels was formed on May 15, 1998. Its principal business address is 11812 San Vicente Boulevard, Los Angeles, CA 90040. RPD Hotels purchased the stock of Imperial and its subsidiary, VII, on June 9, 1998.

VFS purchased the rights to the VAGABOND INN trademark and service mark from RPD Hotels on March 15, 2000. On the same day, VIMCO entered into a franchise agreement with VFS for the 32 hotels then owned by RPD Hotels and managed by VIMCO (see Item 20).

VFS licensed the rights to the VAGABOND INN trademark and service mark to America's Best Franchising, Inc. from August 1, 2009 to March 6, 2012.

VFS licensed the rights to the VAGABOND INN trademark and service mark to us effective June 1, 2012. On the same day, VFS assigned its franchise agreements, including those of VIMCO, to us (see Item 20). On or about July 1, 2014, VFS transferred all of its rights to the license agreements for VAGABOND INN trademarks and service marks to us.

Competition

The market for hotels is well established and highly competitive. You will compete against other chain affiliated hotels and independent hotels and motels in the market area of your hotel.

Industry Specific Regulation

Your franchised business will be subject to significant federal, state and local laws and regulations applicable to businesses generally and those applicable to the hotel industry specifically, including regulations regarding zoning and building, occupational health and safety, labor, licensing and bonding, insurance, advertising, liquor licenses (should you choose and be approved by us to sell liquor), sales, income and other taxes and handicap accessibility (i.e., The Americans with Disabilities Act). You must comply with all applicable laws and regulations, regardless of any information or advice that we may furnish to you.

ITEM 2

BUSINESS EXPERIENCE

President and Chairman of the Board of Directors: Juan Llaca

Mr. Llaca has been our President and Chairman of our Board of Directors since June 2012. He has been Chairman of the Board of Directors of VFS since February 2000 and its President since January 2010. He is the President and Chairman of the Board for VMG since April 25, 2013. He has been President and a Managing Member of VILLC since February 2000.

Chief Financial Officer and Director: Les Biggins

Mr. Biggins has been our CFO since June 2012. He was President of VFS from March 2009 to December 2009 and has been its Chief Financial Officer since February 2000 and a Director since January 2008. He has been the Chief Financial Officer of VMG since April 25, 2013. He has been Chief Financial Officer of VILLC since February 2000 and Managing Member of BVI since July 2000.

Senior Vice President of Franchising: Chuck Valentino

Mr. Valentino has been our Senior Vice President of Franchising since September 2015. He had been our Vice President of Development from June 2012 to June 2014. He was the Vice President of Development for VFS from January 2009 to December 2012. He was the Vice President of Franchise Services of VFS from January 2008 to December 2008, and its Director of Communications from February 2000 to December 2007.

Vice President of Franchise Development and Operations: Scott Pokorny

Mr. Pokorny has been our Vice President of Franchise Development and Operations since July 2017. He was our Director of Franchising and Operations since March 2016. He was a Development Director for Red Roof Inns in Columbus, OH from June 2010 to February 2016 and Director of Franchise Development for G6 Hospitality in Carrollton, TX from January 2008 to June 2010. From January 2005 to January 2008 Mr. Pokorny was a Director of Franchise Operations for Accor North America.

Vice President of Revenue Management: Dean Chapman

Mr. Chapman has been our Vice President of Revenue Management since June 2012. He has been the Director of Revenue Management for VIMCO since February 2012. He was the Director of Operations for VIMCO from August 2008 to February 2012. From March 2000 to July 2008, Mr. Chapman was the General Manager for a VAGABOND INN EXECUTIVE hotel at the San Francisco airport.

Vice President of Marketing: Kyle Lee

Mr. Lee has been our Marketing Manager since July 2012. He was Director of Marketing and Operations for BBO Poker Tables Corp. in Pittsburg, California from January 2009 to July 2012. He was Executive of Sales for EE All Parts Corporation in Irvine, California from June 2007 to November 2008.

ITEM 3

LITIGATION

Closed Cases: 1. Vagabond Franchise System, Inc. v. America's Best Franchising, Inc. et al. (Cause No. BC-482969) in Superior Court of California, Central District, Los Angeles County. On April 17, 2012, Vagabond Franchise System, Inc. ("VFS"), our parent and owner of the VAGABOND INN trademark and service mark, filed suit against America's Best Franchising, Inc. and certain of its affiliates (collectively "ABF") for breach of contract and intentional interference with contractual relations in connection with the termination of a license agreement between VFS and ABF under which VFS had granted ABF an exclusive non-transferable license to sublicense the VAGABOND INN trademark, service mark and domain name to franchisees in the Vagabond System. VFS requested damages in an amount to be determined by the court, an order to show cause, a temporary restraining order, preliminary injunction and a permanent injunction enjoining ABF from interfering in the franchise relationships between VFS and the Vagabond System franchisees, and for costs of suit and attorneys' fees. On April 27, 2012, VFS amended its complaint, and on or about June 11, 2012, ABF filed a cross-complaint against VFS alleging breach of contract, tortious interference with contract, unjust enrichment, conversion and demanding an accounting. The cross-complaint alleged damages in an amount of at least $220,000. We were never named as a party to the suit. The parties settled their dispute on September 26, 2012, with VFS paying ABF $25,000. The complaint and cross-complaint were dismissed with prejudice on October 26, 2012.

2. Simpson v. Vagabond Franchise Systems, Inc. (Los Angeles Superior Court Case # BC524201). On or about June 19, 2012, plaintiff Latroya Simpson, individually and on behalf of a class of similar individuals initiated a complaint for damages and injunctive relief against VFS (our previous owner) for the practice of recording and/or intercepting calls made to the VFS central reservations phone number without the consent of all parties. Simpson alleges this is a violation of California's invasion of privacy act and seeks an award of statutory damages and injunctive relief. VFS and the Company's management have vigorously contested and defended the alleged claims and damages sought by Simpson, which they believe will have no material impact on the Company or VFS. At this time, the UFDD is being submitted to the California Dept. of Business Oversight, the claims of the class representative Simpson have been dismissed with prejudice, and the claims of the putative

class members have also been dismissed without prejudice. VFS did not have to make any payments to Simpson or class members.

Settled Case: Vagabond Inn Corporation v. Kabah Lodging, LLC, et al. On Dec. 2, 2013 we terminated Kabah Lodging, LLC which was our Vagabond Inn franchisee in Modesto, California for non-payment of royalty fees and failure to remedy items our inspection found to be incorrect or improper with their franchised location. After franchisee failed to make the required past-due payments and to remove our trademarks from their property, we initiated a lawsuit in Stanislaus County Superior Court (Case #2004756) on Jan. 8, 2014. This lawsuit named Kabah Lodging, LLC, the guarantor of the franchise agreement, and certain other individuals and entities we are informed and believed are responsible for the non-payment and illegal conduct. We alleged in our complaint breach of contract of both the franchise agreement and guarantee agreement, common counts, book accounts, specific performance, and fraudulent conveyance. The parties settled their dispute on September 8, 2015, pursuant to a Settlement and Stipulated Judgement Agreement containing a provision that Defendant will pay us $72,877 if Defendants should fail to make payments and perform all actions pursuant to the Settlement Agreement. The parties anticipate filing a dismissal on December 15, 2017, once all payments to us have been made.

Active Case: Ermine Torosyan v. Vagabond Inn Corporation (Los Angeles Superior Court Case No. BC615922). On April 4, 2016, plaintiff Ermine Torosyan initiated a complaint against us alleging negligence and premises liability for an alleged personal injury at the Palm Springs Vagabond Inn. We did not own, operate, maintain or manage the Palm Springs Vagabond Inn at the time of the alleged injury. We asked our franchisee, owner of the Palm Springs Vagabond Inn at the time of the alleged injury, to indemnify us as required under our Franchise Agreement and to forward this complaint to its insurance company. On May 10, 2016, plaintiff filed a First Amended Complaint adding the franchisee to the lawsuit and on June 21, 2016, franchisee's insurance company accepted the tender and is currently representing us in the lawsuit. There has been preliminary discovery in this matter at the time this UFDD has been presented to the California Dept. of Business Oversight, and this lawsuit is still pending.

Other than these 4 actions (2 closed, 1 settled, 1 active), no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FRANCHISE FEE

After a minimum of 14 calendar days following the initial receipt of this disclosure document, you may submit an application for a franchise. You must pay us an application fee of $1,000 when you submit the franchise application. If you are applying for multiple franchises at the same time, you will pay us only one (1) application fee.

You must also pay us an initial non-refundable franchise fee of $15,000 when you have been approved as a franchisee and you sign your franchise agreement. We may, in our sole discretion, negotiate the initial franchise fee on a case-by-case basis due to any business circumstances we consider relevant. The $1,000 application fee will be applied to the $15,000 initial franchise fee, reducing it to $14,000.

These fees are uniform (other than the initial franchise fee, which may vary) and are fully earned when paid. These fees are not refundable, except that we will refund the application fee if we do not approve your application. See Item 10 for financing information.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	3.25%	Monthly, within 10 days of our invoice.	Based on our reports of the preceding month's Gross Room Revenues (GRR).[1,2]
Marketing Fee	3.25%	Monthly, within 10 days of our invoice.	Based on our reports of the preceding month's GRR.
Technology Support Fee [3]	$300 to $1,000 per month (based on room count)	Monthly, within 10 days of our invoice	We will give you 60 days' written notice if fees increase due to our increased costs.
Software License Fee [3]	$5,000	Within 10 days of our invoice	Payable when you sign your franchise agreement.
Guest Loyalty Programs	Varies depending on program, currently 0.5%	Within 10 days of billing	Varies depending on programs - the amount will cover our costs and expenses of the program
Interest on overdue amounts	Lesser of 1½% per month or maximum interest rate permitted by law which is currently 10% per annum in California	On demand	Payable only if you do not remit payment of fees timely. Interest accrues from the due date until the overdue amount is paid
Global Distribution System (GDS) Fee	$10.00 for each reservation generated by a GDS with which we have an agreement	Weekly, within 10 days after billing	Fee covers our expenses for participating in GDS system. We may change fee on 30 days' notice.
On-boarding/Opening Training Fee	$2,500 plus travel and expenses	Within 10 days after billing	You must also pay your own travel, lodging and meal expense if you come to our office and travel, lodging and meal expenses for our employees for training at your hotel.

Type of Fee	Amount	Due Date	Remarks
Additional Training Beyond Initial Training	Reasonable amount of training will be provided at no charge during the first two months. Thereafter, it will be provided at $100 per hour.	Within 10 days after billing	Payable if you request, or we require, additional onsite training. You must also pay travel, lodging and meal expenses for our employees if training is at your hotel. This is subject to increase at any time without prior notice.
On-site Hotel Sales Training	$1,000 per visit plus travel and expenses	Within 10 days after billing	You must also pay travel, lodging and meal expenses for our employees for training at your hotel. This is subject to increase at any time without prior notice.
Quality Training	$1,000 to $2,500 per visit plus travel and expenses	Within 10 days after billing	This is required for hotels that continue to perform poorly. You must also pay travel, lodging and meal expenses for our employees for training at your hotel. This is subject to increase at any time without prior notice.
Revenue Management Fee	$250 per month	Monthly, within 10 days of our invoice	Payable if you request to participate in weekly revenue management call meetings for analysis and strategy services.
Liquidated Damages	$2,000 per room for termination within 24 months after opening date; after 24 months, a sum equal to the preceding 24 months' royalty and marketing fees	Within 30 days after termination of franchise	Payable only if we terminate your franchise agreement due to your breach. Does not apply where state law prohibits liquidated damages.
Expansion Fee	$1,000 minimum or $200 per room being added, whichever is greater	You must obtain our consent before you start the construction of additional sleeping rooms.	Payable only if you choose to build additional sleeping rooms. Covers our cost for reviewing your construction plans if you build additional sleeping rooms or make substantial alterations to the hotel.
Construction Start Extension Fee	$5,000	Within 10 days after billing	Payable for each 3-month extension you request and we grant while your hotel is under construction

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	$5,000	If you sell the franchise, when the buyer signs the franchise agreement	Payable only if you sell or otherwise transfer your interest in the franchised hotel. You must get our approval to transfer of the franchise. We will not unreasonably withhold our consent and we must approve the transferee's credit and financial strength and its operating experience. The transferee must also pay an application fee of $1,000.
Re-inspection and Re-instatement Fee	Currently $500 (subject to change)	Prior to re-inspection and re-instatement	Payable if we suspend services due to your hotel's failure of a quality assurance inspection.
Conference Fee	$250-$500 per person (subject to change)	Within 10 days of billing.	At least 1 person must attend. You must also pay travel, lodging and meals for you and your employees. On rare occasions we may have more than one (1) conference per year and in some years we may not have a conference at all.
Audit Fee	Varies under circumstances but at least approximately $500 per day, plus out-of-pocket travel expenses	Within 10 days of billing	Payable by you only if we find after an audit that you have under- reported GRR by 5% or more.
Costs and Attorneys' Fees	Varies under circumstances	As Incurred	Payable if your noncompliance with the franchise agreements causes us to incur legal expenses.
Indemnification	Varies under circumstances	As Incurred	You must reimburse us if we are held liable for claims involving the operation of your hotel. This includes, but is NOT limited to, any claims by any of your employees and/or agents for unpaid wages, overtime wages, costs, penalties or for any other reason. You must follow all local, State and Federal laws in your operation of the
Insurance	Varies under circumstances	As Incurred	If you fail to purchase and/or maintain insurance that we require, we may purchase insurance on your behalf and you must pay us for the insurance

Type of Fee	Amount	Due Date	Remarks
Call Center Fee	10% commission of room revenue for each reservation generated from the central reservation call center	As incurred	Payable only for reservations generated from the central reservation call center
Reservation Delivery Fee	7% of room revenue for each reservation generated from vagabondinn.com	As incurred	Payable only for reservations generated from vagabondinn.com

EXCEPT AS OTHERWISE INDICATED, NONE OF THE ABOVE FEES ARE REFUNDABLE

Note 1: "Gross Room Revenues" are revenues you earn from the sale, rental, use or occupancy of sleeping rooms at your hotel, including cash and credit transactions, whether or not collected by you. It does not include taxes required by law to be collected by you, revenues from telephone calls, vending machines, room service or food and beverage sales.

Note 2: We may waive part or all of the royalty fees for a limited time period for new construction or multiple properties to be opened concurrently. We may occasionally negotiate other terms of the agreement when business circumstances warrant.

Note 3: See Item 11 for more information about our proprietary property management software.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Conversion Franchises

Type of Expenditure	Amount [1]	Method of Payment	When Due	To Whom Payment Is To Be Made
Application Fee [2]	$1,000	Lump Sum	With completed application	Us
Initial Franchise Fee [2]	$14,000 - $15,000	Lump Sum	When you sign the franchise agreement	Us The fee is $14,000 for any franchise for which you have paid us the $1,000 application fee.
Software License Fee	$5,000	As incurred	Before opening	Us
Facility Improvements	$30,000 - $190,000	As incurred	Before opening	Suppliers you select
Furniture, Fixtures & Equipment	$32,000 - $95,000	As incurred	Before opening	Suppliers you select
Signage	$10,000 - $49,000	As incurred	Before opening	Suppliers you select
On-boarding/Opening Training	$2,500	As incurred	Before opening	Us

Type of Expenditure	Amount [1]	Method of Payment	When Due	To Whom Payment Is To Be Made
Travel, Lodging and Meals (during initial training)	$1,000 - $2,000	As incurred	Before opening	Suppliers you select if you come to us. You pay us if we come to you.
Legal Fees	$4,000 – $18,000	As incurred	Before opening	Attorneys you select
Opening Inventory & Supplies	$5,000 – $15,000	As incurred	Before opening	Suppliers you select
Pre-Opening Advertising	$4,000 - $15,000	As incurred	Before opening	Advertising media you select
Hardware Components for Property Management System	$2,000 - $10,000	As incurred	Before opening	Suppliers you select and we approve
Travel, Lodging & Meals (during initial training)	$1,000 - $3,000	As incurred	Before opening	Suppliers you select
Insurance [3]	$8,000 -$20,000	As incurred	Before opening	Insurance broker or carrier you select
Working Capital Required Before Operations Begin	$15,000 – $35,000	As incurred	Before opening	Us, your suppliers, your employees
Additional Funds for Initial 3 Month Period [4]	$40,000- $95,000	As incurred	Before opening	Us, your suppliers, your employees
TOTAL ESTIMATED INITIAL INVESTMENT [4]	**$174,500 - $570,500 (+ any cost of acquiring existing building)**	**This estimate does not include your payment of our out-of-pocket travel costs.**		
TOTAL ESTIMATED COST PER ROOM	**$2,684 - $8776 (plus cost of acquiring existing building)**			

Note 1: We base our estimates on a hotel containing 65 sleeping rooms. The average number of sleeping rooms in the existing VAGABOND INN hotels on December 31, 2014 was 75. Your actual costs may fall outside the estimated ranges. These estimated initial expenses may be materially affected by unusually high or locally imposed development fees, condition of the hotel, amount of renovation required, and other factors.

Note 2: These fees are described in Item 5. The application fee is refundable under the circumstances described in Item 5. We may occasionally negotiate certain terms of the agreement when business circumstances warrant.

Note 3: You must obtain insurance limits as stated in the franchise agreement. This estimate is for general liability only and does not include workers' compensation, disability and other employee benefits you may have to acquire for your employees. We are not responsible in any manner whatsoever for costs associated with your officers, managers, members, employees and/or agents.

Note 4: We base these estimates on the experience of our officers and on industry reports for competitive hotel brands. We are not co-employers or joint employers of your employees. You are solely responsible for all facets of your employees' management, training, hiring, firing, scheduling, hours worked, etc.

New Construction

Type Of Expenditure	Amount [1]	Method Of Payment	When Due	To Whom Payment Is To Be Made
Application Fee [2]	$1,000	Lump Sum	When you submit the completed application	Us
Initial Franchise Fee [2]	$14,000 - $15,000	Lump Sum	When you sign the franchise agreement	Us The fee is $14,000 for any franchise for which you have paid us the $1,000 application fee.
Software License Fee	$5,000	As incurred	Before opening	Us
Market Study	$7,500 – $10,000	Lump Sum	Before construction	Supplier you select
Phase I Environmental Study	$4,000 - $6,000	Lump Sum	Before land acquisition	Supplier you select
Design and Testing Fees	$30,000 - $70,000	Lump Sum	Before, during and after construction	Supplier you select
Facility Construction	$4,000,000 - $5,000,000	As incurred	Before opening	Suppliers you select
Furniture, Fixtures and Equipment	$700,000 - $1,700,000	As incurred	Before opening	Suppliers you select
Signage	$30,000 - $50,000	As incurred	Before opening	Suppliers you select
Hardware Components for Property Management System	$15,000 - $20,000	As incurred	Before opening	Suppliers you select and we approve
On-boarding/Opening Training	$2,500	As incurred	Before opening	Us
Travel, Lodging and Meals (during initial training)	$1,000 - $2,000	As incurred	Before opening	Suppliers you select if you come to us. You pay us if we come to you.
Insurance [3]	$20,000 – $30,000	As incurred	Before opening	Insurance broker or carrier you select
Working Capital Required Before Operations Begin	$50,000 – $75,000	As incurred	Before opening	Us, your suppliers, your employees
Additional Funds for Initial 3 Month Period [4]	$60,000- 80,000	As incurred	Before opening	Us, your suppliers, your employees
TOTAL ESTIMATED INITIAL INVESTMENT [4]	**$4,940,000 - $7,066,500 (+ any real estate cost [6])**	**This estimate does not include your payment of our out-of-pocket travel costs.**		
TOTAL ESTIMATED COST PER ROOM	**$49,400 - $70,665 (+ real estate cost [5])**			

Note 1: We base our estimates on a new construction hotel containing 100 sleeping rooms. The average number of sleeping rooms in the existing VAGABOND INN hotels on December 31, 2014 was 75. Your actual costs may fall outside the estimated ranges stated below. These estimated initial

expenses may be materially affected by unusually high or locally imposed development fees and other factors.

Note 2: These fees are described in Item 5. The application fee is refundable under the circumstances described in Item 5. We may occasionally negotiate certain terms of the agreement when business circumstances warrant.

Note 3: You must obtain insurance limits as stated in the franchise agreement. This estimate is for general liability only and does not include workers' compensation, disability and other employee benefits you may have to acquire for your employees. We are not responsible in any manner whatsoever for costs associated with your officers, managers, members, employees and/or agents.

Note 4: We base these estimates on the experience of our officers and on industry reports for competitive hotel brands. We are not co-employers or joint employers of your employees. You are solely responsible for all facets of your employees' management, training, hiring, firing, scheduling, hours worked, etc.

Note 5: Real estate costs vary considerably. A 100 room, 3-story VAGABOND INN new construction hotel needs about 2 acres with adequate parking, depending on local requirements. Your land costs will depend on land prices in the area where the hotel will be built and on the desirability of the site you select. Frontage on major roads and proximity to interstate highways or transportation centers used by potential customers are desirable.

ITEM 8

OBLIGATIONS TO PURCHASE OR LEASE FROM APPROVED SOURCES OR ACCORDING TO SPECIFICATIONS

You must design and build (or renovate) the franchised hotel to meet the minimum standards established by us for size of guest rooms, quality of furniture, fixtures and equipment, linens, draperies, bedspreads, carpet, wall coverings, lighting, ice machines, telephone systems and other amenities. You must obtain insurance as stated in Item 7.

We maintain a list of approved suppliers for goods and services needed by you. You do not have to purchase from these approved suppliers. However, the goods and services you use in operating the franchise must meet our standards. We estimate the cost of your opening inventory for items that you must purchase based on our standards to be about 15% of your initial investment in a new construction facility (not including the cost of real estate). Your annual cost of purchasing these items should be about 12% of your annual expenses. There is no approved supplier in which any of our officers owns an interest.

You must install at the front of your hotel at least one electrical sign displaying the VAGABOND INN or VAGABOND INN EXECUTIVE name and logo, which is designated in Section 6 of your franchise agreement. Electrical signs are available from manufacturers who must be approved and licensed by us and who must comply with our specifications. The licensed manufacturers must meet our minimum business, financial and insurance requirements.

You must use the Marks on all billboards and printed advertising in accordance with our specifications. We do not derive income when you purchase printed advertising, stationery, postcards, brochures, matchbooks or other expendable supplies from sources other than us.

As described in Item 11, you must acquire certain computer hardware and software, either from us or other sources, to participate in the Reservation System, and you must use our proprietary property management software (PMS).

You must subscribe to an Internet service provider and have a dedicated telephone line for this connection. Where available, you must provide a high-speed communication conduit such as DSL, frame relay connection or other future technology.

We do not derive revenue from required purchases and leases of products and services from us.

You do not have to participate in any purchasing or distribution cooperative that we decide to maintain. There are currently no purchasing or distribution cooperatives maintained by us.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise 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	Disclosure Document Item
a. Site selection and acquisition/lease	1.g, 1.j, 6.s and 21.h.	11
b. Pre-opening purchases/leases	6.e-g & 12	5, 7, 8 & 11
c. Site development and other pre-opening requirements	5.a, 6.e-g, & 23	5, 7, 8 & 11
d. Initial and ongoing training	4.g-j, 5.a, 5.i & 6.e	6, 7 & 11
e. Opening	1.l & 23.c	11
f. Fees	1.a, 4, 6.b, 6.k, 8, 9.b, 10.c, 11.f & 23.c.3	5, 6, 11 & 17
g. Compliance with standards and policies/manuals	1.m, 1.o, 6 & 23.c-e	8 & 11
h. Trademarks and proprietary information	1.k, 2.a, 6.o, 6.dd.,7. & 23.c.6	13 & 14
i. Restrictions on products and services offered	6.c, 6.d., 6.j.,6.q., & 6.r.	8 & 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	6.a, 6.f & 6.g	8
m. Maintenance, appearance and remodeling requirements	6.a, 6.f, 6.m, 6.cc., 8, 14	6, 8 & 11
n. Insurance	12 & 23.e	6,7 & 8
o. Advertising	5.d, 23.d.2	6 & 11
p. Indemnification	13	6
q. Owner's participation/management/staffing	21.d.	15
r. Records and reports	1.h, 4.m, 6.dd, & 10.b.3.e	6 & 17
s. Inspections and audits	4.m, 5.c, 6.g-i, 6.u-v, 6.cc 23.c.7 & 23.c.10	6 & 11
t. Transfer	9, 11.c	17
u. Renewal	Not applicable, but our intent is to offer renewal on then-current terms if you are not in default	Item 17
v. Post-termination obligations	11	6 & 17

Obligation	Section In Franchise Agreement	Disclosure Document Item
w. Non-competition covenants	Not applicable	Not applicable
x. Dispute resolution	17 & 22	17
y. Liquidated Damages	11.f.	6
z. Guaranty	1.f, 10.a, 10.a.1, 21.m	Exhibit G

ITEM 10

FINANCING

Neither we, nor any agent or affiliate, offers direct or indirect financing to you or guarantees any of your notes, leases or obligations.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your hotel, we will:

1. If new construction, review and comment on whether your preliminary drawings, final working drawings and building plans for the hotel meet the standards in our Brand Standards Manual (Franchise Agreement, Section 23(b)).

2. Train your General Manager in the use of our systems and requirements and the PMS at our corporate offices in El Segundo, CA, or at your property, and/or via an instructional webinar (Franchise Agreement, Section 5(a)).

3. Lend you one (1) copy of the current Brand Standards Manual. We may also only make a copy of the Brand Standard Manual available to you online. This is our property and we may change it periodically (Franchise Agreement, Section 5(b)).

During the operation of your hotel, we will:

1. Periodically inspect the hotel, evaluate your compliance with the franchise agreement and the Brand Standards Manual, and advise you on changes necessary to bring the hotel into compliance with system standards (Franchise Agreement, Section 5(c)). If necessary, we will provide Quality Training.

2. Provide or not provide advertising, promotion, publicity, marketing research, system programs and related activities as we reasonably determine are appropriate for the system. These services may be combined with other hotel systems that we or our affiliates operate in our sole discretion. We will also periodically publish and distribute to the traveling public a directory of all hotels in good standing (Franchise Agreement, Section 5(d)) if we deem it appropriate. If requested, we will provide Sales Training.

3. Provide an advance reservation system for your hotel and other hotels using your hotel brand (and, if we choose to do so, for other hotel brands that we or our affiliates operate) (Franchise Agreement, Section 5(e)).

4. Provide 1 software license for the PMS for your use while the franchise agreement is in effect (Franchise Agreement, Section 5.(g)).

5. Provide configuration and on-site installation services for the PMS (Franchise Agreement, Section 5(h)).

6. Provide enhancements and modifications to the PMS as needed (Franchise Agreement, Section 5(h)).

7. Provide online training in the use of the PMS (Franchise Agreement, Section 5.i).

8. Provide technology support for the PMS at a current monthly cost between $300 and $700 based on the size of the hotel and number of workstations (Franchise Agreement, Section 5.i)).

9. Provide installation, support and on-going maintenance of any communications system that we require or recommend that you use (Franchise Agreement, Section 5.j)).

Advertising and Promotion

We expect that our advertising will be conducted regionally, primarily through internet, consumer and trade publications, directories, our Global Distribution System (GDS) and/or other collateral travel-related materials. Funding for the advertising program comes from a marketing fund (the "Marketing Fund") which includes a portion of your monthly Marketing Fees. See Item 6. Hotels that we or our affiliates own must contribute the Marketing Fees based on the same formula.

We will administer the Marketing Fund in our discretion, taking into consideration recommendations of individual franchisees. We do not have to use any portion of the Marketing Fund for advertising in your area. We may, but are not required to, create a franchise association to advise us on the use of the Marketing Fund. We will provide unaudited financial statements for the Marketing Fund to you on request. We will not receive any payment for providing goods or services to the Marketing Fund with the exception of our reasonable administration costs. We will not use the Marketing Fund for the solicitation or sale of franchises. Any monies that remain in the Marketing Fund at the end of the fiscal year will be carried over for use in the following year.

You may conduct your own local marketing program provided that all materials comply with system standards, including proper mark usage, or we have approved them in advance and in writing. You do not have to participate in any local or regional advertising cooperatives.

We currently maintain an Internet website at www.vagabondinn.com to advertise and promote our franchise system, and to take electronic reservations for all hotels in our system. You may not maintain a separate website for your hotel on the Internet without our prior written consent.

Computer Requirements

You must have a computer system meeting our standards and specifications. As of the date of this disclosure document, you must have a current name-brand computer system with business quality specifications.

The price of the computer system depends on the number of terminals purchased or required to service your guests and any additional services and amenities of the Facility, and the software interfaces required to integrate with the Facility's other electronic systems, such as electronic locks, in-room entertainment system, telephone switch and the like.

The base hardware for a centralized system consists of one (1) or more workstations and a Manager PC. The centralized system also requires a Router and an Ethernet Hub.

We currently approve the following brands of computer hardware: Dell, Hewlett Packard, Lenovo, Asus and Compaq. You may purchase the hardware from any source of your choosing. You may also purchase the hardware from us.

We will set up computers at your hotel to be able to access the proprietary software located in a secure data center. We will train you, your hotel manager, and staff on the use of the proprietary software through educational webinars. You must make sure that your computer system is protected against viruses, malware, spyware, etc. and that the privacy of the guests' information is protected. We will not have independent access to the information in your computer other than the information we may obtain during an audit. We may request access to your computer to install VPN (Virtual Private Network) to allow your computer access to the PMS. A compatible firewall or router that can establish an Internet Security Tunnel with us is required.

Unless we expressly provide otherwise in writing, we do not warranty any required computer hardware or software, and we disclaim all implied warranties to the extent permitted by law. Neither we, nor any affiliate, is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system. You should determine for yourself whether or not any third party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services.

Brand Standards Manual

The Brand Standards Manual is confidential and remains our property. As of May 13, 2016, the Brand Standards Manual was 47 pages in length. The total number of pages on each subject in the manual is set forth in Exhibit F to this disclosure document. We may periodically revise, add to or update the Brand Standards manual through issuing revisions.

We may also choose to only make the Brand Standard Manual available to you in an online format. It is your duty to make sure you are following the requirements of the Brand Standard Manual.

Training

You will receive the following training before you open your hotel:

TRAINING PROGRAM

Subject	Online and/or On-the-Job Training Hours [1]	Location
Welcome to Vagabond	1	Online and/or at your hotel (on-site)
Property Management System	6	
Revenue Management & Reservation Systems	9	
Quality Assurance Standards	2	
Sales & Marketing	4	
Administration	2	
Total	**24**	

We may provide a combination of online training, and/or on-site training at our discretion. We may waive classroom training depending on factors such as your previous experience in operating a hotel. The training hours will vary according to your previous experience in operating a hotel. We will use our Brand Standards Manual as the basis for instruction.

Your general manager must successfully complete the initial training program before your hotel opens. Any replacement general manager must successfully complete the initial training program preferably before the date he or she assumes the duties, but no later than 3 months after the date he or she assumes the duties of general manager. You are responsible for the costs of any travel, lodging and meals of attendees during training.

We may also offer varied optional training programs throughout the year; the cost will be determined at the time.

Site Selection

We must approve the site you select. We will take into account the location, market and revenue potential as factors for selection and approval. Your application will be reviewed by the Management Committee within 30 days of submission. If a site cannot be agreed upon and we reject your application, we will refund your $1,000 application fee and no franchise agreement will be signed.

Opening

Based on our officers' and affiliates' experience in the hotel industry, we estimate that the typical length of time between the signing of a Franchise Agreement and the opening of a newly constructed hotel will be between 12 and 18 months, depending on the availability of constructional materials and furnishings, your ability to obtain any necessary financing, and the process required to obtain all the necessary permits, license and approvals from various government agencies. For a conversion franchise, we estimate that the typical length of time will be between 2 and 6 months, depending on those factors mentioned above, the condition of the hotel and the equipment, and availability of replacement equipment

ITEM 12

TERRITORY

We may grant you a protected territory in which we will not own or operate a VAGABOND hotel, or grant additional franchises to others, without your written consent, as long as you pay us all fees due under the franchise agreement in a timely manner and do not otherwise breach the franchise agreement. The geographic boundaries of any protected territory will be determined by negotiation between you and us, depending on local market conditions, size, age and condition of the hotel and the number of hotels franchised by you. Any protected territory granted to you will be set forth in the franchise agreement.

We grant you a franchise for a specific approved site within the protected territory. The location of the site may not be changed without our written approval and compliance with our relocation procedures, and you may not operate out of any location other than the accepted site without our written approval.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we or any of our affiliates own, or from other channels of distribution or competitive brands that we control. However, if you are granted a protected territory, your territorial rights restrict us: (a) from establishing, operating, or granting any person other than you the right to establish or operate, a VAGABOND hotel at any location within your protected territory.

We and our affiliates may: (a) establish and operate, and grant others the right to establish and operate, VAGABOND hotels at locations anywhere outside your protected territory, including locations near the protected territory's boundaries; (b) sell to persons inside or outside your protected territory, using VAGABOND hotel trademarks or different trademarks, products and services that offer the same products and services offered by VAGABOND hotels; (c) in or outside your protected territory, sell different products and services, using VAGABOND trademarks or different trademarks, without offering you the right to participate; (d) acquire and continue to operate, directly or indirectly, any business, including, but not limited to, hospitality services, operating under different trademarks in or outside your protected territory; (e) acquire and retain, directly or indirectly, the rights and obligations of any franchisor or licensor of any business operating under different trademarks in or outside your protected territory; and/or (f) in or outside your protected territory, establish other franchise systems involving different products or services using different trademarks, and establish company-owned or franchised outlets for those systems, without offering you the right to participate.

During the term of your franchise, your protected territory may not be modified except by a written agreement between you and us. A protected territory is not dependent of the achievement of any minimum Gross Room Revenues. You do not receive the automatic right to acquire additional franchises.

ITEM 13

TRADEMARKS

We grant you a limited license and obligation to use the trademark VAGABOND INN and one (1) of the associated logos shown on the cover page of this disclosure document (VAGABOND

INN or VAGABOND INN EXECUTIVE), or such other trademarks, service marks, trade names, logos or other commercial symbols as we may periodically adopt ("Marks").

The following Marks are registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date
VAGABOND	1,541,020	May 23, 1989
VAGABOND INN & Design	2,014,284	November 5, 1996
VAGABOND INN EXECUTIVE	2,698,491	March 18, 2003

Sections 8 and 15 affidavits have been filed and accepted for the above Marks and they are incontestable. All required renewals for the above Marks have also been filed.

The following Mark is registered with the California Secretary of State:

Mark	Registration Number	Registration Date
VAGABOND INN EXECUTIVE & Design	53,146	March 30, 2000

There are no currently effective material determinations of the USPTO, any Trademark Trial and Appeal Board, any state trademark administrator or any court, nor are there any pending interference, infringement, opposition or cancellation proceedings or material litigation involving any of the Marks in any manner that is material to the franchised business. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of another trademark to protect the Marks.

Our affiliate, VFS (see Item 1), has assigned to us its rights under a license agreement dated June 1, 2012 with VJLH to use and sublicense the use of the Marks under an exclusive, non-transferrable license. The term of the license is for 10 years with 2 successive 5-year renewal terms. There are no other currently effective agreements that significantly limit our rights to use or license the use of the Marks in any manner that is material to the franchised business.

We have no obligation to protect all rights that you have to use the Marks, nor are we obligated to protect you against claims of infringement or unfair competition. We will control any administrative proceedings or litigation involving the Marks. You must immediately notify us if another party claims that your use of the Marks is infringement or unfair competition, and we may take any action that we deem to be appropriate.

We may modify or discontinue use of any of the Marks or require you to use different names or marks, and you must change the names or marks at your expense.

You must follow our rules when you use the Marks. Except as we permit in writing, you may not use any Mark, any derivation or modified version of any Mark, or any confusingly similar mark: as part of your legal entity or other business name, website address, email address, domain name, metatag, hyperlink, uniform resource locator (URL) or hypertext reference (HREF), or other identification in any print, electronic or other medium; or with any prefix, suffix or other modifying word, term, symbol or design.

There are no infringing uses anywhere in the United States actually known to us that could materially affect your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the franchise.

Copyrights

We have not registered any copyrights with the United States Copyright Office (Library of Congress), but various marketing, sales, training, management and other materials (including business specifications) that we have created are and will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your franchised business.

There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by our franchisees.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

Proprietary Information

We have proprietary, copyrighted manuals that include guidelines, standards and policies for the operation of the franchised business, and other proprietary, copyrighted materials. Item 11 describes the manuals and the manner in which you may use them. All proprietary manuals and materials provided to you are for your exclusive use during the term of the franchise, and may not be reproduced, copied, loaned to, used by or shown to any person outside the VAGABOND system without our express written permission.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We do not require you to personally participate in the direct operation of the franchised business nor do we make any recommendation regarding your personal participation in the direct operation of the franchise business. We do require that you have a manager trained by us at the hotel at all times. This is true even if you choose to have a management company help you with the management of the hotel.

If the franchisee is an entity and not an individual, we generally require the principals of the entity to sign a guaranty of the franchisee's obligations substantially in the form included in Exhibit G. We also may require the spouses of the principals to sign the guaranty. If the franchisee is an individual, we may require the spouse to sign a guaranty of the franchisee's obligations substantially in the form included in Exhibit G. In some cases, we will accept the guaranty of an entity with substantial net worth instead of some or all of the principals (and spouses) of the franchisee. The primary determining factors will include: (i) the net worth and liquidity of the proposed guarantor; (ii) the credit and operating history of the proposed guarantor; and (iii) the debt structure applicable to the hotel. If you propose an entity to serve as the guarantor, you must submit financial statements for that entity.

ITEM 16

RESTRICTIONS ON GOODS AND SERVICES THAT THE FRANCHISEE MAY SELL

You must offer lodging accommodations that comply with our Brand Standards Manual and with applicable law. We may reasonably modify the Brand Standards Manual to require you to provide additional services or amenities to your guests. Goods and services that you offer at the franchise business must be consistent with high moral and ethical principles. You may not offer services or sell goods that detract from our image and reputation. You may sell alcoholic beverage at your property subject to our prior written approval. You must obtain this permission from us before you apply for the alcohol sales license.

We do not impose any restrictions or conditions that limit your access to customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following table lists certain important provisions of the franchise agreement and attachments. 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	3, 10.a.3 & 10.b.1	Term begins on signing and ends the earlier of 20 years from opening date or the date you lose the right of possession to the hotel premises. When you sign the franchise agreement, you may choose to include a provision for early termination that allows either you or us to terminate the franchise on the 5th and/or 10th anniversary of the opening date by giving 6 months written notice to the other party.
b. Renewal or extension of the term	Not applicable	No automatic renewal after the initial term expires, but we intend to offer renewal on then-current terms if you meet our standards and are in compliance. You must sign a new current franchise agreement and pay the then-current fees. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
c. Requirements for you to renew or extend	Not applicable	
d. Termination by you	10.a	You may terminate the franchise if we are in default of material obligations and we fail to cure the default after 30 days written notice (6 months if the default relates to the system directory). If we assign our interests and the assignee materially changes the standards within 1 year, you may terminate your agreement by giving the assignee 90 day's written notice. If you are current on the payment of all fees and charges, and you elected to include an early termination clause in the original agreement, you may terminate on the 5th and/or the 10th anniversary of the opening date by giving us 6 months written notice. You must stay current in payments and not be in default from notice date until early termination date.
e. Termination by us without cause	10.b.1	If you elected to include an early termination clause in the franchise agreement (section 10a(3)), we may terminate on the 5th and/or 10th anniversary of the opening date by giving you 6 months prior written notice. Otherwise, we may not terminate you without good cause.
f. Termination by us with cause	10.b.2 & 3	We may terminate if you are in default of material obligations and fail to cure after written notice or without the opportunity to cure.
g. "Cause" defined - curable defaults	10.b.2	You have 10 days to cure defaults relating to payment of fees or submission of reports, and 60 days to cure other defaults of your obligations under the franchise agreement.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined –non-curable defaults	10.b.3	Threat of danger due to condition of hotel; abandonment; conviction of a felony; unauthorized transfer, knowingly submitting false statements in the franchise application or in reports to us; failure to open the hotel or to keep the hotel open continuously open to the public; insolvency or general assignment for the benefit of your creditors; failure to maintain required insurance coverage; 2 or more notices of default for the same or similar cause in any 12 month period, whether or not cured.
i. Your obligations upon termination or non-renewal	11	Remove all our Marks from your hotel; pay all fees due; cancel any assumed name registrations containing our Marks; return all materials and manuals that we loaned to you; pay damages (including liquidated damages, if any), collection costs and attorneys' fees and costs as a result of enforcing our rights.
j. Assignment of the contract by us	9.a	There are no restrictions on our right to assign.
k. "Transfer" by you – defined	9.b & 9.c & 9.d	Includes transfer of contract, of assets, or of ownership of the franchisee. Transfer upon your death or mental incompetence of active manager and owner of hotel.
l. Our approval of a transfer by you	9.b	We must approve all transfers. Such approval is subject to operational and financial requirements.
m. Conditions for our approval or transfer	9.b	Transferee must sign an agreement to assume all of your obligations under the franchise agreement for the balance of its term, bring the hotel up to our standards, pay us a $1,000 application fee and pay us a $5,000 re-licensing transfer fee.
n. Our right of first refusal to acquire your business	19.d	If you receive and wish to accept a bona fide offer to sell any interest in the hotel or you, you must notify us of the offer and we will have a right to purchase that interest on the same terms as the bona fide offer.
o. Our option to purchase your business	19.e	Upon expiration or termination of your franchise, we can purchase all furnishings, signs, fixtures, supplies or inventory bearing the Proprietary Marks at fair market value.
p. Your death or disability	9.c, 9.d	Your representative must assign the franchise to your heirs or remaining owners within 12 months, subject to our reasonable approval.
q. Non-competition covenants during the term of the franchise	Not applicable	There are no non-competition agreements that apply during the term of the franchise.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	There are no non-competition agreements that apply after the term of the franchise.
s. Modification of the agreement	20.j	The franchise agreement may be modified only in writing signed by you and one of our officers.

Provision	Section in Franchise Agreement	Summary
t. Integration/ merger clause	20.i	Only the terms of the franchise agreement, including its attachments, are binding (subject to state law). Any representations or promises outside of the disclosure document, your franchise agreement and any other agreements signed by the parties may not be enforceable.
u. Dispute resolution by arbitration or mediation	22	There is no requirement to arbitrate any dispute. However, the parties are waiving their rights to a jury trial.
v. Choice of forum	22	Litigation of any dispute must be in Los Angeles, California, subject to California state law.
w. Choice of law	20.f	California law applies to any dispute, subject to state law.

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 any 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 only be given 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.

Key Performance Indicators

The charts below set forth certain historic performance information for Vagabond Inn and Vagabond Inn Executive hotels operating in the United States.

As of December 31, 2016, there were 23 Vagabond Inn branded hotels operating in the US, which were open before January 1, 2015 and in operation on December 31, 2016 ("Mature") and reported data to Smith Travel Research. Of the Mature hotels, 4 were Company-Managed and 19 were Franchisee-Managed. As of December 31, 2016, there were 3 Mature Vagabond Inn Executive branded hotels operating in the US. Of the Mature hotels, 2 were Company-Managed and 1 was Franchisee-Managed. As of December 31, 2016, combining Vagabond Inn and Vagabond Inn Executive, there were 26 Mature Vagabond Inn branded hotels operating in the US. Of the Mature hotels, 6 were Company-Managed and 20 were Franchisee-Managed.

In this Item 19, the term “Company-Managed" refers to hotels owned and/or managed by VIMCO or its affiliates, including franchised hotels. “Franchisee-Managed” refers to hotels that are franchised and are managed by the franchisee or a non-VIMCO management company retained by the franchisee.

The following charts show Average Room Rate and Average Occupancy for Mature Vagabond Inn and Vagabond Inn Executive hotels. Average Room Rate and Average Occupancy are calculated based on information routinely reported to Vagabond Inn Corporation by our property management software.

Room Rates* Mature Vagabond Inn Hotels	**Average 2015**	**Average 2016**	**Median 2015**	**Median 2016**
Average Room Rate of all Mature Vagabond	$76.22	$78.93	$76.95	$75.00
Average Room Rate of all Mature Company-Managed Vagabond Inn hotels	$99.03	$98.96	$91.01	$91.81
Average Room Rate of all Mature Franchisee-Managed Vagabond Inn hotels	$72.45	$74.33	$69.81	$71.38

* Source: Vagabond Inn Corporation.

Room Rates* Mature Vagabond Inn Executive	**Average 2015**	**Average 2016**	**Median 2015**	**Median 2016**
Average Room Rate of all Mature Vagabond	$96.05	$105.94	$93.72	$106.08
Average Room Rate of all Mature Company-Managed Vagabond Inn Executive hotels	$97.21	$105.87	$97.21	$105.87
Average Room Rate of all Mature Franchisee-Managed Vagabond Inn Executive hotels	$93.72	$106.08	$93.72	$106.08

* Source: Vagabond Inn Corporation.

Occupancy* Mature Vagabond Inn and Vagabond Inn	**Average 2015**	**Average 2016**	**Median 2015**	**Median 2016**
Average Occupancy of all Mature Vagabond Inns and Vagabond Inn Executive hotels	65.4%	62.97%	67.26%	63.04%
Average Occupancy of all Mature Company-Managed Vagabond Inn and Vagabond Inn	81.72%	65.91%	78.40%	74.68%
Average Occupancy of all Mature Franchisee-Managed Vagabond Inn and Vagabond Inn Executive hotels	64.44%	61.85%	65.42%	61.50%

* Source: Vagabond Inn Corporation.

Reservation Activity of the Reservation System.

The following reservation information provides a historic chain-wide percentage. Contribution that the reservation system will make to a new facility's revenues, rates or occupancy is likely to vary from the percentage presented below.

The company converted to a new, state of the art PMS, booking engine and website starting in April 2016 with full conversion of all locations by December 31, 2016. As part of this change, the company also improved its mobile and voice booking platform concurrent with each location conversion.

Based on conversion to the new systems as described above, net arrivals booked through the Central Reservation System represented about 43.2% of Gross Room Revenues for all open and operating facilities. This number is net of cancellations received by the Central Reservation System, but includes cancellations and "no shows" at the hotel level that were not reported through the Central Reservation System.

For the franchisee-owned facilities, net arrivals booked through the Central Reservation System represented about 34.8% of Gross Room Revenues, and for the affiliate-owned facilities, net arrivals booked through the Central Reservation System represented about 50.0% of Gross Room Revenues.

The reservation activity shown in the previous paragraph represents a combination of reservations generated through various Global Distribution System (GDS) sources, the toll-free call center, our website at www.vagabondinn.com and on the websites of Online Travel Agencies (OTA) such as Expedia, Travelocity, Orbitz, and Booking.com.

The reservation activity shown above results in online bookings to affiliated-owned and franchisee-owned facilities. The affiliated-owned facilities tend to be located in areas that are more destination orientated, so those facilities rely more on reservation activity. A significant number of franchisee-owned facilities tend to be located in non-destination areas with high volumes of highway traffic, and so those facilities rely less on reservation activity. Additionally, many franchisee-owned facilities limit bookings from 1 or more of the travel websites because of the commissions charged by these online travel agencies. These factors result in the lower reservations percentage for franchisee-owned facilities.

Some facilities have experienced this reservation activity. Your individual results may vary. There is no assurance that you'll experience as much reservation activity.

You are strongly advised to perform an independent investigation of this opportunity to determine whether or not the franchise may be profitable and to consult your attorney, accountant, and other professional advisors before entering into any agreement with us. You should conduct an independent investigation of the occupancy rates and room rates you will achieve. Our current and former franchisees may be one source of this information. You should construct your own business plan and pro forma cash flow statement, balance sheet, and statement of operations, and make your own financial projections regarding sales, revenues, costs, customer base, and business development for your hotel. You should obtain, from a firm with satisfactory experience in appraising and evaluating hotel operations, an independent market study containing projections for sales, costs, income and profits.

Other than as set forth in item 19, we do not furnish, or authorize our salespersons to furnish, oral or written information concerning actual or potential sales, costs, income or profits of a Vagabond Inn unit.

We will make available to you on reasonable request written substantiation for information presented in Item 19, but we are under no obligation to disclose to you specific information about a particular hotel. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Les Biggins, Chief Financial Officer, Vagabond Inn Corporation, 2225 Campus Drive, El Segundo, CA 90245, (310) 275-8200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION **

Table 1
Systemwide Outlet Summary for Years 2014 to 2016

Outlet Type	Year	Outlets At Start Of Year	Outlets At End Of Year	Net Change
Franchised	2014	31	25	-6
	2015	25	21	-4
	2016	21	22	1
Company-Owned	2014	6	6	0
	2015	6	6	0
	2016	6	7	1
Total Outlets	**2014**	**37**	**31**	**-6**
	2015	**31**	**27**	**-4**
	2016	**27**	**29**	**2**

** These franchises formerly belonged to VFS (see Item 1). VFS assigned them to us on June 1, 2012.

Table 2
Transfers of Outlets from Franchisees to New Owners (Other than Franchisor or an Affiliate) For Years 2014 to 2016

State	Year	Number Of Transfers
California	2014	1
	2015	1
	2016	0
Total	**2014**	**1**
	2015	**1**
	2016	**0**

Table 3
Status of Franchised Outlets
For Years 2014 to 2016

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired By Franchisor	Ceased Operations For Other Reasons	Outlets At End Of Year
CA	2014	29	0	6	0	0	0	23
	2015	23	0	4	0	0	0	19
	2016	19	2	1	0	1	0	19
NV	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
OR	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
AZ	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Total	**2014**	**31**	**0**	**6**	**0**	**0**	**0**	**25**
	2015	**25**	**0**	**4**	**0**	**0**	**0**	**21**
	2016	**21**	**3**	**1**	**0**	**1**	**0**	**22**

Table 4
Status of Company-Owned* Outlets
For Years 2014 to 2016

State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Re-Acquired From Franchisees	Outlets Closed	Outlets Sold To Franchisees	Outlets At End Of Year
CA	2014	6	0	0	0	0	6
	2015	6	0	0	0	0	6
	2016	6	0	1	0	0	7
Total	**2014**	**6**	**0**	**0**	**0**	**0**	**6**
	2015	**6**	**0**	**0**	**0**	**0**	**6**
	2016	**6**	**0**	**1**	**0**	**0**	**7**

* We do not directly own or operate any outlets. The 7 outlets classified as "company-owned" or "company-managed," operating at the end of 2016 are owned and operated by our affiliates.

Table 5
Projected Openings as of December 31, 2016

State	Franchise Agreements Signed But Outlet Not Opened As Of December 31, 2016	Projected New Franchised Outlets As Of December 31, 2016	Projected New Company-Owned Outlets As Of December 31, 2016
California	1	1	0
Arizona	1	1	0
Total	**2**	**2**	**0**

Exhibit B is a list of the names, outlet business addresses and outlet business telephone numbers of our franchisees as of December 31, 2016.

Exhibit C is a list of the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of franchisees who had franchises terminated, cancelled or not renewed (1), who otherwise voluntarily or involuntarily ceased to do business under their franchise agreements (5) during our most recent fiscal year, or who had not communicated with us within 10 weeks of December 31, 2016.

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

No current or former franchisees have signed confidentiality clauses with us during the last 3 fiscal years which would restrict them from speaking openly with you about their experience with us.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D includes our audited financial statements as of December 31, 2016.

ITEM 22

CONTRACTS

Exhibit E includes the franchise agreement and the franchise application (Attachment 1).

Exhibit G includes a Guaranty.

ITEM 23

RECEIPT

Exhibit H includes detachable documents acknowledging your receipt of this disclosure document.

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

(1) The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

(2) Item 3 of this disclosure document is modified to include the following paragraph:

No person named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

(3) Item 6 and Section 11.f of the franchise agreement provide for liquidated damages. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

(4) Item 17, Summary columns for (f) and (v) are amended to add the following:

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

(5) Item 17, Summary column for (h) is amended to add the following:

Our termination of your franchise agreement as a result of your insolvency or bankruptcy may not be enforceable under federal bankruptcy law (11 U. S. C. 101 et seq.).

(6) Item 17, Summary column for (s) is amended to add the following:

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

(7) Item 17, Summary column for (u) is amended to add the following:

The franchise agreement requires binding arbitration. The arbitration will occur at our offices, with costs of the arbitration being borne by the party that does not substantially prevail. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the franchise agreement restricting venue to a forum outside the state of California.

(8) The financial performance figures in Item 19 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from any gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

(9) The franchise agreement contains provisions that limit franchisee's rights and may not be enforceable in California including, but not limited to a time limit to raise claims against the franchisor, limitation of damages, and the waiver of jury trial.

(10) OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

EXHIBIT A
VAGABOND INN CORPORATION

LIST OF AGENCIES and
AGENTS FOR SERVICE OF PROCESS

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA Effective 8/22/14	California Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (866) 275-2677 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8565	Commissioner of Business Oversight
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026	Minnesota Commissioner of Commerce
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State State of New York 41 State Street Albany, NY 12231

State	State Agency	Agent for Service of Process
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	Director of South Dakota Division of Securities
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B
VAGABOND INN CORPORATION

LIST OF CURRENT FRANCHISEES
AS OF 12/31/16

FRANCHISEES
VAGABOND INN CORPORATION

2225 Campus Drive, El Segundo, California 90245

FRANCHISES OPEN AS OF DECEMBER 31, 2016*

ADDRESS	CITY	ST	ZIP	PHONE	FRANCHISEE
6100 Knudsen Drive	Bakersfield	CA	93308	661/ 392-1800	SRI SAI Hospitality, Inc.
6501 Colony Street	Bakersfield	CA	93307	661/831-9200	SRI RAM Hospitality, Inc.
200 Trask Street	Bakersfield	CA	93314	661/764-5221	Stockdale Hotel Group, LLC
1030 N. Main St	Bishop	CA	93514	760/ 873-6351	Joesoon, LLC
230 Broadway	Chula Vista	CA	91910	619/ 422-8305	Vyomesh R. Patel
2665 Barham Avenue	Corning	CA	96021	530/824/3220	Amador Homes, LLC
3205 Harbor Blvd.	Costa Mesa	CA	92626	714/557-8360	Prakashkumar L. Patel
2570 S. East Street	Fresno	CA	93706	559/486-1188	Dhaka Investment, LLC
1239 S. Hacienda Blvd.	Hacienda Heights	CA	91745	626/820-6888	Vagabond Inn Hacienda Heights, Inc.
2688 E. Florida Ave.	Hemet	CA	92544	951/658-9811	OMSRI MAI, Inc.
150 Alamitos Ave.	Long Beach	CA	90802	562/ 435-7621	KOLA Partnership
20 W. Pacheco Blvd.	Los Banos	CA	93635	209/827-4677	RAPS Hayward, LLC
1245 N. Oxnard Blvd.	Oxnard	CA	93030	805/983-0251	Oxnard Vagabond Inn, LLC
1203 E. Colorado Blvd.	Pasadena	CA	91106	626/ 449-3170	Ridgecrest El Dorado Limited Partnership and Lusaka Trust
1699 S. Palm Canyon Dr.	Palm Springs	CA	92264	760/325-7211	Vista Palm Springs, LLC
210 Madonna Road	San Luis Obispo	CA	93405	805/544-4710	Golden State Investments, LLC
625 Hotel Circle S.	San Diego	CA	92108	619/927-1691	DPA Investments, Inc.
1488 N. First St	San Jose	CA	95112	408/453-8822	San Jose Hospitality, Inc.
215 S. Gaffey Street	San Pedro	CA	90731	310/ 831-8911	Virama Hospitality, Inc.
3580 El Camino Real	Santa Clara	CA	95051	408/241-0771	Santa Clara Investments, Inc.
2632 Cleveland Ave.	Santa Rosa	CA	65403	707/542-5544	Santa Rosa Motel Co. L.P.
816 Ahwanee Ave.	Sunnyvale	CA	94086	408/ 734-4607	Sunnyvale Investments, Inc.
14125 E. Whittier Blvd	Whittier	CA	90605	562/ 698-9701	Vanita Patel
3131 S. Virginia St	Reno	NV	89502	775/825-7134	Seattle Investment – 2, LLC
4061 S. 6th Street	Klamath Falls	OR	97603	541/882-1200	Jay Ambe Corporation

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

COMPANY-OWNED FACILITIES AS OF DECEMBER 31, 2016 *

ADDRESS	CITY	ST	ZIP	PHONE
1640 Bayshore Highway	Burlingame	CA	94010	213/284-7500
1220 W. Colorado St	Glendale	CA	91204	213/284-7500
3101 S. Figueroa St	Los Angeles	CA	90007	213/284-7500
909 Third Street	Sacramento	CA	95814	213/284-7500
1325 Scott St.	San Diego	CA	92106	213/284-7500
756 E. Thompson Blvd.	Ventura	CA	93001	213/284-7500

** These outlets are owned by our affiliate

EXHIBIT C
VAGABOND INN CORPORATION

LIST OF FORMER FRANCHISEES
AS OF 12/31/16

FORMER FRANCHISEES
VAGABOND INN CORPORATION
2225 Campus Drive, El Segundo, California 90245

FRANCHISEES WHO CEASED OPERATIONS DURING 2016

TERMINATED

Mohammad Billah
Chico, CA
530-895-1323

Holivine Investments, Inc.
Hollywood, CA
323-466-4501

Sunil Ratanji
Merced, CA
209-722-2738

Monterey Lodgings, LLC
Monterey, CA
831-646-9696

Pradip Patel
South Lake Tahoe, CA
530-544-3642

Champakbhai Patel
Ukiah, CA
707-462-8868

TRANSFERS

N/A

EXHIBIT D
VAGABOND INN CORPORATION

AUDITED FINANCIAL STATEMENTS
AS OF 12/31/16 and 2015

VAGABOND INN CORPORATION
Financial Statements
For the years ended December 31, 2016 and 2015

VAGABOND INN CORPORATION

INDEX FOR THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

LING & BOUMAN, LLP
Certified Public Accountants
4669 Murphy Canyon Road, Suite 130
San Diego, California 92123
Tel. (858) 467-4770 Fax (858) 467-4779

INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of Directors of Vagabond Inn Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Vagabond Inn Corporation, a California corporation, which comprise the balance sheet as of December 31, 2016, and the related statements of net income, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vagabond Inn Corporation as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Vagabond Inn Corporation as of December 31, 2015 were audited by another auditor whose report dated July 21, 2016, expressed an unmodified opinion on those statements.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidated Financial Summary of Vista Management Group, Inc and Subsidiaries, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly we do not express an opinion or provide any assurance on it.

Ling & Bowman, LLP

San Diego, California
July 31, 2017

VAGABOND INN CORPORATION
BALANCE SHEETS

	December 31, 2016	December 31, 2015
Assets		
Cash and Cash Equivalents	$ 70,241	$ 64,824
Accounts Receivable - Net	409,392	376,396
Prepaid Expenses and Other Current Assets	16,157	67,546
Total Current Assets	495,790	508,766
Property and Equipment - Net	25,911	34,250
Due From Related Parties - Net	2,384,216	1,966,998
Total Assets	$ 2,905,917	$ 2,510,014
Liabilities and Stockholder's Equity		
Accounts Payable	$ 127,259	$ 122,322
Accrued Expenses	48,826	35,289
Total Current Liabilities	176,085	157,611
Commitments and Contingencies		
Common Stock, no par value, 1,000 shares authorized, 750 shares issued and outstanding	124,051	124,051
Retained Earnings	2,605,781	2,228,352
Total Stockholder's Equity	2,729,832	2,352,403
Total Liabilities and Stockholder's Equity	$ 2,905,917	$ 2,510,014

See accompanying notes to financial statements.

VAGABOND INN CORPORATION
STATEMENTS OF NET INCOME

	Year Ended December 31, 2016	2015
Revenues		
Marketing Fees (including $468,807 and $410,131 paid by related parties)	$ 1,150,884	$ 1,228,138
Royalty Fees (including $468,807 and $410,131 paid by related parties)	1,110,897	1,209,933
Computer and Reservation System Fees (including $25,563 and $27,661 paid by related parties)	146,701	152,201
Other Fees and Income	15,595	39,456
Total Revenues	2,424,077	2,629,728
Expenses		
Operations, Marketing and Sales (including $911,424 and $728,758 paid to related parties)	1,470,491	1,332,398
General and Administrative (including $174,979 and $177,064 paid to related parties)	575,357	582,923
Total Operating Expenses	2,045,848	1,915,321
Income Before Provision for Income Taxes	378,229	714,407
Provision for Income Taxes	800	800
Net Income	$ 377,429	$ 713,607

See accompanying notes to financial statements.

VAGABOND INN CORPORATION
STATEMENTS OF STOCKHOLDER'S EQUITY

	Common Stock		Retained	Total Stockholder's
	Shares	Amount	Earnings	Equity
Balances, January 1, 2015	750	$ 124,051	$ 1,514,745	$ 1,638,796
Net Income	-	-	713,607	713,607
Balances, December 31, 2015	750	124,051	2,228,352	2,352,403
Net Income	-	-	377,429	377,429
Balances, December 31, 2016	750	$ 124,051	$ 2,605,781	$ 2,729,832

See accompanying notes to financial statements.

VAGABOND INN CORPORATION
STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2016	2015
Cash Flows From Operating Activities:		
Net Income	$ 377,429	$ 713,607
Adjustment to Reconcile Net Income		
To Cash Provided By Operating Activities:		
Depreciation	12,204	11,565
Changes in Current Assets and Liabilities:		
Accounts Receivable - Net	(32,996)	(41,889)
Prepaid Expenses and Other Current Assets	51,389	(57,784)
Due From Related Parties - Net	(417,218)	(675,983)
Accounts Payable	4,937	58,133
Accrued Expenses	13,537	27,673
Net Cash Provided By Operating Activities	9,282	35,322
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	(3,865)	(7,616)
Net Change in Cash and Cash Equivalents	5,417	27,706
Cash and Cash Equivalents, Beginning of Year	64,824	37,118
Cash and Cash Equivalents, End of Year	$ 70,241	$ 64,824

	2016	2015
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Income Taxes	$ 800	$ 800

See accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATION

Vagabond Inn Corporation, formerly Vagabond Inn Group Corporation, (the "Company", "we", or "our") was incorporated in the State of California on April 6, 2012 and commenced operations on May 31, 2012 for the purpose of franchising the Vagabond Inn and Vagabond Inn Executive hotel brands (the "Vagabond Franchises").

On May 31, 2012, effective with operations on June 1, 2012, the Company entered into a Master License Agreement ("MLA") with Vagabond Franchise System ("VFS"), a related entity, to assume responsibility for the existing Vagabond Franchises and license intellectual property (see Note 4).

The Company is engaged in franchising operations in California, Arizona, Oregon and Nevada, and intends to continue franchising in these states. We license the use of the trademark to third party hotel owners under long-term franchise agreements.

At December 31, 2016 the Company had 29 franchise agreements, of which seven (7) agreements were with affiliates (see Note 4). The Company had three new franchise agreements, one terminated franchise agreement and one franchise agreement transferred from a franchisee to an affiliate during the year ended December 31, 2016.

The Company is a wholly owned subsidiary of Vista Management Group, Inc. ("VMG"), and the accompanying balance sheet presents the amounts of the Company only and is not presented on a consolidated basis with its parent company, VMG and its' other subsidiaries Vista Investments Mgmt. Co. ("VIMCO") and Vista Management Services ("VMS") (see Notes 4 and 7).

The Company is required to annually update a Franchise Disclosure Document and submit a package to the State of California Department of Corporations to continue franchising Vagabond Franchises (the "Franchise Disclosure Document"). The last Franchise Disclosure Document completed by the Company was issued on August 8, 2016, for calendar 2015.

Due to the extensive nature of the transactions with VMG and other affiliates, the accompanying financial statement may not be indicative of the conditions that could have existed or the results of operations that would have occurred if the Company had operated independently without such affiliates (see Note 7).

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

Use of Estimates

The preparation of financial statements in conformity with United States of America ("U.S.") generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported and, accordingly, ultimate results could differ from those estimates.

Summary of Significant Accounting Policies:

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities, when purchased, of three months or less.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents amounts due from franchisees and is presented net of an allowance for doubtful accounts. We record an allowance for doubtful accounts when we specifically identify a receivable balance that we anticipate will not be collected based on management's review of payment and collection activity and the financial condition of the franchisee. In addition to specifically identified receivables, we record an allowance on the general population of accounts receivable when uncollectability is probable based on historical collection activity and current business conditions.

At December 31, 2016 and 2015, the allowance for doubtful was $102,611 and $62,611, respectively, which amount has been netted against accounts receivable.

Fair Value Measurements

We believe that the fair values of our financial assets and financial obligations approximated their reporting carrying amounts as of December 31, 2016 and 2015.

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment and Related Depreciation and Amortization

Property and equipment are stated at carrying amounts. Major renewals and improvements and major planned maintenance activity are charged to the property accounts, while replacements, maintenance, and repairs which do not extend the estimated useful life of the respective assets are expensed currently.

At the time property and equipment is sold or otherwise disposed of, the property and related accumulated depreciation and amortization accounts are relieved of the applicable amounts and any gain or loss is recorded.

Depreciation and amortization is computed using the straight line method over the estimated useful lives of the respective assets. The estimated useful lives of the assets are as follows:

Assets	Estimated Useful Lives
Office equipment	5 – 7 years
Furniture and fixtures	5 years
Software	3 years

Revenue Recognition

Revenues are primarily derived from the following sources and are generally recognized as services are rendered:

- *Marketing and Royalty fees* represent fees earned in connection with the licensing of our brand name, usually under long-term franchise agreements with the hotel owners. We charge a monthly marketing and royalty fees based on a percentage of room revenue and recognize revenue as the fees are earned, which is in accordance with the terms of the agreement.

- *Franchise sales and change of ownership fees* are fees earned in connection with the sale or change of ownership of a franchise, which includes application and initiation fees for new hotels entering the system. We also recognize fees from hotel owners for product improvement plans to convert existing hotels to our brand name. These fees are recognized as revenue when it is determined that the fees are non-refundable, all material services required to earn the fee have been performed, and we have no remaining contractual obligations.

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

- *Computer and reservation system fees* represent fees earned in connection with the licensing use of our property management system software and hardware, which includes training and installation fees. These fees are recognized as revenue upon completion of the training. We also recognize a hardware and software interface fee from hotel owners on a monthly basis.

Trademarks

Trademarks are licensed under the MLA with VFS (see Note 4)

Advertising Costs

The Company expenses costs of advertising as incurred. Advertising costs for the year ended December 31, 2016 and 2015 were approximately $416,000 and $109,000, respectively, and have been included in operations, marketing and sales.

Income Taxes

The Company has elected to be treated as an S Corporation subsidiary of VMG, an S corporation, under Subchapter S of the Internal Revenue Code. Subchapter S of the Code provides that in lieu of corporate income taxes, the stockholders are individually taxed on the Company's taxable income; therefore, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has similar regulations, although there exists a provision for a minimum franchise tax and a tax rate of 1.5% over the minimum franchise fee of $800.

The consolidated VMG taxable income results in a combined loss. VMG and the Company have elected to only record minimum tax on S corporation subsidiaries rather than gross up and record tax via intercompany entries. Had the Company recorded California tax on each subsidiary additional California tax for the Company would have totaled approximately $4,800 and $11,500 for the calendar years ended December 31, 2016 and 2015, respectively.

The Company is required to file income tax returns in both federal and state tax jurisdictions. The Company's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with the normal statutes of limitations in the applicable jurisdiction. For federal purposes, the statute of limitations is three years. Accordingly, the Company is no longer subject to examination of federal returns filed more than three years prior to the date of these financial statements. The statute of limitations for state purposes is generally four years, but may exceed this limitation depending upon the jurisdiction involved. Returns that were filed within the applicable statute remain subject to examination. As of December 31, 2016, and 2015, the IRS has not proposed any adjustment to the Company's tax position.

Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") codifies the various sources of GAAP into the Accounting Standards Codification ("ASC"). Any updates to the ASC are communicated through Accounting Standards Updates ("ASU"). In 2015 and 2016, and up to the date of the independent auditors report, the FASB has issued various ASU's for which the majority are not pertinent to the operations of the Company. Those ASU's that are pertinent have been adopted or will be adopted in future years in accordance with the update provisions and are not expected to have any impact on the financial condition, results of operations or cash flows of the Company."

Reclassifications

Certain reclassifications have been made to the December 31, 2015 financial statements to conform to the December 31, 2016 financial statement presentation.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment - net consists of the following at December 31, 2016 and 2015:

	2016	2015
Furniture and fixtures	$ 5,457	$ 5,457
Office equipment	51,827	47,962
Software	9,690	9,690
	66,974	63,109
Less: accumulated depreciation and amortization	(41,063)	(28,859)
Property and equipment - net	$ 25,911	$ 34,250

Depreciation and amortization expense totaled $12,204 and $11,565 for the year ended December 31, 2016 and 2015, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of VMG (see Note 1) and will have extensive transactions with VMG and the affiliated companies under common control and ownership of VMG. The following narratives summarize the transactions with VMG and subsidiaries.

Due From/To Related Parties - Net

The Company is due from related parties and/or affiliates the net amounts $2,384,216 and $1,966,998 for the years ended December 31, 2016 and 2015, respectively. These related party amounts are due upon demand.

Franchise Agreements

The Company has various franchise agreements with seven (7) hotels owned by Vista Investments, LLC ("Vista") and its affiliates. Vista is 100% owned by the majority owner of VMG. In addition, a minority owner of VMG is a minority shareholder in one of the seven hotels. Included in revenues are marketing, royalty and computer and reservation system fees of all seven hotels for the years ended December 31, 2016 and 2015 are the following:

	2016	2015
Marketing fees	$ 468,807	$ 410,131
Royalty fees	468,807	410,131
Computer and reservation system fees	25,563	27,661

We receive these fees related to the seven hotels in connection with their respective franchise agreements.

License Agreement

The Company, effective June 1, 2012, as amended, entered into a Master License Agreement with VFS for a term of ten (10) years with two (2) five year renewal terms ("MLA") to license the intellectual property and then license the trademark to third party hotel owners under long-term franchise agreements. We pay a total fee of $1,000 per month for the licensing of all intellectual property in accordance with the MLA. License fee – related party for the year ended December 31, 2016 and 2015 totaled $12,000, which is included in general and administrative expense.

NOTE 4 – RELATED PARTY TRANSACTIONS (continued)

Allocation of Expenses

The Company has agreements with VIMCO and VMS whereby VIMCO and/or VMS will allocate a portion of its employees' salaries and benefits and other costs in connection with our operations for services rendered to the Company. For the years ended December 31, 2016 and 2015, the amounts totaled $911,424 and $718,758, respectively, which is included in operations, marketing and sales expense.

The Company pays VIMCO a monthly fee of $6,000 to provide management services to the Company. Management fees – related party paid to VIMCO by the Company totaled $72,000 for the years ended December 31, 2016 and 2015, which is included in general and administrative expense.

Rental Payments

On October 1, 2013, the Company entered into a Related Party Sublease Agreement with Vista (the "RPSA") to pay 50% of the monthly rate of the Office Lease Agreement. Vista entered into an Office Lease Agreement ("OLA"), effective July 1, 2013, as amended, with a third party office building to lease office spaces through June 2016 at a monthly rate of $10,718, adjusted annually. The Company was released from this sublease in January 2016.

On January 1, 2016, the Company entered into a second RPSA with Vista to pay $8,450 per month of the monthly rate of a Related Party Building Lease Agreement between Vista and Vista El Segundo, LLC, a related entity owned by the principal shareholder and chief executive officer ("El Segundo"), for 25 years until December 31, 2041 collectively known as the El Segundo Lease (the "El Segundo Lease"). The minimum rent includes $7,000 for rent and $1,450 which is credited towards the Company's share of real property taxes, common area maintenance and insurance at El Segundo, as defined in the lease. These additional amounts are recorded in General and Administrative.

Rent expense – related party paid to Vista by the Company for the years ended December 31, 2016, and 2015, totaled $90,979 and $93,064, respectively. Future minimum lease commitment under the El Segundo Lease is as follows:

NOTE 4 – RELATED PARTY TRANSACTIONS (continued)

Year Ended December 31		Future Minimum Lease Commitment
2017		101,040
2018		101,040
2019		101,040
2020		101,040
2021		101,040
Thereafter		2,020,800
Total	$	2,526,000

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Litigation

We are involved in litigation arising from the normal course of business. Accruals are recorded when the outcome is probable and can be reasonably estimated in accordance with applicable accounting requirements regarding accounting for contingencies. While the ultimate results of claims and litigation cannot be predicted with certainty, we expect that the ultimate resolution of all pending or threatened claims and litigation as of December 31, 2016 will not have a material effect on our consolidated results of operations, financial position, or cash flows. However, depending on the amount and timing, an unfavorable resolution of some or all of these matters could materially affect the future results of operations in a particular year.

NOTE 6 – SUBSEQUENT EVENTS

We have evaluated all subsequent events through July 31, 2017, the date that the Company's financial statements were available to be issued.

Subsequent to year end, the Company had five (5) new franchise agreements for the period January 1, 2017 through July 31, 2017.

OTHER INFORMATION

Consolidated Financial Summary of VMG and Subsidiaries
For the Years Ended December 31, 2016 and 2015

Supplemental Financial Summary

	Company	Unaudited Combined VMS, VIMCO & VMG	Consolidated VMG
Consolidated Balance Sheet as of December 31, 2016			
Assets			
Current Assets	$ 495,790	$ 648,688	$ 1,144,478
Property and Equipment, Net	25,911	131,436	157,347
Other Assets	2,384,216	-	2,384,216
Total	$ 2,905,917	$ 780,124	$ 3,686,041
Liabilities and stockholders' equity			
Current Liabilities	$ 176,085	$ 793,225	$ 969,310
Other Liabilities	-	3,490,156	3,490,156
Stockholder's Equity	2,729,832	(3,503,257)	(773,425)
Total	$ 2,905,917	$ 780,124	$ 3,686,041
Consolidated Summary Statement of Net Income (Loss) for the year ended December 31, 2016			
Revenues	$ 2,424,077	$ 2,902,295	$ 5,326,372
Operating Expenses	2,045,848	3,096,351	5,142,199
Income Before Provision for Income Taxes	378,229	(194,056)	184,173
Provision for Income Taxes	800	5,071	5,871
Net Income (loss)	$ 377,429	$ (199,127)	$ 178,302

Supplemental Financial Summary (continued)

	Unaudited		
	Company	Combined VMS, VIMCO & VMG	Consolidated VMG
Consolidated Balance Sheet as of December 31, 2015			
Assets			
Current Assets	$ 508,766	$ 460,503	$ 969,269
Property and Equipment, Net	34,250	179,303	213,553
Other Assets	1,966,998	7,829	1,974,827
Total	$ 2,510,014	$ 647,635	$ 3,157,649
Liabilities and stockholders' equity			
Current Liabilities	$ 157,611	$ 477,522	$ 635,133
Other Liabilities	-	3,097,038	3,097,038
Stockholder's Equity	2,352,403	(2,926,925)	(574,522)
Total	$ 2,510,014	$ 647,635	$ 3,157,649
Consolidated Summary Statement of Net Income (Loss) for the year ended December 31, 2015			
Revenues	$ 2,629,728	$ 1,651,128	$ 4,280,856
Operating Expenses	1,915,321	2,398,270	4,313,591
Income Before Provision for Income Taxes	714,407	(747,142)	(32,735)
Provision for Income Taxes	800	6,651	7,451
Net Income (loss)	$ 713,607	$ (753,793)	$ (40,186)

EXHIBIT E
VAGABOND INN CORPORATION

FRANCHISE AGREEMENT

VAGABOND INN CORPORATION
FRANCHISE AGREEMENT
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ATTACHMENTS

VAGABOND INN CORPORATION

FRANCHISE AGREEMENT

THIS AGREEMENT ("Agreement") is made in El Segundo, California, effective on the ______ day of ________________, 2017, between VAGABOND INN CORPORATION, a California corporation ("we", "us", "our", or "Franchisor"), and ____ ("you", "your", or "Franchisee").

We and you agree:

1. Definitions. In addition to the terms that are defined in other parts of this Agreement, the following terms shall have the indicated meanings:

a. "Affiliation Fee" means the initial non-refundable fee of $1,000 application fee to be provided at the time you provide your application to be a franchisee and $14,000 when you sign this Agreement for a total of $15,000 that you pay to us under Section 4.a.

b. "Controlling Interest" includes any general partner's interest in a partnership entity, 50% or more of the voting stock of a corporate entity or 50% of more of the ownership interests in a limited liability company or other legal entity.

c. "Designated Representative" means your representative for matters about this Agreement. Until you change the Designated Representative under Section 15 below, your Designated Representative is ____, whose address is ____.

d. "Franchise Association" means the association of franchisees which is only an advisory association, if any is formed.

e. "Gross Room Revenues" means revenues from the rental, sale, use or occupancy of sleeping rooms at the Hotel, including cash and credit transactions, whether or not collected by you. It does not include taxes required by law, revenues from telephone calls, vending machines, room service or food and beverage sales.

f. "Guarantor" means the person(s) or entity/entities that guaranty your obligations under this Agreement.

g. "Hotel" means the property using the Marks and the System at the Location and includes the building, land and all improvements, structures, fixtures, amenities, equipment, furniture and related rights, privileges and properties.

h. "Hotel Data" means accurate Hotel accounts, books, record and data, including information on but not limited to Hotel room rentals and Gross Room Revenues and profitability.

i. "Hotel Goods" means all furniture, fixtures, equipment, signs and supplies used in the construction and operation of the Hotel.

j. "Location" means only ____.

k. "Marks" includes "**Vagabond®**", "**Vagabond Inn®**" and "**Vagabond Inn Executive®**", together with the related logotype(s), designs, stylized letters and colors that we designate and permit you to use at the Hotel and in advertising for the Hotel, and any other additional or substituted service marks, trademarks, trade names, or logotypes that we subsequently adopt and authorize you in writing to use. You will operate the Hotel only under the following indicated name: (1) "Vagabond Inn - ________________________" or (2) "Vagabond Inn Executive - ________________________". By operate we mean you may use the indicated name for fictitious business name registration, and certain advertising only. You may NOT use it as your corporate name or as part of your corporate name.

l. "Opening Date" means the date that you begin to rent sleeping rooms to the public at the Hotel under this Agreement.

m. "Brand Standards Manual" means our published, hard copy or online materials containing, among other things, our standards and guidelines for constructing, equipping, furnishing, supplying, operating, maintaining and marketing the Hotel, including the proper usage of the Marks.

n. "Property Management System" means the Vagabond Property Management Systems Software, Central Reservations Systems/Property Management Systems Interface, 3rd Party to Property Management Systems Interface and database Licenses ("PMS"). We retain the right to change the PMS as we see fit at our sole discretion. The names, features, and versions of the programs may change at any time without prior notice to you.

o. "Protected Territory" means the following described geographic territory: ____, in which we will not own or operate a Hotel or grant another license for a Hotel, unless we obtain your prior written consent. This grant is conditioned upon you remaining in compliance with all terms and conditions of this Agreement, including, but not limited to, timely payment of all fees due to us. If you are in default of the Agreement, this grant is automatically terminated.

p. "Rentable Rooms" means the number _______ , which is and shall be the total number of rentable sleeping rooms in the Hotel, subject to change in accordance with Section 8 below.

q. "Software" means the collective licensed computer software that comprises the Property Management System, including basic material and related documentation and manuals.

r. "System" means our system (as we may periodically modify it) for providing hotel accommodations with a high standard of service, courtesy and cleanliness using the Marks and includes our advance reservation and property management systems, our business referral arrangements and those identifying brand characteristics as we may reasonably designate or change periodically.

s. "Affiliate" of an entity means any other entity that, directly or indirectly, controls, is controlled by, or is under common control with, the entity. For purposes of this definition, "control" means the power, directly or indirectly, to direct or cause the direction of management and policies of such entity whether by contract or otherwise, but an entity shall only be an affiliate of another for so long as such control exists.

t. “Restricted Person(s)” means: 1) the government of any country that is subject to an embargo imposed by the United States Government; 2) Persons located in or organized under the laws of any country that is subject to an embargo imposed by the United States government; 3) Persons ordinarily resident in any country that is subject to an embargo imposed by the United States government; and 4) Persons periodically identified by any government or legal authority under Law as a person with whom dealings and transactions by us or the entities are prohibited or restricted, including persons designated on the U.S. Department of Treasury’s Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Other Blocked Persons (including terrorists and narcotics traffickers); and similar restricted party listings, including those maintained by other governments pursuant to applicable United Nations, regional or national trade or financial sanctions.

2. Grant of License.

a. We grant to you a license to use the System and the Marks in connection with your operation of the Hotel. This grant of license is non-exclusive except for any Protected Territory specified in Section 1.o. above.

b. We grant you a non-transferable, non-exclusive, limited license (or sublicense, as appropriate) to use the Property Management System (“PMS”) software described in Section 1.n. for the term of this Agreement.

3. Term. The term of this Agreement (“Term”) begins on the date both parties sign this Agreement and ends on the earlier of (a) 20 years after the Opening Date, (b) the date you lose the right of possession to the Hotel’s Premises (unless extended in accordance with Section 14 hereof), or (c) as authorized to terminate under Section 10 of this Agreement.

4. Fees and Reports.

a. Affiliation Fee. When you sign this Agreement, you will pay us an Affiliation Fee as described in Section 1.a. above. The Affiliation Fee is fully earned and non-refundable when both parties sign this Agreement. Any monies that you have paid us as an application fee will be applied to the Affiliation Fee.

b. Royalty Fees. Beginning on the Opening Date, you will pay us each month during the Term royalty fees (“Royalty Fees”) equal to 3.25% of the Hotel’s Gross Room Revenues during the immediately preceding month.

c. Marketing Fees. Beginning on the Opening Date, you will pay us each month during the Term marketing fees (“Marketing Fees”) equal to 3.25% of the Hotel’s Gross Room Revenues during the immediately preceding month. We, at our sole discretion, can choose on what and with whom to spend this Marketing Fee. In addition, if you do not use the prescribed equipment to permit electronic delivery of reservations, you will also pay us a reservation fee in an amount set by us from time to time.

d. Technology Support Fee. Beginning on the Opening Date, you will pay us a fee based on the size of the hotel and number of workstations for a cost between $300 and $1,000 per month based upon room count, for use of the property management system. We will provide a 60 days’ written notice if fees increase due to increased costs.

e. Guest Loyalty Program. Beginning on the Opening Date, you will pay us each month during the Term fees equal to 0.5% of the Hotel’s Gross Room Revenues during the immediately preceding month. These amounts will cover the costs and expenses of the Tenth Night Free program, and are subject to change periodically on 60 days’ written notice.

f. GDS Fees. Beginning on the Opening Date, you will pay us $10.00 for each reservation generated by a global distribution system ("GDS") through our reservation system during the previous billing period. We may change this fee periodically on 30 days prior written notice.

g. On-boarding/Opening Training Fee. Before your Hotel opens, you will pay us an initial training fee of $2,500 (plus our travel, lodging and meal expenses if we provide the initial training at your Hotel).

h. Additional Training Fees. A reasonable amount of training will be provided at no charge during the first two months. If you request additional training beyond this period,, you will pay us a training fee of $100 per hour (plus our travel, lodging and meal expenses if we provide this additional training at your Hotel).

i. Sales Training Fee. If you request sales training, you will pay us a sales training fee of $1,000 per visit (plus our travel, lodging and meal expenses if we provide this additional training at your Hotel).

j. Quality Training Fee. If you request assistance to improve the quality of your Hotel's performance, you will pay us a quality training fee ranging from $1,000 to $2,500 per visit depending on the size of the hotel and number of workstations (plus our travel, lodging and meal expenses if we provide this additional training at your Hotel).

k. Revenue Management Fee. If you request to participate in weekly revenue management call meetings for analysis and strategy services, you will pay us a revenue management fee of $250 per month.

l. Payments and Reports. Beginning on the Opening Date, on or about three (3) days after the end of each calendar month during the Term, we will send you an invoice showing the royalties and marketing fees due from you for the preceding month. Payment of these billings are due from you within ten (10) days thereafter. Except as otherwise provided, we will bill you for other amounts due under this Agreement on or about the 10th day of each month, and you will pay us those amounts within ten (10) days thereafter. You agree that timely payment of all fees is of the essence of this Agreement. You also agree that we may apply payments that you make in any order we determine regardless of any contrary language you may indicate. You will participate in computerized information reporting programs that we adopt for use by hotels in the System, which may include daily reporting of the Hotel's Gross Room Revenues, occupancy levels, guest names and addresses. You may need to buy computer hardware and related telephone services to participate in these programs. If you do not send us the required reports on time, we will estimate your Gross Room Revenues for interim billing purposes, and you must pay us a late charge of 1½% of your previous month's Royalty and Marketing Fees, but not less than $100. Interim bills will be considered accurate until we receive any late monthly reports.

m. Keeping Records. You will keep the Hotel Data, as described in Section 1.g. above, at the Hotel (or, if you first notify us in writing, your principal place of business) for at least 3 years. Upon ten (10) days prior written notice, you will allow us or our agents to examine, and copy the Hotel Data during your normal business hours. You will cooperate fully with this audit. If we request, you will send us copies of the Hotel Data at your expense. If we find by an audit of the Hotel Data that you underpaid any monies due us under this Agreement, you must pay us all underpaid amounts plus interest at the rate stated in Section 4.i below within ten (10) days of the date we informed you of such underpayment. If you underpaid us by more than 5% of fees payable during the period covered by this audit, you must also pay all of the reasonable costs of the audit including, but not limited to, any agent or management creation or review fees, travel expenses for such individuals, etc.

n. Interest. You will pay us interest on amounts not paid on time at the rate of 1½% per month or portion of a month, but not more than the maximum interest rate permitted by law which is currently 10% per annum in California.

o. Conference. Should we decide to hold a franchisee conference in the Los Angeles, California area you must send at least one (1) individual to attend. You must also pay travel, lodging and meals for you and your employees that attend the conference. In addition to these costs, there will be a charge of $250 to $500 per each attendee. This attendee fee will be determined at the time we provide notice of the conference to you. On rare occasions, we may have more than one (1) conference per year, or some years we may not have a conference at all. You, or your representative, will be required to attend each conference. We shall provide to you at least sixty (60) days' notice for each conference. However, we retain the right to hold the conference on shorter notice should specific circumstances so require.

5. Our Duties. We will:

a. Train the Hotel General Manager, prior to opening of the Hotel, in the use of our System, our requirements and the PMS. We will provide this training at the Hotel, or at our corporate offices in El Segundo, California, and/or via an instructional webinar. We will also train one (1) additional person at the same time, if you choose. You are responsible for your travel, lodging and meal expenses.

b. Lend to you one (1) copy of the current Brand Standards Manual ("BSM). The BSM is our property and we may change them periodically. We may choose, at our sole discretion, to provide access only to an online version of the BSM;

c. Periodically inspect the Hotel, evaluate your compliance with this Agreement and the BSM, and advise you on changes necessary to bring the Hotel into System compliance;

d. Using such portion of the Marketing Fees that you pay to us as we solely determine to be appropriate, provide or not provide advertising, promotion, publicity, marketing research, System programs and related activities as we reasonably determine to be appropriate for the System. Periodically, we will publish and distribute to the traveling public a directory of all System hotels in good standing;

e. Using such portion of the Marketing Fees that we determine to be appropriate, provide an advanced reservation system for your Hotel and for other hotels that belong to the System;

f. Except as otherwise permitted, maintain in confidence all information you provide to us about the Hotel's operations and profitability, including your Hotel Data;

g. Provide to you one (1) license of the PMS for your use while this Agreement is in effect;

h. Provide configuration and on-site installation services for the PMS and continuing enhancements and modifications to the Software as needed;

i. Provide two months of online training in the use of the PMS; and

j. Provide installation, support and on-going maintenance of any communications system that we require or recommend that you use.

6. Your Duties. You will:

a. Operate, furnish, maintain and advertise the Hotel according to this Agreement and the standards in the Brand Standards Manual. You must comply with any changes that we make in the Brand Standards Manual and to the System. If a dispute arises, the online copy of the Brand Standards Manual will control. You may not disclose the confidential information contained in the Rules and Regulations except to your authorized employees; if you do so, you must inform them that they are subject to the term of this Agreement in regards to the Brand Standards Manual. Under no circumstances are you to allow access to the Brand Standards Manual to any third parties that are not your authorized employees;

b. Promptly pay to us, or reimburse us for, all amounts due to us as fees, and other charges, or for goods or services purchased by you or your agents;

c. Establish and maintain a high ethical and moral standard and atmosphere in connection with your operation of the Hotel, while providing high quality, courteous, competent, efficient and prompt service to the public;

d. Not permit the Hotel to be used for any purpose or activity not contemplated in this Agreement without our written consent, and will not offer services or sell goods at the Hotel that detract from our image and reputation;

e. At your expense, attend and complete to our satisfaction (or, if you are not going to be the on-site manager, have your Hotel General Manager attend and complete to our satisfaction) our Training Orientation Program;

f. Obtain and display prominently at the Hotel, our approved illuminated exterior signs. You must maintain these exterior signs in good working order at all times. In displaying the signs, you must comply with all applicable laws or regulations;

g. Obtain, install and maintain at the Hotel our designated PMS, whether said system be a centralized system with terminals at your hotel, or a stand-alone system with electronic interface(s) to our reservation system; participate in our advance reservation system, and make and accept reservations using required equipment, software and procedures; provide us access to the information obtained by the PMS;

h. Allow us or our agents to enter the Hotel at any reasonable time to evaluate your compliance with this Agreement and the BSM. During our evaluation, you will assist us or our agent and, subject to availability, provide us with one free Hotel sleeping room for one night. In addition, subject to availability, you will provide officers and key employees with free sleeping rooms while traveling on company business, not to exceed 30 room nights in any calendar year;

i. Send us, when we request, your Hotel description and rates so that we may include this information in directories that we may publish. If you do not send us changes by the deadlines that we indicate, you will honor the rates and descriptive information on record, further, you may be responsible for any costs associated with your delay in providing the requested information;

j. Honor the terms of any System-wide discount or promotional program that we offer to the public on your behalf, and any room rate quoted to any guest at the time the guest makes an advance reservation;

k. Promptly pay global distribution system charges;

l. Use your best efforts to maximize and increase Hotel and System business. If you are unable to accommodate a potential guest, you will refer the guest to other System hotels near the Hotel;

m. Not change the Rentable Rooms by 5% from the number stated in Section 1.n. of this Agreement without receiving our prior written consent and obeying other requirements of this Agreement;

n. Join and maintain membership in the Franchise Association should one be formed;

o. Use the Marks and the PMS only in connection with the Hotel and only in accordance with this Agreement and /or our Brand Standards Manual;

p. Accept all major bank and credit cards, including American Express;

q. Operate twenty-four hours a day, every day;

r. Not use the Hotel for a business competing with or not complimentary to the Hotel use. Any alcohol sales must be approved by us in writing prior to you applying for any license and/or permits for the sale of such alcoholic beverage;

s. Own fee simple title (or a long-term ground leasehold interest) to the real property and improvements that comprise the Hotel and maintain legal possession and control of the Hotel for the term of this Agreement;

t. Follow all PMS installation, operation and maintenance instructions and provide the specified environment and electrical and telecommunications connections, including but not limited to maintaining a dedicated telephone line;

u. Provide access to the Hardware, Software and Communications system to enable us or third-party providers to perform whatever services or activities that are required or permitted under this Agreement and provide adequate communication facilities, work space and storage space for our or third-party provider visits;

v. Have a representative available during any on-site visit or third-party provider maintenance activity;

w. Maintain a procedure external to the Software program(s) and host computer for reconstruction of lost or altered files, data or programs;

x. Notify us, and not an unauthorized third-party service agent, of any Software or Hardware condition which might require maintenance service hereunder;

y. Operate the Software only in conjunction with the authorized Hardware;

z. Update or replace the Hardware in order to accommodate changes and updates to the Software;

aa. Not in any manner bind, or attempt to bind, us to any third-party contracts;

bb. Comply with all applicable local, state, and Federal privacy laws; you will comply with all standards that relate to privacy laws and the privacy and security of personal information; you will refrain from any action or inaction that could cause us or you to breach any privacy laws; you will do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep us and the you in compliance with the privacy laws; and, you will immediately report to us any theft or loss of any personal information (other than the personal information of your own offices, directors, shareholders, employees or service providers;

cc. Promptly repair, replace, add, and/or remove all items requested of you to address in the inspection report provided to you after inspection. This must be done prior to any re-inspection of the Hotel;

dd. Share with us all of the information obtained by the PMS, Software, and otherwise obtained from guests; and

ee. Follow all local, State and/or Federal rules and regulations in regards to your employees, independent contractors, and/or agents. We are not co-employers, joint employers and/or in any manner responsible for your conduct with and/or management of your employees, independent contractors, and/or agents. We are under no duty to investigate, assure and/or make sure that you are following these rules and regulations in regards to your employees, independent contractors, and/or agents. This is solely your duty.

7. Marks and Proprietary Software.

a. You will not contest our rights to the current or future System and Marks, nor our right to grant to others use of the Marks or of any other marks that we own. You understand that the Marks are and will remain our property, and that your use of the Marks inures to our benefit. You will not gain any interest or rights as to the Marks unless those are granted to you temporarily by this Agreement. You will immediately assign to us on our request any rights to the Marks that you may gain through your use of the Marks.

b. You will not use or include the word "Vagabond," the Marks or any words similar to the Marks in the name of your business entity (or in the name of any of your Affiliates), whether it be a partnership, corporation, limited liability company, joint venture or any other type of business organization, or in any domain name, metatag, hyperlink, uniform resource locator (URL), social networks, business networks (online or otherwise), or hypertext reference (HREF) without our prior written consent. Any written approval to use of the Mark will terminate upon the expiration or termination of this Agreement.

c. If you are required by law to register the Marks, your registration application must specify that you use the Marks: (1) only at the Hotel and in advertising for the Hotel; (2) only during the Term; and (3) without claiming any property right in the Marks during or after the Term.

d. You will not interfere with our use or registration of the Marks, or with use of the Marks by other hotels.

e. You will promptly notify us of any suit filed or demand made against you challenging the validity of any of the Marks ("Mark Claim"). Using our attorneys, we agree to protect and defend you against a Mark Claim, and to defend and indemnify you against your loss, cost or expense related to the Mark Claim, except where the Mark Claim arose because you used the Marks in violation of this Agreement. You may not settle or compromise a Mark Claim without our prior written consent, and you agree to cooperate with us, at your reasonable expense, in defending against a Mark Claim.

f. You have no right to sub-license anyone else to use the Marks or the System, and you have no right to use them for any purpose other than in connection with the Hotel. You also have no right to sell, assign, sub-license, or give the Marks or the System to a vendor or to any third party for reproduction, printing or use without our prior written consent. You may not represent to anyone that you have the right or capacity required to allow any third party to use the Marks, except with our prior written consent.

g. The license granted under this Agreement authorizes you to use the PMS software only on computer equipment specifically approved by us for use in conjunction with the Software and located at the Hotel (the "Hardware"). If the Software is used on more than three computer systems, additional fees may be charged. If the Hardware becomes inoperative due to malfunctioning or is replaced by new Hardware, the license granted under this Agreement will extend to any substitute or replacement Hardware.

h. This license for the Software and any of the programs or materials to which it applies may not be assigned, sub-licensed or transferred by you without our prior written consent, which we may in our sole discretion grant or deny. You do not have a right to print or copy in whole or in part, the Software or any updates to the Software.

i. We will provide you with programming services after delivery of the Software, without additional charge, to correct Software errors, issue corrected releases and provide enhancements. However, we do not guarantee service results or that all errors will be capable of correction. In no event will we be liable for loss of profits or any special, incidental, or consequential damages, however caused, even if you have been advised of the possibility of damages.

j. All programs, drawings, diagrams, specifications, documentation and other material furnished by us and relating to the use and service of the Software is confidential and proprietary property and you shall acquire no rights in them except to use them for the purposes of this Agreement. You may not sell, rent, disclose, loan or otherwise communicate or make available this information to any person and you agree to take all reasonable precautions to maintain its confidentiality. Upon termination or expiration of this Agreement, you will cease all use of the proprietary property and you will return all of them to us without delay.

k. You must obtain a communication system consisting of an Ethernet hub and router or DSL modem to provide access through a third party provider for computer-to-computer communication between the Hardware located at the Hotel and us. We may change the communication system from time to time due to technological advances. You will not disconnect or otherwise remove the Hardware from its on-line status with us for more than 1 hour during any 24-hour period, unless you give us reasonable advance notice and, if requested by us, provide an alternative means of sending and receiving information.

8. Future Additions. Without first obtaining our prior written consent, which we are under no obligation to give, you may not increase or decrease the Room Count by more than 5%, whether by constructing additional sleeping rooms or by removing rooms from inventory, nor may you make substantial alterations to the Hotel. In order to obtain our consent, you must send us your construction plans and pay us an expansion fee for each additional sleeping room equal to the $200 per-room charge for new franchises for this brand, but the expansion fee will be not less than $1,000, whichever is greater. You may not change the Room Count by 5% or more by constructing additional sleeping rooms without prior notice to us. We will add any additional sleeping rooms that you construct to the Rentable Rooms, and will include revenues from the additional sleeping rooms and any additional meeting rooms in calculating the Gross Room Revenues for determining fees due under this Agreement.

9. Assignment.

a. Our Assignment. We may assign all or part of our rights or obligations under this Agreement to any person or legal entity.

b. Your Assignment. Your rights and duties under this Agreement are personal to you. We granted this Agreement to you in reliance on the business skill, financial capacity and personal character of you or your principal owners. You may not sell, assign, transfer, or otherwise encumber any direct or indirect interest that you have in the Hotel, in you, or in any rights or obligations under this Agreement without giving us at least 15 days prior written notice and obtaining our prior written consent. Furthermore, if a Controlling Interest (as defined in Section 1.b. above) is being transferred or if you are conveying the

Hotel or more than 50% undivided interest in the Hotel, you must also comply with all reasonable conditions we require, including requiring the transferee (purchaser) to: (1) sign an agreement assuming and agreeing to perform all of your obligations under this Agreement for the remaining term of this Agreement; (2) cause the Hotel to comply with our then-current standards; (3) pay to us the application fee of $1,000 and a re-licensing transfer fee of $5,000; and (4) pay to us all ongoing fees at your rates and on your schedule under Section 4 of this Agreement, as if the transferee's Opening Date is the same day as your Opening Date. Our consent will not be required for a mortgage, for a collateral assignment of this Agreement as collateral for a mortgage, or for the sale or transfer by any party of securities in a publicly-traded corporation or entity that individually, or in the aggregate with other sales or transfers by a party, constitute the sale or transfer of less than 50% of the outstanding capital stock or other equity interests in the corporation or entity. We may charge a fee where your lender requires that we give our written consent to or become a party to a proposed collateral assignment or that we provide an estoppel letter. If you assign or transfer the Hotel or this Agreement without our written consent, you breach this Agreement and we may terminate this Agreement.

c. Transfer on Death. Upon your death or the death of a managing owner and/or managing member who is a natural person, this Agreement or the equity interest of the deceased equity owner may transfer in accordance with such person's will or, if such person dies intestate, in accordance with the laws of intestacy governing the distribution of such person's estate, provided that: (i) the transfer on death is to an immediate family member or to a legal entity formed by such family member(s); and (ii) within one (1) year after the death, such family member(s) or entity meets all of our then-current requirements for an approved transferee. However, our approval under this section will not be unreasonably withheld and no relicensing fees shall be payable for any application for approval under this section.

d. Mental Competence. If you or any natural person who is actively involved in the management of Hotel becomes mentally incompetent, the administrator, or personal representative of that person must transfer that person's Hotel interest (within 12 months after death or mental incompetence) to one (1) or more of the remaining persons in your entity (if applicable) or to a person that we approve. Such approval will not be unreasonably withheld and no relicensing fees shall be payable for any application for approval under this section.

10. Default and Termination.

a. Termination By You. If you are not in default under this Agreement (either at the time you give notice or on the effective date of termination), you may terminate under the following conditions:

1. Our Default. You may terminate if we default in our material obligations under this Agreement, and we do not cure the defaults within thirty (30) days after receiving your written notice of the default, stating your intention to terminate this Agreement; provided, however, if our default relates to the listing of your Hotel in directories that we publish, we will have 6 months, instead of 30 days, in which to cure our default. If you meet these terms and conditions, you will not be obligated to pay us liquidated damages under Section 11.f., but you must comply with the other post-termination obligations under Section 11.

2. Our Assignment. If we assigned our rights under this Agreement (except to an Affiliate), and the assignee materially and adversely changes the standards in the Rule and Regulations within 1 year after the assignment, you may terminate this Agreement on 90 days' prior written notice. If you meet these terms and conditions, you will not be obligated to pay liquidated damages under Section 11.f., but you must comply with the other post-termination obligations under Section 11.

3. Optional Termination Provision. If, and only if, you elect this option when you sign this Agreement, you may terminate on the anniversary or anniversaries of the Opening Date specified below if (a) you give us at least six (6) months' prior written notice of termination, (b) you perform the post-termination obligations specified in Section 11 within ten (10) days after the effective date of termination,

and (c) you are in good standing at the time you give notice of this optional termination and remain in good standing (i.e.: paid all fees due, etc.) until the time of your exit from the system. Only if you comply with all of the conditions (a), (b) and (c) above, and with the other post-termination obligations under Section 11, will you be relieved of your obligation to pay liquidated damages under Section 11.f. Your rights under this Section 10.a.3. will automatically terminate without notice if and as of the date (i) a "for cause" termination occurs, (ii) you are in default under this Agreement (iii) the Hotel scores a failing score on a quality assurance inspection and then fails to achieve a passing score in a re-inspection to be performed no sooner than thirty (30) days after the initial inspection. The provisions of this Section 10.a.3. will not apply unless both you and we have initialed 1 of the following:

Franchisee's Initials	Franchisor's Initials	Selected Anniversary Date
		5th anniversary only
		10th anniversary only
		Both 5th & 10th anniversaries

You must remain in good standing, free from any default under this Agreement, from the date of the notice of optional termination until the date of termination in order to be eligible for this optional termination provision which waives the payment of liquidated damages under Section 11.f.

b. Termination By Us.

1. Optional Termination Right. If you elect the optional termination rights specified in Section 10.a.3. above, your initials above confirm that you granted us the right to terminate the Agreement effective on the anniversary or anniversaries of the Opening Date specified above by giving you at least six (6) months prior written notice of termination. Additionally, if we give you notice under this Section 10.b.1, you must fulfill the post termination obligations specified in Section 11 of this Agreement within ten (10) days after the effective date of the termination. If you elect the optional termination rights specified in Section 10.a.3. above, we agree to and will waive the requirement for payment of liquidated damages under Section 11.f. if you are in good standing under this Agreement on the termination date and you perform the post-termination obligations specified in Section 11 of this Agreement within ten (10) days after the effective date of termination as required. Otherwise, we may not terminate you without good cause.

2. Termination with Notice and Opportunity to Cure. If you default in your material obligations under this Agreement, we may terminate this Agreement for cause, effective on the date stated in our notice (or the earliest date permitted by applicable law):

(a) If you do not pay us fees or other amounts due under this Agreement or file required monthly reports of Gross Room Revenues within ten (10) days of our written notice of default to you; or

(b) If you do not fully cure any other breach of your obligations or warranties under this Agreement within sixty (60) days of our written notice of default to you; or

(c) If you or an Affiliate of yours materially breaches any other agreement with us or our Affiliates, or any mortgage, deed of trust or lease covering the Hotel, unless cured within any applicable notice or grace periods contained in those documents; or

(d) If you do not fully cure all requirements made of you under Section 23(f) of this Agreement related to “Hotels to be Constructed or totally renovated”.

Under this section, notice to you may be, but is not required to be, in the following order (i) first notice in writing provided as authorized by this agreement, (ii) second notice, also provided in writing and may be in conjunction with suspension of your reservation services which includes, but is not limited to, online travel agents, our website reservations and any voice reservations, and then (iii) written notice accompanied with the termination of this Agreement. We reserve the right to amend these procedures and potential removals from portions of the System without any prior notice;

3. Termination With Notice, Without Opportunity to Cure. On written notice to you, we may terminate this Agreement immediately, without giving you an opportunity to cure the default, if:

(a) There is an imminent threat or danger to public health or safety resulting from Hotel construction, maintenance, property, or operation; or

(b) You stop operating the Hotel as part of the System, you abandon the Hotel, you lose the right to possess the Hotel, or you forfeit the right to do or transact business in the jurisdiction in which the Hotel is located; or

(c) You (or a beneficial owner of you owning at least 5% of you) are convicted of a felony, a fraud, a crime involving moral turpitude or any other crime or offense that we believe is likely to have an adverse effect on the System, the Marks, our goodwill, or our interest in this Agreement; or

(d) You (or a beneficial owner of you) transfer or purport to transfer any rights or obligations under this Agreement, any Controlling Interest in you, your interest in the Hotel or more than a 50% undivided interest in the Hotel without our prior written consent; or

(e) You knowingly maintain false books or records, or send us false reports relating to this Agreement, or if you made any materially false statement in your franchise application; or

(f) You do not keep the Hotel continuously open to the public as part of the System; or

(g) You become insolvent or make a general assignment for the benefit of creditors or are unable to pay your debts to creditors on a timely basis; or

(h) You do not buy, maintain and send us evidence of insurance required by this Agreement; or

(i) If we send you 2 or more written notices of default under this Agreement for the same or a similar cause or reason in any consecutive 12 month period, whether or not cured; or

(j) You transfer the Hotel (or a Controlling Interest) in violation of Section 9.b or fail to transfer the franchise in violation of Section 9.c.

c. Suspension of Franchise Rights; Reinstatement. If you breach your material obligations required by this Agreement, we may, within ten (10) days of our written notice of default (or longer time required by law): (1) suspend any or all services to you, and/or (2) suspend your right to use the Marks. We will reinstate this Agreement, the suspended services and/or the right to use the Marks if you cure your default before we have terminated this Agreement and you pay us a re-inspection/reinstatement fee (currently $500 but subject to change without prior notice) for processing the re-inspection/reinstatement as stated in the Brand Standards Manual, as periodically modified, and if we determine that reinstatement would not cause a substantial loss of goodwill. If we suspend services, and/or your right to use the Marks, we may use other remedies, including termination of this Agreement, after the appropriate time to cure has lapsed.

d. If the validity of the termination of this Agreement is disputed, either party may introduce evidence of a breach of this Agreement or evidence of any claim associated with the Hotel, including any facilities that are managed by others at the Hotel, whether or not stated in the default or termination notice.

11. Our Remedies and Your Obligations on Termination, Expiration or Non-Renewal. If this Agreement is terminated, expires or is not renewed for any reason, we will immediately remove the Hotel from directories and advertising and we will immediately disconnect the Hotel from our advance reservations system. We may notify guests holding reservations made by us for you that your Hotel is no longer part of the System. On termination, expiration, or non-renewal of this Agreement for any reason, you must, at your expense:

a. Immediately discontinue all use (whether visual, graphic, verbal or otherwise) of the Marks (including telephone listings, brochures, advertising, metatags, universal resource locators (URLs), HREFs and hyperlinks), and of any word or mark similar to the Marks, and refrain from using the Marks or any words or mark similar to the Marks to identify the Hotel. Make sure to remove or cover up all interior and exterior signs using the Marks. Such covering shall assure that the Mark is not easily identifiable. If you do not immediately discontinue use of the Marks, we will seek injunctive and equitable relief and any other legal remedy available to us for your infringement and, in that event, you waive, to the maximum extent, any requirement for any bond for the issuance of any injunction, and if a bond requirement cannot be waived, it will not exceed $1,000. You also agree to pay all of our attorney fees and costs for enforcing this provision. You agree that use of the Marks, or colorable imitation of Marks, after the termination shall result in immediate irreparable harm to us and in addition to injunctive and equitable relief, you agree to pay us $1,000 per day for their use until the Marks are permanently removed and their use discontinued; and

b. Cancel any assumed name or similar registration containing the Marks or any variation or portion of the Marks, and furnish us with evidence showing that you complied with this obligation within thirty (30) days after termination or expiration of this Agreement; and

c. Promptly pay all sums owed to us and our subsidiaries or Affiliates, and all damages, costs, and expenses, including reasonable attorney's fees and costs, (whether incurred prior to trial or arbitration or on an appeal of any decision) and all collection costs and collection agency fees that we incur as a result of your default, including outstanding amounts due under this Agreement and any liquidated damages due under Section 11.f. of this Agreement; and

d. Pay us all damages, costs and expenses, including reasonable attorneys' fees and costs (whether incurred prior to trial or arbitration or on an appeal of any decision), and all collection costs and collection agency fees that we incur after the termination or expiration of the Term in obtaining injunctive or other relief for the enforcement of any section of this Agreement; and

e. Immediately send us all copies of the Brand Standards Manual and all other materials that we provided to you. Except for your copy of this Agreement and other documents that you reasonably need to comply with applicable laws, you may not retain any material that we gave you during the Term. If you were provided only online access to the Brand Standards Manual then you must immediately stop from accessing it and destroy all copies of pages you printed (if any); and

f. If this Agreement is terminated before expiration of the Term, you understand that the injury to us from premature termination is difficult or impossible to accurately estimate, and agree that the following lump sum payment is a reasonable estimate of our probable loss in light of the damages for premature termination that we will incur. This lump sum payment is not exclusive of any other remedies that we may have, including attorneys' fees and costs. Your payment of liquidated damages does not affect your obligation to pay us any amounts that accrued before termination, nor does it affect your continuing indemnification obligation. Within ten (10) days after premature termination, as liquidated damages and not as a penalty, you will pay us as follows:

1. If termination occurs before the Opening Date or within 24 months after the Opening Date, $2,000 per room in the Hotel.

2. If termination occurs at any time after 24 months after the Opening Date, a sum equal to the Royalty and Marketing Fees that were due during the preceding 24 months.

g. The obligations in this Section 11 will survive the termination of this Agreement.

12. Insurance.

a. Beginning no later than the Opening Date and for the rest of the Term, you must purchase and maintain, at your expense, the following insurance coverages. We may change the below insurance requirements during the Term by giving you at least thirty (30) days' notice of the change:

1. All-risk physical damage coverage, insuring the Hotel for not less than 80% of its replacement cost. If the Hotel is damaged or destroyed, unless a mortgagee requires otherwise, the proceeds of any insurance will be used to repair or restore the Hotel in accordance with your plans that we approve. Your insurance must contain a waiver of subrogation in our favor and the favor of our Affiliates and subsidiaries, the officers, directors, agents and employees of us, our Affiliates and subsidiaries as additional insureds ("Additional Insureds");

2. Commercial Automobile and Comprehensive General Liability Insurance policies written on an occurrence form protecting you and the Additional Insureds, from and against all types of liabilities, including personal injury and property damage of any nature, together with the costs and expenses of the defense and/or adjustment of injury or damage, without exception, from or in any way related to any operation or activity conducted under this Agreement and/or of the Hotel, including adjacent areas like parking lots, restaurants, bars. Your Automobile Liability Policy must cover owned, hired and non-owned vehicles. The policies described in this section must apply to lawsuits or actions brought anywhere in the world. These policies must provide limits per location of not less than $6,000,000 per occurrence and must be accompanied by a waiver of subrogation. You may meet the required total minimum limits through a combination of primary and umbrella policies;

3. Comprehensive General Liability written on an occurrence form that is primary to any coverage that we maintain and which includes, without limitation, Broad Form Contractual, Products and Completed Operations, Independent Contractors, Personal Injury, Broad Form Property Damage, Extended Bodily Injury and Host Liquor Liability. In addition, if alcoholic beverages are sold at the Hotel, you must purchase and maintain Dram Shop/Liquor Liability Insurance with limits of not less than $6,000,000 per occurrence; and

4. Statutory Workers Compensation and Employers Liability insurance as required by law.

b. We may change the above insurance coverage requirements during the Term by giving you at least 30 days' notice of the change. You must comply with our directions, at your expense, and deliver to us evidence of your compliance before the change becomes effective. If you fail to purchase and/or maintain insurance as required, we may purchase insurance on your behalf, and you are obligated to pay us for this purchase pursuant to collection provisions in this Agreement.

c. You must place your insurance with insurance companies reasonably acceptable to us. All insurance that you provide will be specifically endorsed to provide that the coverage will be primary and that any insurance carried by Additional Insureds will be excess and non-contributory.

d. You must send us, at least 10 days before the Opening Date, certificates of insurance indicating your location number, the Hotel name and address, the Additional Insureds, and evidence that the insurance premiums have been paid. You must also provide us with evidence of renewal before the expiration date. Each policy and certificate of insurance must include a statement by the insurer that the policy will not be canceled, reduced in coverage, or otherwise altered without 30 days advance written notice to us.

e. Your purchase and maintenance of insurance and your performance of your obligations under this Agreement are in addition to your obligation to indemnify us. You may obtain additional insurance coverage since we do not require insurance against all potentially insurable risks; if you do, you will name us as an additional insured if there is no additional premium for this coverage.

13. Indemnification. You must defend, indemnify and hold harmless us, our Affiliates and subsidiaries, our and their respective officers, directors, agents and employees (the "Indemnified Parties") from any claim, loss, cost, damage, expense and liability (a "Claim"), including reasonable attorneys' fees (whether or not a lawsuit has been filed) and any court, mediation or arbitration costs, by reason of damage or loss, including personal injury, of any nature, from or connected with the Hotel construction or operation, or any facilities that are managed by others in the Hotel, or out of, or as a result of, your (or your agent's or employee's) error, omission, act or failure, even where negligence of Indemnified Parties are alleged, except to the extent that the loss, costs, damage, expense or liability is proximately caused by the negligence of any of the Indemnified Parties. The amount of Indemnified Parties contribution will be calculated by applying principles of comparative negligence where a Claim was jointly caused by your negligence and by our negligence. You must reimburse us for all amounts we reasonably spend, including, but not limited to, attorneys' fees and court costs, mediation or arbitration costs, to protect the Indemnified Parties from or to remedy your defaults under this Agreement, or claims arising out of your operation of the Hotel. We will have the sole and exclusive control (including the right to be represented by attorneys of our choosing) over the defense of any Claims against any of the Indemnified Parties and over their settlement, compromise or other disposition. You agree to fully cooperate with us in any investigation by the Indemnified Parties related to this Section.

You acknowledge that the Indemnified Parties are not co-employers, joint employers and/or in any manner the employer and/or manager of any of your employees, independent contractors, and/or agents. You agree to fully indemnify Indemnified Parties from any claims for wages, overtime wages, costs, penalties, fees, or any other expenses directly associated with any claims by your employees, independent contractors and/or agents under any legal or equitable theories against Indemnified Parties or any of them.

14. Casualty. If the Hotel is damaged by fire or other casualty, you must promptly repair the damage. If the damage or repair requires closing the Hotel, you must immediately notify us, begin reconstruction within six (6) months after closing and in accordance with the Brand Standards Manual, and reopen the Hotel for continuous business operation as soon as practicable (but in any event within twelve (12) months after the Hotel closing), sending us at least thirty (30) days prior written notice of the date of reopening. We will extend the Term of the Franchise Agreement by the number of days between the date of closing and the date of reopening. If your insurance proceeds are not available to repair or rebuild the Hotel due to the requirements of your bank, a governmental agency or third parties not Affiliated with you and if you notify us within six (6) months after closing, we will terminate this Agreement without penalty to either party.

15. Notices. All notices required or permitted under this Agreement must be in writing, must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally

recognized courier service, to us at VAGABOND INN CORPORATION, Attention: President, 2225 Campus Drive, El Segundo, CA 90245, and to you at the Designated Representative's address at ____.
Either you or we may change the address by written notice to the other party. You authorize the Designated Representative to receive our written notices to you as your agent. Any notice by registered or certified mail or by courier service is deemed given and received at the date and time of sending. You may change the Designated Representative by written notice to us.

16. Business Relationship.

a. You agree that:

1. Neither this Agreement, nor any other agreement entered into by the parties, create a fiduciary relationship between you and us;

2. You are an independent contractor. Nothing in this Agreement is intended to make and does not make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, independent contractor or servant of the other (except that we are acting as your agent when making reservations for your Hotel);

3. You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and

4. You will not represent in any proposed financing agreement or to any proposed lender or participant in a public or private investment offering that we or any of our Affiliates is, or will, become responsible for your obligation under the financing agreement, nor that we are, or will be, participating in a private or public investment offering. Before you distribute a prospectus of your intended private or public offering, you must send us a copy for our prior written approval, not to be unreasonably withheld, of references made to us in the prospectus.

b. Neither party assumes liability for, or will be deemed liable as a result of action or omission of the other party, or any claim or judgment arising from such action or omission.

17. Attorneys' Fees. The prevailing party in any action filed to enforce the terms and conditions of this Agreement (as determined by the Court or arbitrator) shall recover from the other party the reasonable expenses of its attorneys in bringing the action, its court costs, the reasonable costs of its expert witnesses and the reasonable travel (including food and lodging) of all of its witnesses in the action. You and we agree that any money judgment or arbitration award shall provide for interest at the rate referred to in Section 4.j until paid.

18. Taxes, Permits; Compliance with Laws; Notice of Legal Actions.

a. You must pay when due all taxes related to the Hotel that may be levied or assessed by any federal, state, or local tax authority, and all other indebtedness related to the Hotel. You must pay sales tax, gross receipts tax, or similar tax imposed on us (but not including our income taxes) on any payments that you must make to us under this Agreement.

b. If there is a bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness under the procedures of the taxing authority or applicable law. You may not permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the Hotel or the Location.

c. You must comply with all federal, state, and local laws, rules and regulations applicable to you and to the Hotel. You must timely obtain all permits, certificates, or licenses necessary for the construction, operation and maintenance of the Hotel, including licenses to do business, fictitious name registration and sales tax permits, health and sanitation permits, and ratings and fire clearances. You must send us, within 10 days of your receipt, copies of all inspection reports, warnings, certificates, and ratings, received from any governmental entity.

d. You must notify us in writing, within 5 days of your receipt, information about any action, suit, proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, that may adversely affect the operation of the Hotel or your financial condition.

19. Approvals, Waivers, Rights and Options.

a. Our approvals and consents will not be effective unless signed by one of our duly-elected officers. We may withhold our consent if at the time of your request you are in breach of a material obligation under this Agreement, whether or not we have notified you of the breach at the time of your request.

b. Except as otherwise expressly stated in this Agreement (including any amendments) and the Franchise Disclosure Document (including its exhibits and any updates or amendments), we make no warranties or guarantees on which you may rely. We assume no liability or obligation to you by providing any waiver, approval, consent, or suggestion to you with this Agreement, or by reason of any delay or denial of any request.

c. Failure to exercise any power or to insist on strict compliance with any obligation or condition under this Agreement is not a waiver of any future right to demand exact compliance with any of the terms in this Agreement. Waiver of any particular default will not affect or impair a party's right with respect to any later default of the same, similar, or different nature. No delay, forbearance, or omission to exercise any power or right following any breach or default of any of the terms, sections, or covenants of this Agreement, will affect or impair a party's rights.

d. We have a right of first refusal to acquire your business. If you receive and wish to accept a bona fide offer to sell any interest in you or the hotel, you must notify us of the offer and we will have a right to purchase that interest on the same terms as the bona fide offer.

e. We have an option to purchase your business. Upon expiration or termination of your franchise, we can purchase all furnishings, signs, fixtures, supplies or inventory bearing the Proprietary Marks at fair market value.

20. Severability and Construction.

a. If any section of this Agreement is held to be illegal, invalid or unenforceable, both parties agree that a section will be automatically added as part of this Agreement, to the maximum extent enforceable, to reach the intent of the parties in the section that was held to be illegal, invalid, or unenforceable. The parties also agree that the remaining sections will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable section or to the extent it is removed.

b. Except as otherwise expressly provided in this Agreement, nothing in this Agreement is intended, nor will anything in this Agreement be deemed, to confer on any person or legal entity other than us or you, or our respective successors and assigns, any rights or remedies under or by reason of this Agreement.

c. All captions in this Agreement are intended solely for the convenience of the parties and do not affect the meaning or construction of any section.

d. All references to the masculine, neuter, or singular, include the masculine, feminine, neuter, or plural. If "you" consists of more than one person or entity, your acknowledgments, promises, covenants, agreements, and obligations made or undertaken in this Agreement are jointly and severally undertaken by each of you.

e. If this Agreement is executed in multiple counterparts, each executed copy is an original. All digital or faxed executed copies of this Agreement are treated as if they are originals.

f. This Agreement becomes valid only when the parties have all signed it, and it will be interpreted under the substantive laws of California, not including its conflict of laws provision.

g. Rights and remedies stated in this Agreement are cumulative and not exclusive of any other right or remedy.

h. Except to the extent stated in Section 11.a., each party may obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

i. **THIS AGREEMENT CONTAINS THE COMPLETE UNDERSTANDING OF THE PARTIES AND REPLACES ANY PREVIOUS WRITTEN OR ORAL AGREEMENT ON THE SAME SUBJECT MATTER AND SUPERSEDS ALL PRIOR WRITTEN OR ORAL REPRESENTATIONS MADE TO YOU EXCEPT THE REPRESENTATIONS MADE TO YOU IN OUR FRANCHISE DISCLOSURE DOCUMENT (INCLUDING ITS EXHIBITS AND ANY UPDATES OR AMENDMENTS). NO REPRESENTATION, INDUCEMENT, PROMISE OR AGREEMENT, ORAL OR OTHERWISE, NOT IN THIS AGREEMENT OR IN OUR FRANCHISE DISCLOSURE DOCUMENT, WILL BE OF ANY FORCE OR EFFECT. NOTHING IN THIS OR IN ANY RELATED AGREEMENT, HOWEVER, IS INTENDED TO DISCLAIM THE REPRESENTATIONS WE MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT WE FURNISHED TO YOU.**

j. Amendments to this Agreement will not be effective unless signed by one of our duly-elected officers and by you.

k. Neither party may file a claim (except claims for indemnification, which shall be governed by usual laws) arising out of or relating to this Agreement after four (4) years from the date that the claim arose, unless applicable law states a shorter statute of limitations.

l. The Parties agree that each party has reviewed this Agreement and has had an opportunity to have an attorney of his/her/its choosing review this Agreement. Further, each party has had the opportunity to propose revisions or corrections. It is agreed that any rule of construction, to the effect that ambiguities are to be resolved against the drafting party, shall not apply in any interpretation of this Agreement.

21. Acknowledgments.

a. YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF BENEFITS OF SIGNING THIS AGREEMENT, AND YOU UNDERSTAND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS, AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT ON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON. WE HAVE NOT MADE, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED FROM US OR OUR AGENTS, ANY PROJECTION, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE PROFITABILITY OR OTHER POTENTIAL SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT EXCEPT AS CONTAINED IN THE DISCLOSURE STATEMENT(S) WE GAVE YOU AND IN ITEM 19 OF OUR DISCLOSURE DOCUMENT. BY SIGNING THIS AGREEMENT, YOU REPRESENT TO US THAT YOU HAVE NEITHER RECEIVED NOR RELIED ON REPRESENTATIONS OF ANY KIND CONCERNING THIS AGREEMENT EXCEPT AS STATED IN THE DISCLOSURE DOCUMENT WE GAVE YOU AND EXCEPT AS WRITTEN IN THIS AGREEMENT.

b. You agree that this Agreement relates only to the Hotel and the Location, and any Protected Territory. You acknowledge that: (1) we may own, operate, franchise or license other hotels using the Marks and the System at any location other than the Location, except in any Protected Territory, (2) we, our Affiliates and other franchisees may now or in the future, own, operate, franchise or license other hotels, using other names or marks than the Marks, or engage in transient lodging or related business activities that may compete with the System or with the Hotel at any location other than the Location. You acknowledge that such other endeavors may compete with your Hotel and that they may affect your business. You further acknowledge that other franchisees using the System outside of the Protected Territory may affect your business in an adverse manner.

c. You agree that the Marks and this Agreement relate only to the System, and that we may decide to provide services to the Hotel simultaneously with one or more of our other brands, either separately or combined.

d. You are solely responsible for exercising ordinary business control over the Hotel, including personnel matters of Hotel employees and pricing of rooms and other services at your Hotel.

e. You warrant the truth and completeness of all your statements in your application and those in all other documents that you send us as part of the application process. This warranty will survive the signing and the termination of this Agreement.

f. You acknowledge that you received from us a disclosure document required by the Federal Trade Commission and by the state(s) in which you live and where the Hotel is located at least fourteen (14) calendar days before you signed this Agreement or paid to us any consideration for the franchise, whichever of those first occurred.

g. You also acknowledge that you have received a substantially complete version of this Agreement and all attachments at least seven (7) calendar days before signing this Agreement, if the terms of this Agreement are materially different from the terms in our standard franchise agreement, and if those materially different terms did not arise out of negotiations initiated at your request. If the terms of this Agreement are materially different from the terms of our standard franchise agreement, we have informed you of the differences between this Agreement and our standard franchise agreement at least seven (7) calendar days before you signed this Agreement.

h. You are the true owner of, and record holder of title to, the Hotel, unless you have told us in the application that you lease the Hotel, in which case the lease has a remaining term at least as long as this Franchise Agreement.

i. You acknowledge that we own the rights to data concerning customers who stay at your hotel and that we may use that data in any reasonable manner that we determine. We acknowledge that you also own that data and that you may use that data in any reasonable manner that you determine.

j. We agree to consult with the Franchise Association (which, if ever formed, is only an advisory committee selected by us at our sole discretion consisting of franchisees in good standing), if any, on the marketing campaigns that we will undertake for the System, on the use of those portions of the Marketing Fees that are designated for marketing purposes and reservations purposes and on changing the amounts of those fees. We will provide annually to the Franchise Association, if any, unaudited financial statements within 6 months following our year end showing their receipts and expenditures of those portions of the Marketing Fees that are designated for marketing purposes and reservations purposes. However, we are not required to obtain the consent of the Franchise Association on any of these matters.

k. You acknowledge that we may, at our sole discretion, use that portion of the Marketing Fee that we designate for marketing purposes, together with similar fees that other franchisees using the Marks pay to us, to meet all costs incidental to the marketing services that we provide to the System, and that those costs may include our overhead expenses that are reasonably allocated to those services. You further agree that, subject to Section 21.i, we have the absolute and unilateral right to determine when, how and where that portion of the Marketing Fee that we designate for marketing purposes are spent, including the right to purchase and pay for product research and development, production materials, ad slicks, brochures, videotapes, radio and television commercials, media advertising (email, online, television, radio, cable, magazines, newspapers and other print), services provided by advertising agencies, market research, computers, furniture, equipment, trade shows, promotions, marketing, research and design, public relations, personnel, accounting services, travel expenses, office space, administrative costs, salaries and fringe benefits, development, design and updating of World Wide Website(s) ("Home Page") and maintaining a Home Page on the Internet, including Internet provider costs, and for other similar costs that we reasonably deem to be appropriate. You also acknowledge that other franchisees using the Marks may not contribute the same percentage or total amount that you must pay for marketing purposes.

l. You acknowledge that we may use, at our sole discretion, that portion of the Marketing Fee that we designate for reservations purposes, together with similar fees that other franchisees using the Marks pay to us, to meet all costs incidental to the reservations services that we provide to the System, and that those costs may include our overhead expenses that are reasonably allocated to those services. You further agree that, subject to Section 21.i, we have the absolute and unilateral right to determine when, how and where that portion of the Marketing Fee that we designate for reservations purposes is spent, including the right to purchase and pay for research and development, computers, furniture, equipment, personnel, accounting services, travel expenses, office space, administrative costs, salaries and fringe benefits, development, design and updating and maintaining a Home Page on the Internet, including Internet service provider costs, and for other similar costs that we, at our sole discretion, reasonably deem to be appropriate. You also acknowledge that other franchisees using the Marks may not contribute the same percentage or total amount that you must pay for reservations purposes.

m. You agree to provide an individual or entity to guaranty your obligations under this Agreement.

n. You have represented to us that neither you nor any of your owners have been designated as suspected terrorists as set forth on the list of Specially Designated Nationals as promulgated by the Office for Asset Control under the U.S. Department of Treasury.

o. The persons signing this Agreement on behalf of any entity personally warrant, covenant, and represent that the entity has approved this Agreement and that they are authorized to execute this document on behalf of the entity.

p. You represent and warrant to us and that neither you, nor any entities and affiliates associated with you (including your directors and officers, senior management, shareholders, managing members, members, and other persons having controlling interest in you), and the owner of the Hotel or the Hotel site are not, and not owned or controlled by, or acting on behalf of a Restricted Person, and that you will notify us in writing immediately on the occurrence of any event which would render the foregoing representations and warranties incorrect. You further represent and warrant to us that you will not directly or indirectly pay, offer, give or promise to pay or authorize the payment of any monies or other things of value to: 1) an official or employee of a government department, agency or instrumentality, state-owned or controlled enterprises or public international organizations, 2) any political party or candidate for political office; or 3) any other person at the suggestion, request or direction or for the benefit of any of the above-described persons and entities. If any such payment, offer, act or authorization is for purposes of influencing official actions or decisions or securing any improper advantage in order to obtain or retain business, or engaging in acts or transactions otherwise in violation of any applicable anti-bribery legislation.

22. WAIVER OF JURY TRIAL. IF EITHER PARTY INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN THE PARTIES (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN SUCH LITIGATION), ALL THE PARTIES WAIVE THEIR RIGHT TO A TRIAL BY JURY. THE PARTIES AGREE THAT THE AGREEMENT WAS ENTERED INTO IN LOS ANGELES, CALIFORNIA AND THAT LOS ANGELES, CALIFORNIA SHALL BE THE PROPER FORUM FOR ANY LAWSUIT TO ENFORCE ANY TERMS OF THIS AGREEMENT.

23. ***Special Provisions Applicable Only to Hotels to be Constructed or Completely Renovated.***

a. The phrase "Construction Start" means the date that bona fide pouring of footings begins at the Location in the case of a hotel to be constructed or the date that renovations begin in the case of an existing hotel that is to be completely renovated.

b. In addition to the other provisions of this Agreement, we agree that we will review and comment on whether your preliminary drawings, final working drawings and building plans for the Hotel ("Plans") meet the standards in our Brand Standards Manual.

c. In addition to the other provisions of this Agreement, you agree that you will:

1. Bring your contractor and architect and meet with our Franchise Review Committee, before Construction Start, at our corporate headquarters in California. You will pay your travel expenses and living expenses for this meeting;

2. Present for our approval, before Construction Start, your preliminary drawings and final working drawings for Hotel construction;

3. Cause the Construction Start to occur within 12 months of the date of this Agreement. If you do not cause the Construction Start to occur within 12 months of the date of this Agreement, you may request, before the end of the 12 months, an additional 3 months for Construction Start. We are not obligated to extend the time for Construction Start. If we agree to extend the time for Construction Start, you will pay us an extension fee of $5,000 for each 3 month extension;

4. Continue Hotel construction in accordance with the Plans, after Construction Start, without interruption (except by events constituting force majeure), until the Hotel is ready for our inspection. You must complete Hotel construction, including furnishing, equipping, and preparing for opening, within 12 months after Construction Start;

5. Send us, when we request during construction, reports showing the progress made toward completing Hotel construction;

6. Use the Marks before the Opening Date only as authorized by us and subject to the Brand Standard Manual;

7. Cooperate with us, and instruct your architect, engineer, contractors and subcontracts to cooperate with us, and allow us to inspect the Hotel and the Hotel construction to determine whether construction meets the standards outlined in the Brand Standards Manual and the Plans;

8. Order, purchase and/or lease and install all fixtures, equipment, furnishings, signs, computer terminals and related equipment, supplies and other required items before the Opening Date. You must provide sufficient time for all items to arrive and be installed by opening date;

9. Advertise the Hotel locally, at your expense and in a manner meeting our specifications at the time the advertising is being conducted; and

10. Notify us at least one month before the Opening Date. We will inspect the Hotel and, if we reasonably determine it to be appropriate, authorize you to begin operating the Hotel under the Marks and this Agreement. You will not begin operation of the Hotel using our Marks until you have received our specific written authorization to do so.

d. Before the Opening Date, you may make the following limited use of the Marks:

1. Place a temporary sign meeting our standards and authorized by us in writing at the Location, advising the general public that a hotel Affiliated with the System is under construction;

2. Promote the Hotel construction and opening in the media;

3. Purchase operating supplies and equipment bearing the Marks required for Hotel operation; and

4. No more than one (1) month before the Opening Date and only with our written consent, install the permanent Hotel sign meeting our standards bearing the Marks and the designated logo.

e. You must purchase by the Construction Start and maintain until the Opening Date, at your expense, directly or through your general contractor, the following insurance coverages:

1. Comprehensive General Liability Insurance (including automobile liability, bodily injury and property damage) protecting you and naming us and our Affiliates and subsidiaries, our and their respective officers, directors, agents and employees as additional insureds ("Additional Insureds") from and

against all types of liabilities, including personal injury and property damage, together with the costs of defense and/or adjustments arising out of the operations to construct the Hotel. The coverages must provide limits of coverage as stated in the Brand Standards Manual, must include coverages for contractual liability, explosion, collapse and underground property damage hazard liability, personal injury liability, products and completed operations liability, owner's and contractor's protective liability, and independent contractor's liability and must be accompanied by waivers of subrogation.

2. All-risk builder's risk coverage to insure the Hotel buildings under construction to 100% of their replacement cost value, protecting you, us and the Additional Insureds, and a workers' compensation policy as required by statute.

f. We may terminate this Agreement, effective on the date stated in our notice (or the earliest date permitted by applicable law) if you:

1. Do not send us construction progress reports when due or within ten (10) days of our written notice of default to you; or

2. Do not begin construction of the Hotel on time or, once begun, do not continue without interruptions the construction of the Hotel or renovations to the Hotel. Should construction not start on time or stop after started, you must immediately inform us as to why construction has not commenced or has stopped, and the steps you are taking to start construction as soon as possible. These requirements do not mean that that we may not terminate you as allowed by this section.

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This Agreement is signed by you (and your principals, if a limited liability company, partnership or corporation) and us, on the date written above.

VAGABOND INN CORPORATION

By: ____

Name: _____________________________________
Title: ______________________________________

FRANCHISEE

By: ____

Name: _____________________________________
Title: ______________________________________

Date: ______________________________________

By: ____

Name: _____________________________________
Title: ______________________________________

Date: ______________________________________

By: ____

Name: _____________________________________
Title: ______________________________________

Date: ______________________________________

NOTE: The person or business organization that is the title owner of the Hotel, as of the date of this Agreement, must be a named signatory. The liability of all signatories will be joint and several.

Attachment 1

Franchise Application

FRANCHISE APPLICATION

Vagabond Inn Corporation welcomes your interest in Vagabond Inn. Please complete as much of the requested information as possible. If you have questions, do not hesitate to contact us for assistance.

BRAND APPLYING FOR:

_____ Vagabond Inn
_____ Vagabond Inn Executive

PRINCIPAL CONTACT:

Name: ____

Address: ____

Phone: ____

Email Address: ____

APPLICANT:

Type of Entity:
Corporation___ Partnership___ Limited Liability Company___ Other:______________

Entity Legal Name:____

Principal Owners (print clearly):

Name_______________________________________ % Owned________

Name_______________________________________ % Owned________

Name_______________________________________ % Owned________

Please attach a sheet with the name and percentage of ownership for additional individual(s).

HOTEL INFORMATION:

New ______ Conversion _____ Existing Brand (if any)______________________________

Address: ____

Number of Rooms: ___________ Number of Suites: ___________________________

Amenities (Restaurant, swimming pool, meeting rooms, WiFi, etc.): ______________________

____

MANAGEMENT:

The hotel will be managed by: ____

ITEMS TO INCLUDE WITH APPLICATION:

Please attach the following to expedite processing of your application:

1. ____ Financial statements for applicant and principal owners
2. ____ Resume of principal owners
3. ____ Entity formation documents
4. ____ Proof of property ownership
5. ____ Application Fee of $1,000 (To be applied towards initial fee if franchise approved)

AUTHORIZATION AND SIGNATURE:

I authorize Vagabond Inn Corporation (VIC) to conduct a credit investigation, including credit checks, of the Applicant and principal owners. I understand that VIC reserves the right to request additional information and to approve or not approve our application. Further, the Applicant will not have been deemed to operate a Vagabond Inn or Vagabond Inn Executive and there shall be no binding obligation by either party unless and until the execution of a franchise agreement by both parties.

I certify that I am fully authorized to make this application on behalf of the Applicant and that to the information is true and complete to the best of my knowledge. I further certify that I will sign and provide, in a reasonable amount of time, to VIC amended and/or supplemental authorization should it be necessary for VIC to have such amended or supplemental authorization due to changes in the law:

Signature: ______________________________ Date: ___________________________

Print Name: _____________________________ Title: ___________________________

Signature: ______________________________ Date: ___________________________

Print Name: _____________________________ Title: ___________________________

Signature: ______________________________ Date: ___________________________

Print Name: _____________________________ Title: ___________________________

Please forward your application to:

Vagabond Inn Corporation
2225 Campus Drive
El Segundo, CA 90245

For questions, you may contact Les Biggins or Scott Pokorny at 310.275.8200.

Notice of Available Disclosure Formats

You may review and download our franchise disclosure document by request to Les Biggins at lbiggins@vagabondinns.com. That document is in pdf format. You will need to have Adobe Reader software installed on your computer to view the document and a printer to create a paper copy of the document. You may obtain a free copy of Adobe Reader at www.adobe.com. We may furnish you with our franchise disclosure document in paper form. If you qualify as a franchisee prospect and visit our office, we will provide the document to you personally. If you qualify as a franchisee prospect and request the document, we will mail or courier it to you at our cost.

EXHIBIT F
VAGABOND INN CORPORATION

BRAND STANDARDS MANUAL
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Vagabond Inn Brand Standards

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Vagabond Inn Brand Standards

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EXHIBIT G
VAGABOND INN CORPORATION

GAURANTY

GUARANTY

This GUARANTY ("Guaranty") is made as of ______________________________ by ____ (collectively "Guarantor" or "Guarantors") in favor of Vagabond Inn Corporation, a California Corporation ("Franchisor").

1. Guaranty. Guarantor(s) jointly, severally, unconditionally and irrevocably assume(s) and agrees to perform all liabilities, obligations and duties of the Franchisee under that certain Franchise Agreement between Franchisor and ______________________ ("Franchisee") dated ______________________ and as the same may hereafter be modified or amended (the "Franchise Agreement"). Guarantor guarantees to Franchisor and Franchisor's successors and assigns the full, prompt, and complete performance of all of the terms, covenants, conditions, and provisions of the Franchise Agreement to be kept and performed by Franchisee or Franchisee's successors or assigns, including, without limitation, the payment of all monetary obligations in lawful money of the United States, in immediately available funds, and other charges to accrue under the Franchise Agreement and all damages that may arise as a consequence of nonperformance under the Franchise Agreement (collectively, the "Obligations"). Guarantor acknowledges that Guarantor's execution of this Guaranty is part of the consideration for Franchisor to enter into the Franchise Agreement with Franchisee.

2. Remedies. If Guarantor fails to promptly perform its obligations under this Guaranty, Franchisor may from time to time, and without first requiring performance by Franchisee or exhausting any or all security for the Obligations, bring any action at law or in equity, or both, to compel Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by Franchisor as a direct or indirect consequence of the failure of Guarantor to perform its obligations together with any interest thereon.

3. Rights of Franchisor. Guarantor authorizes Franchisor, without giving notice to Guarantor or obtaining Guarantor's consent and without affecting the liability of Guarantor, from time to time to: (a) renew or extend all or any portion of the obligations; (b) declare all sums owing to Franchisor under the Franchise Agreement due and payable upon the occurrence of an event of default (as defined in the Franchise Agreement); (c) modify the terms of the Franchise Agreement; (d) take and hold security for the performance of the Obligations and exchange, enforce, waive and release any such security; (e) apply such security and direct the order or manner of sale thereof as Franchisor in its discretion may determine; (f) apply payments received by Franchisor from Franchisee to any obligations of Franchisee to Franchisor, in such order as Franchisor shall determine in its sole discretion, whether or not any such obligations are covered by this Guaranty; and (g) assign this Guaranty in whole or in part.

4. Guarantor's Waivers. Guarantor(s) waive(s): (a) any defense based upon any legal disability or other defense of Franchisee, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Franchisee from any cause other than full payment of all sums payable under the Franchise Agreement; (b) any defense based upon the application by Franchisee of the proceeds of any loans made pursuant to the Franchise Agreement for purposes other than the purposes represented by Franchisee to Franchisor or intended or understood by

Franchisor or Guarantor; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (d) any defense based upon Franchisor's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (e) any right of subrogation, any right to enforce any remedy which Franchisor may have against Franchisee and any right to participate in, or benefit from, any security for the Franchise Agreement now or hereafter held by Franchisor; (f) presentment, demand, protest and notice of any kind; and (k) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof. Guarantor agrees that the payment of all sums payable under the Franchise Agreement or any part thereof or other act which tolls any statute of limitations applicable to the Franchise Agreement shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder. Without limiting the generality of the foregoing or any other provision hereof, Guarantor expressly waives to the extent permitted by law any and all rights and defenses which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433 and under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections.

5. Attorneys' Fees; Enforcement. If any attorney is engaged by Franchisor to enforce or defend any provision of this Guaranty, or any provisions of the Franchise Agreement, or as a consequence of any default under the Franchise Agreement, with or without the filing of any legal action or proceeding, Guarantor shall pay to Franchisor, immediately upon demand all attorneys' fees and costs incurred by Franchisor in connection therewith, together with interest thereon from the date of such demand until paid at the highest rate of interest applicable to the principal under the Franchise Agreement or authorized by law, whichever is greater. The prevailing party in the enforcement of this Guaranty shall be entitled to reasonable attorney fees and costs.

6. Rules of Construction. The term "person" as used herein shall include any individual, company, trust or other legal entity of any kind whatsoever. If this Guaranty is executed by more than one person, the term "Guarantor" shall include all such persons. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and vice versa. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty. Each party and its counsel have participated fully in the review and revision of this Guaranty. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Guaranty.

7. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by Federal laws. Guarantor and all persons and entities in any manner obligated to Franchisor under this Guaranty consent to the jurisdiction of any Federal or State Court within the City of Los Angeles, State of California having proper venue and also consent to service of process by any means authorized by California or Federal law.

8. Miscellaneous. The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, nominees, successors and assigns of Guarantor and Franchisor. The liability of all persons and entities that are in any manner obligated hereunder shall be joint and several. If any provision of this Guaranty shall be determined by a court of

competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from this Guaranty and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been part of this Guaranty. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall in good faith modify this Guaranty so as to effect the original intent of the parties as closely as possible in order that the assurances contemplated hereby be consummated as originally contemplated to the greatest extent possible.

9. Enforceability. Guarantor(s) hereby acknowledge(s) that: (a) the obligations undertaken by Guarantor in this Guaranty are complex in nature, and (b) numerous possible defenses to the enforceability of these obligations may presently exist and/or may arise hereafter, and (c) as part of Franchisor's consideration for entering into this transaction, Franchisor has specifically bargained for the waiver and relinquishment by Guarantor(s) of all such defenses, and (d) Guarantor(s) has/have had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type contemplated herein. Given all of the above, Guarantor does hereby represent and confirm to Franchisor that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand: (i) the nature of all such possible defenses, and (ii) the circumstances under which such defenses may arise, and (iii) the benefits which such defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving such defenses. Guarantor acknowledges that Guarantor makes this Guaranty with the intent that this Guaranty and all of the informed waivers herein shall each and all be fully enforceable by Franchisor, and that Franchisor is induced to enter into this transaction in material reliance upon the presumed full enforceability thereof.

10. Waiver of Jury Trial. GUARANTOR HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS GUARANTY. The scope of this waiver, tort claims, breach of duty claims, and all other common law and statutory claims. Guarantor acknowledges that this waiver is a material inducement for Franchisor to enter into the Franchise Agreement, and is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the Franchise Agreement and this Guaranty, including, without limitation, contract claims that it has already relied on this waiver in entering into this Guaranty and that Franchisor will continue to rely on this waiver in its future dealings with Guarantor. Guarantor further warrants and represents that it has reviewed this waiver with its legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTEE. In the event of litigation, this Guaranty may be filed as a written consent to a trial by the court.

11. Multiple Parts and Copies. This Guaranty may be executed in any number of counterparts, each of which shall be deemed to be original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Guaranty shall constitute and be deemed an original copy of this Guaranty for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Guaranty.

12. Entire Agreement. This Guaranty constitutes the entire agreement between Guarantor and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed herein.

13. <u>Non-Waiver.</u> Any parties failure to enforce any term or condition of this Guaranty shall not be deemed a waiver of the term or condition.

14. <u>Joint and Several</u>. If Guarantor consists of more than one person or entity, the liability of each such person or entity signing this Guaranty as Guarantor(s) shall be joint and several.

IN WITNESS WHEREOF, Guarantor(s) has/have executed this Guaranty as of the date appearing on the first page of this Guaranty. Guarantor(s) acknowledge(s) that it/he/she/they is/are member, manager, officer, shareholder, key employee and/or owner, in full or partial, of Franchisee.

"GUARANTOR(S)"

____
Signature

____
Print Name

____
Print Address

____
Telephone and Email Address

____
Signature

____
Print Name

____
Print Address

____
Telephone and Email Address

EXHIBIT H
VAGABOND INN CORPORATION

RECEIPT

RECEIPT

(YOUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Vagabond Inn Corporation ("we" or "us") offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this disclosure document at the 1st personal meeting.

Michigan and Washington require that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Scott Pokorny, Vagabond Inn Corporation, 2225 Campus Drive, El Segundo, CA 90245 phone (310) 725-8200.

Date of Issuance: ___________, 2017

See Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated ___________________that includes the following Exhibits:

A. Agencies/Agents for Service of Process
B. Franchisees
C. Former Franchisees
D. Financial Statements
E. Franchise Agreement and Other Attachments
F. Brand Standards Manual - Table of Contents
G. Guaranty
H. Receipts

____________ Date	______________________________ Signature	________________________ Printed Name
____________ Date	______________________________ Signature	________________________ Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO US ADDRESSED AS FOLLOWS: Scott Pokorny, Vagabond Inn Corporation, 2225 Campus Drive, El Segundo, CA 90245. This disclosure document is also available in PDF format by request to Scott Pokorny at spokorny@vagabondinns.com.

RECEIPT

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