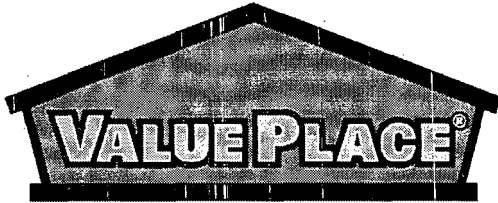


FRANCHISE DISCLOSURE DOCUMENT



Received
LA Mailroom
APR 20 2017
Department of
Business Oversight

WoodSpring Hotels Franchise Services LLC
A Kansas Limited Liability Company
8621 E. 21st Street North, Suite 250
Wichita, Kansas 67206
(316) 630-5505
Franchise@woodspring.com
<http://www.woodspring.com>

WoodSpring Hotels Franchise Services LLC ("WHFS") will grant an approved Franchisee a franchise to operate a Value Place property (a "Property"), which offers customers the value of a furnished room with kitchen facilities, together with terms and conditions, services and amenities associated with extended-stay hotels, including easy check-in, one-week stays, and periodic housekeeping. Some Franchisees may be awarded a Development Agreement which will allow them to develop multiple Properties over a period of time in an agreed upon territory.

The total investment necessary to begin operation of a Value Place franchise* ranges from \$5,229,000 to \$6,747,000. This includes between \$51,499 and \$53,499 that must be paid to WHFS. The initial fee for developing more than 1 Value Place Property is the Franchise Fee for 1 Property, \$50,000, multiplied by the number of Properties to be developed, which you must pay when you sign the Development Agreement. The Franchise Fee paid under the Development Agreement will be deducted from the Franchise Fee due for that Property when the Franchise Agreement for that Property is executed.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Development Team at 8621 E. 21st Street North, Suite 250, Wichita, Kansas 67206 and 1-866-645-FRAN.

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

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

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

Issuance Date: April ~~28~~, 2016, as amended January ~~31~~, 19, 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 FRANCHISOR OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit A** for information about the franchisor, about other franchisors, 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 AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND/OR LITIGATION ONLY IN KANSAS. OUT-OF STATE MEDIATION AND/OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE US IN KANSAS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND THE DEVELOPMENT AGREEMENT STATE THAT KANSAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. IF YOU ARE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY ALSO HAVE TO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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

State Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws with the following effective dates:

CALIFORNIA	May 6, 2016 , as amended February 10, <u>2017</u>
HAWAII	Not registered
ILLINOIS	May 2, 2016 , as amended _____, 2017
INDIANA	May 2, 2016 <u>, 2017</u>
MARYLAND	May 6, 2016 <u>, 2017</u>
MICHIGAN	May 2, 2016 <u>, 2017</u>
MINNESOTA	May 2, 2016, as amended _____, 2017
NEW YORK	January 12, 2016, as amended August 9, 2016 and February 15, <u>2017</u>
NORTH DAKOTA	May 4, 2016 , as amended February 14, <u>2017</u>
RHODE ISLAND	May 25, 2016 , as amended February 10, <u>2017</u>
SOUTH DAKOTA	May 2, 2016 <u>, 2017</u>
VIRGINIA	May 2, 2016 , as amended March 3, <u>2017</u>
WASHINGTON	_____, 2017
WISCONSIN	May 20, 2016 , as amended February 10, <u>2017</u>

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April ~~28,~~ 2016, as amended January ~~31,~~ 19, 2017.

MICHIGAN DISCLOSURE

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value, at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) the failure of the proposed franchisee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) a provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisor must, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 1ST FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117.

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Exhibits

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- D. Development Agreement including Guaranty
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- K. Management Company Covenant Agreement
- L. Standard Value Place Lender Comfort Letter
- M. Construction Services Agreement

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT, IF ANY, APPEAR IN THE STATE ADDENDA IN EXHIBIT I, EXCEPT THAT ADDITIONAL DISCLOSURES RELATED TO MICHIGAN LAW CAN BE FOUND RIGHT BEFORE THIS TABLE OF CONTENTS.

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this franchise disclosure document, “we,” “us,” “WHFS,” “Value Place” and “WoodSpring Suites” mean WoodSpring Hotels Franchise Services LLC, the franchisor, but does not include the company’s officers or members. “You” or “Franchisee” means the person(s) or entity that purchases the Value Place franchise under a contract called a Franchise Agreement and/or the right to develop several Properties under a Development Agreement. If you are a corporation, partnership, or limited liability company, the Franchise Application and certain provisions of the Franchise Agreement and the Development Agreement will include your principals.

WHFS is a Kansas limited liability company, which was formed on April 8, 2004 under the name Value Place Franchise Services LLC. WHFS does not currently do business under any other name. Our principal business address is 8621 E. 21st Street North, Suite 250, Wichita, Kansas 67206. Our agents for service of process are listed in **Exhibit B**. We do not conduct any other business apart from licensing Value Place Properties and licensing extended stay properties under the WoodSpring Suites sister brand and undertake the various business activities that are related to the licensing of the two brands, such as enter into vendor contracts for marketing-related services and FF&E purchase arrangements for the franchise systems.

Our Parents, Predecessors and Affiliates

Until April 22, 2015 we operated under the name “Value Place Franchise Services LLC” but as of that date we changed our name to WoodSpring Suites Franchise Services LLC. We changed our name again on December 17, 2015 to WoodSpring Hotels Franchise Services LLC. In each case it was only a name change. We do not have any predecessors.

WHFS is a wholly owned subsidiary of WoodSpring Hotels LLC (“WH”), a Delaware limited liability company, formed May 14, 2003 under the name Value Place LLC. WH changed names to its current name on December 17, 2015. WH is a wholly owned subsidiary of WoodSpring Hotels Holdings LLC (“WHH”). WH’ and WHH’s principal business address is 8621 E. 21st Street North, Suite 250, Wichita, Kansas 67206. WHH is partially owned by LG VP Holding L.P., a Delaware limited partnership (“LG Holding”). LG Holding is owned by Lindsay Goldberg LLC, a Delaware limited liability company (“LG LLC”). LG Holding and LG LLC’s principal business address is 630 5th Avenue, 30th floor, New York, New York 10111. WH, WHH, LG Holding and LG LLC are our parents.

3 of our affiliates either provide or may provide services to our Franchisees: WoodSpring Hotels Property Management LLC (“WHPM”), a Kansas limited liability company, formed on December 15, 2003 under the name Value Place Property Management LLC which changed names to its current name on December 17, 2015; WoodSpring Hotels Construction Services LLC (“WHCS”), a Kansas limited liability company, formed on February 27, 2006 under the name Value Place Construction Services LLC which changed names to its current name on December 17, 2015; and WoodSpring Hotels Development LLC (“WHD”), a Kansas limited liability company, formed on January 9, 2013 under the name Value Place Development LLC which changed names to its current name on December 17, 2015. WHPM, WHCS and WHD are located in the same offices as WHFS.

WHPM provides, and has since its organization provided, property management services for extended-stay hotels for WH and its affiliates. Upon agreement between WHPM and you, WHPM may provide you property management services. WHPM does not offer or award franchises. WHPM has never offered franchises in any other line of business.

WHCS provides, and has since its organization provided, construction advisory services to WH and its affiliates and to Franchisees who elect to utilize its advisory services. ~~In the past, new franchisees were if you are a first time franchisee you are~~ required to use WHCS' services for their first ~~your~~ Property and sign a Construction Services Agreement, in the form attached as Exhibit M. WHCS does not offer or award franchises and has never offered franchises in any other line of business.

WHD provides, and has since its organization provided, development services to WH and its affiliates and to Franchisees. These services include sign rate analysis and help providing lender underwriting materials such as demos, traffic studies, site criteria, employer maps and site forecasts. Its services are optional to our Franchisees. Upon agreement with you, WHD may provide you with development services, though your initial sign rate analysis is already included in the initial Franchise Fee. WHD does not offer or award franchise licenses. WHD has never offered franchises in any other line of business.

While none of our affiliates offer franchises in any business, we also offer extended stay hotel franchises under the WoodSpring Suites brand. As of the date of this franchise disclosure document, there were 9 WoodSpring Suites locations operating, of which we and our affiliates operated 4. Most Value Place locations are required to rebrand to the WoodSpring Suites brand in 2016.

Prior Business Experience

Value Place and WoodSpring Suites founder Jack DeBoer has been engaged in the extended-stay business since August 1975 when he founded the Residence Inn all-suite hotel chain. He was Chairman and Chief Executive Officer of the Residence Inn Company until Marriott Corporation acquired Residence Inn in July 1987. In 1987 Mr. DeBoer co-founded Summerfield Hotel Corporation, and served as Co-Chairman of the Board of Directors until December 1993. From November 1995 to June 1997 Mr. DeBoer served as Chairman, CEO and President of Candlewood Hotel Company, Inc. ("CHC"). From 1997 to December 2003, Mr. DeBoer was Chairman and Chief Executive Officer of CHC. Also, from June 1995 to October 2003, he was president of JPD Corporation, one of the owners of CHC.

We were founded as Value Place Franchise Services LLC in April 2004. We franchised extended stay hotels under the name "Value Place" until April 2015 when it launched the WoodSpring Suites brand. As of the fall 2015 WHFS franchises both the Value Place brand and the WoodSpring Suites brand. Most franchisees ~~currently that were previously~~ operating under the Value Place brand ~~are were~~ required to convert to the WoodSpring Suites brand and system before the end of ~~2016~~ 2016 and have either completed those conversions or are expected to do so this year. Those Value Place franchisees that are not required to convert will be allowed to rebrand to the WoodSpring Suites brand and system if they meet certain criteria.

Our Business and the Franchises We Offer

We offer and award franchises for the establishment and operation of extended-stay properties ("Properties") under the name "Value Place." These Properties operate under a system developed for the efficient management and operation of simple and distinctive Properties. Our system includes distinctive design, decor, color scheme and furnishings; standards, specifications, programs and procedures for operations; procedures for quality assurance and safety; training and assistance; and advertising, national sales, direct sales and promotional programs (the "System").

We offer a Franchise Agreement (the "Franchise Agreement") in the form of the attached **Exhibit C** for the establishment and operation of one Property at a specified approved location. You must submit site information with the Franchise Application for your proposed site. The site will be evaluated by, and is subject to approval by, WHFS. 1 Franchise Agreement is executed per approved location and governs the

construction and operation of the Property. The timing of submission of the site information depends on if you are entering into a single Franchise Agreement, or if you have signed a Development Agreement for multiple locations. If you are entering into a single Franchise Agreement, the site information is usually submitted with the Franchise Application. If you have already signed a Development Agreement, your site information will usually be submitted before you sign the Franchise Agreement for the proposed site. If a Franchise Agreement has not yet been executed at the time of site approval, the Franchise Agreement must be executed within 30 days of site approval, or the site approval may be revoked.

We also offer the option to enter into a Development Agreement in the form attached as **Exhibit D** (the "Development Agreement"). The Development Agreement grants the right and obligation to develop a certain number of Properties in one or more areas, referred to as "Markets" and "Areas", over a specific timeline set forth in a "Development Schedule." Site information for proposed sites must be submitted by the dates set out in the Development Schedule. A Franchise Agreement is executed for each site when the proposed site is approved by WHFS.

The first Property under the Value Place brand was opened by WHPM in October 2003 in Wichita, Kansas. We offered our first Value Place franchise in June 2004. The first Property under the WoodSpring Suites brand was opened on July 30, 2015. WHPM has operated Value Place Wichita North LLC since its opening in October 2003, though this Property ~~will convert~~converted to the WoodSpring Suites brand in 2016.

Even though we do not operate businesses of the type being franchised, our affiliates owned, as of December 31, ~~2015-842016 21~~ operational Value Place Properties ~~and had no Properties under construction as of that date.~~ All but 1 of those Properties have already converted, or are planned to convert in 2017, to our sister brand, WoodSpring Suites. We refer to those Properties as company-owned in this disclosure document. Neither WHH, nor WH offer or award franchises of any kind and neither WHH, nor WH has ever offered franchises in any other line of business.

Except as noted above, WHFS and its affiliates are not involved in any business activities other than the offering of Value Place and WoodSpring Suites franchises and the operation of Properties as noted above, and we have not offered franchises for any other type of business.

Value Place Properties are designed to be consumer-driven extended stay hotels. A Value Place Property offers customers services and amenities associated with extended-stay properties, including simple check-in, one-week stays, and bi-weekly (every 2 weeks) housekeeping. Optional amenities are offered for a fee and include such items as cookware, internet access, linen service and additional housekeeping.

General Market/Competition

We compete in the markets of locally owned, furnished apartment communities; regional and national corporate and furnished apartments; and low-to-medium-priced lodging. Competition includes properties operated under our sister brand, WoodSpring Suites. Historically, furnished apartments often have been placed in some units of older apartment complexes in order to rent vacant units, rather than being a core business of the apartment community. The terms offered by apartment communities usually require leases of 6 months to 1 year, first month rent, last month rent, and a security deposit, plus the "hook-up hassle" for utilities. Although Value Place has wide appeal to a number of different types of consumers, the business was developed to take advantage of these shortcomings in the furnished apartment marketplace by constructing a purpose-built community of furnished rooms while targeting the value segment of the extended-stay lodging market. The target Value Place guests include:

- Small business owners
- Construction workers
- Contract workers
- Medical professionals
- Individuals and families in transition
- College students and professors
- Military personnel and government contractors
- Families of hospitalized friends or family members
- Employees with temporary work assignments
- Individuals conducting or participating in job training
- Seasonal guests such as retirees, holiday visitors and family visitors
- Extended-stay travelers
- Relocating persons
- People needing temporary accommodations after disasters

The central focus of Value Place is to provide value to its guests by offering a combination of well-designed accommodations and services at highly competitive rates. Among the value-oriented amenities available at Value Place for either no cost, or low cost, are additional housekeeping services, on-site laundry facilities, phone service, linen service, vending machines supplied with soft drinks and snacks, extended television viewing options and high speed Internet access.

Value Place is designed to offer the most efficient operating system possible, while exceeding guest expectations. For example, the exterior of the buildings are designed to be low maintenance. The office and laundry facilities are adjacent to each other so that office staff can efficiently perform multiple functions. Room cleaning is performed once every 2 weeks (unless otherwise purchased by the guest) and the office is open only during limited hours. These types of features allow for the use of minimal onsite personnel to operate the Property, thus reducing overhead.

We have designed Value Place to stand out from the competition. The combined market for temporary lodging and short-term apartments is developed and very competitive. A Value Place Franchisee will have to compete with numerous hotels, motels, inns, resorts, apartments and lodging facilities offering a wide range of services, formats and room rates. A Franchisee's ability to compete will depend in large part upon the Property's operations, quality, security, weekly rate, geographic area, site visibility and location, general economic conditions and the management capabilities of the Franchisee. In the majority of locations, occupancy is not as seasonal as for the rest of the hotel industry. In some locations, including such as seasonal tourist destinations, guest occupancy may be more seasonal.

Regulations

You must comply with a number of federal, state and local laws that apply to the construction and/or operation of a Property. These laws include those regarding zoning, construction, permitting, licensing, public accommodations, accessibility by persons with disabilities, health, sanitation, employment, and taxation. Because a Property offers extended-stay convenience to its customers state and local laws governing either hotels or apartments or both could apply to construction, operations, and/or taxation. The Value Place Properties currently open and operating offer guests hotel terms and conditions to their guests rather than residential leases. Residential landlord-tenant laws and regulations, if applicable to the terms and conditions with guests in your Property's state and locale, could materially affect your rights against, and obligations to guests, including such matters as remedies for late departures and removal of guests from the Property. You must be aware of these laws and it is your responsibility to seek counsel and comply with all applicable laws. You will also bear all expenses associated with complying with all

applicable laws. Other laws may be applicable to your business and we urge you to make inquiries about these laws.

Services by Our Affiliates

Representatives or employees of WH, WHPM, WHD and WHCS may be performing services for us and for our Franchisees as discussed throughout this franchise disclosure document. See Item 2.

WHPM provides property management services for the Value Place Properties owned by subsidiaries of WH. Upon agreement with WHPM, Franchisees may also hire WHPM to manage their Properties, for a fee. Franchisees will not be required to use WHPM and WHPM will not be required to manage Franchisee's Property. Properties must be managed by an approved third-party management company, approved Franchisee, WHPM, or you, subject to our approval.

In establishing Value Place Properties owned by our affiliates, WHD has acted as the developer. In fulfilling its role as developer, WHD has selected and acquired sites, retained architects, and managed construction and entitlement processes. WHCS offers construction advisory services to WHD and its affiliates. Franchisees may, at their option, hire WHCS for construction advisory services. WHD offers development services to WHD and its affiliates and to Franchisees who elect to utilize its advisory services. These services include sign rate analysis and lender underwriting materials such as demos, traffic studies, site criteria, employer maps and site forecasts. The initial sign rate analysis for your Property is included in your Franchise Fee and you do not need to contract separately with WHD to obtain that service.

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Item 2

BUSINESS EXPERIENCE

As a limited liability company, management of our business and affairs is vested in WH, as our manager. The 5-year work history of the executives of WHFS, WH, WHPM, WHCS, WHD and WHH who will have management responsibility regarding the franchises offered by this franchise disclosure document are described below.

Chief Executive Officer and President of WHH, WH, WHFS, WHCS, and WHPM, Gary A. DeLapp

Mr. DeLapp has been CEO and President of WHH, WH, WHFS, WHCS, and WHPM since August 2016. He was CEO and President of DeLapp Enterprises LLC in Charlotte, North Carolina from June 2015 until July 2016. Before that, he served as President of Invitation Homes LP in Dallas, Texas from December 2013 until June 2015. Before that he was President and CEO of HVM L.L.C., the outside management company for the Extended Stay hotels, in Charlotte, North Carolina, from ~~May 2004~~ November 2001 until February 2012 when he left the company. Mr. DeLapp maintains his offices in Wichita, Kansas and Charlotte, North Carolina.

Chief Financial Officer of WHH, WH, WHFS, WHCS, and WHPM, Kyle Rogg

~~Mr. Rogg has been CFO of WHH, WH, WHFS, WHCS, and WHPM since January 2016. He was COO of WHH, WH, WHFS, WHCS, and WHPM from September 2011 until December 2015. Before that he served as Senior Vice President — Business Development, with CLC Lodging from October 1996 through August 2011. The location of each position of Mr. Rogg is Wichita, Kansas.~~

President of Construction and Development Services of WHCS, Jim Strawn

Mr. Strawn has been President of Construction and Development Services of WHCS since July 2014. Mr. Strawn joined WHCS as President in November, 2010. He formerly served as Chief Operating Officer of Key Construction from May, 1995 until June, 2010. The location of each position of employment of Mr. Strawn is Wichita, Kansas.

Chief Performance Officer of WHH, WH, WHFS, WHCS, and WHPM, David Kim

Mr. Kim became Chief Performance Officer of WHH, WH, WHFS, WHCS and WHPM in August 2016. Most recently before that he was Executive Vice President and Chief Performance Officer of Invitation Homes LP in Dallas, Texas from August 2013 to August 2015. Before that he was Executive Vice President and Chief Investment Officer of HVM L.L.C., the outside management company for the Extended Stay hotels, in Charlotte, North Carolina from July 2007 through March 2012. Mr. Kim maintains his offices in Wichita, Kansas and Windermere, Florida.

Chief Operating Officer and Executive Vice President of Operations of WHPM, Tim Treadwell

Mr. Treadwell became the Chief Operating Officer and Executive Vice President of Operations of WHPM in August 2016. Before that, he was the Vice President of Asset Management for BRE Select Hotel in Wimberley, Texas from February 2015 through July 2016. Before that he was the Executive Vice President of Operations of HVM L.L.C., the outside management company for the Extended Stay hotels, in

Wimberley, Texas from April 1999 until June 2014. Mr. Treadwell maintains his offices in Wichita, Kansas and Wimberley, Texas.

Senior Vice President of Franchise Operations & Performance, WHFS, D. Glenn McFarland

Mr. McFarland has served as our Senior Vice President of Franchise Operations & Performance since January 2016. Before that he was our Senior Vice President of Franchise Operations between November, 2014 and December 2015. He was our Senior Vice President of Brand and Franchise Operations of WHFS between June, 2010 and November 2014. He formerly served as Chief Operating Officer of M & M Properties Management, Inc., in Mission, Kansas, from August 2005 to June 2010. Mr. McFarland ~~has~~ also been a Value Place Franchisee owner ~~since 2004-between 2004 and 2010~~. For all of his positions with WHFS his office is in Wichita, Kansas.

Chief Accounting Officer, WHH, WH, WHFS, WHCS and WHPM Scott Frey

Mr. Frey has served as the Chief Accounting Officer of WHH, WH, WHFS, WHCS, and WHPM since March 2017. Before that, he was Vice President, Controller, of WHH, WH, WHFS, WHCS, and WHPM from November 2008 through March 2017. For all of his positions his office is Wichita, Kansas.

Chief Marketing Officer, WHFS, Wendy Hoekwater

Ms. Hoekwater has served as our Chief Marketing Officer since March 2017 and works out of our Wichita, Kansas office. Before that, she was with Marriott International since June 2004, and in the role of Vice President, Marketing and Digital of Marriott International between January 2010 and December 2016, in Royal Oak, Michigan.

Executive Vice President of Franchise Development and Operations, WHFS, Ronald W. Burgett

Mr. Burgett has served as our Executive Vice President of Franchise Development and Operations since January 2016. He joined us as our Executive Vice President of Franchise Development, in February 2014 and held that position until December 2015. He works out of Wichita, Kansas. Before joining us he was the Executive Vice President Brand Development with Red Lion Hotels, LLC from July 2012 until January 2014 in Spokane, Washington. He was the Executive Vice President Development of Northcott Hospitality: AmericInn, LLC from December 2010 to July 2012 in Chanhassen, Minnesota. In July 2006 he founded Hospitality Sales Group Corporation and ~~has acted as a broker for that company since-until about February 2014~~. He ~~has~~ worked for Hospitality Sales Group Corporation out of the same city and state as the other positions he held parallel.

Senior Vice President, Brand Strategy & Marketing, WHFS, Michael W. Varner

Mr. Varner joined WHFS as a Senior Vice President, Brand Strategy & Marketing, in August 2014. Before that, he was Head of Domestic Brand Management at Choice Hotels International from December 2012 to August 2014. He was Senior Director of Brand Strategy at Choice Hotels International from June 2010 until December 2012. When with Choice, he worked out of in Silver Spring and Rockville, Maryland. The location of employment of Mr. Varner is Rockville, Maryland.

Vice President of Development, WHFS, Jerry Keith Jones

Keith Jones has been our Vice President of Development since January 2017. He was our Vice President of Franchise Sales between February 2016 and January 2017. He was our Regional Vice President of Franchise Sales between March, 2014 and January 2016. He was a Regional Director of

Franchise Sales for WHFS between June 2013 and February 2014. Before that he was with WHPM, from January 2012 until June 2013 as Senior Vice President of Operations, and from October 2009 until January 2012 as Regional Vice President. The location of each position of employment of Mr. Jones is Fort Worth, Texas.

Regional Vice President, Development, WHFS, Brian Ebbs

Mr. Ebbs has been Regional Vice President, Development, since January 2017. He first joined WHFS as a Regional Vice President, Franchise Development in March 2014 and served in that role until January 2017. He works out of our Wichita, Kansas office. Before that, he was Regional Vice President, Development with Choice Hotels in Rockville, Maryland from January 2004 through March 2014.

Regional Vice President, Development, WHFS, Ryan Wold

Mr. Wold has been Regional Vice President, Development, since January 2017. He first joined WHFS as a Regional Vice President, Franchise Development in March 2014 and served in that role until January 2017. He works out of our Wichita, Kansas office. Before that, he was Director, Lodging Development with Red Lion Hotels from January 2012 through March 2014 and Hospitality Assurance Manager with Red Lion Hotels from February 2010 through January 2012. The location for each of Mr. Wold's positions with Red Lion Hotels was Spokane, Washington.

Vice President of Development, WHFS, Robert O'Leary

Mr. O'Leary has been our Vice President of Development since January 2017. He was our Vice President of Franchise Sales between February 2016 and January, 2017. He joined WHFS as a Regional Vice President, Franchise Development in June 2014 and held that position until January 2016. He works out of Wichita, Kansas. Before that, he was Director of Business Development with Haywood Street Press in Lithia, Florida from August 2013 through May 2014. Before that Mr. O'Leary was a real estate agent with Plasencia Group in Tampa, Florida, from October 2004 through July 2013.

Regional Vice President, Development, WHFS, Frank Forcier

Mr. Forcier has been Regional Vice President, Development, since January, 2017. He first joined WHFS as a Regional Vice President, Franchise Development in November 2015 and served in that role until January 2017. He works out of our Wichita, Kansas office. Before that, he was Director of Franchise Sales with Choice Hotels International in Minneapolis, Minnesota, from August 2005 until October 2015.

Vice President, Training, WHFS, Erika Ehlers

Ms. Ehlers joined WHFS as Vice President, Training in December 2014 and works out of Rockville, Maryland. Before joining WHFS, she was Director, Learning Networks at Choice Hotels International in Rockville, Maryland, from October 2007 to November 2014.

General Counsel of WHH, WH, WHFS, WHCS, and WHPM, Amy Simone

Ms. Simone has served as our General Counsel since March 2017 and maintains her office in Charlotte, North Carolina. Before that, she was with Wyndham Hotel Group, LLC from March 2006 until March 2017, most recently in the role of Special Counsel (between May 2016 and March 2017) and before that as Group Vice President – Legal (between March 2014 to May 2016) and Vice President – Legal (between March 2010 and March 2014) in Parsippany, New Jersey and Charlotte, North Carolina.

Chief Accounting Officer, WHH, WH, WHFS, WHCS and WHPM Scott Frey

Mr. Frey has served as the Chief Accounting Officer of WHH, WH, WHFS, WHCS, and WHPM since March 2017. Before that, he was Vice President, Controller, of WHH, WH, WHFS, WHCS, and WHPM from November 2008 through March 2017. For all of his positions his office is Wichita, Kansas.

Chief Marketing Officer, WHFS, Kelly PolingWendy Hoekwater

Ms. PolingHoekwater has been served as our Chief Marketing Officer since September 2014. Before that, she was Vice President of Consumer Marketing Strategy and Operations for Rosetta Stone in Rosslyn, Virginia from April 2013 to August 2014. March 2017 and works out of our Wichita, Kansas office. Before that, she was with Choice Hotels International in various positions from May 2006 to March 2013, most recently as Vice President eCommerce from March 2011 to March 2013, and as Vice President Marketing from July 2010 until March 2011. Marriott International since June 2004, and in the role of Vice President, Marketing and Digital of Marriott International between January 2010 and December 2016, in Royal Oak, Michigan.

Executive Vice President of Franchise Development and Operations, WHFS, Ronald W. Burgett

Mr. Burgett has served as our Executive Vice President of Franchise Development and Operations since January 2016. He joined us as our Executive Vice President of Franchise Development, in February 2014 and held that position until December 2015. He works out of Wichita, Kansas. Before joining us he was the Executive Vice President Brand Development with Red Lion Hotels, LLC from July 2012 until January 2014 in Spokane, Washington. He was the Executive Vice President Development of Northcott Hospitality: AmericInn, LLC from December 2010 to July 2012 in Chanhassen, Minnesota. In July 2006 he founded Hospitality Sales Group Corporation and acted as a broker for that company until about February 2014. He worked for Hospitality Sales Group Corporation out of the same city and state as the other positions he held parallel.

Vice President of Franchise SalesDevelopment, WHFS, Jerry Keith Jones

Keith Jones has been our Vice President of Development since January 2017. He was our Vice President of Franchise Sales sincebetween February 2016, 2016 and January 2017. He was our Regional Vice President of Franchise Sales between March, 2014 and January 2016. He was a Regional Director of Franchise Sales for WHFS between June 2013 and February 2014. Before that he was with WHPM, from January 2012 until June 2013 as Senior Vice President of Operations, and from October 2009 until January 2012 as Regional Vice President. The location of each position of employment of Mr. Jones is Fort Worth, Texas.

Regional Vice President, Franchise Development, WHFS, Brian Ebbs

Mr. Ebbs has been Regional Vice President, Development, since January 2017. He first joined WHFS as a Regional Vice President, Franchise Development in March 2014 and served in that role until January 2017. He works out of our Wichita, Kansas office. Before that, he was Regional Vice President, Development with Choice Hotels in Rockville, Maryland from January 2004 through March 2014.

Regional Vice President, Franchise Development, WHFS, Ryan Wold

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Development with Red Lion Hotels from January 2012 through March 2014 and Hospitality Assurance Manager with Red Lion Hotels from February 2010 through January 2012. The location for each of Mr. Wold's positions with Red Lion Hotels was Spokane, Washington.

Vice President of Franchise Sales Development, WHFS, Robert O'Leary

Mr. O'Leary has been our Vice President of Development since January 2017. He was our Vice President of Franchise Sales ~~since between~~ February 2016, 2016 and January, 2017. He joined WHFS as a Regional Vice President, Franchise Development in June 2014 and held that position until January 2016. He works out of Wichita, Kansas. Before that, he was Director of Business Development with Haywood Street Press in Lithia, Florida from August 2013 through May 2014. Before that Mr. O'Leary was a real estate agent with Plasencia Group in Tampa, Florida, from October 2004 through July 2013.

Regional Vice President, Franchise Development, WHFS, Frank Forcier

Mr. Forcier ~~has been~~ Regional Vice President, Development, since January, 2017. He first joined WHFS as a Regional Vice President, Franchise Development in November 2015 ~~in and served in that role until January 2017. He works out of our~~ Wichita, Kansas office. Before that, he was Director of Franchise Sales with Choice Hotels International in Minneapolis, Minnesota, from August 2005 until October 2015.

Vice President, Training, WHFS, Erika Ehlers

Ms. Ehlers joined WHFS as Vice President, Training in December 2014 and works out of Rockville, Maryland. Before joining WHFS, she was Director, Learning Networks at Choice Hotels International in Rockville, Maryland, from October 2007 to November 2014.

General Counsel of WHH, WH, WHFS, WHCS, and WHPM, Amy Simone

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Ms. Simone has served as our General Counsel since March 2017 and maintains her office in Charlotte, North Carolina. Before that, she was with Wyndham Hotel Group, LLC from March 2006 until March 2017, most recently in the role of Special Counsel (between May 2016 and March 2017) and before that as Group Vice President – Legal (between March 2014 to May 2016) and Vice President – Legal (between March 2010 and March 2014) in Parsippany, New Jersey and Charlotte, North Carolina.

Item 3

LITIGATION

Pending Litigation

O'Connor et al. v. DL-DW Holdings, L.L.C. et al., in the United States Bankruptcy Court for the Southern District of New York, Adversary Proceeding No. 11-2254 (JLG) (consolidated), filed June 14, 2011.

On June 14, 2011 the Extended Stay Litigation Trust and its trustee for and on its behalf filed an action against, among other parties, DL-DW Holdings, L.L.C., Lightstone Holdings L.L.C., The Lightstone Group, L.L.C., PGRT ESH Inc., Lightstone Commercial Management, Arbor ESH II, L.L.C., Arbor Commercial Mortgage, L.L.C., Princeton ESH, L.L.C., Atmar Associates, L.L.C., Glida One LLC, Ron Invest LLC, Polar Extended Stay (USA) L.P., BHAC Capital IV, L.L.C., ABT-ESI L.L.C., Mericash Funding LLC, Park Avenue Funding L.L.C., David Lichtenstein, Bruno de Vinck, Peyton “Chip” Owen, Jr., Guy R. Milone, Jr., Joseph Chetrit, Joseph Teichman, Joseph Martello, F. Joseph Rogers, our Chief Performance Officer Dae Hum Kim (a/k/a David Kim) and our Chief Executive Officer Gary DeLapp. On November 15, 2013 Finbarr O'Connor, who had replaced the original trustee of the Extended Stay Litigation Trust, filed an amended complaint against the parties named above asserting claims under various legal theories seeking to recover dividends and distributions paid to equity holders of Extended Stay, Inc. and its affiliated entities (the “debtors”) before the debtors’ bankruptcy filing in June 2009. The amended complaint asserted claims against Mr. DeLapp and Mr. Kim for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, conversion, aiding and abetting conversion, and conspiracy to commit conversion. No allegations have been made that Mr. DeLapp or Mr. Kim approved or received any of the challenged dividends and distributions. The complaint seeks compensatory and punitive damages. On December 20, 2013 all defendants filed a motion to dismiss the amended complaint. The motions have been fully briefed and are currently pending before the court. The court heard oral argument on the motions on January 25, 2017 and reserved decision.

Except for this one action, no litigation is required to be disclosed in this Item.

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Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

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Item 5

INITIAL FEES

We offer a Franchise Agreement for the right to develop and operate one Property in an agreed upon location. We also offer a Development Agreement for the rights to develop multiple Properties in accordance with a Development Schedule within a pre-defined area.

Before you sign a Franchise Agreement or Development Agreement you will have to submit a Franchise Application and pay an Application Fee of \$5,000 for each site submitted. The Application Fee is payable when you submit the Franchise Application. Submitting a Franchise Application does not give you any rights to the site. Only if you and we execute a Franchise Agreement will you be granted territorial protection as described in the Franchise Agreement. If we receive multiple requests for sites in the same area it is in our discretion to decide which site to approve, if any. If the site first submitted is not approved by us, you may submit replacement site application along with a replacement site fee of \$5,000. The replacement site fee is non-refundable.

For a Franchise Agreement you have to submit one Franchise Application and pay an Application Fee for each site submitted for approval. If your Franchise Application covers several sites we may approve your application for some but not all sites. If we approve the Franchise Application for one site the Application Fee for that site only (but not the replacement site fee, if any) will be applied towards the Franchise Fee due under the Franchise Agreement for the approved site if you and we sign the Franchise Agreement within 60 days of approval of the site. If the Franchise Application is for multiple sites and more than one of the sites is approved the Application Fee for each site will be applied to the respective Franchise Agreements for the site being signed as long as it is signed within 60 days of approval of the Franchise Application. If the Franchise Application is for multiple sites but is approved for fewer sites than you applied for we may, in our discretion, apply the Application Fee for sites that were not approved towards the Franchise Fee for the approved sites. If the Franchise Application is not approved for at least one site, or if it is approved but you and we don't sign a Franchise Agreement within 60 days of the approval date we apply it to the Franchise Fee when the Franchise Agreement is executed at our discretion.

The Franchise Fee for the current typical Value Place prototype is \$50,000 and the Application Fee paid with the Franchise Application for the site covered by the Franchise Agreement may be applied to the Franchise Fee upon execution of the Franchise Agreement unless it has been more than 60 days since the approval of the Franchise Application. The remainder of the Franchise Fee is payable upon execution of the Franchise Agreement. The Franchise Fee helps to cover the many costs of maintaining and developing the Value Place brand which includes day-to-day business operations and general brand support. Once paid, the Franchise Fee is non-refundable.

Aside from the Application Fee, there is no additional fee for entering into a Development Agreement. However, you must pay the Franchise Fee of \$50,000 per Property, multiplied by the number of Properties that you commit to develop, upon signing the Development Agreement. The Application Fee paid with the Franchise Application will be applied towards the Franchise Fee due under the Development Agreement if you sign a Franchise Agreement for a site at the same time as the Development Agreement is signed. Once paid, the Franchise Fees are non-refundable. Proposed sites are evaluated when you sign a Franchise Agreement or in accordance with the timeline set out in your Development Agreement.

If more than one of your owners wants to participate in the New Franchisee Orientation, we will charge between \$599 and \$1,000 for each additional owner. It is common that 1 or 2 owners attend the New Franchisee Orientation.

Your General Manager will also have to start the General Manager Certification process before you open your Property. The fee for attending will be between \$1,499 and \$2,499.

Because we require strict adherence to the building specifications and standards set forth in our operations manual ("Brand Standards"), each Franchisee must use WHCS' construction advisory services for its first project. For each additional project, the Franchisee must use WHCS or another, reasonably equivalent construction advisory service provider. For your first project, and for any other project for which you use WHCS, you will have to enter into a Construction Services Agreement, substantially in the form attached as **Exhibit M**. The fee for the construction advisory services of WHCS is \$15,000, which includes the expenses of WHCS for up to 5 site visits.

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Item 6

OTHER FEES

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalties	5% of calendar month Room Revenues.	Payable no later than the 15th day of the next calendar month.	"Room Revenues" shall mean revenues attributable to or payable for the use or occupancy of rooms at the Property, including barter and credit transactions (before commissions and discounts for credit cards), whether or not collected, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of rooms, and proceeds for guaranteed no-show revenue which is collected, but excluding sales taxes, room taxes or other taxes collected by you from customers for transmittal to appropriate taxing authorities.
Marketing, Branding, Sales and Advertising Fund (the "Marketing Fund")	Up to 3.5% <u>Currently 2.5%</u> of calendar month Room Revenues or higher (if to recoup deficit balance) but can be raised another 1% of calendar month Room Revenue. Pro rata portion of incurred cost per marketing project.	Payable on or before the 15th day of the next calendar month	The fee is currently 2.5% but we have the right to increase it up to 3.5% <u>by another 1% of calendar month Room Revenues</u> and also to charge Franchisees on a per project basis for marketing and advertising materials that we prepare. If the Marketing Fund has a deficit balance we can temporarily charge a higher fee until the deficit balance is eliminated. If we charge Franchisees on a per project basis for the entire system the costs will be distributed among Franchisees pro rata. The Marketing, Fund may be used to pay, among other things, the costs of developing and preparing advertising and direct sales materials for use within the System as well as the WoodSpring Suites <u>Value Place</u> system. See also Items 8 and 11.
WHFA Dues and Assessments (formerly S-PAC and IAVPO) ²	Amounts authorized by the membership of WHFA. Currently \$50 per year.	As specified by WHFA	All franchisees shall be members of the WoodSpring Hotels Franchisee Association ("WHFA") which was formerly referred to as the Strategic-Partner Advisory Council ("S-PAC") and before that as the

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			International Association of Value Place Owners ("IAVPO"). See also Item 11.
Franchisee Conference Fees	Currently \$500	Against invoice	All Franchisees must attend our annual (or biannual, as we may determine) Franchisee Conference and pay the non-refundable conference registration fee, which is set by us. Currently the fee is \$500. The Conference Fee is due whether or not Franchisee attends.
Computer Software and Hardware Upgrade and Update Non-Compliance Fee.	\$500 per month until required upgrades and updates are installed.	Monthly, per terms of invoice	We may adopt upgraded and updated computer software and hardware systems standards and you will be obligated to comply with our then current standards. You will have 30 days to comply from date of notification.
Training	New Franchisee Orientation, no fee for 1 attendee, additional attendees \$599 - \$1,000 based on availability. General Manager Certification \$1,499 - \$2,499.	Per terms of invoice and before attendance at applicable training session or conference.	You must pay us for any other required or optional training we may provide for you or any of your other employees. New Franchisee Orientation is free of charge for 1 of your owners when you sign one or more Franchise Agreements. Additional owners may also attend based on availability but you must pay a fee for them. If a Franchise Agreement is transferred to new owners, at least one of the principals must attend the New Franchisee Orientation and we will charge them a fee for their attendance. In addition to training costs, you must pay for all related travel, lodging and food expenses. See also Item 11.
Replacement Site Fee	\$5,000	Payable upon request for review of replacement site	If your initial site application for a location is denied, or if a previously approved location is not acquired by you or become redundant for some reason, you may submit replacement site application along with a replacement site fee.
Construction Commencement Extension Fee	\$5,000	Payable upon request for extension	At our discretion, we may grant you up to 4 30-day extensions of the construction commencement date for \$5,000 each.
Construction	\$5,000	Payable upon	At our discretion, we may grant you up

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Completion Extension Fee		request for extension	to 4 30-day extensions of the construction completion date for \$5,000 each
Quality Assurance Performance Area/Category Fine	The then current fine per category, up to a total of Up to \$4,000 per failed quality assurance review.	Within 15 days of receipt of invoice	If your Property fails any quality assurance performance area/category review, you will be charged a fine for each category or area that you failed. We typically re-inspect your Property after 60 to 90 days. If you haven't cured the default by then we can assess a new fine.
Property Improvement Review Fee	\$5,000, or then current fee	Payable upon request for review	A Property Improvement Review ("PIR") may be elected by you or required by us for properties that have sustained evident and substantial wear and tear. During the PIR process, areas and items no longer meeting brand standards are identified, as well as items that need repair or cleaning to "like new condition," or replacement.
Comfort Letter Fee	\$0-\$500, plus legal expenses	\$500 payable upon request for comfort letter. Legal expenses payable per terms of invoice	If you obtain financing for your property and your lender requires us to enter into a comfort letter with it we will charge you a fee. The fee for the first comfort letter for a site which is on our standard form of comfort letter (Exhibit L) without negotiated changes is \$0 for a standard 5 business day turnaround and \$150 for a 2 business day turnaround. For additional comfort letters for the same site without negotiated changes is \$100 for a standard 5 business day turnaround and \$250 for a 2 business day turnaround. If the lender requires us to negotiate a comfort letter we charge a \$500 fee and also have the right to charge you all legal expenses we incur.
Audit Expenses	Costs of audit, including travel, lodging, and fees or wages or personnel of WHFS or third parties required to conduct the audit which we estimate to be between \$7,000-\$10,000.	Upon demand	Payable if audit shows an under-statement of at least 5% of reported Room Revenues for any calendar month. Also payable if you fail to file required financial reports.

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Public Offering Fee	Reimbursement of our costs	As incurred	You must cover our costs and expenses associated with reviewing your proposed public offering of securities, including attorneys' fees.
Private Offering Fee	Reimbursement of our costs	As incurred	You must cover our costs and expenses associated with reviewing your proposed private offering of securities, including attorneys' fees.
Late Charge	The greater of 1.5% per month and the maximum rate allowed by law	Upon demand	Payable on overdue amounts owed to us. The late charge begins from the date of the underpayment.
Insurance Procurement Fee	Will vary under the circumstances	As incurred	If you do not maintain the required insurance coverage for the Property, we may obtain the insurance at your cost and expense. You will also be required to pay us a reasonable fee for our expenses in obtaining the insurance.
Legal actions against you	Will vary under the circumstances	As incurred	You will reimburse us for costs and fees that we incur with regard to legal actions against you, your affiliates, your owners and management, and your affiliates' owners and management, if we are required to participate in that action, for example by responding to discovery request or by making an appearance as a witness or otherwise. See "Indemnification" below for a description of your obligation to reimburse us for fees and expenses incurred if any action is brought against us with regard to the Franchise Agreement, the Property and related matters.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us for claims from the construction and operation of the Property, any occurrence at your Property, any environmental matters at the Property site, your breach of any terms of the Franchise Agreement or Development Agreement, or any offering of your securities and expenses that we incur to protect ourselves from and to remedy any breach of the Franchise Agreement by you.
Liquidated Damages	Will vary under the circumstances	Upon termination of the Franchise	Amount due if the Property has been open for at least 6 months shall be the

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
		Agreement if we terminate your Franchise Agreement after your default	sum of all Royalty and Marketing Fees for the 36 calendar months of operation at the Property preceding your default , or if less than 36 full months of operation, for the period of time your Property has not opened or has operated projected over a 36 month basis or \$2,000 per room if the Property has been open for less than 6 months
Condemnation	At least 1 year's Royalty Fees and Marketing Fees	As incurred	If your Property is condemned, you must notify us within 10 days of receipt. We are entitled to Royalty Fees and Marketing Fees while your Property is open, or for 1 year from the date you notify us of the condemnation, whichever is longer. If your Property is closed within a year from the date you notify us of the condemnation and the condemnation is due to your fault, you must pay us Royalty and Marketing Fees for the balance of the 1-year period based on the average monthly fees from the trailing 12 months.
Transfer Fee (Value Place Franchise Agreement)	Full Franchise Fee	Before consummation of Transfer	Payable when you transfer an interest in the Franchise Agreement or when a controlling interest in you is transferred. Some exceptions apply, for example if you are an individual and transfer the Franchise Agreement to a wholly-owned entity. All transfers are subject to the additional conditions specified in the Franchise Agreement. ³
Property Inspection Fee	\$5,000	Before consummation of Transfer or within 30 days of notice, whichever is earlier	Payable if we inspect the Property to determine the need for upgrades and modifications to the Property with regard to the transfer of a controlling interest in you. The review process is the same as for a Property Improvement Review.
Tax Gross-Up Fee	As incurred	As incurred	If we must pay any state or local sales, use, gross receipts, or similar tax on payments which you make to us under the Franchise Agreement you will have to reimburse us for that cost. It does not matter whether we have to pay the taxes directly, if you have to withhold them, or if you have to collect them from us.

Notes:

1. We may require that any fee described in this Item or required to be paid under the Franchise Agreement be paid by wire transfer, electronic fund transfer, or by an ACH (Automated Clearing House) deduction or direct withdrawal from your bank account.

Except for payments (i) to WHFA and to the Marketing Fund (even though the Marketing Fee is submitted to us for deposit in the Marketing Fund), (ii) of taxes that you may be required to pay directly to a government entity or withhold, and (v) property manager training provided by a third party property management company or WHPM, all fees and charges are imposed by and are payable to us. All fees are nonrefundable. At our option, you may be required to make payment of certain fees to us by wire transfer. The fees are uniformly imposed, except that different property management companies may charge different fees for property manager training. If you fail multiple Quality Assurance/~~Safety Non-Compliance~~ Reviews we have the right to remove the failed property from the marketing and registration channels that are generally available to all Value Place Properties ("Brand Channels"). This includes reservation websites, reservation telephone numbers, national accounts marketing and other similar channels. Because the Marketing Fees we charge are partially used to cover our cost of the channels, you will continue to be required to pay the Marketing Fee even though you would not have access to the Brand Channels.

2. Each open Property will have one vote in WHFA. If at any point there are more company owned Value Place Properties than franchised Value Place Properties, we will have controlling voting power over WHFA. There are no minimum or maximum WHFA dues and assessments.

3. No transfer fee is payable if:

- You transfer the interest to us or to an entity formed by you for the convenience of ownership and not involving a change of beneficial ownership if the transfer satisfies the conditions specified in the Franchise Agreement.
- The transfer is to and from estates of a decedent if the transfer satisfies the conditions specified in the Franchise Agreement.

Any other transfer may require the filing of a new Franchise Application and payment of an Application Fee and Transfer Fee. See Item 17.

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Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Franchise Fee(1)	\$50,000 - \$55,000	(Note 1)	(Note 1)	WHFS
Real Estate (2)	(Note2)	(Note2)	(Note2)	(Note2)
Construction Costs and Construction Consultation/ Advisory Services (3)	\$4,701,000 <u>\$5,500,000</u> to \$ <u>5,401,000</u> <u>6,500,000</u>	As Arranged	Before Opening	Contractors and WHCS
Furniture, Fixtures, and Equipment (FF&E). Includes inventory & systems required to begin operation (4)	\$310,000 <u>375,000</u> to \$360,000 <u>425,000</u>	As Arranged	Before Opening	Vendors
Exterior Signage (5)	\$81,000 <u>80,000</u> to \$156,000 <u>150,000</u>	As per vendor terms	Before Opening	Vendor
Insurance (6)	\$7,000 to \$12,000	As per vendor terms	Before Opening	Vendor
Training, Travel and Living Expenses While Training	\$5,000 to \$8,000	As Incurred	Before Opening	Airlines, Hotels, Restaurants, and Trainer's Company
Sales and Marketing Materials and other Pre-Opening Costs – 3 months	\$35,000 to \$60,000	As Arranged	Before Opening	Vendors and Employees
Permits, Licenses and Government Fees (7)	\$10,000 to \$500,000	Lump Sum	Before Opening	Appropriate Government Agencies
Additional Funds – 6 month period (8)	\$30,000 to \$200,000	As Arranged	As incurred	Employees, Suppliers and Utilities
TOTAL ESTIMATED INITIAL INVESTMENT (9)	\$5,229,000 <u>6,092,000</u> to \$6,747,000 <u>7,910,000</u>	(These totals do not include real estate costs)		

Notes:

1. Franchise Fee. Before you sign a Franchise Agreement you must submit a Franchise Application and pay an Application Fee of \$5,000 which will be applied towards the

Franchise Fee due under the agreement if the agreement is signed within 60 days after you receive the initial draft. The remainder of the Franchise Fee will be due on signing the Franchise Agreement. Your Franchise Fee will be \$50,000 and it is non-refundable. If the initial site is not approved or you do not acquire the site, you may submit a second site application for a different site and pay a non-refundable \$5,000 replacement site fee to us. There is no separate fee if you sign a Development Agreement, but you must pay the Franchise Fee for all Properties that you commit to develop under the Development Agreement at the time you sign the agreement.

2. Real Estate. We do not estimate the cost of real estate because of the wide variation among geographical areas and different sites. Your land acquisition costs will vary depending upon a multitude of factors including whether the property is purchased or leased, the size and location of the property, and the availability of financing on commercially reasonable terms. Our 124-room prototype plan generally requires a minimum of 2 acres. Our 124-room prototype includes 77 furnished room, 42 furnished room doubles and 5 furnished room sleepers, but this may vary based on market demand.
3. Construction. Building construction costs vary greatly from state-to-state and region-to-region depending upon material, labor costs, and other variables. Construction costs may also vary depending upon soil and environmental conditions, availability of utilities to the site, and the topography of the site. The estimate does not take into account inflation due to natural disasters or other factors, or special local requirements such as earthquake requirements or impact fees. Each Franchisee must use WHCS' services for its first project to begin construction. To use WHCS' services, you will have to pay a fee of \$15,000. The fee is due in increments of \$3,000 in connection with each of 5 site visits. The fees payable to WHCS are not refundable.
4. Furniture, Fixtures and Equipment. Includes room furnishings, inventory and accessories, interior/directional signage, security equipment, office equipment and computers, property management system software, telephone system, network infrastructure equipment, and a video surveillance system. Whether the fees you pay for furniture, fixtures and equipment are non-refundable will depend on your agreements with your vendors.
5. Exterior Signage. Cost for actual property signage will vary depending upon building location and local codes as well as other factors, including the number of signs utilized, size of the sign(s), location of the sign(s), and regional differences in installation costs. Whether the fees you pay for exterior signage are non-refundable will depend on your agreements with your vendors.
6. Insurance. This number represents 25% of the annual cost of insurance. Insurance requirements are subject to change periodically and the current requirements are available on our intranet site. Your actual insurance cost will vary widely based on many factors, including the location of your Property (for example, depending on if it is in an area prone to natural disaster) and the number of Properties operated by you. The insurance you must carry is listed on the intranet and may be amended periodically. Currently, we require you to carry comprehensive or commercial general liability insurance with combined single limits of \$1,000,000 per each occurrence for bodily injury and property damage. If the general liability coverage contains a general aggregate limit, the limit must be at least \$2,000,000, and it must apply in the aggregate to your Property only. The insurance should be on an occurrence policy form and must include premises and operations, independent contractors, blanket contractual, products and completed operations, advertising injury,

employees as additional insureds, broad form property damage, personal injury, severability of interests, and explosion, collapse and underground coverage during any construction. You (or your management company, if applicable) must also carry business auto liability for combined single limits of bodily injury and property damage of at least \$1,000,000 each occurrence. Umbrella excess liability is required in amounts at least \$5,000,000 excess of the liability insurance, as is insurance on the Property (including furniture, fixtures, equipment, boiler, and machinery) against the risks that WHFS may specify, including fire, lightning, vandalism, malicious mischief, flood (if located in a flood hazard zone), earthquake (if located in an earthquake prone zone), and all other risks covered by the special extended coverage endorsements, in an amount equal to full replacement value thereof, business interruption covering loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and contributions to the Marketing Fund, for any interruption in your business operations as well as the cost of conducting a pre-opening review before reopening of the business in the event of closure for repairs or rebuild, and employee dishonesty coverage on all Property employees in an amount at least \$50,000. You (or your management company, if applicable) must also have worker's compensation insurance with minimum \$500,000 coverage. During the construction of the Property (and other significant construction at the Property) you must maintain yourself, or through the general contractor, comprehensive or commercial general liability insurance with combined single limits of \$1,000,000 per each occurrence for bodily injury and property damage. If the general liability coverage contains a general aggregate limit, this limit must be at least \$2,000,000, and it shall apply in the aggregate to the Property only. You must also maintain the same level of worker's compensation insurance as during operations, umbrella excess liability in amounts at least \$5,000,000 excess of the liability insurance, builder's risk property insurance of at least the contract price, and business auto liability insurance for combined single limits of bodily injury and property damages of at least \$1,000,000. Whether the fees you pay for insurance are non-refundable will depend on your agreement with your insurance company, but usually fees are non-refundable.

7. Permits, Licenses and Governmental Fees. The licenses, permits, utility and tap fees you must obtain or pay to operate the Property vary depending upon the state, county, or other political subdivision in which the Property is located. Whether the fees you pay for permits, licenses and other government fees are non-refundable will depend on the rules applied by the issuing agency or government body.
8. Additional Funds. This amount represents an estimate, based on our experience, of the funds needed to cover initial employee wages, fringe benefits, utility deposits, uniforms, recruitment, on-site training expense, and other variable costs (e.g., electricity, telephone, heat, etc.), paper, cleaning, and other supplies. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on various factors, including: how carefully you follow our methods and procedures for operation of the Property; your management skill, experience, and business acumen; local economic conditions; your location; the local market for Property accommodations; competition; the prevailing wage rate; and the sales level reached during the initial period. Whether additional fees and expenses are non-refundable will depend on your agreements with your vendors and suppliers.
9. Total Estimated Initial Investment. This total estimated initial investment does not include any real estate costs. You should review these figures carefully with a business advisor before entering into a Franchise Agreement with us. The range is neither a floor on the

minimum, nor a cap on the maximum you could spend and your expenditures could vary. Neither we, nor our affiliates offer direct or indirect financing to Franchisees for any items. The estimate does not include any finance charge, interest or debt service obligation. The estimate is for a Property with 124 rooms.

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Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as listed below, neither we, nor any of our affiliates, currently obligate you to purchase or lease from us any goods, services, supplies, FF&E, inventory, computer hardware or software. We may require you to purchase proprietary software for accounting and reservations systems and may designate third-party approved vendors to supply products or services as we believe appropriate to assure communications compatibility or other benefits for the System.

WHCS, our affiliate, offers construction advisory services. WHCS is an approved supplier of construction advisory services. Providing construction advisory services is a source of revenue for WHCS. WHCS provides these services as a benefit to the Franchisees of WHFS and the profit derived is expected to be marginal.

WHPM, our affiliate, offers optional property management services. WHPM is a WHFS approved supplier of property management services, and if WHPM provides property management services, those services will be a source of revenue to WHPM.

WHD, our affiliate, offers development services to WH and its affiliates and to Franchisees. Franchisees are required to use WHD for a sign rate analysis and WHD is the only approved supplier for that service. The initial sign rate analysis is included in the Franchise Fee and it is only if you wish to perform additional sign rate analysis that you would contract with WHD. WHD is also a WHFS approved supplier for the preparation of lender underwriting materials such as demos, traffic studies, site criteria, employer maps and site forecasts. Those services will be a source of revenue to WHD.

You must comply with our standards and requirements concerning the quality of all goods, services, fixtures, furniture, furnishings, equipment, supplies and other items ("FF&E items"). We may require that particular FF&E items be purchased from an approved vendor. Otherwise, you may make purchases of FF&E items from any source meeting our standards and specifications after obtaining written approval from WHFS. Standards and requirements are published in the Brand Standards, in policy and procedure statements, in Value Place Property prototype designs and specifications, or otherwise communicated to Franchisees in printed, machine readable, via intranet, electronic or any form we choose. The standards and specifications, including the Brand Standards, may be modified at our discretion. We will also distribute modifications to standards and specifications to you in printed, machine-readable, via intranet, electronic or any form we choose. Neither WHFS, nor our affiliates are approved suppliers or the only approved supplier for any products.

No officer of WHFS owns an interest in any supplier.

~~You~~Except for FF&E items that display our Marks, that you must buy from approved vendors, you may purchase FF&E items from an alternative vendor other than an approved vendor, if you request in writing our approval of the alternative vendor for a product or service. You must submit to us all applicable information, specifications or samples we require. There is no fee charged for the approval or alternative vendors for a product or service. Within a reasonable time (our goal is 30 days or less) we will notify you whether the vendor meets our specifications and quality standards and whether the alternative vendor is approved. You may purchase alternative products or services to required FF&E items, including building materials used in the construction of your Property, if you first request in writing that we approve the alternative product or service. You must submit to us all applicable information, specifications or samples

we require-- and reimburse us for our costs of review and testing the alternative product or service. The cost of review may be significant. For example, if you want to use a custom FF&E package for your Property, the cost could be around \$5,000 or more. Within a reasonable time (our goal is 30 days or less) we will notify you whether the alternative product or service is approved. For construction, signage and FF&E purposes, certification that alternative products meet our standards may be required. We do not provide our franchisees with the criteria for approving suppliers. If we revoke the approval of an alternative supplier, product, or service, you will be notified of the revocation in a manner we deem appropriate. We do not issue particular specifications and standards to Franchisees for approving alternative suppliers, products or services. Applications for approval are reviewed on a case by case basis.

We have not and do not expect to derive any material revenue or other consideration as a result of required purchases by Franchisees, although we may benefit, along with Franchisees, from discounts as a result of negotiating group purchasing arrangements. We do not guarantee any material benefits to Franchisees based on their use of designated or approved sources of supplies. Our policy is to pass through rebates or payments received from suppliers for the benefit of the Franchisees' Properties to defray franchisee participation fees in our franchisee conventions. When we receive rebate checks from our vendors, we forward checks to the Franchisee whose purchases the rebate is for. We also raise money from sponsors to defray the Franchisees' participation fees for participation in our Franchisee conventions. If the sponsorship revenue exceeds the participation fee in those conventions, we use the remainder to defray the Franchisees' cost of participating in additional training organized by us.

In the ~~2015~~2016 calendar year, WHFS' total revenue was ~~\$15,778,794~~\$20,286,502 of which ~~\$122,412,254,796~~, or ~~0.77%~~12.56% was derived from required purchases of services by our franchisees. The only required purchase or lease of services or goods by our franchisees is the use of our outsourced central reservation system. The provider invoices us and we in turn invoice our franchises for their actual portion of our invoice. The expense is allocated by Property according to reservations made for that Property. In the ~~2015~~2016 calendar year, our affiliate WHCS received ~~\$85,000~~\$63,000 from the required purchases or leases of products or services from Value Place and WoodSpring Suites franchisees. Our affiliates WHPM and WHD did not derive any revenue from required purchases or leases of products or services from Franchisees in the ~~2015~~2016 calendar year. This information was derived from WHFS', WHPM's, WHCS' and WHD's financials, prepared internally by those companies.

We estimate that your required purchases and leases of goods and services from us, our designees, approved suppliers and under our specifications will account for between 90% and 100% of all purchases and leases you will make in establishing and operating the Franchised Business.

Currently, we do not have any purchasing or distribution cooperatives, but we do negotiate purchase arrangements with suppliers, including price terms, for the benefit of Franchisees, when possible. Your purchase of any particular services or products from a particular supplier will not give you material benefits from us.

You must purchase the CloudPM property management software from Multi-Systems Inc. (MSI). Part of the services provided by MSI include our central reservation system that you must participate in.

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Item 9

FRANCHISEE'S OBLIGATIONS

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

Obligation ¹		Section in agreement	Disclosure document item
a.	Site selection and acquisition/Lease	Articles 2.2, 2.4, 5.1 and 5.2 of Franchise Agreement and Articles 1 and 3 of Development Agreement	Items 5, 6, 7 and 11
b.	Pre-opening purchases/leases	Articles 5.1, 5.2, 5.4 and 8.1 of Franchise Agreement and Article 3 of Development Agreement	Items 7 and 8
c.	Site development and other pre-opening requirements	Articles 5.1, 5.2, 5.3, 5.8, 7.1 and 7.2 of Franchise Agreement and Article 3 of Development Agreement	Items 6, 7 and 11
d.	Initial and ongoing training	Articles 5.8 and 7.2, 7.3, 7.4, 7.5 of Franchise Agreement	Items 6, 7, 11 and 15
e.	Opening	Article 5.8 of Franchise Agreement	Items 7 and 11
f.	Fees	Articles 2.4, 4.1, 4.2, 5.2, 5.4, 7.24, 7.25, 8.1, 8.3, 8.5, 10.2, 12.4, 13.7, 13.9, 15.11 and 19.7 of Franchise Agreement, Articles 2 and 7 of Development Agreement and Article 2 of the Construction Services Agreement	Items 5, 6, 7 and 11
g.	Compliance with standards and policies/ Operating manual	Articles 5.4, 5.8, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 8.1 and 8.2 of Franchise Agreement	Items 8, 11 and 16
h.	Trademarks and proprietary information ²	Articles 2.5, 11.1, 11.2, 11.3, 11.4, 11.7, 11.8, 15.3, 15.5, 15.6, 15.7, and 15.8 of Franchise Agreement; and Article 5 of Development Agreement	Items 13 and 14
i.	Restrictions on products/services offered	Articles 7.6, 7.7, 8.1, and 8.2 of Franchise Agreement	Item 16
j.	Warranty and customer service requirements	None	
k.	Territorial development and sales quota	Articles 1 and 3 of Development Agreement	Item 12
l.	Ongoing product/service purchases	Articles 7.7 and 8.1 of Franchise Agreement	Item 8
m.	Maintenance, appearance, and remodeling requirements	Article 7.10 of Franchise Agreement	Items 8 and 11
n.	Insurance ⁴	Articles 12.1, 12.2, and 12.3 of Franchise Agreement	Items 6, 8 and 11
o.	Advertising	Articles 5.7, 8.7, 9.1, 9.2, 9.3, 9.4, 9.5, 9.6 and 15.6 of Franchise Agreement	Items 6, 7, 8 and 11

Obligation ¹		Section in agreement	Disclosure document item
p.	Indemnification	Article 12.4 of Franchise Agreement and Article 10 of Development Agreement	Item 6
q.	Owner's participation/ management/ staffing	Articles 7.2, and 16.1 of Franchise Agreement	Items 11 and 15
r.	Records and reports	Articles 7.12, 10.1, 10.2, 10.3 10.4, 10.5, 12.2, and 15.12 of Franchise Agreement	Items 6 and 11
s.	Inspections and audits	Articles 8.3 and 10.4 of Franchise Agreement	Items 6 and 11
t.	Transfer	Articles 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, 13.10, and 13.11 of Franchise Agreement and Article 7 of Development Agreement	Items 6, 15 and 17
u.	Renewal	None	
v.	Post-termination obligations ²	Articles 11.2, 11.4, 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.7, 15.8, 15.9, 15.10, 15.11, 15.12, 15.13 and 15.14 of Franchise Agreement; and Article 6 of Development Agreement	Items 6, 11, 14 and 17
w.	Non-competition covenants	Articles 7.8 and 16.4 of Franchise Agreement; and Article 8 of Development Agreement	Item 17
x.	Dispute resolution	Articles 12.5, 19.1, 19.2, 19.3, 19.4, 19.5, 19.6, 19.7 and 19.8 of Franchise Agreement; and Article 15 of Development Agreement	Item 17

Notes:

1. Your principals must guarantee all of your obligations in the Franchise Agreement and Development Agreement. We require that individuals guarantee your obligations, so if your principals are entities, your indirect owners who are individuals will have to guarantee your obligations. A copy of the Guaranty is attached to the Franchise Agreement, which is Exhibit C of the Franchise Disclosure Document and to the Development Agreement, which is Exhibit D to the Franchise Disclosure Document.
2. All of your partners, principals, officers, directors, managers and members are also required to honor all of your obligations in Article 11 of the Franchise Agreement.
3. Upon our request, you must have your officers, directors, partners, members, managers, principals and property managers sign a Guaranty in the forms attached as exhibits to the Development Agreement (**Exhibit D** of this franchise disclosure document) and Franchise Agreement (**Exhibit C** of this franchise disclosure document).
4. The insurance requirements are listed on the Intranet and may be amended periodically.

Item 10

FINANCING

Neither WHFS, nor its affiliates, offer direct or indirect financing. Neither WHFS, nor its affiliates, guarantee your notes, lease or obligations

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Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, WHFS is not required to provide you with any assistance.

Site Selection

The Franchise Agreement is for an approved location. Usually the site will already have been selected when you and we sign the Franchise Agreement, and we have no obligation to assist you to locate a site under the Franchise Agreement. If no site has been selected when you sign the Franchise Agreement you will have to find the site and negotiate its purchase or lease. We will not assist you with the location or negotiation for the site. We must unconditionally approve the site before you can begin construction of your Property. The factors we consider in approving or disapproving a proposed site include, without limitation, the general location, available parking, physical characteristics of existing buildings, competing businesses, traffic count, population growth, apartment rental prices, surrounding lodging performance, traffic visibility, lease terms, and proximity to major employers, services, and other commercial activities in the area. Our approval of the site does not in any way guarantee that the site will become a profitable Property. There is no time limit for how soon after you submit a site application that we must approve or reject it. If an initial site application is rejected you may submit site applications for alternative sites.

A Development Agreement grants you an Assigned Area or market within which to establish and operate Properties at specific locations, each to be designated in a separate Franchise Agreement. You must timely complete the Development Schedule in the Development Agreement. No later than the date specified in the Development Schedule you must submit to us, in the form we specify, a site application together with market feasibility information for the site and other information and materials as we may reasonably require, together with evidence satisfactory to us which confirms your favorable prospects for obtaining the site. In order for a site to be considered it must be owned by you or under contract by you for purchase or lease. We will have 60 days after this required information is received from you to approve or disapprove, at our sole discretion, the site as the location for the Property. The factors we consider in approving or disapproving a proposed site under a Development Agreement are the same as for a Franchise Agreement and are described above. Our approval of the site does not in any way guarantee that the site will become a profitable Property. After a site is approved, we will enter into a Franchise Agreement with you. You must return the signed Franchise Agreement within the time specified by WHFS. If your initial site is not approved you may submit another site application. It has to be submitted within 60 days from the date we deny the initial site application.

If an approved site is not acquired by you, you must notify WHFS immediately. You will then have 60 days to submit a new site application for a replacement site.

Pre-Opening Obligations

Before you open your business, we will:

1. Grant you rights to establish a specific number of Properties within an Assigned Area or to establish 1 Property at a specific site. (Franchise Agreement – Article 2. and Development Agreement - Article 1.)

2. Provide you access to a set of then-current prototype plans and specifications (not for construction) for a typical Property. (Franchise Agreement - Article 5) Available space varies in size and configuration, and you must have more detailed plans or blueprints prepared at your expense to take into account the location and local ordinances.
3. Upon reasonable request, we will consult with and advise you at our home office concerning the construction and operation of the Property. (Franchise Agreement – Article 5)
4. Provide evaluation of your site after receipt of your site application. (Development Agreement - Section 5.A)
5. Approve or disapprove the site and site layout for the Property. (Development Agreement Section 3.B and Franchise Agreement – Section 5.2) A discussion of the selection of your site for the Property appears above in this Item 11 under the caption “Site Selection.”
6. Approve your plans and specifications. (Franchise Agreement - Article 5) It is up to you to make sure that the premises conform with local ordinance and building codes. We do not have the obligation to assist you to obtain any required permits, but you may contract with our affiliate, WHCS, to assist you with construction advisory services.
7. Approve your evidence of insurance naming us as an additional insured. (Franchise Agreement - Article 12)
8. Make available to you the Brand Standards. (Franchise Agreement - Article 6.1.C) The Table of Contents of the Brand Standards is attached as **Exhibit E** to this franchise disclosure document.
9. Provide you with specifications and/or names of suppliers for all required equipment, inventory, and supplies. We do not deliver or install any of these items. (Franchise Agreement - Article 6)
10. Provide a training program for your property manager and other personnel designated in the Brand Standards. (Franchise Agreement - Article 6) A description of our training program appears later in this Item 11 under the caption “Training Programs.” Apart from the training program, we are not required to help train your employees and we are not required to help you hire employees. Note that we are not in a position to and do not undertake to exercise control over the employment, supervision, or discharge of your employees. We have no right to do so, other than to the extent of controlling the quality of the System and the quality of the products and services that you offer.
11. Perform an onsite inspection during the construction process and investigate as we deem appropriate to become satisfied that you have complied with all requirements necessary for opening the Property. (Franchise Agreement - Article 5)
12. Approve or disapprove all advertising, signage, written communications, electronic or web based materials and promotional plans, and other materials displaying our Marks that we have not prepared or previously approved. (Franchise Agreement – Articles 8.7, 9.1, and 9.2). The Brand Standards includes specifications for equipment, signs, fixtures and opening inventory and may also include the names of approved suppliers for some of those

items, but WHFS is not required to provide you with equipment, signs, fixtures and opening inventory and we do not deliver or install any of them.

Time from Signing of Agreement to Construction Completion and Opening

You must request and receive our approval of the proposed site layout and blueprints before commencing construction on the Property. The Franchise Agreement prescribes a time sequence for the construction and opening of the Property. (Franchise Agreement - Articles 5.1, 5.2, 5.3, 5.4, and 5.8) After execution of the Franchise Agreement for a new location development, you must complete construction, order and install furniture, furnishings, and interior decor, hire and train personnel, and have a property manager complete our training program. The Franchise Agreement requires you to begin construction of the Property within 365 days of signing the Franchise Agreement, or within 60 days of the time when a building permit for the Property is ready for issuance, whichever occurs earlier. If you are signing the Franchise Agreement pursuant to a Development Agreement you must begin construction of the Property within 90 days of signing the Franchise Agreement, or within 60 days of the time when a building permit for the Property is ready for issuance, whichever occurs earlier. A building permit is ready for issuance at the point in time when the issuing authority has taken all steps necessary for issuance, and would issue the building permit upon the payment of the fee therefor. At our discretion, the date for commencing construction may be extended at your request. Factors that may affect the time required to begin construction and open a Property may include, but are not limited to, time required to conclude lease or land purchase contracts, to obtain financing or building permits, zoning changes, other local ordinance requirements. You must diligently pursue completion of the Property in accordance with the plans and specifications and have the Property ready to open for business within 12 months after you begin construction. Typically, construction takes approximately 7 to 10 months from the time footers are poured. The date for completing construction of the Property may also be extended at our discretion at your request. Other factors that may affect the time required to complete construction include local inspections, labor disputes, weather conditions, material shortages, delays in delivery or installation of equipment, fixtures, and signs.

The Property may be open for business when you satisfy our requirements. You will have to comply with the following: (i) install all fixtures, furniture and equipment and obtain a temporary certificate of occupancy or certificate of occupancy; (ii) your property manager must have satisfactorily completed our training program and you must have hired qualified personnel; (iii) you must have paid all sums due us and our affiliates; (iv) you must not be in default under the Franchise Agreement or any other agreement with us or our affiliates; (v) you must be in compliance with the Americans With Disabilities Act; (vi) we must have made a satisfactory on-site inspection and investigation as we deem appropriate; and (vii) you must have purchased required insurance. We may allow an opening with less than all improvements for a portion of the Property under certain circumstances. (Franchise Agreement – Article 5.8).

When appropriate financing is in place and land has been entitled, our Franchisees will typically open their Properties within 7 to 10 months from the time they begin construction on their Property. The time from when our Franchisees sign the Franchise Agreement to when they open their Properties varies widely, based on many factors, including whether they already have an approved site for their Property, and if not, their ability to find a site, their ability to obtain financing, how long it takes to get building permits, any changes to the zoning for the site that may be required, applicable local ordinances, weather conditions, shortages and any delays in the construction process, and in installation of equipment, fixtures and signs. The same factors (other than if you already have a site) will affect how long it takes you to open your Property from the time you begin construction.

Obligations During Operation of Franchised Business

During the operation of the Franchised Business, we will:

1. Consult with and advise you at our offices, upon reasonable request, concerning the operation of the Property. (Franchise Agreement - Article 6.1.B)
2. Modify and add to the Brand Standards as we deem appropriate to reflect changes in the business, authorized products or services, or specifications for authorized products and services, equipment requirements, quality standards, and operating procedures. (Franchise Agreement - Article 6.1.C)
3. Provide additional optional or required training programs or seminars as we deem appropriate in consideration of your payment of an additional training fee as described in Item 6. (Franchise Agreement - Articles 6.1.D and 7.2) A description of our additional training appears later in this Item 11 under the caption "Training Programs." Apart from those training programs, we are not required to help train your employees and we are not required to help you hire employees.
4. Conduct inspections of your Property and financial records, conduct evaluations of the services provided by your Property, and interviews with your employees, agents and customers, all as we may deem advisable. (Franchise Agreement - Articles 6.1.E and 10.4)
5. Approve or disapprove all advertising, signage, written communications, and promotional plans and other materials displaying our Marks which we have not prepared or previously approved. (Franchise Agreement - Articles 8.7, 9.1 and 9.2)
6. We may, at our sole discretion, require that lodging rates start at levels no higher than those set by us, designate maximum mandatory charges for goods and services offered at the Property and require that you offer some rooms in the Property at specified maximum prices. (Franchise Agreement - Article 8.9) (Also see Item 16)
7. Provide you with written notice of your right to purchase from us any Properties we have acquired in your Assigned Territory under your Assigned Area under the Development Agreement which we propose to operate under the System. (Development Agreement - Article 1.C)
8. Upon mutual agreement, provide you with miscellaneous administrative assistance, for a fee, with regard to negotiating financing and other agreements for your Property, assist with research projects and other project-based tasks (Franchise Agreement – Article 7.24) (Also see Item 6)

We are not required to establish any particular administrative, bookkeeping, accounting or inventory control procedures, but we may choose to do so.

Marketing, Branding, Sales and Advertising Fund

The Franchise Agreement does not require us to conduct advertising, and it does not limit the media we may use if we choose to do so. Currently, we conduct national advertising campaigns both through our Website, social media and networking sites, through third parties and through promotions at system Properties. The advertising materials are prepared jointly by in-house staff and third party providers. The

Franchise Agreement does not require us to spend any amount on advertising in the area where you are located.

You must submit to us for approval all advertising materials, including all print, electronic, and or internet materials that we have not prepared or approved. This includes Craigslist® postings and postings on similar websites. You must at all times comply with our instructions regarding the use of advertising materials, including modifying or ceasing to use those materials, whether or not we previously prepared or approved the materials. (Franchise Agreement - Article 11.8) We will try to let you know within 2 business days of when you submit advertising materials whether it has been approved or disapproved, but there is no time limit in the Franchise Agreement for how soon we need to let you know our decision.

We have established a Marketing, Branding, Sales and Advertising Fund (the "Marketing Fund") for the System and the WoodSpring Suites brand (the "WHFS Brands"). The Marketing Fund is accounted for separately from our other funds. We will not use the Marketing Fund to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Marketing Fund and all costs of research, development and preparing national, regional, point of sale and local advertising and marketing strategy materials for use by the WHFS Brands. The materials may be disseminated via radio, television, print media, Internet (including social media), or outdoor advertising. Currently the Marketing Fund fee is 2.5% of your monthly Room Revenues. The monthly Marketing Fund fee can be up to 3.5% raised by another 1% of your monthly Room Revenues. We may also Instead of permanently increasing the Marketing Fund fee we may temporarily increase the Marketing Fee to it, as long as the monthly fee is no more than 3.5%. We will only temporarily increase the Marketing Fund fee if the Marketing Fund is in a deficit balance. In that case, the Marketing Fee can be increased up to 3.5%. A temporary increase would only remain in place until the deficit balance is eliminated, taking into consideration the future budgeted expenses of the Marketing Fund. Instead of temporarily increasing the Marketing Fund fee to cover the deficit balance we may require franchisees to contribute their pro rata share of the deficit balance as a special assessment. Currently the Marketing Fund fee is 2.5% of your monthly Room Revenues. We have the right to modify the percentage upon at least 30 days' notice to you. All System properties, whether owned by our affiliates, as Franchisees, or by Franchisees, contribute to the Marketing Fund at the same percentage of Room Revenues. The Marketing Fund is administered by a Marketing Committee established by us. The advisory council of WHFA serves in an advisory capacity to the Marketing Committee, but the Marketing Committee has sole discretion over the concepts, materials, and media used in these programs and activities and their placement and allocation. The Marketing Committee may spend, for the Marketing Fund, in any calendar year an amount greater or less than the aggregate contribution of all Properties and WoodSpring Suites properties to the Marketing Fund in that year, and the Marketing Fund may borrow from us or from others to cover deficits or invest any surplus for future use. We will use all interest earned on monies contributed to the Marketing Fund before we expend other assets of the Marketing Fund. Franchisees may, upon written request to us, receive a periodic accounting of how advertising fees are spent but we have no obligation to separate spendings between the Value Place and WoodSpring Suites systems. Marketing Fund contributions will not be principally used to sell additional franchises. (Franchise Agreement - Article 9.3). We do not currently audit the Marketing Fund.

Expenditures by the Marketing Fund may not be proportionate or equivalent to contributions to the Marketing Fund by Properties and WoodSpring Suites properties operating in that geographic area. You or your Properties may not benefit directly or in proportion to your contribution to the Marketing Fund and Value Place Properties may not benefit in proportion to their contributions. Neither we, nor the Marketing Fund would be liable to you for the maintenance, direction or administration of the Marketing Fund, including for contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. The funds collected by the Marketing Fund and any earnings thereon, are not and shall not be an asset of ours or of any Franchisee. (Franchise Agreement - Article 9.3)

In ~~2015, 32016,~~ 2% of the Marketing Fund spending was used on production (development of creative assets), ~~3129%~~ on media placement, 44% on administrative expenses (marketing, branding, ecommerce, contact and call center, and sales teams), and ~~2225%~~ on other (professional fees for ~~brand development, guest managing the website and the call center, and~~ research, marketing and analytics and website hosting). The Marketing Fund spending represents the spending for all WHFS Brands.

Each Franchisee is a member of our advisory franchisee council, referred to as the WoodSpring Hotels Franchisee Association ("WHFA"). Each Franchisee has one vote per its open Properties on matters that WHFA votes on, except that for some elections franchisees may vote separately depending on which WHFS Brand their Property belongs to and depending on which form of franchise agreement the Property operates under. Currently the Franchisee Advisory Council which leads WHFA consists of 7 advisors. The Franchisee Advisory Council of WHFA is selected by the Franchisees. WHFA was formed on our initiative, and we may change or dissolve the organization. WHFA has the right to charge Franchisees a fee on a per Property pro rata basis to cover reasonable travel, lodging, and meal expenses for WHFA representatives when on WHFA related business. Currently the fee is \$50 per year per Property.

We do not require you to participate in local or regional advertising cooperatives, but may do so in the future.

Apart from mandatory participation in the Marketing Fund we do not require you to participate in any other advertising fund.

We use different types of online media and social networking to promote the Value Place brand and system. Because maintaining and promoting the Value Place brand and system in a consistent manner is extremely important, we currently do not permit you or other Franchisees to maintain a separate online presence of any kind.

Computer Systems

We may establish standards requiring you to purchase or lease computer hardware and software capable of communicating with our computers and of recording and reproducing the types of information and reports we determine are appropriate for the operation of Value Place Properties (Franchise Agreement Articles 8.1 and 8.2). These requirements include a computerized or automated property management system, reservations system and the network infrastructure necessary to permit in-room Internet hook-up, in-room wireless Internet access, as well as video surveillance equipment for the Property (See Item 6 and Franchise Agreement Articles 7.16 and 9.6).

There are no contractual limitations on our rights to obtain independent access to your databases. The information that we may access includes information about your financial performance and about guests. We will not have independent access to the video-surveillance recordings from your Property.

We have no obligation to assist you in obtaining the computer goods and services described in this Item and none of WHFS, our affiliates or any third party must provide ongoing maintenance, repairs, upgrades or updates to the computer system. We estimate that the cost for purchasing or leasing the required front-office computer system is approximately \$2,300 and the cost of installation is approximately \$800. You will also have to install network infrastructure equipment to support both guest wireless and front office needs for approximately \$16,600 and a video surveillance system, the cost of which is approximately \$13,300. Costs vary due to market and region. These expenses are included in the estimated initial investment disclosed in Item 7. The annual cost of maintenance, updating, and upgrading for your computer system is approximately \$400 to \$500. There are no restrictions on our right to require you to upgrade or update the computer system or video surveillance system, or on the frequency of how often we

may require you to do so. The cost of an upgrade or update will depend on what parts of the system are going to be upgraded or updated.

Our current computer hardware requirements, which we may modify in our sole discretion, may be purchased from any supplier of IBM-compatible computers. You will need a computer which is capable of running the Windows 7 Operating System, with a CD/DVD-RW optical drive, at least 6 USB ports, at least 200 gigabytes of hard drive space, at least 2 gigabytes of RAM, sound card, and speakers. We recommend that you also purchase an "All-In-One" multifunction laser printer as well as a battery backup for the computer system. Networking hardware may need to be purchased to allow in-room guest Internet access, network access for the video surveillance system, and any other front office computer systems.

Additional required software will include Symantec PCAnywhere 12.5 or higher, Microsoft Office 2007 or higher, an anti-virus software (e.g. AVG, Norton, as well as an anti-spyware solution such as Microsoft Security Essentials).

Network Infrastructure and Video Surveillance

WHFS maintains a list of approved suppliers for the required network infrastructure equipment and the video surveillance system and will provide you that list upon request. Technical support is available from these approved suppliers and is highly recommended. We are not obligated to provide software support to you. The estimated cost of the technical support including remote phone support and offsite data back-up is approximately \$125 per month. On-site technical support is generally billed on a case-by-case basis and the cost will vary depending on the market and location. WHFS does not accept any compensation or remuneration from these approved suppliers.

Property Management System

You must purchase an approved property management software system that will enable the operator to use the computer system to take reservations, assign rooms at check-in, track room charges and activity, record accounts receivable, print management, marketing, housekeeping, and financial reports, scan drivers' licenses and perform various other functions. Currently, Multi-Systems Inc. ("MSI") is our only approved source of property management software. The software you will purchase from MSI is CloudPM, including the per room increment, credit card swipe reader, Internet credit card processing, call accounting and posting module. Level one (and up) technical support is available from MSI and highly recommended. We are not obligated to provide software support to you. The Cloud PM product is sold as software as a service and costs approximately \$6,000 per year and includes all support and maintenance. It is anticipated that you will also purchase training from them. WHFS does not accept any compensation or remuneration from Multi-Systems Inc.

We may adopt upgraded and updated computer software and hardware system standards (including for the video surveillance system and the network infrastructure) and you will be obligated to comply with our then current standards (Articles 7.6 and 7.16 of the Franchise Agreement). There is no contractual limitation on the frequency and cost of computer system upgrades and updates. You will be given 30 days in order to purchase and/or install the upgrades and updates. If you fail to do so, you will incur a \$500 per month non-compliance fee. See Item 7 for information concerning the estimated cost of computer systems. We are not obligated to maintain, repair or upgrade your computer system components for you. We require you to keep in effect one or more maintenance agreements with third parties providing for prompt repair of the computer system.

Exterior Signage

You must purchase approved exterior signage for your Property. The signage usually includes at least 1 LED sign. The messages displayed on the LED sign may only be changed in accordance with our brand standards. You do not need to purchase any additional computer software or hardware to operate the sign.

Operations Manual - Brand Standards

We require you to comply with our operations manual ("Brand Standards"). A copy of the Brand Standards' Table of Contents is attached to this Franchise Disclosure Document as **Exhibit E** (Franchise Agreement – Article 8.2). The Brand Standards may be provided via the Value Place Intranet. The total number of pages included in the current Brand Standards is 35.

Training Solutions Programs

Our training currently involves 2 comprehensive training programs: the first is the New Franchisee Orientation for franchisee owners and the second is a General Manager Certification Program. We also organize associate certification programs that are mandatory for all line associates as well and train staff on our brand standards. The following table outlines these programs.

TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
New Franchisee Orientation:	12-16 Hours		WHFS Home Office in Wichita
General Manager Certification	60 Hours	1-24 Hours	Online, WHFS Home Office in Wichita and Property that will employ the General Manager
Online Staff Certification	10-30 Hours		Online

New Franchisee Orientation

Training is offered to principals of newly-signed Franchisees as needed. The topics covered in the training will include Opening Services Processes, Brand Strategy & Programs, WoodSpring Academy Training, Construction Services, Strategic-Sourcing (Procurement), Marketing/National Sales/Brand Contribution, Quality Assurance/Guest Experience, Franchise Performance Consulting, Hotel Staffing Models, Brand Reporting Guidelines, Conferences/Summits and the Franchisee Association/Franchisee Advisory Council. Regardless of the number of Property franchises granted to you and your affiliates, 1 of your principals can attend this training free of charge. Additional owners may attend the training for a fee of between \$599 and \$1,000, based on available space. New Franchisee Orientation must be attended by at least 1 principal of transferees under a Franchise Agreement and we will charge a training fee of between \$599 and \$1,000 per attendee, based on available space. You will be responsible for travel, lodging and meal expenses for all attendees and wages due to the attendees during training. A minimum of 1 Franchisee principal must complete this training to our satisfaction before a site opening. In the event an existing property is purchased, the new Franchisee must complete this training to our satisfaction within 60 days of purchasing the property.

General Manager – GM Certification Training

General Managers for all WoodSpring Hotels are required to hold a General Manager Certification. The training program that must be successfully completed to obtain certification is designed to equip General Managers with brand specific skills, knowledge, and resources to manage a Value Place Property to ensure a consistent guest experience across the brand.

The course is divided into 43 sections. Each section or stage led by us must be successfully completed to our satisfaction before the General Manager can begin the next stage. ~~During the onboarding process the General Manager is given access to WoodSpring Academy Online. Stage 1 of the certification process is comprised of interactive online training modules designed to allow self-paced learning in preparation for Stage 2 of the certification process. Modules are available at WoodSpringTraining.com.~~ step. The ~~second~~first stage of certification is a ~~one-week basic~~3 day training ~~classroom session~~workshop led by a WoodSpring Academy Operations Trainer at our headquarters in Wichita, Kansas. This session teaches the General Manager key terminology, required and recommended policies, WoodSpring Hotels'our Brand Standards, recommended guest management techniques and the brand requirements and recommendations for exemplary guest service. ~~This stage includes room/staff inspection processes, safety-related processes, cleaning-related programs, and safety features such as proper handling of chemicals required by Brand Standards. Other aspects taught in the second stage include knowledge of the software and technology available and utilized by WoodSpring Hotels.~~ Leadership and safety skills along with a mix of required and recommended policies and techniques for marketing, sales and profitability and guest service are also covered. Attendees will also review and become familiar with the various software systems utilized by Value Place hotels. Complementing the workshop curriculum is a variety of structured interactive online modules which are required to be completed prior to achieving certification. These are accessible at any time following employment via the General Manager's student account on WoodSpring Academy. A minimum of 18 hours should be allotted in order to complete them all.

~~Stage 32 of the certification process is comprised of a 21.5-3-day Leadership and Coaching Session held at the General Manager's Property. This session will be~~ Visit conducted by a WoodSpring Academy Hospitality Trainer at the General Manager's home Property. This visit will occur within 4 weeks of having completed Stages 1 and 2. ~~the Stage 1 3-day workshop.~~ The focus of this coaching session is to work with the General Manager to apply principles from Stages 1 and 2 of the program ~~the workshop and online content~~ on how to create and maintain the brand's service culture. Activities at times will require the entire onsite team and include various role-playing of scenarios focused on sales, service, employee motivation and engagement. Preparation and tutoring for the final exam also occur at this time.

Once a General Manager has completed the previous 32 stages they are eligible to take the final certification exam (Stage 43). If the General Manager fails at ~~his or her~~their first attempt to pass the exam, the exam may be retaken once. If the General Manager fails twice, we are not required to permit the General Manager to take it again and may require you to employ somebody else as your General Manager. Any replacement General Manager must also go through the complete training process and successfully complete each stage of the training, including Stage 43. Once the General Manager successfully completes the certification exam the General Manager will be awarded a WoodSpring Academy General Manager Certification Certificate.

The first General Manager for your Property must complete Stages 1 and 2 of the training before the Property opens. ~~Stages~~Stage 3 and 4 must be completed within ~~120~~90 days of the opening. For any replacement manager the General Manager Certification must be completed within ~~120~~90 days of their employment start date.

Franchisees will be required to pay \$1,499 - \$2,499 for each General Manager to attend this program. In addition to the above fee, the franchisee is responsible for travel, lodging, meals and other expenses incurred by the certification candidate when attending the Basic Training workshop stage of the program in Wichita, Kansas.

If your General Manager, in our reasonable determination, does not meet the standards for knowledge and performance or does not pursue or otherwise successfully complete the General Manager Certification process and training programs to our satisfaction, we reserve the right to request that the General Manager be re-trained, or that another person be trained and perform the function of General Manager. Attendance and full participation for three stages of the General Manager Certification program, as well as passing the certification exam is mandatory. Property Managers and other attendees will be required to sign a confidentiality agreement as a condition to attending our training (Franchise Agreement Articles 7.2 and 7.5).

We use several different types of instructional materials as part of General Manager Certification. Training is primarily distributed through WoodSpringTraining.com, a proprietary Learning Management System ("LMS") designed and managed by WoodSpring Academy. Resources distributed via the LMS include interactive training modules, additional resources provided as static documents and PDFs, access to register for the Stage 2 and 3 workshops, live and recorded webinars, discussion forums and numerous links to external sources for industry applicable topics. These resources cover topics including an overview of the WoodSpring Hotels system and brand history, marketing, cash management, computer system, property maintenance and many others.

Hotel Associate Online Training

All hotel associates are provided online training series through WoodSpring Academy. These online modules are available at WoodSpringTraining.com within their My Certification learning track. Associates must complete their certification track within 120 days of hire date and present a certificate of completion upon request.

Other Training and Our Instructors

We may also make available other required or optional training courses, programs, conferences, seminars, and materials as we deem necessary. If we require additional training, you must require your employees to successfully complete the training. Additional courses, programs, conferences and seminars may be conducted in Wichita, Kansas or other locations we designate. We may contract with other persons or firms to provide your training. We may charge reasonable fees for instruction and course materials for training programs other than the initial General Manager's Certification. We may require confidentiality agreements from your employees as a condition of attending our training.

Our instructors are subject matter experts in the detailed brand standards and specific WoodSpring Hotels' operating systems. Our Vice President of Training, Erika Ehlers, has been with us since December 2014. She has over ~~18~~19 years of experience in the hospitality industry, with over ~~14~~15 of those focused on training and organizational development.

As the Value Place System develops, we may change the training. As of the issuance date of the FDD we are not planning any changes, but it is possible that the training program will change before you are ready to start your training. If the program changes, you, your General Manager, and others required to participate in training, will be required to complete the training required at that time.

Annual Franchisee Conference & Semi Annual Summits

We organize an annual Franchisee Conference that must be attended by at least 1 representative of each Franchisee. The conference location varies from year to year. The conference lasts 2-3 days. We plan to also offer semiannual Summits for our Franchisees (only one annual Summit is currently organized). The Summits are 1-3 days in length. The location of the Summits varies from year to year. You are not required to send representatives to attend the Summits, but we strongly encourage you to participate. We charge Franchisees a reasonable fee for attending the conference and would do the same for other educational conferences or Summits, if applicable. You will be charged the conference fee for the Franchisee Conference even if you don't attend or don't register.

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Item 12

TERRITORY

The Franchise Agreement grants the right to establish and operate a Property at a specific location approved by us, which cannot be relocated without our consent, which we can grant or withhold in our sole discretion. The initial Franchise Agreement for a Property also grants an area of protection around your Property ("Area of Protection"). An Area of Protection is a geographic area that we think is sufficient to support at least 1 new Property at the time of licensing and its size will depend on population densities, demographic trends and other factors affecting the specific license area. The Area of Protection is mapped on Exhibit C of the Franchise Agreement. The Franchise Agreement protects your Area of Protection for 5 years from the date your Property opens for business, if you are not in default under the Franchise Agreement, and we do not acquire Conversion Properties, but is not contingent on meeting any sales quota. If a property is transferred and a new Franchise Agreement is entered into no additional 5-year protective term for the Area of Protection will be granted. If the transfer occurs less than 5 years from the date of the Property opened the Area of Protection will continue under the new Franchise Agreement for the remainder of the initial 5-year term. We are not entitled to modify your Area of Protection other than due to your default. We do not allow our Franchisees to open additional locations in their Area of Protection during the time the area is protected. If you wish to open an additional location in your Area of Protection or elsewhere, you will have to sign a new Franchise Agreement for the location and the Area of Protection or location will have to be approved by us.

You do not acquire any options, right of first refusal or similar rights to acquire additional franchises when you sign a Franchise Agreement. You are not restricted from soliciting or accepting guests or reservations from outside your Area of Protection. We do not compete with you in your Area of Protection through alternative channels of distribution of products and services, but we have the right to open competing chains and other businesses within and outside your Area of Protection. If we solicit orders for competing chains or businesses from within your Area of Protection, you would not receive any compensation from us. We do not restrict your right to solicit orders from outside your Area of Protection or to use alternative channels of distribution, but because of the nature of the business, we do not expect that you will use alternative distribution channels. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Development Agreement grants you the exclusive right to develop Value Place Properties within an agreed upon area ("Assigned Area") pursuant to the terms of a Development Agreement and Schedule. We will generally identify the Assigned Area by 1 or more markets, a city, county, highway, river or other political or geographic subdivision. The description and size of the Assigned Area varies depending upon population densities, demographic trends, and other factors affecting a specific franchise area. Before the execution of the Development Agreement, we will describe the Assigned Area by attaching a description of the area as an exhibit to the Development Agreement. You may establish the number of Properties as stated in the Development Agreement within the Assigned Area and must fulfill your obligation to do so in a timely manner.

The territorial exclusivity we grant you depends upon your achievement of the expectations and obligations in the Development Agreement and Development Schedule. Upon any default by you under the Development Agreement, at our option, we (in addition to other remedies) may reduce the number of development rights for Properties granted to you, reduce the size of the Assigned Area, or terminate the territorial exclusivity granted to you. We do not have any other right to modify your territorial rights.

You do not have the right to relocate or change the specific Assigned Area covered by your Development Agreement. You do not automatically receive the right to acquire additional franchises within your Assigned Area or otherwise. Other than the development rights granted in your Development Agreement, you do not receive any options, right of first refusal or similar rights to acquire additional franchises. You may, however, apply to purchase an additional franchise within your Assigned Area to operate another Property. You may solicit customers and accept orders from outside your Assigned Area. Likewise, we, our affiliates, and other franchisees can solicit customers and accept orders within your Assigned Area. We use an internet-based reservation service system that all of our company-owned and Franchisee-owned locations must use. We do not use any other alternative channels of distribution, though we are allowed to, and reserve the right to, do so. You do not get any compensation from us if we solicit or accept orders from inside your Assigned Area.

As described in Item 1 above, our affiliates are engaged in owning and operating Properties under both the Value Place and WoodSpring Suites brands which may compete directly or indirectly with franchised Value Place Properties. We also offer franchises under both those brands. The Development Agreement and Franchise Agreement specifically provide that we may establish and operate properties, lodging facilities, and other business operations of any type within or adjacent to a Franchisee's Assigned Area, but we will not operate within a Franchisee's Assigned Area any Value Place, except when Franchisee has declined an option to open an additional Property in the Assigned Area or when territorial rights end for some other reason under the terms of the Development Agreement.

You may be required to exercise options or relinquish ~~exclusive~~ Area of Protection rights to operate Value Place Properties in your Assigned Area if we acquire (by purchase, merger, or otherwise) stock or assets of another business enterprise which operates properties under other trademarks which we want to convert to Value Place Properties. If we desire to convert an acquired property in your Assigned Area into a Value Place Property ("Conversion Property"), the Development Agreement provides that we will give you notice of our intention and offer you the option to acquire the Conversion Property. The purchase price to be paid by you for the Conversion Property shall be the cash equivalent of the fair market value for each Conversion Property, as determined by an independent appraiser selected and retained by WHFS. You would have 30 days in which to decide whether to exercise the option. If you execute the option, you would be obligated to close the purchase within 60 days after the date you agree to exercise the option, and execute a Franchise Agreement for the Conversion Property. If you decline to exercise an option for an additional Property, then we may operate, or authorize another Franchisee to operate, the Conversion Property in your Assigned Area.

Our reservations, sales, and marketing personnel may market not only Value Place Properties, but also any other WHFS Brand lodging products and any other lodging products that become affiliated with us. They may use our reservation system, national and regional sales offices, and corporate headquarters personnel, and they may use all types and channels of distribution. Our representatives may recommend to customers lodging products other than Value Place Properties based on their needs and desires for location, availability of accommodations, level of services, amenities, and price. Such recommendations are made subject to policies established by us for all WHFS Brand hotels.

We maintain the same headquarters for both the Value Place and the WoodSpring Suites brand and also have consolidated training facilities for both brands in Wichita.

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Item 13

TRADEMARKS

WHFS grants you the right to operate a Property under the name “Value Place,” and you may also use our other current or future trademarks to identify your Property and the services and products related to the System (collectively, the “Marks”). Our principal Mark is “Value Place®”. The following trademarks have been registered on the Principal Register of the United States Patent and Trademark Office:

<u>TRADEMARK</u>	<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>
VALUE PLACE®	2,893,350	10/12/2004
VALUE PLACE AND DESIGN (NO PRICE, RED) 	3,825,080	7/27/2010

While we operate two different brands the Franchise Agreement you would enter into with us will only give you the right to operate the Property under one brand. You will not be entitled to switch to the WoodSpring Suites brand unless you and we expressly agree, and then only if you agree to make the necessary changes to convert the Property. Such conversion may be costly.

We also claim common law rights to our designs, logos and trade dress items including color schemes and appearance, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common-law trade secret and unfair competition, and copyright protection of materials and information you are granted the right to use under the Franchise Agreement.

There are no other currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending infringement, opposition or cancellation proceedings involving our principal Mark, nor is there any pending material litigation involving our principal Mark. There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the principal mark in any manner material to the Franchisees.

You must follow our rules when you use our trademarks. You cannot use our name or trademarks as part of a corporate name or with modifying words, designs, or symbols. You may not use our trademarks for the sale of an unauthorized product or service or in a manner not authorized in writing by us.

We intend to take reasonable steps to preserve and protect our ownership of the marks and their validity. We are not obligated to protect any rights granted to you to use the trademarks or to protect you against claims of infringement or unfair competition regarding the trademarks. Nevertheless, it may be in our best interest to do so.

You must notify us immediately when you learn about an infringement of or challenge to your use of the trademarks. WHFS will take the action we think is appropriate. You must cooperate fully in prosecuting, defending, or settling any litigation involving the trademarks, including being named as a party in the action at our request. We will undertake the defense of the litigation and will bear the costs of the litigation, except for the costs of any legal counsel separately retained by you. If we require you to modify a trademark that we have previously required you to use, we will pay for your direct expenses associated with the removal of the old trademark and its replacement.

We do not know of any infringing uses that could materially affect your use of our principal mark. You must modify or discontinue the use of a trademark if we modify or discontinue the use of a trademark as a result of a proceeding or settlement. You also must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business. You must maintain the confidentiality of the Brand Standards and any other manuals created for or approved for use in the operation of the Property, and the information contained in the Brand Standards.

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Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise.

We claim copyright protection of our Brand Standards, and advertisement and promotional materials although these materials have not been registered with the United States Registrar of Copyrights. These materials contain information relevant to establishing and operating a Value Place Property. We consider this information proprietary and confidential and consider it our property, and you may use it only as provided in the Franchise Agreement. You must implement our procedures to prevent the unauthorized use and disclosure of our proprietary information and to notify us immediately if there is any unauthorized use or disclosure of our proprietary information.

There currently are no effective determinations of the United States Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect, which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of the copyrighted materials. If there would be any copyright litigation regarding our copyrighted materials, we will control the litigation. This is independent of whether you modify or discontinue using the subject matter of the copyright. We may at any time require you to stop using any copyrighted materials and you will be required to do so.

We will disclose to you confidential or proprietary information and trade secrets. Except as necessary for operation of the Property and as we approve, neither you nor your officers, directors, partners, members, managers, or principals may, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the advertising, marketing, designs, plans, or methods of operation of the Property or the System. You may disclose to your employees only the confidential, proprietary or trade secret information necessary to operate the business and then only while the Franchise Agreement is in effect. All information and knowledge, including the Brand Standards, drawings, materials, equipment, marketing and other data, which we designate as secret or confidential, will be deemed secret and confidential under the Franchise Agreement.

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Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE LICENSED BUSINESS

We will grant the franchise to you in reliance on you and your principals' personal and collective business skills and financial capacity, and your rights and obligations may not be transferred without our written consent. You must remain ultimately responsible for the operation of the Property in compliance with the Franchise Agreement and must exercise oversight and be informed about the operations of the franchise, but you (or your chief operating officer, managing partner, or member or principal manager) are not required to take any specific role in day-to-day operations or to participate personally in direct operations on the premises, if you designate a property manager, who may be your employee, who must devote full time and attention to the management and operation of the Property. The property manager must be a qualified individual who attends and successfully completes our initial General Manager Certification Training programs. The individual need not be one of your principals if you are a corporation, partnership, or limited liability company. If, at any time for any reason, the property manager or managing principal no longer qualifies, you must promptly designate another property manager or managing principal subject to the same qualifications listed above and notify us. If you are permitted to use a management company to manage your Property, the management company may appoint the property manager. A management company may be engaged by you only as provided in Article 13.10 of the Franchise Agreement. As part of the approval process, any third party management company would have to sign the Management Company Covenant Agreement, substantially in the form attached as **Exhibit N**. The property manager is not required to have any amount of equity interest in you. If the Franchisee is an individual, we neither recommend, nor recommend against that Franchisee personally supervising the operation of the Property.

Management responsibilities include maintaining the presence of a property manager during most business hours; maintaining the highest standards of product quality and consistency; maintaining the Property in the highest condition of sanitation, cleanliness, safety, appearance, and legal compliance; and supervising employees to ensure that the highest standard of service is provided and to ensure that your employees deal with customers, suppliers, us, and all other persons in a courteous and polite manner.

If you are a corporation, partnership or limited liability company, your principals must personally guarantee your obligations under the Franchise Agreement and Development Agreement. If a principal is in a community property state, his or her spouse may also have to sign the guaranty. In addition, your partners, principals, officers, directors, managers and members must also agree to be personally bound by, and personally liable for the confidentiality provisions of the Franchise Agreement and/or Development Agreement, all as described in Item 14 and Item 17. Your principals must also agree to certain restrictions on the transfer of their ownership interests. Your property manager will be required to sign a confidentiality agreement before attending the mandatory General Manager Certification Training.

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Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Property in strict conformance with our standard specifications and techniques as contained in the Brand Standards or as posted on the Intranet, as periodically amended by us in our sole discretion. As described in Items 8, 9 and 12, in order to promote substantial uniformity of quality and shared identity at all Properties, you must not offer or sell any product or service or purchase, lease, install, or use any FF&E, concept, supply, building design or layout, color schemes or other item or service unless approved in writing by us as being in compliance with our standards and specifications and the System. We may require that you purchase particular FF&E items from an approved source. We do not expect to derive any revenue from those purchases.

You must offer all of the services that we designate as required for all Franchisees. We can change the types of services that you must offer for sale including the brand and the trademark under which they are sold. There are no limits on our right to do so. In this context, services include not only offering rooms for extended-stay, but also complying with other aspects of operating and managing a Property, for example: participating in different promotional programs, national account programs, direct billing programs, and using such managing and operating techniques and processes that we may put into place.

You must use the premises of the Property solely for the purpose of operating a Value Place Property and refrain from using the premises for any other purpose or activity (including promotion of a competing business) without our prior written permission.

Restrictions on goods and services offered may also arise from Franchise Agreement requirements that you comply with our high standards of quality and service, to refrain from deviating from our standards, or to otherwise operate in any manner adversely affecting the System, the Marks, and the goodwill associated with the System and the Marks, and to comply with the highest health standards and ratings applicable to the franchised Property.

Because pricing is very important in our industry segment, and because pricing and pricing methods promote system uniformity we may, recommend: that lodging rates start at levels no higher than those set by us; maximum mandatory charges for goods and services offered at the Property; and that you offer some rooms in the Property at specified maximum prices. (See Item 11). Currently, we recommend, but do not require, that the minimum price that you set at your Property must end with three 9's (for example, \$169.99, \$189.99, but not \$170 or \$179.50).

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Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision¹		Article in Franchise Agreement	Summary
a.	Length of the franchise term	Article 3.1	Term is 20 years from date Property opens.
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
d.	Termination by franchisee	Not Applicable	
e.	Termination by franchisor without cause	Not Applicable	
f.	Termination by franchisor with cause	Articles 14.1.A, 14.1.C, 14.1.D and 14.1.E	We can terminate only if you default.
g.	"Cause" defined – curable defaults	Articles 8.4 and 14.1.E	You generally have 10 days to cure nonpayment of fees and 30 days to cure failure to submit reports, provide information, maintain our standards or any other default not specified in Article 14. If you fail an inspection for any health or safety reason, we have the right to require that you temporarily close all or part of your Property to all, or only to new guests until the dangers to health and safety have been remedied.
h.	"Cause" defined – non-curable defaults	Articles 14.1.A and 14.1.C	Non-curable defaults: forfeit the right to do business where the Property is located, conviction of felony, unapproved transfers, improper use or disclosure of confidential information, false reporting or submissions to us, under-reporting Room Revenues, repeated defaults even if cured, entry of judgment against you which remains unsatisfied for 30 days, levy against your business or property, action brought to foreclose lien or mortgage against the Property premises or equipment which is not dismissed in 30 days, or you become insolvent, a receiver is appointed to take possession of your business or property, you make a general assignment for the benefit of your creditors, you engage in public conduct that reflects materially and unfavorably upon the System, or the goodwill associated with the Marks, or you are in default under any other Franchise Agreement or

Provision ¹		Article in Franchise Agreement	Summary
			other agreement with us or our affiliates which is not curable, or, if the default is curable, you have not cured the default within the cure period. Also, condemnation of your Property or bankruptcy.
i.	Franchisee's obligations on termination/non-renewal	Articles 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.7, 15.8, 15.9, 15.10, 15.11, 15.12, 15.13 and 15.14	Cease operating the Property; discontinue use of the Marks and advertising; complete deidentification as our Franchisee; transfer telephone numbers and listing to us; deliver all materials and documents for the Property to us; modification and alteration of Property; cease using the System and Brand Standards; remove any sign that has Value Place's distinctive shape, color and/or design; allow us, at our option, to purge at your cost all your usable materials bearing the marks, and/or your office equipment, furniture, fixtures; sell movable signs to us at their fair market value, promptly pay all amounts due us including the liquidated damages set forth in Article 15; and maintain and preserve your financial and other records and make them available for our inspection. If we give you notice, sell the assets of the Property to us or our assignee. See State Addenda.
j.	Assignment of contract by franchisor	Article 13.1	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Articles 1.2.OO and 13	Transfer means voluntary or involuntary assignment, sale, gift or other transfer of your Franchise Agreement or any of your rights or obligations as a Franchisee (Your "Licensed Interest"), including (i) the transfer of ownership of your stock, partnership or limited liability company ownership interest; (ii) merger, reorganization, consolidation or issuances of additional securities representing an interest in your Licensed Interest of Property; (iii) sale of more than a 50% interest in your Licensed Interest; (iv) transfer of a Licensed Interest in a divorce, insolvency, corporate partnership dissolution or otherwise; (v) transfer of a Licensed Interest by will, trust or intestate succession; (vi) change in ownership or otherwise; (vii) any change in trustee or beneficial owner of a trust (if the trust is a Franchisee or has more than a 50% interest in the Licensed Interest); or (viii) any pledge, hypothecation or encumbrance of any Licensed Interest as security for an obligation.
l.	Franchisor's approval of transfer by franchisee	Article 13	You may not transfer your Agreement, your franchise, or any ownership interest in the franchise, the Property or a substantial portion of the Property's assets, without our consent, except under 4 circumstances. If you sign as an individual, you can transfer your Agreement to a corporation, partnership or limited liability company if you maintain your same ownership interest in the new

Provision ¹		Article in Franchise Agreement	Summary
			entity. If you are a corporation, partnership or limited liability company, you may transfer an aggregate of up to 25% of your outstanding voting ownership interests to your employees who are actively engaged in the operations of the Property without our approval if the proposed transfer alone or together with other transfers will not have the effect of transferring a controlling ownership interest in you. If you die or become incapacitated (and you are personally the Franchisee or the owner of more than 50% of the Franchisee), your executor or other personal representatives must transfer all your interests to a third party. With our consent, your personal representative may transfer all your interests to your spouse, parent, sibling, niece, nephew, descendant or spouse's descendant. If you wish to transfer ownership by public or private offering, you must first obtain our written consent. We may withhold the consent in our sole discretion in the case of a public offering, and for a private offering will not unreasonably withhold it. Any other transfer is a change of ownership requiring a new application and payment of an application fee, and, if approved, an initial Franchise Fee. If the transfer is of less than 50% of your ownership and does not transfer a controlling interest, no application fee or Franchise Fee will be required.
m.	Conditions for franchisor's approval of transfer	Articles 13.5, 13.6, 13.7 and 13.9	For sales of securities or other interests by public or private offering, we may grant or deny approval based on whatever we deem to be in our best interests. For public offerings, or private offerings, you must pay us an amount that covers our costs. If you seek a change of ownership, your proposed transferee has to apply for a new franchise. If approved, the transferee has to sign a new Franchise Agreement for a full 20 year term and pay a transfer fee equal to the then current Franchise Fee. We may also require that the new Franchisee's owner sign a guarantee, that you sign a general release, that the Property is updated to then-current standards for new WHFS properties and that you pay a \$5,000 property improvement review fee. With our consent, your personal representative may transfer all your interests to your spouse, parent, sibling, niece, nephew, descendant or spouse's descendant.
n.	Franchisor's right of first refusal to acquire franchisee's business	Not applicable	
o.	Franchisor's option to purchase franchisee's	Article 15.9	Upon termination of the Franchise Agreement for any reason, we have the option for 60 days following the

Provision ¹		Article in Franchise Agreement	Summary
	business		termination to purchase at fair market value all your usable materials bearing the Mark and/or to purchase your office equipment, furniture, fixtures, and moveable signs at their fair market value.
p.	Death or disability of franchisee	Article 13.5, 13.6	If you die or become incapacitated (and you are personally the Franchisee of the owner of more than 50% of the Franchisee), your executor or other legally appointed personal representative must appoint, within 30 days, an approved management company to operate the Property. Pending the appointment and subject to legal formalities, we can appoint a property manager or management company to operate the Property. Your executor or other legally appointed personal representative must also transfer all your interests to a third party within 1 year. With our consent, your estate or legally appointed personal representative may transfer all your interest to your spouse, parent, sibling, direct descendant or spouse's direct descendant.
q.	Non-competition covenants during the term of the franchise ²	Article 7.8 and 16.4	You cannot use the Property premises for any purpose or activity except to operate the Franchised Business and you cannot use it to promote any competing business. During the term of the Franchise Agreement you may not directly or indirectly employ or seek to employ any person who was employed by us or another Franchisee (except a Franchisee who is your affiliate) within the past 6 months.
r.	Non-competition covenants after the franchise is terminated or expires ²	Not applicable	
s.	Modification of the agreement	Article 20	No modifications generally unless in writing signed by you and 1 of our officers but Brand Standards is subject to change.
t.	Integration/ merger Clause	Article 20 and Article 22.2	Only the terms of the Franchise Agreement are binding (subject to state law). However, nothing in the Franchise Agreement is intended to disclaim representations made in this franchise disclosure document.
u.	Dispute resolution by arbitration or mediation ³	Article 19.1	All disputes must be mediated. Mediation occurs in Wichita, Kansas. The mediation proceedings are governed by rules of the American Arbitration Association.
v.	Choice of forum	Article 19.4	Litigation must be in Sedgwick County, Kansas. See State Addenda.
w.	Choice of law	Article 21.1	Kansas law applies. See State Addenda

Notes:

1. Your principals must guarantee all of your obligations in the Franchise Agreement and Development Agreement.
2. All of your partners, principals, officers, directors, managers, and members also must honor all of your obligations in Article 11 of the Franchise Agreement.
3. We also impose the obligations to engage in mediation on your officers, directors, partners, members, managers, and principals.

This table lists certain important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this franchise disclosure document.

	Provision¹	Article in Development Agreement	Summary
a.	Length of the franchise term	Article 4.A	The term of the Development Agreement runs from the date of the signing of the Development Agreement to the date of our signing the Franchise Agreement for the last Property to be established under your Development Schedule.
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
d.	Termination by franchisee	Not Applicable	
e.	Termination by franchisor without cause	Not Applicable	
f.	Termination by franchisor with cause	Article 6.C.	We can terminate if you fail to perform your obligations under your Development and/or Franchise Agreement(s)
g.	"Cause" defined – curable defaults	Not Applicable	
h.	"Cause" defined – non-curable defaults	Article 6	Failure to comply with your Development Schedule, or the terms of any Franchise Agreement, or any other agreement between you and us, if you make an improper transfer, you are adjudicated bankrupt or become insolvent, a receiver is appointed and takes over substantially all of your property, you make a general assignment for the benefit of creditors, or you are the subject of a bankruptcy petition which is not dismissed within 90 days.
i.	Franchisee's obligations on termination/non-renewal	Article 6.D	No continued right to develop Properties in your Assigned Area. Continued compliance with Franchise Agreements for existing Properties.
j.	Assignment of	Article 7.A	No restriction on our right to assign.

	Provision¹	Article in Development Agreement	Summary
	contract by franchisor		
k.	“Transfer” by franchisee – defined	Article 7.B	You are not allowed to transfer the Development Agreement.
l.	Franchisor’s approval of transfer by franchisee	Article 7.B	You are not allowed to transfer the Development Agreement.
m.	Conditions for franchisor’s approval of transfer	Article 7.B	You are not allowed to transfer the Development Agreement.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Article 7.B	You are not allowed to transfer the Development Agreement and therefore WHFS does not have a right of first refusal.
o.	Franchisor’s option to purchase franchisee’s business	Not Applicable	
p.	Death or disability of franchisee	Article 7.B	You are not allowed to transfer the Development Agreement.
q.	Non-competition covenants during the term of the franchise	Article 8	You may not directly or indirectly employ any person that within the past 6 months was employed by us or another developer (except a developer that is your affiliate)
r.	Non-competition covenants after the franchise is terminated or expires	Not applicable	
s.	Modification of the agreement	Article 14	No modifications unless in writing executed by you and 1 of our authorized officers.
t.	Integration/merger Clause	Article 14	Only the terms of the Development Agreement are binding (subject to state law). However, nothing in the Franchise Agreement is intended to disclaim representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Article 15	All disputes must be mediated. Mediation occurs in Wichita, Kansas. The mediation proceedings are governed by rules of the American Arbitration Association.
v.	Choice of forum	Article 15	Litigation in Sedgwick County, Kansas. See State Addenda.
w.	Choice of law	Article 14	Kansas law applies. See State Addenda

This table lists certain important provisions of the Construction Services Agreement. You should read these provisions in the agreement attached to this franchise disclosure document

	<u>Provision</u>	<u>Section in Construction Services Agreement</u>	<u>Summary</u>
a.	Length of the franchise term	Not Applicable	
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
d.	Termination by franchisee	Section 13	You may only terminate if we have been grossly negligent in the performance of our services.
e.	Termination by franchisor without cause	Not Applicable	
f.	Termination by franchisor with cause	Section 13	If we terminate the agreement, we may elect to complete the milestone that is being worked on and you must pay us per the fee schedule for the work.
g.	"Cause" defined—curable defaults	Not Applicable	
h.	"Cause" defined—non-curable defaults	Not Applicable	
i.	Franchisee's obligations on termination/non-renewal	Not Applicable	
j.	Assignment of contract by franchisor	Not Applicable	
k.	"Transfer" by franchisee—defined	Not Applicable	
l.	Franchisor's approval of transfer by franchisee	Section 9	You may not assign or transfer the agreement without the prior written approval of WHCS.
m.	Conditions for franchisor's approval of transfer	Not Applicable	
n.	Franchisor's right	Not Applicable	

<u>Provision</u>		<u>Section in Construction Services Agreement</u>	<u>Summary</u>
	<u>of first refusal to acquire franchisee's business</u>		
<u>o.</u>	<u>Franchisor's option to purchase franchisee's business</u>	<u>Not Applicable</u>	
<u>p.</u>	<u>Franchisee's death or disability</u>	<u>Not Applicable</u>	
<u>q.</u>	<u>Non-competition covenants during the term of the license</u>	<u>Not Applicable</u>	
<u>r.</u>	<u>Non-competition covenants after the franchise is terminated or expires</u>	<u>Not Applicable</u>	
<u>s.</u>	<u>Modification of the agreement</u>	<u>Section 8</u>	<u>The agreement may only be amended, supplemented or changed in writing, signed by the parties against whom enforcement is sought.</u>
<u>t.</u>	<u>Integration/merger Clause</u>	<u>Section 8</u>	<u>Only the terms of the Construction Services Agreement are binding (subject to state law). Any other promises may not be enforceable.</u>
<u>u.</u>	<u>Dispute resolution by arbitration or mediation</u>	<u>Not Applicable</u>	
<u>v.</u>	<u>Choice of forum</u>	<u>Not Applicable</u>	
<u>w.</u>	<u>Choice of law</u>	<u>Section 10</u>	<u>Kansas law applies. See State Addenda.</u>

Notes

1. Your principals must guarantee all of your obligations in the Franchise Agreement and Development Agreement.

There are state specific addenda attached as **Exhibit I** for the states of California, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, Virginia and Washington. The Michigan Addendum is attached following the state cover page.

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Item 18

PUBLIC FIGURES

WHFS does not use any public figure to promote its franchise.

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Item 19

FINANCIAL PERFORMANCE REPRESENTATION

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

~~This item contains certain historic financial information and other data reflecting actual operations of Value Place Properties franchised by WoodSpring Hotels Franchise Services LLC franchisees and/or Properties owned by WoodSpring Hotels LLC or its affiliates ("Company-owned Properties") for the years ended December 31, 2014 and 2015 respectively. We are currently rebranding the majority of Properties that have previously operated under the Value Place brand name to operate under the WoodSpring Suites brand name. There were 32 Properties open and operating at the end of 2014 and 2015 respectively that are not required to rebrand. The historic performance data only includes information for stabilized Properties. Stabilized Properties for the purpose of these financial performance representations are those that were open 120 Days before January 1 of the calendar year for which the financial performance representation is provided and that are not required to rebrand. There were a total of 15 franchised Properties open and stabilized in 2014 and 15 in 2015. There were a total of 17 Company-owned Properties open and stabilized the entire year of 2014 and 2015 respectively.~~

~~This item also contains certain forecasts of future financial performance under the heading "Projections."~~

~~The information provided in this item is based on a number of conditions and assumptions that may not be applicable to you. Local market conditions and economic conditions may not be comparable to your location, where revenues and expenses could be materially different. The limited operating history of these Properties should not be taken as indicative of results over a longer period of time.~~

~~All Stabilized Franchised and Company-Owned Properties with Heat Map Score of 5.0 or Higher~~

~~The information in the first table below is based on qualifying Franchised Properties. The information in the second table below is based on qualifying Company-owned Properties. For the second table, because the Properties for which information is provided are company-owned, they do not pay franchise fees or royalties and may receive some expertise and administrative services through parent company employees for which you will incur additional costs for employees or independent contractors to provide these services. For all tables and charts in this item the Company-owned Properties are pro forma net of royalty fees so financial results presented reflect the results as if the properties were paying regular royalty fees.~~

~~We have developed a scoring system for new site selection and requires any new site for a new Property to have a so called "Heat Map Score" of at least 5.0 on a scale of 1-10. This proprietary algorithm uses the following metrics to determine the score: signage and visibility, surrounding business SIC codes, traffic, daytime population, median income and housing vacancy. The data below represents all of the~~

stabilized Properties with between 120 and 130 units with a Heat Map Score of 5 or greater for which we had 12 months financial data for the respective year. For 2014, that is 4 of 15 franchised Properties. For 2015, that is 4 of 15 franchised Properties. The Properties represented in these two tables resemble the type of locations and properties that would be franchised today.

1. ~~Includes franchisee owned Properties with 120 or more units that obtained a Heat Map Score of 5.0 or greater.~~
2. ~~Includes franchisee owned Properties with 120 or more units that obtained a Heat Map Score of 5.0 or greater.~~
3. ~~Room income is registration fees charged for room occupancy.~~
4. ~~Other revenue is composed primarily of laundry, vending, telephone, sales of dishpaks, and linen charges.~~
5. ~~Organizational and pre opening expenses are composed of the original costs for the formation of the LLCs that own the Properties, and the expenses related to preparing the Properties for opening. These expenses would not be recurring expenses.~~
6. ~~Depreciation expense is not included.~~
7. ~~Professional fees primarily include legal and accounting expenses.~~
8. ~~Management and guest expense represents primarily the salaries and benefits for the property manager and a part time guest service attendant. These are onsite personnel.~~
9. ~~Utilities expense primarily includes electricity, gas, telephone, water and cable television expenses.~~
10. ~~Travel expense primarily includes the cost of travel within the local trade area for general business purposes and travel for training.~~
11. ~~Maintenance expense includes primarily the salaries and benefits for the facility supervisor, and a part time room officer. As part of their compensation, these 2 employees get free accommodation onsite. Additionally, some of the properties incurred self insured losses/damages whereby the repair costs are included in maintenance expense.~~
12. ~~Room costs are primarily the salaries and benefits of the 2 part time room keepers.~~
13. ~~Property taxes are the real property and personal property taxes associated with the property.~~
14. ~~Insurance expense primarily includes the general liability, hazard, and workers' compensation insurance related to both the property and the personnel.~~
15. ~~Marketing expense for the 2014 calendar year is primarily composed of the costs of newspaper and Yellow Pages ads, and the advertising banners used at the property. Marketing expense for the 2015 calendar year is additionally composed of Marketing Fund contributions and marketing services such as call center and e commerce that we started offering to franchisees.~~

16. ~~Management fees and other expenses are composed primarily of management fees, credit card fees, cash overages/shortages, other office expenses, and housekeeping and maintenance-related expenses. 5% Management Fee will vary depending on Franchisee's management structure.~~
17. ~~These Properties operate with an onsite staff of approximately 5.5 full time equivalent employees.~~
18. ~~"Average Occupancy Rate" was calculated by dividing the total rooms occupied by guests by the total rooms available. Some of the Properties were partially opened approximately 30 days before construction was completed. In addition, 2 rooms are made available to employees as part of the compensation for the facility supervisor and the room officer.~~
19. ~~"Average Daily Rate" was calculated by dividing room revenue by the number of rooms occupied by guests.~~
20. ~~"Revenue Per Available Room" was calculated by multiplying the occupancy, as defined above, times the average daily rate.~~
21. ~~"Weekly Room Rate" represents all of the weekly room fees, at the respective rates, added together and divided by the total number of weekly room occupancy.~~
22. ~~Of the Properties included, 2 out of 4, or 50%, attained or surpassed the stated results.~~
23. ~~Of the Properties included, 2 out of 4, or 50%, attained or surpassed the stated results.~~

~~All Stabilized, Large System Properties and Subset Information~~

~~The following Tables present financial performance representations for various groupings of franchised and Company-owned Properties for the years of 2014 and 2015.~~

~~For all of the following Tables and Charts in this item the Company-owned Properties are pro forma net of royalty fees so financial results presented reflect the results as if the properties were paying regular royalty fees. Total Operating Expenses are presented in these Tables and Charts do not include above property level management company fees, property taxes, insurance, or depreciation.~~

~~Table 1: 2015 — 4 Stabilized, Large Franchised Properties Grouped Financial Results
Summaries includes financial information for all Large, Stabilized, Franchised Properties open for the entire 2015 calendar year.~~

~~Table 2: 2014 — 4 Stabilized, Large Franchised Properties Grouped Financial Results
Summaries includes financial information for all Large, Stabilized, Franchised Properties open for the entire 2014 calendar year.~~

Projections

The following chart is a model you can use to analyze your potential future financial performance. The “Single Property Stabilized Annual Pro Forma” is a pro forma that includes formulas for calculation of projected costs and returns. The pro forma and the formulas are based on our and our affiliate’s experience in building and operating Value Place Properties since 2003 and our affiliates usually use this pro forma as part of their analysis for new company-owned locations.

Value Place—Single Property Stabilized Annual Pro-Forma

Enter Assumptions—Initial is based on Last 10 Company-owned Projects

	Column-A	Column-D	Column-F	Column-H
7	Units	124	Revenue	
8	Occupancy Rate (%)		Room Revenue	=D7*D8*D9/7*365
9	AWR		Ancillary Revenue	=D10
10	Ancillary Revenue		Total Revenue	=SUM(H8:H9)
11				
12	Staffing Expenses		Operating Expenses	
13	Utilities		Staffing Expenses	=D12
14	Maintenance		Utilities	=D13
15	Other Operating Expenses		Maintenance	=D14
16	Management Fees (% of Total Revenue)	0.05	Other Operating Expenses	=D15
17	Royalties (% of Room Revenue) ¹	0.05	Management Fees	=D16*H10
18	Property Taxes (% of Total Revenue)		Royalties	=D17*H8
19	Insurance (% of Total Revenue)		Total Operating Expenses	=SUM(H13:H18)
20	Reserve Funding (% of Room Revenue)	0.04	Gross Operating Profit	=H10+H19
21				
22	License Fee	50000	Property Taxes	=D18*H10
23	Soft Costs (Architecture, Permitting, Engineering)		Insurance	=D19*H10
24	Land Costs		Reserve Funding	=D20*H8
25	Construction Costs (incl. Site Work)	4682000	Net Operating Income	=H20+H22+H23+H24
26	Furniture, Fixtures and Equipment	409000		
27	Signage	106000	Stabilized Net Operating Income	=H25
28	Training and other Pre-Opening Costs	85000	Total Project Costs	=D29
29	Total Project Costs	=SUM(D22:D28)	Stabilized Unlevered Annual Return	=H27/H28

¹ Financial data includes Pro-Forma Royalties and does not include Depreciation

43882.3

15394.3

Based on the data you input into the above chart you can use the following Microsoft Excel™ formula to calculate the potential return on investment:

~~SUM(SUM(((((\$D\$7*365)*\$D\$8)*AWR)/7)+\$D\$10)-SUM(\$D\$12:\$D\$15)-
SUM(SUM(((((\$D\$7*365)*\$D\$8)*AWR)/7)+\$D\$10)*\$D\$16)-
SUM(SUM(((((\$D\$7*365)*\$D\$8)*AWR)/7)*\$D\$17)-
SUM(SUM(((((\$D\$7*365)*\$D\$8)*AWR)/7)+\$D\$10)*\$D\$18)-
SUM(SUM(((((\$D\$7*365)*\$D\$8)*AWR)/7)+\$D\$10)*\$D\$19)-
SUM(SUM(((((\$D\$7*365)*\$D\$8)*AWR)/7)*\$D\$20))/SUM(SUM(\$D\$22:\$D\$23)+SUM(\$D\$25:\$D\$28
) + Land Price)~~

Upon your request, we can provide you with an Excel spreadsheet containing the Single Property Stabilized Annual Pro Forma with the return on investment formula tied in.

As a new Franchisee, your individual financial results are likely to differ from the results set forth above and we are not guaranteeing or promising that you can attain the results in the historic or future financial performance representations made. A number of factors will directly affect the financial results of your Property. These include the general market for Property service in your area, time for ramp-up, competition, general economic conditions, demand for rooms, site location, competency of your management and other factors. ~~THESE REVENUES, EXPENSES, AND OCCUPANCY DATA SHOULD NOT BE CONSIDERED THE ACTUAL OR POTENTIAL REVENUES, EXPENSES, OR OCCUPANCY DATA THAT ANY FRANCHISEE WILL REALIZE. WE DO NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE REVENUES, EXPENSES, AND OCCUPANCY DATA.~~

Substantiation of the data used in preparing these financial performance representations will be made available to you on reasonable request. Except as expressly listed above, we do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of a WoodSpring Suites Property. Actual results may vary from Property to Property, and we cannot estimate the results of any particular franchised Property.

Other than the preceding financial performance representation, WoodSpring Hotels Franchise Services LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kyle Rogg, 8621 E. 21st Street North, Suite 250, Wichita, KS 67206, (316) 630-5585, the Federal Trade Commission, and the appropriate state regulatory agencies.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projection of your future income, you should report it to the franchisor's management by contacting David Kim, 8621 E. 21st Street North, Suite 250, Wichita, KS 67206, (316) 630-5536, the Federal Trade Commission, and the appropriate state regulatory agencies

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Item 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE 1

System-wide Outlet Summary for Years ~~2013~~2014 to 2015¹2016¹

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year ³	Column 5 Net Change
Franchised	2013 2014	135 111	113 107	-224
	2014	113	109	-4
	2015	109 107	111 109	+2
	2016	109	31	-78
Company-Owned ²	2013 2014	45 74	74 82	+298
	2014	74	82	+8
	2015	82	84	+2
	2016	84	20	-64
Total Outlets	2013 2014	180 185	187 189	+74
	2014	187	191	+4
	2015	191 189	195 193	+5
	2016	193	51	-142

Notes:

1. All numbers are as of December 31, ~~2013~~2014; December 31, ~~2014~~2015; and December 31, ~~2015~~2016.

2. WHFS does not own or operate any Properties. The Properties listed are owned by one of our affiliates.

3. The majority of both franchised and company-owned Properties ~~are~~were required to rebrand to our sister brand, WoodSpring Suites, by December 31, 2016. For state-specific information about rebranding, see the notes to Tables 3 and 4 below.

TABLE 2

Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor) For Years ~~2013~~2014 to 2015¹2016¹

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Alabama	2014	0
	2015	0
	2016	2
Arkansas	2013 2014	0 4
	2014	4

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2015	0
	2016	0
Florida	2013 2014	0
	2014	0
	2015	2
	2013 2016	0
Illinois Georgia	2014	0
	2015	20
Indiana	2013	1
	2014	0
	2015	0
	2013 2016	1
Iowa Illinois	2014	0
	2015	0 2
	2016	0
Indiana	2014	0
	2015	0
	2016	1
Kansas	2013 2014	21
	2015	0
	2014 2016	10
	2015	0
Louisiana	2013	3
	2014	0
	2015	0
	2013	1
MissouriKentucky	2014	0
	2015	0
	2013 2016	0 1
North CarolinaMichigan	2014	0
	2015	10
	2013 2016	1
Missouri	2014	0
	2015	0
	2016	1
OhioNew Mexico	2014	0
	2015	0
	2013 2016	0 1
SouthNorth DakotaCarolina	2014	0
	2015	1
Tennessee	2013	1
	2014	0
	2015 2016	0
Ohio	2014	0
	2015	0
	2016	3
South Dakota	2014	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2015	1
	2016	0
Texas	2013 2014	0 7
	2014	5
	2015	0
	2016	0
TOTAL	2013 2014	4 016
	2014	16
	2015	6
	2016	11

Note:

1. All numbers are as of December 31, ~~2013~~2014; December 31, ~~2014~~2015; and December 31, ~~2015~~2016.

TABLE 3

Status of Franchised Outlets for Years 20132014 to 20152016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons ¹	Column 9 Outlets at End of the Year ²³
Alabama	<u>2013</u> <u>2014</u>	<u>3</u> <u>2</u>	0	0	0	<u>1</u> <u>0</u>	0	2
	<u>2014</u> <u>2015</u>	2	0	0	0	0	0	2
	<u>2015</u> <u>2016</u>	2	0	0	0	0	0	2
Arizona <u>Arkansas</u>	<u>2013</u> <u>2014</u>	<u>2</u> <u>4</u>	0	0	0	<u>2</u> <u>4</u>	0	0
	<u>2014</u> <u>2015</u>	0	0	0	0	0	0	0
	<u>2015</u> <u>2016</u>	0	0	0	0	0	0	0
<u>Arkansas</u> <u>California</u>	<u>2013</u> <u>2014</u>	<u>4</u> <u>1</u>	0	0	0	0	0	<u>4</u> <u>1</u>
	<u>2014</u> <u>2015</u>	<u>4</u> <u>1</u>	0	0	0	<u>4</u> <u>0</u>	0	<u>0</u> <u>1</u>
	<u>2015</u> <u>2016</u>	<u>0</u> <u>1</u>	0	0	0	0	0	<u>0</u> <u>1</u> ²
<u>California</u> <u>Colorado</u>	<u>2013</u> <u>2014</u>	1	<u>0</u> <u>1</u>	0	0	0	0	<u>1</u> <u>2</u>
	<u>2014</u> <u>2015</u>	<u>1</u> <u>2</u>	0	0	0	0	0	<u>1</u> <u>2</u>
	<u>2015</u> <u>2016</u>	<u>1</u> <u>2</u>	0	0	0	0	<u>0</u> <u>2</u>	<u>1</u> <u>0</u>
<u>Colorado</u>	<u>2013</u>	3	0	0	0	2	0	1
	<u>2014</u>	1	1	0	0	0	0	2
	<u>2015</u>	2	0	0	0	0	0	2
Florida	<u>2013</u> <u>2014</u>	<u>1</u> <u>7</u> <u>6</u>	0	0	0	<u>1</u> <u>0</u>	0	6
	<u>2014</u>	6	0	0	0	0	0	6
	<u>2015</u>	6	0	0	0	0	0	6
Georgia	<u>2016</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>2</u> ²
	<u>2013</u> <u>2014</u>	5	0	0	0	0	0	5
	<u>2015</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Illinois	<u>2016</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>3</u> ²
	<u>2014</u>	1	0	0	0	0	0	1
	<u>2014</u> <u>2015</u>	<u>5</u> <u>1</u>	0	0	0	0	0	<u>5</u> <u>1</u>
	<u>2015</u> <u>2016</u>	<u>5</u> <u>1</u>	0	0	0	0	<u>0</u> <u>1</u>	<u>5</u> <u>0</u>

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons ¹	Column 9 Outlets at End of the Year ^{2,3}
Illinois <u>Indiana</u>	2013 <u>2014</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2014 <u>2015</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2015 <u>2016</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u> ²
Indiana <u>Iowa</u>	2013 <u>2014</u>	5 <u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	2 <u>0</u>	<u>0</u>	<u>3</u>
	2014 <u>2015</u>	4 <u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2015 <u>2016</u>	4 <u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u> ²
Iowa <u>Kansas</u>	2013 <u>2014</u>	3 <u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2014 <u>2015</u>	3 <u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2015 <u>2016</u>	3 <u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0 <u>2</u>	<u>3</u> ²
Kansas <u>Kentucky</u>	2013 <u>2014</u>	4 <u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2014 <u>2015</u>	4 <u>2</u>	0 <u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2015 <u>2016</u>	4 <u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0 <u>2</u>	<u>4</u> ²
Kentucky <u>Louisiana</u>	2013 <u>2014</u>	2 <u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2014 <u>2015</u>	2 <u>5</u>	<u>0</u>	0 <u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2015 <u>2016</u>	2 <u>4</u>	1 <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0 <u>3</u>	<u>2</u> ²
Louisiana <u>Maryland</u>	2013 <u>2014</u>	4 <u>1</u>	1 <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2014 <u>2015</u>	5 <u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	2015 <u>2016</u>	5 <u>1</u>	<u>0</u>	1 <u>0</u>	<u>0</u>	<u>0</u>	0 <u>1</u>	<u>4</u>
Maryland <u>Michigan</u>	2013 <u>2014</u>	0 <u>2</u>	1 <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2014 <u>2015</u>	1 <u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2015 <u>2016</u>	1 <u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	0 <u>1</u>	0 <u>1</u>	<u>0</u>
Michigan <u>Minnesota</u>	2013 <u>2014</u>	2 <u>1</u>	<u>0</u>	0 <u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2014 <u>2015</u>	2 <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2015 <u>2016</u>	2 <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Minnesota <u>Missouri</u>	2013 <u>2014</u>	1 <u>3</u>	<u>0</u>	0 <u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2014 <u>2015</u>	1 <u>2</u>	<u>0</u>	1 <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2015 <u>2016</u>	0 <u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	0 <u>1</u>	<u>0</u>	<u>0</u> ²
Mississippi <u>Nebraska</u>	2013 <u>2014</u>	0 <u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2014 <u>2015</u>	0 <u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons ¹	Column 9 Outlets at End of the Year ^{2,3}
	20152016	02	0	0	0	0	01	01 ²
	2013	5	0	0	0	2	0	3
MissouriNew	2014	32	0	40	0	0	0	2
Mexico	2015	2	1	0	0	0	0	3
	20152016	23	0	0	0	01	0	22 ³
NebraskaNevada	20132014	31	0	0	0	40	0	21
	20142015	21	0	01	0	0	0	20
	20152016	20	0	0	0	0	0	20
NewNorth	20132014	26	0	0	0	0	0	26
MexicoCarolina	20142015	26	0	0	0	0	0	26
	2016	6	0	0	0	0	6	0
	2015	2	4	0	0	0	0	3
NevadaNorth	20132014	43	01	0	0	0	0	44
Dakota	20142015	44	0	0	0	0	0	44
	20152016	44	0	40	0	0	04	0
North Carolina	2013	6	0	0	0	0	0	6
	2014	6	0	0	0	0	0	6
	2015	6	0	0	0	0	0	6
North Dakota	2013	2	4	0	0	0	0	3
	2014	3	4	0	0	0	0	4
	2015	4	0	0	0	0	0	4
Ohio	20132014	53	01	0	0	20	0	34
	2014	3	4	0	0	0	0	4
	2015	4	1	0	0	0	0	5
	2016	5	0	0	0	0	4	1 ²
Oklahoma	20132014	1	0	0	0	0	0	1
	2014	4	0	0	0	0	0	4
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	1	0

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons ¹	Column 9 Outlets at End of the Year ²³
Pennsylvania	20132014	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
South Carolina	20132014	7	0	0	0	0	0	7
	20142015	7	0	0	0	0	0	7
	20152016	7	0	0	0	0	0	7
	20132014	1	0	0	0	0	0	1
South Dakota	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	20132014	9	0	0	0	0	0	9
Tennessee	20142015	9	0	0	0	0	0	9
	20152016	7	0	0	0	0	0	7
	20132014	29	20	0	0	30	0	28
	2014	28	0	0	0	0	0	28
Texas	2015	28	0	0	0	0	0	28
	20132016	228	0	0	0	20	0	28
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Virginia	20132014	45	21	0	0	40	0	56
	2014	5	1	0	0	0	0	6
	2015	6	1	0	0	0	0	7
	2016	7	0	0	0	0	0	0
Totals	20132014	135	111	04	0	294	0	113
	2014	113	4	4	0	4	0	109
	2015	109	4	2	0	0	0	111

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons ¹	Column 9 Outlets at End of the Year ²
	2016	109	0	0	0	3	75	31

1. All numbers are as of December 31, 2013; December 31, 2014; and December 31, 2015. 1. All locations included in this category converted to our sister brand, WoodSpring Suites.

2. The Properties listed include the following franchised Properties currently operated under the Value Place brand that are expected to rebrand to the WoodSpring Suites brand in 2016: Except for 2 locations in Alabama and for 1 location each in Georgia, New Mexico and Texas, all locations included in this category converted to our sister brand, WoodSpring Suites, after December 31, 2016. As of the effective date of this FDD, there are 5 franchised locations operating under the Value Place brand.

State	Franchised Properties Required to Rebrand
California	4
Colorado	2
Florida	6
Georgia	3
Illinois	4
Indiana	4
Iowa	3
Kansas	3
Kentucky	4
Louisiana	4
Maryland	4
Michigan	2
Missouri	4
Nebraska	4
New Mexico	1
North Carolina	5
North Dakota	3
Ohio	5

State	Franchised Properties Required to Rebrand
Pennsylvania	4
South Carolina	6
South Dakota	4
Tennessee	6
Texas	27
Virginia	7
Total	95

TABLE 4

Status of Company-Owned Outlets¹ for Years 2013 to 2015²

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisees	Column 6 Outlets Closed ³	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year ³
Alabama	20132014	56	0	40	0	0	6
	20142015	6	0	0	0	0	6
	20152016	6	0	0	05	0	61
ArizonaArkansas	20132014	40	0	24	0	0	34
	20142015	34	0	0	0	0	34
	20152016	34	0	0	0	0	34
ColoradoArizona	20132014	43	0	20	0	0	3
	20142015	3	0	0	0	0	3
	20152016	3	0	0	03	0	30
Colorado	2014	3	0	0	0	0	3
	2015	3	0	0	0	0	3
	2016	3	0	0	3	0	0
Florida	20132014	213	01	110	0	0	1314

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisees	Column 6 Outlets Closed ²	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year ³
	2014	13	1	0	0	0	14
	2015	14	1	0	0	0	15
	2016	15	0	0	15	0	0
Georgia	2013 2014	3	0	0	0	0	3
	2014	3	0	0	0	0	3
	2015	3	1	0	0	0	4
	2016	4	0	0	2	0	2
	2013 2014	24	0	20	0	0	4
	2014	4	0	0	0	0	4
Indiana	2015	4	0	0	0	0	4
	2013	3	0	0	0	0	3
	20142015	34	0	0	0	0	34
Kansas	2016	4	0	0	3	0	1
	2015	3	0	0	0	0	3
	2013 2014	23	0	0	0	0	23
KentuckyKansas	2014 2015	23	0	0	0	0	23
	2015 2016	23	0	0	02	0	21
	2013 2014	2	0	0	0	0	2
LouisianaKentucky	2014 2015	2	0	0	0	0	2
	2015 2016	2	0	0	02	0	20
	2013 2014	2	0	0	0	0	2
MississippiLouisiana	2014 2015	2	0	0	0	0	2
	2015 2016	2	0	0	02	0	20
	2013 2014	10	0	20	0	0	30
MissouriMichigan	2014 2015	30	10	0	0	0	40
	2015 2016	40	01	01	0	0	42
	2013 2014	02	0	10	0	0	12
NebraskaMississippi	2014 2015	12	0	0	0	0	12
	2015 2016	12	0	0	01	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisees	Column 6 Outlets Closed ³	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year ³
North Carolina	2013	43	0	0	0	0	4
	2014	4	0	0	0	0	4
	2015	4	0	0	0	0	4
Missouri	2013	4	0	0	0	0	4
	2014	4	0	0	0	0	4
	2015	4	0	0	0	0	4
Ohio	2013	31	0	20	0	0	51
	2014	51	20	0	0	0	71
	2015	71	0	0	0	0	70
Nebraska	2013	40	0	0	0	0	40
	2014	40	0	0	0	0	40
	2015	40	0	0	0	0	41
Oklahoma	2013	40	0	0	0	0	40
	2014	40	0	0	0	0	40
	2015	40	0	0	0	0	41
New Mexico	2013	40	0	0	0	0	40
	2014	40	0	0	0	0	40
	2015	40	0	0	0	0	41
South Carolina	2013	24	0	0	0	0	24
	2014	24	0	0	0	0	24
	2015	24	0	0	0	0	24
North Carolina	2013	24	0	0	0	0	24
	2014	24	0	0	0	0	24
	2015	24	0	0	0	0	24
Ohio	2014	5	2	0	0	0	7
	2015	7	0	0	0	0	7
	2016	7	0	0	0	0	0
Oklahoma	2014	4	0	0	0	0	4
	2015	4	0	0	0	0	4
	2016	4	0	0	0	0	0
South Carolina	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	0
Texas	2013	710	0	30	0	0	10
	2014	40	0	0	0	0	40
	2015	10	0	0	0	0	10
Utah	2013	10	0	0	0	0	4
	2014	10	0	0	0	0	4
	2015	10	0	0	0	0	4
Virginia	2013	43	0	20	0	0	3
	2014	3	0	0	0	0	3
	2015	3	0	0	0	0	3
Virginia	2013	3	0	0	0	0	0
	2014	3	0	0	0	0	0
	2015	3	0	0	0	0	0
Virginia	2013	0	0	10	0	0	1
	2014	0	0	10	0	0	1
	2015	0	0	10	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisees	Column 6 Outlets Closed ²	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year ³
	2014	4	0	0	0	0	4
	2015	1	0	0	0	0	1
	2016	1	0	0	1	0	0
Totals	20132014	4574	04	294	0	0	7482
	2014	74	4	4	0	0	82
	2015	82	2	0	0	0	84
	2016	84	1	2	67	0	20

Notes:

1. WHFS does not own or operate any Properties. The Properties listed are owned by one of our affiliates.
2. All numbers are as of December 31, ~~2013~~2014; December 31, ~~2014~~2015; and December 31, ~~2015~~2016.
3. The Properties listed include the following affiliate owned Properties currently operated under the Value Place brand that are expected to rebrand as closed during the 2016 fiscal year were all converted to our sister brand, WoodSpring Suites. Of the Properties listed as open at the end of 2016 all, except for 1 property in Georgia, either have, or are intended to convert to the WoodSpring Suites brand in ~~2016~~2017.

State	Projected New Company-Owned Outlets ² in the Next Fiscal Year
Alabama	5
Arizona	3
Colorado	3
Florida	15
Georgia	4
Indiana	4
Kansas	2
Kentucky	4
Louisiana	2
Mississippi	4

State	Projected New Company-Owned Outlets ² in the Next Fiscal Year
Missouri	2
Nebraska	4
North Carolina	3
Ohio	8
Oklahoma	4
South Carolina	2
Texas	6
Utah	3
Virginia	4
Total	67

TABLE 5

Projected New Franchised Outlets as of December 31, ~~2015~~2016

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
All states	0	0	0
Total	0	0	0

Attached as **Exhibit G** is a list of the names of all Franchisees, and the addresses and telephone numbers of all their units, as of December 31, ~~2015~~2016.

Attached as **Exhibit H** is a list of the name, city and state and current business telephone number or last known home telephone number of every Franchisee who, in WHFS' most recent full fiscal year end, either (1) had a unit terminated by the Company, (2) had a unit not renewed by the Company, or (3) otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement. **Exhibit H** also lists every Franchisee that has not communicated with WHFS within 10 weeks of the date that WHFS prepared and filed this franchise disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system. No Franchisees are currently disclosed in **Exhibit H**.

Our Franchisees have not signed any confidentiality clauses during the last three fiscal years that must be disclosed in this Franchise Disclosure Document.

Our franchisee advisory council, WHFA, was created by us. Its address is the same as ours: 8621 E. 21st Street North, Suite 250, Wichita, Kansas 67206, and its telephone number is also the same as ours: 316-630-5505. Its e-mail address is WHFA_SUPPORT@ValuePlace.com ~~WHFA_SUPPORT@ValuePlace.com~~. WHFA does not have a web site.

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Item 21

FINANCIAL STATEMENTS

Attached to this franchise disclosure document as **Exhibit F** are the audited balance sheets of WoodSpring Hotels Franchise Services Support LLC (“WHFSS”) as of December 31, ~~2015~~2016 and December 31, ~~2014, 2015~~, and the related statements of earnings and member’s capital and cash flows for each of the three years in the period ended December 31, ~~2015, 2016~~.

Performance under the terms of the Franchise Agreement and Development Agreement by WHFS is unconditionally guaranteed by our affiliate, WHFSS. A copy of the guarantee is included in **Exhibit F**.

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Item 22

CONTRACTS

The following agreements are attached to this franchise disclosure document:

- Exhibit C –** Franchise Agreement, including Guaranty and Direct Debit Authorization Agreement.
- Exhibit D–** Development Agreement including Guaranty
- Exhibit I –** State Addenda
- Exhibit J –** Mutual Agreement for Termination and Release
- Exhibit K –** Management Company Covenant Agreement
- Exhibit L –** Standard Value Place Lender Comfort Letter
- Exhibit M - Construction Services Agreement**

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Item 23
RECEIPTS

The last 2 pages of this franchise disclosure document are receipt pages. Please insert the name, address and telephone number of the franchise seller, and date and sign both copies. Detach the last 2 pages and return to us promptly on execution. Retain the other copy of the receipt pages for your records.

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EXHIBIT A

List of State Administrators

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

California

Department of Business Oversight
State of California
Suite 750
320 W. 4th Street
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677

Hawaii

(FDD not registered)

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

Illinois

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

Indiana

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

Maryland

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

Michigan

Consumer Protection Division
Franchise Section
Michigan Department of Attorney General
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Commissioner of Commerce
85 E 7th Place, Suite 500
St. Paul, Minnesota 55101-2198
(651) 539-1600

New York

Bureau of Investor Protection
and Securities
New York State Department of Law
23rd Floor
120 Broadway
New York, New York 10271
(212) 416-8211

North Dakota

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

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

Rhode Island

Department of Business Regulation
Rhode Island Securities Division
1511 Pontiac Ave.
John O. Pastore Complex - Building 69-1
Cranston, RI 02920
(401) 462-9582

South Dakota

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

Virginia

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

Washington

Department of Financial Institutions
Securities Division
State of Washington
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8738

Wisconsin

Division of Securities
Department of Financial Institutions
Wisconsin Commissioner of Securities
P.O. Box 1768
Madison, Wisconsin 53701-1768
(608) 266-8559

EXHIBIT B

WoodSpring Hotels Franchise Services LLC Agents for Service of Process

California

Commissioner of Business Oversight
State of California
Department of Business Oversight
320 W. 4th Street, Suite 750
Los Angeles, California 90013-2344

Maryland

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, Maryland 21202-2020

Hawaii (FDD not registered)

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Michigan

Michigan Department of Commerce
Corporation & Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48933

Illinois

Office of Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706

Minnesota

Minnesota Department of Commerce
Commissioner of Commerce
85 E 7th Place, Suite 500
St. Paul, Minnesota 55101-2198
(651) 539-1600

Indiana

Secretary of State
State of Indiana
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

New York

Secretary of State
One Commerce Plaza
99 Washington Avenue
Albany, New York 12231-0001

Kansas

Karen Pickens
8621 E. 21st Street North
Suite 250
Wichita, Kansas 67206
(316)-641-1488

North Dakota

North Dakota Securities Department
State of North Dakota
Fifth Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510

Oregon

Department of Consumer & Business Services
Division of Finance & Corporate Securities
State of Oregon
350 Winter Street, N.E., Room 21
Salem, Oregon 97310

Rhode Island

Department of Business Regulation
Rhode Island Securities Division
1511 Pontiac Ave.
John O. Pastore Complex - Building 69-1
Cranston, RI 02920

South Dakota

Franchise Administrator
Department of Labor and Regulation
Division of Securities
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Washington

Director of Financial Institutions
Securities Division
State of Washington
150 Israel Rd. SW
Tumwater, Washington 98501

Wisconsin

Commissioner of Securities
Wisconsin Securities Commission
345 W. Washington, 4th Floor
Madison, Wisconsin 53703

EXHIBIT C

WOODSPRING HOTELS FRANCHISE SERVICES LLC

**VALUE PLACE
FRANCHISE AGREEMENT**

WOODSPRING HOTELS FRANCHISE SERVICES LLC

**VALUE PLACE
FRANCHISE AGREEMENT**

WOODSPRING HOTELS FRANCHISE SERVICES LLC

FRANCHISE AGREEMENT

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Exhibits

- A Designated Model and Approved Location
- B Owners of Franchisee
- C Area of Protection Map
- D Authorization Agreement for Prearranged Payments (Direct Debits)

**WOODSPRING HOTELS FRANCHISE SERVICES LLC
VALUE PLACE
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into at Wichita, Kansas this _____ day of _____, by and between WoodSpring Hotels Franchise Services LLC, a Kansas limited liability company (hereinafter referred to as "Franchisor"), and _____ (hereinafter referred to as "Franchisee"), whose principal business address is _____.

Recitals

A. Franchisor has developed and owns a concept and distinctive system for the design, decor, establishment, operation, and image of extended-stay properties under the Proprietary Marks utilizing certain Trade Secrets.

B. Franchisee desires to establish and operate a property under the System and the Proprietary Marks designated by Franchisor in **Exhibit A** hereto ("Property") and wishes to obtain a franchise license from Franchisor for that purpose.

C. Franchisee recognizes the benefits to be derived from being identified with and licensed to use the System and Franchisee understands and acknowledges the importance of operating the extended-stay property licensed hereunder in strict conformity with Franchisor's standards and specifications in order to enhance public acceptance of, and demand for, all System Properties.

D. Franchisor is relying upon the business skill, financial capacity, and character of Franchisee and its principals, and the guarantee of Franchisee's obligations by its principals, if applicable, as attached to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the promises contained herein, the parties agree as follows:

Article 1 Acknowledgments and Representations.

1.1 Franchisee acknowledges and represents to Franchisor, in order to induce Franchisor to enter this Agreement, as follows:

A. Franchisee has read this Agreement and Franchisor's franchise disclosure document ("FDD") and understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of quality and service and the uniformity of those standards at each System Property in order to protect and preserve the goodwill of the Proprietary Marks.

B. Franchisee has conducted an independent investigation of the business contemplated by this Agreement. Franchisee recognizes that the nature of the business conducted by Franchisor may evolve and change over time; that an investment in System Property involves business risks which have been considered by Franchisee; and that the success of the venture depends primarily upon Franchisee's business ability and efforts.

C. Franchisee has not received or relied upon any guarantee, expressed or implied, about the revenues, profits, or success of the business venture contemplated by this Agreement.

D. Other than the FDD, no representations have been made by Franchisor, its Affiliates, or by their respective members, managers, officers, employees, directors, and/or agents, and Franchisee has not relied on any representations that are contrary to or not contained in the terms contained in this Agreement or the FDD.

E. In all of their dealings with Franchisee, the members, managers, officers, employees, directors, and/or agents of Franchisor act only in a representative capacity, not in an individual capacity, and that this Agreement and all business dealings between Franchisee and such individuals as a result of this Agreement are solely between Franchisee and Franchisor.

F. All information contained in the application made by Franchisee to Franchisor is true, correct, and complete. Franchisee has made no incorrect statement in the application or failed to make any statement that would be necessary to make the statements in the application not misleading.

1.2 The definitions applicable throughout this Agreement are set forth below:

A. "Affiliate" shall mean with respect to a person (including any legal person), (i) a person (including any legal person) that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person; and (ii) any parent, spouse, lineal descendant or adopted child of such person, any spouse or adopted child of any such descendant or any child of such spouse, the executors, administrators, conservators or personal representatives of any such person or any person referred to in this clause (ii) and any person which, directly or indirectly, is owned or controlled by one or more of the persons referred to in this clause (ii).

B. "Affiliate System" shall mean another franchise system or chain owned and operated by Franchisor or its Affiliate under another name, trade name, service mark, trademark, logo, emblem, or other indication of origin than the Proprietary Marks.

C. "Agreement" shall have the meaning set forth in the introductory paragraph hereof.

D. "Application Fee" shall mean the fee paid by Franchisee when submitting a Franchise Application.

E. "Approved Location" shall mean the street address set forth on **Exhibit A** hereto.

F. "Area of Protection(s)" shall mean the specific territory or territories licensed to the Franchisee.

G. "Brand Standards" shall mean, collectively, the System standards, Brand Standards, and directions (whether in written, machine readable, electronic, or any other form), as they may be modified, amended or supplemented by Franchisor in its sole discretion, setting out the standards, methods, procedures, techniques and specifications of the System.

H. "Change in Control" shall mean (i) the acquisition, directly or indirectly, in one transaction or a series of related transactions, by any person or affiliated group of the beneficial ownership of ownership interest in Franchisee representing 50% or more of the equity interest in the Franchisee, (ii) any merger or consolidation of Franchisee other than a merger or consolidation where fifty one percent

(51%) or more of the total combined voting power of all outstanding ownership interest of the surviving entity or the acquiring entity, as the case may be, shall be received by and/or held immediately after the consummation of such transaction by one or more holders of the outstanding ownership interest of Franchisee, immediately prior to such transaction, or (iii) the sale, transfer, license or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of Franchisee to which this Agreement relates.

I. "Commencement of Construction," "Commence Construction," "Commencing Construction" or "Construction Commencement" shall mean the date that footings are poured (or the equivalent thereof) at the Approved Location.

J. "Competing Business" shall mean any property, motel, or other business that provides economy lodging accommodations on a weekly-stay basis with kitchen facilities and limited (not on a daily basis) maid service but will not include another hotel operated under any of the Proprietary Marks or under any other trademark that Franchisor or its Affiliates franchise hotels under.

K. "Construction Completion" shall have the meaning set forth in Article 5.4.

L. "Controlling Interest" shall mean more than 50% of the voting interest in an entity, or such other ownership or voting interest that allows the holder thereof to control significant decisions in such entity.

M. "Conversion Properties" shall have the meaning set forth in Article 2.5B.

N. "Dispute" or "Disputes" shall have the meaning set forth in Article 19.1.

O. "FF&E" shall mean fixtures, equipment, furnishings, furniture, telephone system, facsimile machine, computer systems, reservation system, signs, supplies and other items used in the operation of the Property.

P. "Franchise Application" shall mean the application submitted by Franchisee to Franchisor requesting a grant of a Franchise Agreement for a Value Place Property in the Area of Protection where the Approved Location is located.

Q. "Franchised Business" shall mean the System Property licensed to, developed and operated by Franchisee under this Agreement.

R. "Franchisee" shall have the meaning set forth in the introductory paragraph of this Agreement.

S. "Franchise Fee" shall mean the fee due upon execution and delivery of this Agreement as provided in Article 4.

T. "Franchisor" shall mean WoodSpring Hotels Franchise Services LLC, a Kansas limited liability company.

U. "Incapacitated" or "Incapacity" means, the inability of Franchisee, or its majority owner if an entity, to operate the Franchised Business in the ordinary course of business for 30 days or more in any consecutive 90 day period. If the parties are unable to agree whether the Franchisee, or its majority owner if an entity, is Incapacitated, the Incapacity will be determined by three physicians chosen in the following manner: Franchisee, its majority owner, or the legal representative of the Franchisee or its

majority owner, shall select one physician and Franchisor shall select one, and the two physicians so chosen shall select a third physician. The physicians' majority decision shall be conclusive as to the Franchisee's or its majority owner's Incapacity.

V. "Indemnitees" shall mean collectively Franchisor and its members, its affiliated companies, and each of their respective owners, shareholders, managers, agents, representatives, officers, directors, employees, partners, and other Affiliates.

W. "Licensed Interests" shall have the meaning set forth in Article 13.2.

X. "Liquidated Damages" shall mean the damages to be paid by Franchisee pursuant to Article 15.12 for premature termination of this Agreement.

Y. "Marketing Committee" shall mean a committee selected by Franchisor or by Franchisor and its Affiliate(s) to administer the Marketing Fund.

Z. "Marketing Fee" shall mean the contribution to the Marketing Fund set forth in Article 4.1.C.

AA. "Marketing Fund" shall mean the Marketing, Branding, Sales and Advertising, Fund provided for in Article 9.3.

BB. "Opening" shall mean the date on which the Property first opens for business.

CC. "Operations Data" shall have the meaning set forth in Article 10.6.

DD. "Payment" or "Payments" shall have the meaning set forth in Article 4.2.

EE. "Property" shall mean the extended-stay property operated by Franchisee under the Proprietary Marks under this Agreement. The Property comprises all structures, facilities, appurtenances, FF&E, and entry, exit, parking and other areas located on the site of the Approved Location.

FF. "Proprietary Marks" shall mean the name "Value Place®" and such names and any other trade names, service marks, trademarks, logos, emblems, or other indication of origin as are now or hereafter designated by Franchisor as part of the System.

GG. "Quality Assurance Review Fine" shall have the meaning set forth in Article 8.3.

HH. "Room Revenues" shall mean revenues attributable to or payable for the use or occupancy of rooms at the Property, including barter and credit transactions (before commissions and discounts for credit cards), whether or not collected, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of rooms, and proceeds for guaranteed no-show revenue which is collected, but excluding sales taxes, room taxes or other taxes collected by you from customers for transmittal to appropriate taxing authorities. Room Revenues shall also exclude revenue derived from vending, laundry exchange, and laundry machines. Room Revenues shall be accounted for in accordance with the Uniform System of Accounts for The Lodging Industry, Eleventh Revised Edition, 2006 (the "2006 11th Edition"), as published by the Hotel Association of New York City, Inc., except as otherwise provided in the accounting procedures set forth in the Brand Standards; subject, however, to the right of Franchisor to designate any subsequent edition or to designate a reasonable alternative accounting system if, in Franchisor's judgment, the 2006 11th Edition is no longer

authoritative or its use otherwise is not advisable under then-current hotel or other lodging accommodations accounting practice

II. “Royalty Fee” shall mean the continuing royalty fee set forth in Article 4.1.B.

JJ. “System” shall mean the distinctive design, décor, color scheme, and furnishings; the Proprietary Marks designated to be part of the System; standards, specifications, programs and procedures for operations; programs and procedures for quality control; training and assistance; and advertising, direct sales, and promotional programs developed by Franchisor for the operation of a Property under the Proprietary Marks utilizing the Trade Secrets providing value-oriented, extended-stay accommodations. Franchisor may add, change, modify, withdraw, or otherwise revise any element of the System in its sole discretion. Franchisor may operate multiple franchise systems under different Proprietary Marks in which case, for purposes of this Agreement, “System” only encompasses the above to the extent applicable to the franchise system being licensed hereunder to the Franchisee.

KK. “Systems Operations Data” shall have the meaning set forth in Article 10.6.

LL. “System Properties” shall mean all Value Place Properties.

MM. “Term” shall have the meaning set forth in Article 3.1

NN. “Trade Secrets” shall mean confidential information, including, without limitation, (i) the design for System Properties, (ii) methods of service and operations at System Properties, (iii) knowledge of sales and profit performance at any one or more System Properties, (iv) knowledge of test programs, concepts, or results relating to operating, new advertising and promotional programs, (v) sources of suppliers of equipment, (vi) advertising, promotion, and marketing techniques, (vii) methods and information regarding the selection and training of managers and other employees for System Properties; and (viii) the Brand Standards. Trade Secrets may include confidential information used by the System and one or more Affiliate Systems.

OO. “Transfer by Franchisee” shall mean the voluntary, involuntary, direct or indirect assignment, sale, gift, or other transfer of any Licensed Interest, including, without limitation, the following events: (i) the transfer of ownership of the stock or partnership or limited liability company ownership interest of Franchisee; (ii) any merger, reorganization, consolidation, or issuance of additional securities representing a direct or indirect ownership interest in Franchisee or the Property; (iii) any sale of a Controlling Interest in Franchisee in a single transaction or a related series of transactions; (iv) transfer of a Licensed Interest by declaration, division, or otherwise in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (v) transfer of a Licensed Interest in the event of Franchisee’s death or the death of one of its owners with a Controlling Interest, by will, declaration of or transfer in trust, or under the laws of intestate succession; (vi) any change in ownership or control of any or all of the Licensed Interest by sale, gift, assignment, or otherwise; (vii) if Franchisee or any owner with a Controlling Interest is a trust, any change in the trustees or the beneficial owners of the trust; or (viii) a pledge, hypothecation, or encumbrance of any Licensed Interest intended as security for an obligation.

PP. “WHFA” shall mean the WoodSpring Hotels Franchisee Association, which was formerly referred to as the Strategic-Partner Advisory Council, and before that as the “International Association of Value Place Owners” or “IAVPO”.

QQ. “WHFS Brands” shall mean the System and any Affiliate System.

RR. "WHFS Marks" shall mean the Proprietary Marks and names and any other trade names, service marks, trademarks, logos, emblems, or other indication of origin as are now or hereafter designated from time to time by Franchisor for any Affiliate System.

SS. "Website" means an interactive electronic document, series of symbols, or otherwise that is contained in a network or computers, and/or devices linked by communications software, and includes, without limitation, the Internet and World Wide Web home pages, profiles, accounts and other types of subsections of social networking sites, blogs, micro-blogs and other Internet and World Wide Pages or parts thereof.

Article 2 Grant of License.

2.1 Subject to the terms and conditions of this Agreement, and to the continuous compliance by Franchisee with the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the nonexclusive right, and Franchisee undertakes the obligation, to operate the type of System Property specified on **Exhibit A** in accordance with Franchisor's mandatory standards and specifications, including the operational standards procedures and techniques as prescribed in the Brand Standards, and to use the System (as it may be changed, improved, and further developed by Franchisor) and the Proprietary Marks in connection therewith.

2.2 Franchisee shall operate the Property at, and only at, the Approved Location, and the Property shall have the number of rooms specified on **Exhibit A**. If Franchisee's site application has not been approved at the time of this Agreement, **Exhibit A** shall be automatically amended to list the Approved Location upon the unconditional approval of the site application by Franchisor. Franchisee agrees that Franchisor and Franchisor's members and the subsidiaries and Affiliates, shareholders, and owners of Franchisor and its members are not restricted from using the System or engaging in or licensing any business activity including System Properties or other lodging accommodations at any other location, except as otherwise set forth in Article 2.

2.3 Franchisee agrees that (a) this license relates solely to the Approved Location, and (b) this Agreement does not entitle Franchisee to any protected territory, territorial rights, or exclusivity except as otherwise set forth in Article 2. Franchisor reserves all rights not expressly granted to Franchisee in this Agreement. Franchisee shall not expand or change the number of rooms in the Property without the prior written consent of Franchisor.

2.4 If Franchisee has not yet submitted a site application for an Approved Location at the time this Agreement is executed, Franchisee must submit such application within sixty (60) days of the date of this Agreement. If the initial site application for an approved location is denied by Franchisor, or should the approved location not be acquired by Franchisee or become redundant for any reason, Franchisee may submit a replacement site application along with a non-refundable application fee of \$5,000. Franchisee will have no more than sixty (60) days from the date (a) that Franchisor notifies Franchisee the initial site application was denied or (2) that Franchisee first communicated to Franchisor its intention to abandon development of the previously approved site, to submit a replacement site application. Failure to do so may result in a termination of this Agreement. Franchisor shall have sixty (60) days after receipt of the replacement site application and all other such information and materials required by Franchisor to approve or disapprove the replacement site application for any reason. If a replacement site application is submitted it will be approved or disapproved under the same terms and conditions as the initial site application. Franchisor shall have no obligation to consider more than 2 site applications under this Agreement.

2.5 The license granted hereby to use the Proprietary Marks is nonexclusive, and Franchisee agrees that such Proprietary Marks are and shall remain the property of Franchisor and shall not be contested as to ownership or validity by Franchisee. Franchisee understands and agrees that the grant of the license to use the Proprietary Marks is conditioned upon Franchisee's agreement that: (a) the Proprietary Marks shall be used only in connection with the Franchised Business and only in the manner authorized by Franchisor; (b) Franchisee will not use the Proprietary Marks of WHFS Marks or parts thereof as part of its corporate or other legal name, will identify itself as a Franchisee, and will comply with all fictitious name and other statutes in connection with its use of the Proprietary Marks; (c) Franchisee will cooperate with Franchisor in protecting and defending the Proprietary Marks; and (d) Franchisee will comply with Franchisor's designations of additions, deletions, and changes in the Proprietary Marks.

2.6

A. During the five year period from the date of Opening, Franchisor will not, without Franchisee's consent, and provided Franchisee is in full compliance with the terms and conditions of this Agreement, operate itself or through an Affiliate or grant a license or franchise to, or otherwise authorize, any other person or entity to establish a Property using the System within Franchisee's Area of Protection as set forth in Exhibit C, attached hereto. If Franchisee is not in compliance with the terms and conditions of this Agreement, Franchisor shall be free to operate, directly or indirectly, or to authorize or license another person or entity to operate additional Properties within the Area of Protection.

B. If within said five year period Franchisor acquires any chain or system of properties, or multiple units (more than 4) of a chain or system, and such purchase includes properties in the Area of Protection which Franchisor desires to convert to System Properties (hereinafter, whether one or more, "Conversion Properties"), Franchisor shall provide written notice to Franchisee within a reasonable time of its intent to convert the Conversion Properties into System Properties. Such notice shall provide Franchisee with a right of first refusal to acquire such Conversion Properties from Franchisor on the terms provided below if the sale by Franchisor of such properties to Franchisee is allowed by contract and applicable law. Subject to the foregoing, Franchisee shall have the right and option, exercisable within 90 days after receipt of such written notification, which notification shall include the proposed purchase price to provide written notice to Franchisor that Franchisee desires to purchase the Conversion Properties and to convert all of such properties to Properties under the System. In the event Franchisee elects to purchase and convert the Conversion Properties, Franchisee must close on such purchase and execute the then current franchise agreement (which shall require payment of the franchise fee due under such franchise agreement) within 60 days from the date of notice to Franchisor of Franchisee's election to purchase and convert. The purchase price to be paid by Franchisee for the Conversion Properties shall be the cash equivalent of the fair market value for each of the Conversion Properties, as determined by an independent appraiser selected and retained by Franchisor. In the event Franchisee does not elect to purchase and convert the Conversion Properties as provided in this paragraph, Franchisee shall have no further right or option to acquire such Conversion Properties and Franchisor may sell such Conversion Properties to another Franchisee under the System or Franchisor or its Affiliates may own and operate the Conversion Properties under the System.

Article 3 Term

3.1 Unless sooner terminated or modified as hereinafter provided, the term of this Agreement shall be 20 years from the date of Opening of the Property (the "Term") and this Agreement will expire without notice on such date.

Article 4 Fees And Royalties.

4.1 In consideration of the rights and license granted herein, Franchisee shall pay to Franchisor each of the following:

A. Upon the execution and delivery of this Agreement by Franchisee, Franchisee shall pay a Franchise Fee of \$50,000. If Franchisee before executing this Agreement submitted a Franchise Application and paid an Application Fee and no more than sixty (60) days have passed since Franchisor's approval of the Approved Location, such Application Fee shall be applied towards the Franchise Fee and only the difference between the Franchise Fee and the Application Fee shall be payable upon execution and delivery of this Agreement by Franchisee. Franchisee acknowledges and agrees that such Franchise Fee has been fully earned and is nonrefundable in consideration of expenses incurred, rights granted, services rendered, and other valuable consideration, the receipt and sufficiency of which is acknowledged by Franchisee.

B. A continuing Royalty Fee of 5% of Franchisee's Room Revenues during the Term.

C. A Marketing Fee contribution to the Marketing Fund, administered by the Marketing Committee for the System as provided in Article 9 below. "Marketing Fee" shall mean the contribution to the Marketing Fund on a calendar month basis in an amount up to ~~3.5% of Franchisee's Room Revenues at the Property~~ what is permitted under this Agreement. Currently the Marketing Fee is 2.5% of Franchisee's Room Revenues at the Property. ~~Notwithstanding the foregoing, if the Marketing Fund is in a deficit balance and can be increased by another 1% of Franchisee's Room Revenues at the Property. In addition to a permanent increase, Franchisor may temporarily increase the Marketing Fee to no more than 3.5% of Franchisee's Room Revenues at the Property if the Marketing Fund is in a deficit balance,~~ until the deficit balance has been eliminated, taking into consideration the future budgeted expenses of the Marketing Fund. In lieu of temporarily increasing the Marketing Fee, Franchisor may charge Franchisee for Franchisee's pro rata share of the Marketing Fund deficit balance as a separate payment in addition to the monthly Marketing Fee contribution. At Franchisor's discretion, the Marketing Fee may be reduced or increased upon not less than thirty (30) days' notice to Franchisee. Independent of the Marketing Fund, Franchisor may, at its option, charge Franchisee a reasonable fee on a project basis for marketing and advertising materials and projects prepared or undertaken for use by the System.

D. Such other fees that are set forth in other sections of this Agreement or otherwise imposed. Such fees shall be due as set forth in Section 4.2 of this Agreement, unless different payment terms are expressly stated for such fees at the time they are imposed or thereafter.

4.2 Unless payments terms to the contrary are expressly stated in this Agreement or otherwise, all payments required by Article 4, and all other payments due to Franchisor on a continuing basis ("Payments"), shall be due to Franchisor by the fifteenth (15th) day after the end of the calendar month in which such Room Revenues were received by Franchisee, provided that, Franchisor may, upon notice to Franchisee, collect such payments more frequently than monthly. If any Payment due Franchisor under this Agreement is overdue, Franchisee shall pay to Franchisor immediately upon demand the overdue amount together with a late charge on such amount from the date it was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less. All Payments shall be made by wire transfer or electronic funds transfer. In its sole discretion, Franchisor may collect Payments required by Article 4 by direct debit withdrawal by Franchisor from a designated bank account of Franchisee. Franchisee acknowledges that nothing contained in this Article 4 shall constitute an agreement by Franchisor to accept such Payments after the same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Property. Franchisee acknowledges that Franchisee's failure to pay all such amounts when due shall constitute grounds for termination of this Agreement, as

provided in Article 14 of this Agreement, notwithstanding the provisions of this Article. The entitlement to such late charge shall be in addition to any other remedies Franchisor may have.

Article 5 Property Construction and Opening.

5.1 Prior to commencing construction of the Property under this Agreement, Franchisee shall have completed or satisfied all of the following:

A. If Franchisee is obtaining the site for the Property by lease or installment land contract, Franchisee shall submit to Franchisor with a request for approval, prior to execution by Franchisee, a copy of the lease or installment land contract for the proposed site, which must not contain any provision that is inconsistent with or interferes with the performance of any provision of this Agreement (which lease or installment land contract must include provisions (i) authorizing Franchisor to enter the premises and make any modifications necessary to protect the Proprietary Marks, (ii) granting to Franchisor the right (but not the duty) to assume the lease or installment land contract if Franchisee is in default under its terms and provisions and/or if this Agreement expires or is terminated, (iii) requiring concurrent notice from lessor or vendor to Franchisor of any default or termination, and (iv) in the case of a lease, providing for a term of at least 22 years), which lease or installment land contract, when approved by Franchisor, shall not thereafter be materially modified without the prior written consent of Franchisor. Under no circumstances shall Franchisor have any obligation or liability under such lease or installment land contract.

B. Inform Franchisor by written notice, not less than thirty (30) days prior to Commencing Construction, of the name of the architect and the general contractor to be used for the construction of the Property, and such other information about the architect and general contractor as Franchisor may deem necessary. If the Property is the first System property constructed by Franchisee, Franchisee must contract with WoodSpring Construction Services LLC to provide construction services for the construction of the Property.

C. Submit to Franchisor with a request for approval, prior to preparation of the schematic design development documents for the building, preliminary site plans showing: (i) the dimensions of the site at the Approved Location; (ii) the location of the site in relation to streets and other thoroughfares and adjoining properties; (iii) placement of the Property on the site; (iv) proposed drives, parking, and service areas; (v) proposed location of exterior signage including size, type, height, etc.; and (vi) such other information as may be reasonably required by Franchisor, which preliminary site plans, when approved by Franchisor, shall not thereafter be materially modified without the prior written consent of Franchisor.

D. Submit to Franchisor with a request for approval, prior to the preparation of the final building plans and specifications, the schematic design development documents for the building prepared by a registered architect or engineer in compliance with all applicable laws, regulations, ordinances, and Franchisor standards, which schematic design development documents, when approved by Franchisor, shall not thereafter be materially modified without the prior written consent of Franchisor.

E. Submit to Franchisor with a request for approval, after the schematic design development documents for the buildings have been approved by Franchisor, final building plans and specifications prepared by a registered architect or engineer in compliance with all applicable laws, regulations, ordinances and Franchisor standards which plans and specifications, when approved by Franchisor, shall not thereafter be materially modified without the prior written consent of Franchisor.

F. Provide to Franchisor satisfactory evidence that all permits, licenses, and certifications required for the lawful construction and operation of the proposed Property, including, without limitation, all applicable building permits, zoning access, sign and fire requirements, have been obtained.

G. Provide to Franchisor insurance certificates satisfying the applicable requirements set forth in Article 12 of this Agreement.

H. Provide to Franchisor evidence that Franchisee possesses or has obtained adequate financing for constructing, furnishing, and operating the Property.

I. Such other information as Franchisor may reasonably request.

5.2 Franchisee shall Commence Construction (i) within 365 days after the date of this Agreement, or (ii) within 60 days of the point in time when a building permit for the Property is ready for issuance, whichever occurs earlier. Notwithstanding the foregoing, if this Agreement is being entered into pursuant to a Development Agreement, Franchisee shall commence construction of the Property (i) within 90 days after the date of this Agreement, or (ii) within 60 days of the point in time when a building permit for the Property is ready for issuance, whichever occurs earlier. A building permit shall be deemed ready for issuance at the point in time when the issuing authority has taken all steps necessary for issuance, and would issue the building permit upon the payment of the fee therefor. In Franchisor's discretion, Franchisor may grant Franchisee an extension(s) of the Construction Commencement obligation in its reasonable discretion up to four (4) 30-day extensions for a fee of \$5,000 for each extension. Any such extensions shall be granted only in Franchisor's sole discretion and upon payment of such additional extension fees as Franchisor deems appropriate in its sole discretion. Franchisee shall pay Franchisor a fee of \$5,000 at the time the extension is requested. If the extension is not granted, the fee will be refunded. Franchisee shall provide written notice to Franchisor of the date of Commencement of Construction within 10 days after it occurs. Franchisee shall provide written notice to Franchisor of the date of Commencement of Construction within 10 days after it occurs. Once commenced, construction work shall continue uninterrupted (except for interruption by reason of events constituting force majeure) until it is completed.

5.3 Franchisee shall:

A. provide evidence of execution of contract for approved exterior signage with an approved vendor within thirty (30) days after Commencement of Construction; and

B. submit to Franchisor, within sixty (60) days after the Commencement of Construction, any request for approval of any alternate FF&E products pursuant to Article 8.1.D. Unless alternate FF&E products are approved by Franchisor, Franchisee must use only such FF&E products that are specified by Franchisor in the Brand Standards and other documents containing FF&E specifications current at the Commencement of Construction. Notwithstanding the foregoing, upon request, Franchisor may, in its reasonable discretion, alter FF&E requirements for the Property due to local market conditions, custom or practice.

5.4 Franchisee shall diligently and continuously prosecute the construction, furnishing, and equipping of the Property (including its acquisition and installation of all FF&E, signs, supplies, and other items necessary for completion and opening of the Property) in accordance with the plans previously approved by Franchisor and in accordance with the Brand Standards, but in any event the construction, furnishing, and equipping of the Property shall be

completed within 9 months after the date of Commencement of Construction. Franchisee acknowledges and understands that time is of the essence in the construction and opening of the Property, and except for the occurrence of any events constituting force majeure, the construction shall be completed and the Property shall be furnished, equipped, and otherwise be made ready to open for business, and all governmental licenses and permits (including a certificate of occupancy) necessary to operate the Property under the System shall have been obtained by Franchisee, at the end of such 9-month period ("Construction Completion"). Franchisor shall have the sole right to determine whether the construction work has been completed in accordance with this Agreement, the approved plans, and the Brand Standards. If Franchisee has met the requirements set forth in this Article 5 and has received a certificate of occupancy for a portion of the Property, Franchisee may open the Property for business. In Franchisor's ~~reasonable discretion~~, Franchisor may allow Franchisee an extension(s) of the Construction Completion up to four (4) additional 30-day extensions of the construction completion date for a fee of \$5,000 per extension. The fee for each extension shall be payable at the time Franchisee applies for the extension. If the extension is not granted, the fee will be refunded. Any further extensions shall be granted only in Franchisor's sole discretion and upon payment of such additional extension fees as Franchisor deems appropriate in its sole discretion.

5.5 Franchisee agrees that Franchisor and its agents shall have the right (without, however, any duty or obligation to do so) to inspect the construction of the Property at all reasonable times.

5.6 Franchisor's exercise of its rights to approve the plans and specifications and to inspect construction of the Property shall be solely for the purpose of assuring compliance with Brand Standards, written approvals and with the terms and conditions of this Agreement, and Franchisor shall have no liability or obligation to Franchisee or any other person with respect to construction of the Property.

5.7 No later than thirty (30) days prior to the expected Opening Franchisee shall:

A. submit to Franchisor, for its prior approval, Franchisee's direct sales and marketing plan if requested to do so by Franchisor; and

B. employ a qualified property manager for the Property.

5.8 The Property shall be opened for business immediately upon satisfaction of all of the following requirements:

A. All FF&E required for the opening of the Property in accordance with this Agreement and the standards of Franchisor shall have been installed or completed, and Franchisee shall have submitted to Franchisor a certificate of occupancy from appropriate regulatory authorities. Franchisee may open on a floor by floor basis provided that all of the following requirements are satisfied as to all portions of the Property premises to which guests will have access: (i) all life and safety code requirements have been met; (ii) Franchisee has a certificate of occupancy or temporary certificate of occupancy for each floor opened, (iii) Franchisee has provided written documentation to Franchisor of such temporary certificate of occupancy, and (iv) Franchisee is proceeding diligently toward completion of the full Property facility in accordance with the terms of this Agreement.

B. Franchisee's property manager for the Property shall have completed to Franchisor's satisfaction a training program approved or conducted by Franchisor, and Franchisee shall have employed qualified personnel sufficient to operate the Property.

C. Franchisee shall have paid all sums due Franchisor and its affiliated companies.

D. Franchisee is not in default under this Agreement, or any existing franchise agreement or other agreement with Franchisor or any of its Affiliated companies.

E. Franchisee is in compliance with all requirements of the Americans with Disabilities Act and has provided proper evidence thereof to Franchisor.

F. Franchisor shall be satisfied as to Franchisee's compliance with requirements necessary for opening the Property by such on-site inspection and investigation as Franchisor deems appropriate, which shall be made and completed within 30 days of receipt of the certificate of occupancy, or temporary certificate of occupancy as the case may be, of Franchisee pursuant to this Agreement. If the Franchisee fails to pass its initial pre-opening inspection, Franchisor reserves the right to charge and collect a re-inspection fee and expenses for each additional inspection required to approve the Property for opening. The re-inspection fee and related expenses shall be due and payable within 30 days of receipt of an invoice therefor, or Franchisor may, in its discretion, collect payment thereof by direct debit withdrawal by Franchisor from a bank account designated by Franchisee. Nothing under this Agreement shall in any manner relieve Franchisee of the obligation of complying with the requirements of the approved plans or the terms of this Agreement.

Franchisee may not open the Property until the above requirements have been satisfied to Franchisor's satisfaction.

5.9 Franchisee acknowledges and understands that Franchisee shall bear the entire cost of the development and construction of the Property, including, without limitation, all costs applicable to design, engineering, and other professional services, contractors, financing, licenses, permits, equipment, furnishings, and supplies.

Article 6 Duties of Franchisor.

6.1 In addition to the other obligations and duties set forth in this Agreement, Franchisor agrees as follows:

A. Franchisor shall provide to Franchisee a set of then-current prototype plans and specifications (not for construction) as determined by Franchisor for a typical System Property of the type specified on **Exhibit A**. These plans must be adapted to Franchisee's site by the appropriate licensed architects.

B. Upon reasonable request, Franchisor shall consult with and advise Franchisee at Franchisor's home office concerning the construction and operation of the Property.

C. Franchisor shall provide Franchisee access to the Brand Standards in a format determined by Franchisor, such as via the Intranet, loan 1 hard copy of the Brand Standards, or in any such other way as Franchisor determines to be most appropriate, for the Term setting forth standards of operation for the System and standards of quality, cleanliness, and service for the Property. Franchisor shall have the right to add to and otherwise modify the Brand Standards to reflect changes in the business, authorized products or services (or specifications therefor), FF&E requirements, quality standards, and operating procedures of the Property as determined by Franchisor. Such additions or modifications may be made through various communications by Franchisor, including policy statements, memoranda, bulletins, directives, instructions, intranet, electronic communications, or other material prepared by or on behalf of

Franchisor. The Brand Standards and any additions or modifications may be provided in printed, machine readable, electronic, or any other form chosen by Franchisor.

D. Franchisor shall make available to Franchisee and Franchisee's employees such required and optional training courses, programs, conferences, seminars, and materials, as Franchisor deems appropriate. All training shall be conducted at such locations and at such times as Franchisor may designate and shall be subject to the terms and conditions set forth in this Agreement.

E. Franchisor shall endeavor to maintain high standards of quality, cleanliness, appearance, and service for the System, and to that end shall conduct inspections of the System Properties, evaluations of the services rendered therein, and interviews of employees, agents, and customers of System Properties, all as Franchisor deems advisable and appropriate.

6.2 Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by a designee, employee, or agent of Franchisor, as Franchisor may direct. Franchisee further acknowledges that Franchisor is the franchisor of multiple brands and at the execution date of this Agreement maintains one headquarters for all WHFS Brands. Franchisee also acknowledges that Franchisor does and may coordinate and combine functions such as reservations, sales, marketing, training, R&D, field staff and other functions between WHFS Brands and not separate facilities, staff or other resources by WHFS Brand.

6.3 All of the obligations of Franchisor under this Agreement are to Franchisee only, and no other party is entitled to rely on, enforce, or obtain relief for breach of such obligations either directly or by subrogation.

Article 7 General Duties of Franchisee.

In addition to the other obligations and duties set forth in this Agreement, Franchisee agrees as follows:

7.1 Franchisee covenants and agrees to commence, diligently pursue, and complete construction of the Property and open for business in accordance with Article 5 of this Agreement.

7.2 Franchisee shall employ or retain qualified management personnel as prescribed in the Brand Standards. All personnel employed or retained by Franchisee in the position of property or general manager shall attend and successfully complete, to Franchisor's satisfaction, Franchisor's general manager training program and be certified by Franchisor. The initial property/general manager shall complete all online and class room parts of their training (currently called ~~Stages~~Stage 1 and 2 of the General Manager Certification) and the on Property training (currently called Stage 2) before the Property opens for business and shall complete the ~~on Property training and certification examination~~ part of their initial training (currently called ~~Stages~~Stage 3 and 4) within ~~120~~90 days of employment. Any replacement property/general manager must complete the entire initial training for property/general managers within ~~120~~90 days of employment. All other personnel, including any subsequent property manager, shall sign up for training within 14 days of employment and complete their field-based on-the-job training within ~~120~~90 days of employment. The ~~120~~90 day period may be extended if space in the training program is not available to Franchisee's personnel during the specified periods.

7.3 Franchisee, or if Franchisee is an entity, one or more of Franchisee's principal owners, shall attend Franchisor's annual (or biannual as Franchisor may determine) Franchisee

conference and pay the non-refundable conference registration fee as the same may be designated by Franchisor. Franchisee will be charged the conference fee for one attendee to the Franchisor's annual conference even if the Franchisee does not send or register any attendees.

7.4 Franchisor may periodically make available other required or optional training courses to Franchisee's personnel, other than those mentioned, as well as other programs, conferences, seminars, and materials, and Franchisee shall ensure that such personnel, as Franchisor may direct, satisfactorily complete any required training within the time specified. The Franchisor may also from time to time revise the initial training that Franchisee and Franchisee's personnel are required to complete. Such changes may include who is required to complete initial training, when, where and how the initial training will be conducted and when it must be completed, as well as its scope and the fees charged for training. If the initial training program changes between the Effective Date and the time the Franchisee and its personnel are required to participate in and complete the initial training pursuant to Brand Standards, as amended after the Effective Date but before such persons have completed the initial training, the Franchisee and its personnel will be required to participate in, and complete, the initial training as amended.

7.5 All training shall be provided at such locations as Franchisor may designate and Franchisee shall be responsible for Franchisee's employees' travel expenses and room, board, and wages during the training. Franchisee will be charged reasonable tuition for training of Franchisee's personnel and such tuition shall be payable per the terms of the invoice therefor. Franchisor reserves the right to require, as a condition of providing training, that personnel employed or retained by Franchisee execute confidentiality agreements prepared by Franchisor. Franchisor reserves the right to limit the availability of any optional training programs.

7.6 Franchisee expressly acknowledges that adherence to each and every provision of the System is reasonable, necessary, and essential to maintain the uniform image and favorable reputation of each Property and the System and the success of Franchisor's license program. Accordingly, Franchisee expressly agrees to comply with each and every requirement of the System during the term hereof, as the same may be modified or supplemented by Franchisor in its sole discretion. Such modifications and supplementations may relate to, without limitation, changes in the business, authorized products and services, FF&E requirements, quality standards, operating procedures, compliance with any requirements for installing frame relay, customer information systems, reservations systems and other systems or technology programs, and to pay any fees or charges associated with any such System modifications or supplementations and any other changes reflected in the Brand Standards.

7.7 Franchisee shall provide efficient, courteous, and high-quality service to the public and shall operate the Property as outlined in the mandatory parts of the Brand Standards except as otherwise permitted by Franchisor in writing. Franchisee shall cause the Property to honor all credit cards and other payment models specified by Franchisor and enter into such arrangements with the issuers of such cards and other payment methods as may be necessary to do so.

7.8 Franchisee shall use the Property premises solely for the operation of the Franchised Business and shall not use or allow the use of the premises for any other purpose or activity (including, without limitation, the promotion of any Competing Business) at any time without the prior written consent of Franchisor, which may be granted or withheld in Franchisor's sole discretion. Franchisee shall not sacrifice Room Revenue to further any other business activity.

7.9 The Property and everything located on the Property premises shall be maintained by Franchisee in a clean, safe, orderly, and first-class condition in accordance with the standards

specified in the Brand Standards, and consistent with the image of a clean, sanitary, attractive, safe, and efficiently operated value-oriented, extended-stay lodging accommodation. The Property shall be constructed, maintained, and operated in compliance with all applicable fire, safety, health, and sanitation laws, ordinances, and regulations, and Franchisee shall maintain the highest health standards and ratings applicable to the Property and otherwise maintain high moral and ethical standards at the Property.

7.10 Franchisee shall perform such maintenance of the Property as is required by Franchisor to maintain the condition, appearance, and efficient operation of the Property, including, without limitation, (a) continuous and thorough cleaning and sanitation of the interior and exterior of the Property, (b) interior and exterior repair of the Property, (c) maintenance of equipment at peak performance, (d) replacement of worn out or obsolete improvements, fixtures, furnishings, equipment, computer systems, software, and signs with approved improvements, FF&E, computer systems, software, and signs, and (e) periodic painting and decorating. At Franchisor's request, Franchisee shall upgrade the Property within the time specified by Franchisor at Franchisee's expense to conform to the building decor appearance and presentation of Proprietary Marks and trade dress consistent with Franchisor's then-current public image, including, without limitation, such structural changes, remodeling, and redecoration and such modifications to existing improvements as may be deemed necessary by Franchisor, as long as those same upgrading requirements apply to a majority of System Properties operated by Franchisees or by Franchisor or its Affiliates. Except as described above, Franchisee shall make no additions, alterations, or replacements to the Property or anything located on the Property premises without the prior written consent of Franchisor.

7.11 Franchisee acknowledges and agrees (a) that this license and Franchisee's right under this Agreement are granted for the number of rooms specified herein on **Exhibit A**, and (b) that Franchisee shall not expand the number of rooms in the Property without the prior written consent of Franchisor.

7.12 Franchisee shall, at Franchisee's expense, comply with all federal, state, and local laws, rules, ordinances, and regulations, and shall timely obtain, and keep in force as required throughout the Term, any and all permits, certificates, licenses, and approvals necessary for the full and proper conduct of the Franchised Business.

7.13 Franchisee shall notify Franchisor in writing within 5 days of the commencement of any action, suit, or proceeding, and of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, arising out of, concerning, or which may affect the operation or financial condition of the Franchised Business, including, without limitation, any criminal action or proceeding brought by Franchisee against employees, customers, or other persons.

7.14 Franchisee shall pay when due all taxes levied or assessed in connection with the possession, ownership, or operation of the Property and all taxes payable on royalties and other payments made to Franchisor or to any of the affiliated companies (excluding income taxes payable by Franchisor or any of its affiliated companies). In the event of any bona fide dispute respecting any tax assessed against Franchisee, the Property, any personal property located therein, or any payments due to Franchisor or any of its Affiliates, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority; provided, however, that Franchisee shall act with all due diligence and shall in no event permit a tax sale or seizure against

the Property or any equipment, goods, or property located therein, or any impoundment of payments due to Franchisor.

7.15 Franchisee recognizes that Franchisee's failure or repeated delays in making prompt payment in accordance with the terms of any agreements, leases, invoices, or statements for purchase or lease of FF&E, inventories, supplies, travel agent services, or other goods and services will be detrimental to the reputation of Franchisee, Franchisor, and other System Franchisees. Franchisee shall timely pay when due all amounts owed by Franchisee in connection with the operation of the Property. In its sole discretion, Franchisor may collect all payments and amounts due or payable under this Article 7 by direct debit withdrawal from a bank account designated by Franchisee.

7.16 Franchisor may make available to System Properties a property management system. If required by Franchisor, Franchisee shall install, maintain, and use the automated property management system as developed and promulgated (in the Brand Standards or otherwise in writing) by Franchisor. Franchisee shall either reimburse Franchisor for Franchisee's equitable pro rata share of Franchisor's cost of developing and maintaining such software, including, without limitation, enhancements, additions, substitutions, or other modifications provided to the System by Franchisor, purchase such system, or pay such fee as Franchisor may decide to charge for use of such property management or related system.

7.17 If Franchisee is at any time a corporation, limited liability company, partnership or other business entity, Franchisee agrees and represents that:

A. Franchisee has the authority to execute and deliver this Agreement and to perform its obligations thereunder and is duly organized or formed and validly existing in good standing under the laws of the state of its formation or organization.

B. Franchisee's organizational documents or partnership agreement will at all times state that the issuance and transfer of the ownership interests of Franchisee are restricted by the terms and conditions of this Agreement, and all certificates and other documents representing an ownership interest in Franchisee will bear a legend referring to the restrictions of this Agreement in form and language satisfactory to Franchisor.

C. **Exhibit B** to this Agreement will at all times completely and accurately describe all of the owners of Franchisee and their beneficial ownership interests in Franchisee.

D. Franchisee and its owners will sign and deliver to Franchisor such revised **Exhibit B** as may be necessary to reflect any permitted changes in the information contained therein within 5 days following the occurrence thereof and to furnish such other information about Franchisee's organization or formation as Franchisor may request.

E. Franchisee shall furnish Franchisor with its articles or certificate of incorporation, bylaws, and partnership or limited liability documentation or similar organization documents, and any other documents Franchisor may reasonably request, and any amendments thereto or restatements thereof.

7.18 If the Property (or any of the premises on which the Property is located) is condemned or damaged by casualty, Franchisee agrees as follows:

A. Franchisee shall, within 10 days of receipt, provide Franchisor with a copy of any notice of any proposed taking of the Property or surrounding premises by eminent domain or

condemnation. Such notice shall be sent by Franchisee to Franchisor by overnight courier service. If the Property is condemned or so taken or such a substantial portion of the Property is condemned or so taken as to render impractical the continued operation of the Property in accordance with System standards, then in such event, (i) this Agreement shall terminate upon notice by Franchisor to Franchisee, and (ii) notwithstanding subsection (i), Franchisor shall be entitled to receive the payments due under Article 4 for as long as the Property remains open for business or for a period of 1 year from the date Franchisee notifies Franchisor of the condemnation, whichever is longer. If the Property ceases business operations prior to 1 year from the date Franchisor receives notice of the condemnation, Franchisor will be entitled to receive a payment from Franchisee for the balance of the one-year period based on the average monthly fees from the trailing 12 months, if such condemnation is due to the fault of Franchisee. If a non-substantial condemnation shall occur, then in such event, Franchisee shall promptly make whatever repairs and restoration may be necessary to make the Property conform substantially to its former character and appearance according to plans and specifications approved by Franchisor, and the resumption of normal operation of the Property shall not be unreasonably delayed by Franchisee.

B. If the Property is damaged or destroyed by fire or other casualty, and the casualty requires closing the Property, Franchisee shall (i) immediately notify Franchisor whether it intends to rebuild or repair the Property or cease operations and terminate this Agreement if it is in the best interest of Franchisee, (ii) commence reconstruction and repair as soon as practicable, but in any event within 180 days after the closing of the Property if Franchisee intends to continue operations, (iii) repair or rebuild the Property in accordance with the then-current System standards and specifications, and (iv) reopen the Property for continuous operations under the System as soon as practicable, but in any event within 12 months after closing the Property, provided that the Property may reopen only after Franchisor's express written approval of the same for opening. Franchisee shall give Franchisor at least 90 days advance written notice of the date of such reopening. If Franchisee decides to terminate this Agreement pursuant to Article 7.18.B (i) Franchisee will not be subject to Liquidated Damages.

C. The closing of the Property due to condemnation or casualty shall not extend the Term.

7.19 Franchisee acknowledges and agrees that, in addition to the rights granted Franchisor under Article 10.6 hereof, Franchisor may use the names of customers or guests of the Property for any purpose, and agrees that Franchisor may have access to Franchisee's sales and customer data base for that purpose.

7.20 Franchisor has established an Internet Website that provides information about the System and that facilitates reservations for all System Properties. Franchisor will have sole discretion and control over its Website (including timing, design, contents and continuation). Franchisor may use part of the Marketing Fees it collects under Article 4.1.C to pay or reimburse the costs associated with the development, maintenance and update of the Franchisor Website. At Franchisee's expense, Franchisor will include a link to the Property specific page from the Franchisor Website or a replicate. Franchisor shall have the only Value Place Website. Franchisor may operate a Website for the Value Place System combined with any other franchise system operated and franchised by Franchisor and its Affiliates. Franchisee may not have any individual Website other than those accessed and linked through Franchisor's primary Website. Franchisor may require Franchisee to prepare all or a portion of such individual pages, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's prior written approval prior to posting. Except for this interior page, Franchisee may not maintain a Website or presence on a Website or on the Internet in connection with Franchisee's ownership or operation of the Property. Notwithstanding the foregoing sentence Franchisee is

allowed to identify its interest in the Property on a Franchisee Website for no purpose other than to acknowledge its ownership in the Property. Because website technologies and their uses are constantly evolving, Franchisor reserves the right to require Franchisee's participation in other technologies being implemented as part of the System, such as social media and mobile applications and other mobile marketing technologies.

7.21 Franchisor reserves the right to require Franchisee to remove any video, advertising or other material or content posted on the internet or any website that Franchisor, in its sole discretion, deems inappropriate. Franchisor reserves the right to develop additional Websites and profiles or accounts on Websites designated for social networking, or on Websites otherwise commonly used by extended-stay industry or by the franchise industry in general. Franchisor may, in its sole discretion, require Franchisee to participate in such Websites by preparing and maintaining all or a portion of a profile or account for the Franchisee, at Franchisee's expense.

7.22 Franchisor has developed an Intranet network through which confidential brand standards and other materials may be posted and where Franchisor and its Franchisees can communicate by e-mail or similar electronic means (the "Intranet"). Franchisee agrees to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Brand Standards (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements).

7.23 Franchisee shall pay WHFA's then-current dues, assessments, and conference fees to attend WHFA meetings, regardless of whether Franchisee attends such meetings.

7.24 If Franchisee requests and Franchisor or its Affiliates provide additional administrative services to Franchisee, including, but not limited to: assistance with closings of financing transactions or other transactions relating to the Property, negotiations of comfort letters, non-disturbance agreements, and other instruments, documents and agreements with Franchisee's lenders or prospective lenders, lender's counsel, Franchisee's counsel, any other Franchisee representative, or third party; conducting research related to the Property and its operation; preparation of documents, instruments or agreements; and other project-based tasks. Franchisee agrees to pay to Franchisor a reasonable fee, as determined by Franchisor, for such services and to reimburse Franchisor and its Affiliates for any costs (including attorney's fees) incurred in connection with the provision of such services.

7.25 Franchisee shall reimburse Franchisor for all costs and expenses (including attorneys' fees), incurred by Franchisor in connection with any legal action (including actions for injunctive relief, arbitration and mediation) in which Franchisee, its Affiliates, or their respective owners, directors, officers or managers is a named party, including but not limited to, reimbursement for costs and expenses incurred in connection with Franchisor's counsel entering an appearance, responding to discovery requests in such matters, and preparation by Franchisor and its counsel therefor.

7.26 Franchisee shall participate in all joint programs developed by Franchisor and its Affiliates for the System and any Affiliate Systems, including guest loyalty programs, gift card programs and marketing programs. Such participation does not render Franchisee a franchisee of any Affiliate System.

7.27 Franchisee and its owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. Franchisee represents and warrants

that neither it nor any of its direct or indirect owners, directors, officers, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) ("**Anti-Terrorism Laws**"). Franchisee and its owners may not engage in any activity that would expose us to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

7.28 Franchisee and its owner understand the requirements of, and will abide by, all other United States laws that address foreign business activities of United States citizens or individuals and businesses that operate, in whole or in part, in the United States, including but not limited to the Foreign Corrupt Practices Act (the "**FCPA**"), which prohibits, in pertinent part, companies subject to the FCPA from providing anything of value to a foreign official for purposes of obtaining or retaining business or a competitive advantage and which further requires an entity that issues stock registered in the United States or which is required to file periodic reports with the U.S. Securities and Exchange Commission to maintain internal accounting controls and designated books and records. Any violation of the FCPA or other United States laws by Franchisee or its owners, employees or agents shall constitute good cause for immediate termination of this Agreement.

Article 8 Quality Control and Supervision.

8.1 Franchisee agrees that substantial uniformity of quality at all System Properties is necessary and desirable for purposes of establishing and protecting the shared identity, reputation, and goodwill associated with the System and the Proprietary Marks. In order to better accomplish these objectives, Franchisee agrees that:

A. The Property shall be operated in strict conformity with such mandatory standards, specifications, methods, and techniques (as opposed to any best practices and other optional advice that may be included in the Brand Standards) as Franchisor may, prescribe in the Brand Standards, and Franchisee shall refrain from deviating therefrom and from otherwise operating in any manner which adversely reflects on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's rights therein. Notwithstanding the foregoing, Franchisor is not entitled to exert control over Franchisee's employee's working conditions, except to the extent of controlling the quality of the System/brand and the quality of the products and services that Franchisee offers.

B. Franchisee shall, at Franchisee's expense, purchase or lease and install at the Property all FF&E, property management or related systems, frame relay, customer information system, reservation system, and other systems and technology programs specified by Franchisor. Franchisee shall refrain from installing in, on or about the Property, or permitting to be installed, without Franchisor's prior written consent, any FF&E, electronic or video games or any other items or services not previously approved by Franchisor. The size, form, color scheme, content (except for prices, charges or other rate information which are subject to Article 8.9 below), and location of all signs, advertisements and graphic materials displayed in any public area or rooms at the Property shall be as prescribed in the Brand Standards or otherwise approved in writing by Franchisor.

C. Franchisor may require that particular FF&E items be purchased from vendors approved by Franchisor. Otherwise, Franchisee may purchase all FF&E used from any source as long as the standards and specifications in the Brand Standards are met. Except for FF&E items displaying any WHFS Mark which must be purchased from approved vendors, Franchisee can request that Franchisor approve an alternative vendor. If Franchisee would like to purchase certain FF&E items from a vendor other than an approved vendor, Franchisee must request in writing that Franchisor approve an alternative vendor for a product or service. Franchisee must submit whatever information, specifications, or samples Franchisor requires and reimburse Franchisor for its costs of review and testing the alternate vendor. Franchisor reserves the right to approve or disapprove proposed alternative vendors in its sole discretion. Franchisee must reimburse Franchisor costs per the terms of invoice therefor. Franchisor may revoke an approval previously given at any time in its discretion, upon notice to the Franchisee. Notice will be given in a manner that Franchisor deems appropriate.

D. If Franchisee would like to use alternate products or services to FF&E items required by Franchisor, Franchisee must first request in writing that Franchisor approve the alternate product or service. Franchisee must submit whatever information, specifications, or samples Franchisor requires, including standards and specifications for FF&E, prepared by a qualified professional, which, if approved by Franchisor, shall not be materially modified without the prior written consent of Franchisor. As used in this Article the term "materially modified" shall mean any modification that would (a) change the size or dimensions of any public areas, room, or amenities of the Property, (b) affect the appearance or design of any portion of the Property or the quality of the materials used therein, or (c) constitute a departure from the concept, standards or approved products or services of the System. Franchisee must reimburse Franchisor for its costs of review and testing the alternate product or service. Franchisor reserves the right to approve or disapprove proposed alternative products or services in its sole discretion. Franchisor will notify Franchisee within a reasonable time of its approval or rejection of the alternate product or service. Franchisor may revoke an approval previously given at any time in its discretion, upon notice to the Franchisee, for future purchases. Notice will be given in a manner that Franchisor deems appropriate.

8.2 The Franchised Business shall be conducted in accordance with the Brand Standards, as updated, supplemented, and modified. Franchisee further acknowledges that establishing, maintaining, and protecting the goodwill, reputation, and uniformity of the System requires strict adherence to this Agreement and the Brand Standards in all respects, it being agreed that every detail is significant and material. If Brand Standards are maintained in hard copy or in another format which is not automatically updated (i.e. such as a copy maintained on the Intranet) Franchisee shall at all times ensure that Franchisee's copy of the Brand Standards is kept current and up-to-date, and in the event of any dispute as to the contents of the Brand Standards, the terms of the master copy of the Brand Standards maintained by Franchisor at Franchisor's home office shall be controlling. Franchisee shall maintain the Brand Standards in a safe and secure location and shall report the theft or loss of the Brand Standards, or any portion thereof, immediately to Franchisor.

8.3 Franchisee hereby grants to Franchisor and its agents the right to enter upon the premises of the Property at any reasonable time for the purpose of conducting inspections. Franchisee shall (a) provide lodging without charge to Franchisor's agent during such time as may reasonably be necessary to complete such inspections; (b) cooperate fully with Franchisor's agents during the inspections; and (c) take such steps as may be reasonably necessary to correct any deficiencies detected during such an inspection, upon the written request of Franchisor or its agents, within such reasonable time as may be specified therein. Franchisee shall provide all information requested by Franchisor for the purpose of Franchisor's conducting guest satisfaction audits and surveys. If Franchisee fails an inspection or fails to meet brand standards, Franchisor

will charge Franchisee a quality assurance ~~performance area/category~~ fine (“Quality Assurance Review Fine”). ~~The amount of the Quality Assurance Review Fine is based on the performance area or category the Franchisee and Property failed, as well as the number of failed performance areas and categories.~~ The Quality Assurance Review Fine per inspection will not exceed \$4,000. If, upon re-inspection the failure has not been remedied, Franchisee may be charged an additional fine. The Quality Assurance Review Fine per inspection or re-inspection will not exceed \$4,000. By way of example, if one re-inspection is required and the failures have not been cured, the total Quality Assurance Review Fine may be up to \$8,000. Franchisee must also pay the expenses of Franchisor’s representative(s) conducting any such inspections. Franchisee shall pay such fine as may be charged pursuant to this Section and expenses within 15 days of receipt of an invoice therefor. Franchisor may, in its sole discretion, collect any payments or amounts due or payable under this Article by direct debit withdrawal from a bank account designated by Franchisee.

8.4 If Franchisee fails an inspection for any health or safety reason that Franchisor, in its discretion, deems to constitute a danger to the health or safety of the public, employees at the Property, or guests or visitors to the Property, Franchisee shall, immediately upon Franchisor’s request, take such action as required by Franchisor, including closing all or part of the Property, or not allowing any new guests, until the dangerous conditions have been remedied to Franchisor’s satisfaction. Nothing in this Section 8.4 shall limit or restrict Franchisor’s rights under Article 14, or any other Article of this Agreement.

8.5 If the Property has sustained substantial wear and tear Franchisee may request, or Franchisor may require, that a property improvement review (“PIR”) be performed. The PIR will identify areas of the Property or items that do not satisfy then current System standards as set forth in the Brand Standards, and identify steps required to be taken to remedy identified deficiencies. Franchisee will pay Franchisor the then current fee for performing the PIR. The fee will be payable upon request for the PIR to be performed.

8.6 If Franchisee develops any designs, products, services, procedures, or inventions deemed by Franchisor to be appropriate for use in other System Properties or any Affiliate System, it is understood and agreed that Franchisor shall be the owner of such designs, products, services, procedures, or inventions without obligation to compensate Franchisee, it being understood and agreed that the benefit to the Franchisee from the overall enhancement of the System is sufficient consideration for granting this right to Franchisor, however Franchisee will be granted a license to use such designs, products, services, procedures, or inventions.

8.7 All marketing and promotion by Franchisee shall be factual, ethical, and in good taste in the judgment of Franchisor and shall be subject to Franchisor’s approval as provided in Article 9.1 of this Agreement. Franchisee shall in all dealings with its customers, suppliers, Franchisor, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which, in the subjective opinion of Franchisor, may be injurious to the business of Franchisor and the goodwill associated with the Proprietary Marks and other System Properties.

8.8 Immediately upon receipt by Franchisee of any report from any health department or other comparable agency, Franchisee shall send a complete copy of such report to Franchisor by overnight courier service. Franchisee shall notify Franchisor in writing within 5 days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may adversely

affect the operation or financial condition of Franchisee or the Property or of any notice of violation of any law, ordinance, or regulation relating to health or sanitation.

8.9 Franchisor and Franchisee recognize the value of pricing and marketing programs that facilitate the marketing of the System, the good will, reputation, and uniformity of the System and consumer acceptance and recognition of System Properties. Franchisee and Franchisor agree that, in order to better accomplish these objectives, Franchisor may from time to time in its sole judgment recommend (a) that rates for lodging accommodations shall start at levels no higher than those determined by Franchisor (b) mandatory maximum charges for the goods and services offered by the Franchisee at the Property, (c) Franchisees offer some rooms in the Property at specified maximum prices, and (d) other rates and prices to the extent permitted by applicable law.

Article 9 Advertising.

Franchisee and Franchisor recognize the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System. In order to better accomplish these objectives, the parties agree as follows:

9.1 All advertising, marketing, and sales materials used by Franchisee in any medium shall be conducted in such manner, and shall conform to such standards and requirements, as Franchisor may specify from time to time. Franchisee must submit to Franchisor for its prior written approval samples of all advertising, marketing, and sales plans and materials and all other materials displaying the Proprietary Marks that Franchisee desires to use which have not been prepared or previously approved by Franchisor; provided, however, that no such deemed approval shall relieve Franchisee from complying with the requirements of Article 8.7 of this Agreement.

9.2 Franchisee shall obtain listings at Franchisee's expense in the yellow and white pages of local telephone directories and maintain and participate in such social media activities and maintain such an internet presence as Franchisor may specify from time to time.

9.3 Franchisor has established a Marketing, Branding, Sales and Advertising Fund ("Marketing Fund"). The Marketing Fund is administered by the Marketing Committee. The Marketing Fund will be used to meet any and all costs of researching, developing and preparing national, regional, point of sale, and local direct sales advertising and marketing strategy materials for use by the WHFS Brands, including, without limitation, costs associated with developing, preparing, directing, administering, maintaining, and disseminating advertising, marketing, promotional, and public relations materials; conducting marketing research; maintaining a national sales and marketing staff and related expenses; development, maintenance and updates to the WHFS Brand Websites; joint promotional programs for all WHFS Brands; and preparing, producing, broadcasting, and disseminating advertising and promotions, including, without limitation, radio, television, newspaper, magazine and Internet advertising, market surveys, public relations activities, and employment of advertising agencies. The Marketing Committee shall choose and determine the nature, theme, and timing of advertising and the kind and quality of advertising materials to be provided to Franchisees through the Marketing Fund. All payments, plus income earned therefrom, shall be used exclusively for the above-stated purposes, and shall not be used to defray any of Franchisor's general operating expenses, except for reasonable salaries, administrative costs, travel expenses, overhead, and similar expenses Franchisor may incur in activities related to the administration of the Marketing Fund and all costs of development and preparing national, regional, point of sale, and local advertising materials for use within the System. Franchisor shall, for each of its company-owned System Properties, make contributions to

the Marketing Fund at the same percentage of Room Revenues required of Franchisees within the System. The Marketing Committee or its designee shall direct all advertising, marketing, and direct sales promotional programs and activities, with sole discretion over the concepts, materials, and media used in such programs and activities and the placement and allocation thereof. Franchisee acknowledges that the intent of the Marketing Fund shall be to maximize general public recognition, direct sales programs, and acceptance of the Proprietary Marks for the benefit of the System and any Affiliate Brand whose franchisees also contribute to the Marketing Fund, and the Marketing Committee or its designee shall have no obligation in administering the Marketing Fund, to make expenditures for Franchisee which are equivalent or proportionate to any payments by Franchisee, or to ensure that any particular Franchisee or any particular franchised location benefits directly or pro rata from advertising or promotion conducted under the Marketing Fund. The Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to franchisees with respect to the Marketing Fund; provided, however, that Franchisor will make a good faith effort to expend such fees in a manner that Franchisor determines is in the general best interests of the WHFS Systems. Franchisor has the right to advance monies to the Marketing Fund and subsequently obtain reimbursement of such advances out of Marketing Fund fees collected. Franchisor has the right to divide the Marketing Fund into two or more funds, by WHFS Brand or otherwise. If Franchisor divides the Marketing Fund, Franchisee will pay its Marketing Fee to such fund as directed by Franchisor, if any.

9.4 Franchisee and all Franchisees of the System shall be members of WHFA. As long as this Agreement remains effective, Franchisee shall be a member of WHFA or such successor association or franchise advisory council as may be sanctioned by Franchisor to serve as an advisory council to Franchisor with respect to advertising, marketing, reservations, and other matters relating to System Properties. All Franchisees of the System and Franchisor shall be members of WHFA. As a member of WHFA, Franchisee shall have the following rights and obligations:

A. Franchisee shall pay to WHFA all dues, assessments, and conference fees authorized by WHFA and shall otherwise maintain its membership in WHFA in good standing ("good standing" means WHFA dues and assessments are current and Franchisee has not been given a notice of its default under this Agreement). Such fees shall be consistently applied to all Franchisees in the System and Properties owned by Franchisor or its Affiliates.

B. On all matters on which members of WHFA in good standing are authorized to vote under the Bylaws of WHFA, each Franchisee member shall be entitled to 1 vote for each System Property it has in operation and Franchisor shall be entitled to 1 vote for each System Property operated by Franchisor for itself or for parties who are not Franchisees, except that Franchisee may not be permitted to vote on matters relating to another WHFS Brand for System Properties operated by Franchisee under another WHFS Brand or matters arising under another form of franchise agreement than the current form..

C. Franchisor will, as it deems appropriate, seek the advice and counsel of WHFA, its advisory council and committees. WHFA's committees and their functions and membership will be subject to approval in writing by Franchisor, which approval will not be unreasonably withheld. Recognizing that WHFA must function in a manner consistent with all Franchisees of the System, the parties will cause the governing rules of WHFA to be consistent with this Agreement.

9.5 Franchisee agrees to list the Property in the Value Place CRS (central reservation system) and to furnish to Franchisor such information as Franchisor or its designee may request for that purpose. Franchisee understands and acknowledges that the success and utility of the Value

Place CRS may require that it contain information concerning rates for lodging accommodations; that Franchisee shall have sole discretion in determining any rates for the Property which appears in Value Place CRS; and that Franchisor assumes no liability for, nor shall Franchisor be deemed liable by reason of, any failure by Franchisee or Franchisor's other franchisees to honor any Value Place CRS rates for the period during which the Value Place CRS is in effect. If rates are required to be included in the Value Place CRS listing for the Property, seasonal and other rate changes or differentials shall be specified, upon Franchisee's request. Franchisee agrees not to charge higher rates than those that Franchisee causes to be published in the Value Place CRS and to comply with such other requirements with respect to the Value Place CRS as may be specified in the Brand Standards.

9.6 Franchisee shall participate in the Value Place Property reservation system, and shall observe all terms and conditions of participation specified by Franchisor. Franchisee shall purchase, install, and maintain at the Property all equipment necessary for participation in the reservation system required by Franchisor, including a reservation terminal and related equipment and software and any future enhancements, additions, substitutions, or other modifications specified by Franchisor in the Brand Standards or otherwise in writing. Franchisee shall also be responsible for telephone line, internet connection, or other communication infrastructure charges for connecting Franchisee's reservation equipment to the reservation system and for the cost of supplies used in the operation of the equipment and for all other related expenses.

Article 10 Financial Reporting.

10.1 Franchisee shall, in the manner and form specified by Franchisor in the Brand Standards or otherwise in writing, prepare on a current basis (and preserve for at least 5 years from the date of preparation) complete and accurate books and records in accordance with generally accepted accounting principles concerning Room Revenues and all financial, operating, marketing, and other aspects of the Property and the Franchised Business, and maintain an accounting system that fully and accurately reflects all financial aspects of the Property, the Franchised Business, and Franchisee. Such books and records shall include, but not be limited to, books of account, tax returns, governmental reports, register tapes, daily and other periodic reports, and complete quarterly and annual financial statements (profit and loss statements, balance sheets, and cash flow statements). Franchisee's obligation to preserve such books and records shall survive the termination or expiration of this Agreement.

10.2 On or before the 15th day of each calendar month, Franchisee shall submit to Franchisor a statement (in such form and detail as Franchisor may require) reflecting the computation of all amounts then due under Article 4.1 of this Agreement, provided that, if fees will become due under this Agreement more frequently than monthly, upon notice to Franchisee, Franchisor may require reports to be submitted more frequently. The statement shall include information for the preceding month as to Room Revenues, other revenues, expenses, occupancy and room rates data, reservation data, and such other information as Franchisor may require. Any report required to be submitted hereunder not actually received by Franchisor on or before the date the related payment was due shall be deemed overdue unless postmarked at least 5 days prior to the date it was due.

10.3 Franchisee shall submit to Franchisor as soon as available but not later than 90 days after the end of Franchisee's fiscal year, at Franchisee's expense, a full and complete reviewed financial statement in writing setting forth the Room Revenues and the computation of all amounts paid by Franchisee under Article 4.1 of this Agreement for such fiscal year. Such statement shall

be prepared in accordance with generally accepted accounting principles, consistently applied, and shall be accompanied by a report from an independent certified public accountant reasonably satisfactory to Franchisor that the statement has been examined in accordance with generally accepted auditing standards. In addition, at Franchisor's request, Franchisee shall submit to Franchisor true copies of all state sales tax returns relating to sales made at the Property at the same time the returns are filed with state authorities, and such other records as Franchisor may reasonably request, including, without limitation, state and federal income tax returns of Franchisee.

10.4 Franchisor or its representatives, at Franchisor's expense, shall at all reasonable times have the right to inspect or audit the books, accounts, records, returns, and statements of Franchisee. The foregoing records may include, but are not limited to, state and federal income tax returns, credit card or any other third party charge account statements, and any bank, savings and loan, brokerage, or other financial checking, money market, or savings account used for the Franchised Business. Franchisee shall fully cooperate with Franchisor and its representatives or agents conducting such inspections or audits and, upon request; Franchisee shall submit a written response to any issues raised in connection with said audits. In the event a discrepancy between reported Room Revenues and actual Room Revenues is uncovered in any audit conducted pursuant to this Article for any reporting period (monthly, quarterly, or annually), Franchisee shall promptly pay the amount determined to be owing and, if the discrepancy exceeds 5% of reported Room Revenues, Franchisee shall reimburse Franchisor for all costs of the audit, including travel, lodging, and wages of personnel of Franchisor or third parties required to conduct such audit. Franchisee shall also promptly reimburse Franchisor for the cost of any audit (including salaries, travel, and living expenses) necessitated by Franchisee's failure to file any financial report due hereunder and any deficiency in royalties or Marketing Fund contributions disclosed by such audit. At Franchisor's option, Franchisee shall also immediately pay to Franchisor a late charge on the understated amount due from the date such amount was due until paid at the lesser of 1.5% per month or the maximum rate permitted by applicable law. The foregoing remedies shall be in addition to any other remedies Franchisor may have. Submission by Franchisee of more than 2 written statements of Room Revenues which under-report Room Revenues for any reporting period by 5% or more (regardless of any subsequent cure) shall constitute a material breach of this Agreement entitling Franchisor, at its option, the right to terminate this Agreement pursuant to Article 14.1.C. of this Agreement.

10.5 Franchisee hereby authorizes all banks and/or other financial institutions with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to the Property. Franchisee further authorizes Franchisor to disclose such information to prospective Franchisees and state regulatory agencies; provided that such information is not identified as relating to the Property unless required by law or regulation and then only if Franchisor requests that such identification be held in confidence.

10.6 The Franchisee agrees that Franchisor or its Affiliates may disclose to third parties data concerning and relating, directly or indirectly, to the Franchisee, the operations of Franchisee, and Franchisee's customers, including, but not limited to information about occupancy rates ("Operations Data"). Franchisee waives any notice in connection with the disclosure of Operations Data. Franchisor agrees, that it, or its Affiliates, will from time to time disclose to the Franchisee such operations data as it deems appropriate regarding other Franchisees of Franchisor (Operations Data jointly with operations data of other Franchisees, "System Operations Data"). The Company may, in its sole discretion, determine when and what System Operations Data will be disclosed, and may, without prior notice to, or consent from Franchisee, change the scope of the Systems

Operations Data being disclosed to Franchisee or when it is disclosed. Systems Operations Data disclosed to Franchisee is disclosed solely for Franchisee's internal business purposes and to enable Franchisee to compare its results with those of other Franchisees of Franchisor. If Franchisor or its Affiliates operate multiple brands, Franchisee agrees that Franchisor or its Affiliates may disclose System Operations Data to each other and to franchisees of such other brands. The disclosed Operations Data and Systems Operations Data remains confidential information of Franchisor. Franchisee may not disclose Systems Operations Data to other Franchisees of Franchisor, prospective Franchisees of Franchisor, competitors of Franchisor, prospective purchasers of Franchisee or any of the Franchisee's assets, financial institutions, or any other third parties. The Systems Operations Data so disclosed will be based on information provided to Franchisor by its Franchisees. Such information will not be verified by Franchisor or any of its affiliates. Franchisor has no obligation to correct Systems Operations Data disclosed after it learns that it was incorrect or incomplete, or to inform Franchisee thereof.

Article 11 Proprietary Marks and Trade Secrets; Competition.

11.1 Franchisee acknowledges that ownership of all right, title, and interest in the System and all parts thereof, including, without limitation, the Proprietary Marks and the design, decor, and image of all System Properties, is and shall remain vested solely in Franchisor. Franchisee expressly disclaims any right, title, or interest therein or in any goodwill derived therefrom. Franchisee's license to use the System, and any part thereof, is personal to Franchisee, and Franchisee shall not license, sublicense, or allow the System, or any part thereof, to be used by any other person, firm, or business association without Franchisor's prior written approval. All uses of the System by Franchisee inure to the benefit of Franchisor.

11.2 Franchisee shall not, directly or indirectly, at any time during the Term or thereafter, do, cause, or suffer to be done any act or thing disputing, attacking, or in any way impairing or tending to impair the right, title, or interest of Franchisor in the Proprietary Marks or the System. Franchisee shall immediately notify Franchisor in writing of all infringements or imitations of the Proprietary Marks of which Franchisee becomes aware, and Franchisor shall exercise absolute discretion in deciding what action, if any, should be taken. Franchisee shall fully cooperate with Franchisor in the prosecution of any action to prevent the infringement, imitation, or illegal use of the Proprietary Marks and agrees to be named as a party in any such action at Franchisor's request. Franchisor shall bear any and all legal expenses incident to Franchisee's participation, at Franchisor's request, in any action to prevent the infringement or illegal use of the Proprietary Marks, except for the cost of any legal counsel separately retained by Franchisee. Except as expressly provided in this Article, Franchisor shall not be liable to Franchisee for any damages, costs, expenses, loss of profits or business opportunities, or incidental or consequential damages of any kind or nature whatsoever relating to any action involving the Proprietary Marks.

11.3 Franchisee shall use the Proprietary Marks as the sole identification of the Property; provided, however, that in all public records and in its relationship with other persons, on stationery, business forms, checks, or as otherwise required by Franchisor, Franchisee shall indicate Franchisee's independent ownership of the Property. Franchisee shall identify the Property as being independently operated, such as "Independently owned and operated by [Franchisee] through a Franchise Agreement with WoodSpring Hotels Franchise Services LLC." or "This Value Place Property is independently owned and operated by [Franchisee] through a Franchise Agreement with WoodSpring Hotels Franchise Services LLC." Franchisee shall file so-called assumed name or doing business certificates with local or state authorities, as required by applicable law, showing its independent ownership of the Property. In no event shall Franchisee

use the Proprietary Marks in connection with the sale of any product or service not authorized for sale at the Property. Franchisee shall not license, sublicense, or allow the Proprietary Marks to be used by any other person or business entity without Franchisor's prior written approval. In adopting any corporate, proprietorship, or partnership name, Franchisee shall not use the Proprietary Marks or any variation or abbreviation thereof, or any words confusingly similar thereto. Franchisee has no right to register any of the Proprietary Marks. If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchisee to modify or discontinue use of the Proprietary Marks, and/or use one or more additional or substitute trade or service Proprietary Marks, Franchisee agrees to comply therewith within a reasonable time after written notice thereof by Franchisor.

11.4 Franchisee further acknowledges and agrees as follows:

A. Franchisor possesses certain Trade Secrets, and in general, methods, techniques, formats, specifications, programs, procedures, information systems, and knowledge, in the operation and franchising of Properties and other lodging concepts.

B. All confidential information it receives from Franchisor, its affiliates, or Franchisees is confidential and proprietary information in which Franchisor has a proprietary interest. For purposes of this Agreement, "Confidential Information" may include, by way of example, but without limitation, Trade Secrets, standard plans for the Property, Brand Standards, data, know-how, processes, designs, sketches, photographs, plans, drawings, specifications, reports, financial information, customer lists, pricing information, studies, findings, inventions, and ideas. Franchisee shall at all times preserve in confidence any and all Confidential Information, and Franchisee shall disclose such information or materials only to such of its employees or agents who must have access to it in connection with their employment and the operation of the Property. Franchisee shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce the materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person and may only use Confidential Information for the purpose of operating the Property.

C. Franchisee shall acquire no interest in the Trade Secrets, other than the right to utilize them in the development and operation of the Property during the Term. The use or duplication of the Trade Secrets in any other business will constitute an unfair method of competition. The Trade Secrets are proprietary and are disclosed to Franchisee in confidence and solely on the condition that Franchisee agrees, and Franchisee hereby agrees that Franchisee (i) will not use the Trade Secrets in any other business or capacity; (ii) will maintain the absolute confidentiality of the Trade Secrets during and after the Term; (iii) will not make unauthorized copies of any portions of the Trade Secrets disclosed in written form, including, without limitation, any plans, the Brand Standards, bulletins or supplements, and additions thereto; and (iv) will operate and implement all reasonable procedures prescribed by Franchisor to prevent the unauthorized use and disclosure of the Trade Secrets. Franchisee shall immediately notify Franchisor of any unauthorized use or disclosure of the Brand Standards or any of the Trade Secrets or if the Brand Standards or any other materials containing any Trade Secrets are lost or stolen.

D. The foregoing restrictions on Franchisee's disclosure and use of Trade Secrets shall not apply to information, processes, or techniques that are or become generally known and used by other similar hotels or lodging concepts, other than through disclosure (whether deliberate or inadvertent) by Franchisee, and disclosure of Trade Secrets in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose such information, provided, Franchisee shall have used Franchisee's best efforts, and shall have afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information

required to be so disclosed. Trade Secrets will not be considered generally known or used by Franchisor's disclosure of such information to franchisees or Affiliates operating or owning properties operated under a different WHFS Mark.

11.5 Unless the context otherwise requires, the term "Franchisee" as used in this Article 11 shall include, individually and collectively, all partners, officers, directors, and managers of Franchisee, and owners or holders, directly or indirectly (and any partners, officers, directors, and managers of any such holder), of 5% or more of the beneficial interest in Franchisee.

11.6 At Franchisor's request, Franchisee shall require and obtain execution of a confidentiality agreement in a form acceptable to Franchisor, (including a confidentiality agreement applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (a) all officers, directors, and holders of a beneficial interest of 5% or more of the securities of (i) Franchisee and (ii) any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; (b) the general partners and any limited partners (including any corporation or other entity, and the officers, directors, and holders of a beneficial interest of 5% or more of the securities of such corporation or other entity which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; and (c) the managers and members (including any corporation or other entity, and the officers, directors, and holders of a beneficial interest of 5% or more of the securities of any corporation or other entity which controls, directly or indirectly, any member or manager), if Franchisee is a limited liability company. Failure by Franchisee to obtain execution of the confidentiality agreement required by this Article, or to deliver such confidentiality agreement to Franchisor, shall constitute a material breach of this Agreement.

11.7 Franchisee shall require every person employed as property manager of the Property to devote full time to such employment and to agree in writing to be bound by the restrictions set forth in this Article. Franchisee shall also take all reasonable steps to require other employees to be bound by the confidentiality provisions of this Article. Upon Franchisor's request, Franchisee shall promptly provide copies of all such agreements to Franchisor.

11.8 All use of the Proprietary Marks in electronic commerce, which includes all forms of electronic or computer communication, must comply with the requirements set forth in the Brand Standards. Franchisor may require that various types of marketing or advertising utilize a specific template or format. Franchisee must provide Franchisor with copies of all proposed applications for registrations of any of the Proprietary Marks or any variation thereof for use in and for electronic commerce, including Franchisee's Internet or Website address and domain name. Franchisee must obtain Franchisor's prior written approval to file any such application, which Franchisor may withhold in its sole discretion. Upon expiration or termination of this Agreement, Franchisee agrees to transfer its Internet or Website addresses and domain names to Franchisor upon Franchisor's written request. Franchisee will not receive any compensation for such transfer.

11.9 In the event any provision of this Article is deemed by a court of competent jurisdiction to be more restrictive than permissible at law or equity, then Franchisee agrees that the provisions hereof may be reformed and modified and enforced by such court to the maximum extent permissible under applicable law and principles of equity. Franchisee agrees that specific performance and injunctive relief are necessary and appropriate remedies for violations of this Article and agrees to the enforcement of such remedies, but without prejudice to the right of Franchisor to recover money damages, which are in no event a full and adequate remedy for such violations.

11.10 Franchisee acknowledges that Franchisor and its Affiliates may operate one or more Affiliate Systems. For purposes of efficiency, or for other reasons, Franchisor and its Affiliates may coordinate and operate certain support functions, and coordinate program between the System and Affiliate Systems. Such coordination will not be deemed a breach of this Agreement.

Article 12 Insurance and Indemnity.

12.1 During the Term, Franchisee shall comply with all insurance requirements of any lease, mortgage, or deed of trust covering the Property as well as all insurance requirements of Franchisor as set forth in the Brand Standards or as otherwise communicated by Franchisor. All insurance shall be procured at the earliest possible time that Franchisee has an insurable interest with respect thereto, and shall be written by insurance companies with an A.M. Best rating of AVI or greater. At a minimum, Franchisee shall maintain the following:

A. Comprehensive or commercial general liability insurance, for any claims or losses arising or resulting or pertaining to the Property or its operation, provided that, if the Property is managed by a property management company, business auto liability insurance and worker's compensation insurance must be carried by such property management company. If the general liability coverage contains a general aggregate limit, it shall apply in the aggregate to this Property only. Such insurance shall be on an occurrence policy form and shall include premises and operations, independent contractors, blanket contractual, products and completed operations, advertising injury, employees as additional insureds, broad form property damage, personal injury, severability of interests, and explosion, collapse and underground coverage during any construction.

B. Business auto liability including owned, non-owned, and hired vehicles.

C. Umbrella excess liability insurance.

D. Insurance on the Property (including furniture, fixtures, equipment, boiler, and machinery) against such risks as Franchisor may specify, including fire, lightning, vandalism, malicious mischief, and all other risks covered by the special extended coverage endorsements, in an amount equal to full replacement value thereof.

E. If the Property is located in whole or in part within an area identified by the Federal Government as having a special flood hazard, flood insurance in an amount not less than the maximum coverable available under the National Flood Insurance Program and excess flood coverage with reasonable limits including business interruption coverage in an amount not less than that set forth in paragraph H. below.

F. If the Property is located in an "earthquake prone zone" as determined by the U.S. Geological Survey, insurance in an amount not less than the probably maximum loss less any applicable deductibles, including business interruption coverage in an amount not less than set for the in Paragraph H below.

G. Builder's risk property insurance of not less than the full contract price.

H. Business interruption insurance covering loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and contributions to the Marketing Fund, for any interruption in Franchisee's business operations, as well as the cost of conducting a pre-opening review before reopening of the business in the event of closure for repairs or rebuild.

- I. Employee dishonesty coverage on all Property employees.
- J. Worker's compensation insurance as required by applicable law, employer's liability insurance, and such other insurance as may be required by law.
- K. During construction at the Property (including the initial construction of the Property), Franchisee shall cause the general contractor to maintain, with an insurer carrying an A.M. Best rating of AVI or greater, the following insurance:
 - (1) Comprehensive or commercial general liability insurance, for any claims or losses arising or resulting or pertaining to the Property or its operation. If the general liability coverage contains a general aggregate limit, it shall apply in the aggregate to this Property only. Such insurance shall be on an occurrence policy form and shall include premises and operations, independent contractors, blanket contractual, products and completed operations, advertising injury, employees as additional insureds, broad form property damage, personal injury, incidental medical malpractice, severability of interests, and explosion, collapse and underground coverage during any construction.
 - (2) Workers' compensation as required by applicable law, employer's liability insurance, and such other insurance as may be required by law.
 - (3) Umbrella excess liability insurance.
 - (4) Business auto liability insurance including owned, non-owned and hired vehicles.

12.2 All policies of insurance (a) shall be written on a fully insured basis with no deductibles in excess of \$50,000 nor any self-insured retentions, (b) shall name Franchisor as an additional insured, except with respect to workers compensation insurance and other employee liability insurance, (c) shall be specifically endorsed to provide that the coverages will be primary and that any insurance carried by any additional insured, including the Indemnitees, shall be excess and non-contributory, (d) shall contain a waiver of any rights of subrogation against the Indemnitees, and (e) shall contain a severability of interest provision in favor of the Indemnitees. At all times during the Term, Franchisee will furnish to Franchisor certificates of insurance evidencing the term and limits of coverage in force, names of applicable insurers, and persons insured, and a statement that coverage may not be canceled, altered, or permitted to lapse or expire without 30 days' advance written notice to Franchisor. Revised certificates of insurance shall be forwarded to Franchisor each time a change in coverage or insurance carrier is made by Franchisee and/or upon renewal of expired coverages. At Franchisor's option, Franchisee may be required to provide certified insurance policy copies. Franchisor may increase the minimum protection or coverage requirements of any policy required under this Article 12, and may require different or additional kinds of insurance at any time to reflect inflation, identification of special risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Franchisee acknowledges and understands that Franchisor makes no representation or warranty with respect to the adequacy or sufficiency of the insurance required under this Article, and that Franchisee shall have the sole responsibility to determine whether additional insurance or higher limits are appropriate.

12.3 If Franchisee does not obtain and maintain the insurance coverage required by this Agreement, as revised by the Brand Standards or otherwise in writing, Franchisor may, but shall not be obligated to, procure such insurance, and the cost or expense thereof, together with a

reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon demand.

12.4 Franchisee shall indemnify, hold harmless, and promptly reimburse the Indemnitees for, from and against any and all fines, damages, legal fees, costs, expenses, and other liabilities suffered or incurred by the Indemnitees by reason of any actual or threatened claim, demand, lawsuit, tax, penalty, investigation, or other proceeding (even where Indemnitee's negligence or other wrongful conduct is alleged) arising directly or indirectly from, as a result of, or in connection with (a) any application submitted to Franchisor, (b) the development, construction, operation, condition, use, occupancy, or sale of the Property, (c) any occurrence at or on the Property premises, (d) any environmental matters of any kind pertaining to the Property, (e) any breach of any terms and provisions of this Agreement by Franchisee, ~~and~~ (f) any offering of securities, units, or other ownership interests of Franchisee, including, without limitation, the violation of any federal and/or state securities laws, and (g) any allegation that the Franchisor is liable under federal or state employment or labor laws as the employer of Franchisee's employees; and (h) any breach by Franchisee of data privacy laws. Upon Franchisor's request, Franchisee shall defend Indemnitees against all such matters. In any event, Franchisor shall have the right, through counsel of its choice, to control any matter to the extent Franchisor reasonably determines that such matter may have a significantly adverse effect on Indemnitees. Franchisee shall also indemnify and promptly reimburse Franchisor for all expenses reasonably incurred by Franchisor to protect itself from, or to remedy, any breach of this Agreement by Franchisee. Franchisee's indemnity obligations under this Agreement shall survive the expiration or other termination of this Agreement and shall be in addition to all other rights and remedies of Franchisor. Franchisee's obligations to indemnify Franchisor under this Article shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of its obligation to maintain insurance relieve Franchisee of liability under this indemnity provision or be construed to be a limitation on the amount of Franchisee's indemnity obligations. The right of the Indemnitees to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on the Indemnitees by statute, ordinance, regulation, or other law.

12.5 Franchisee shall notify Franchisor in writing within 5 days of receipt of notice or knowledge of any claim, dispute, loss, or damage in the amount of \$25,000 or more, real or alleged, arising from Franchisee's activities in, at, or around the Property, whether or not such claim names Franchisor. A quarterly notice will be provided by Franchisee to Franchisor regarding any claim, dispute, loss, or damage. Franchisee has no authority to, and shall not, accept any service of process on behalf of Franchisor, any of its affiliated companies, or the Indemnitees.

Article 13 Transfer of Interest or Management.

13.1 Franchisor shall have the right to transfer or assign all or any part of this Agreement, or all or any of its rights or obligations herein to any person or legal entity and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

13.2 This Agreement is not transferable by Franchisee except as permitted herein. The rights and duties set forth in this Agreement are personal to Franchisee and are granted in reliance on the individual and collective business skill, financial capacity, and personal character of Franchisee and its owners. Accordingly, neither this Agreement or the license granted hereunder, any part or all of any owner's direct or indirect ownership interest in Franchisee, the Property, nor a

substantial portion of the Property's assets (collectively, the "Licensed Interests"), may be transferred by Franchisee without Franchisor's prior written approval, and then only in accordance with the provisions of this Agreement. Any purported Transfer by Franchisee, by operation of law or otherwise, which is not permitted hereunder, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate in accordance with Article 14.1.C. without opportunity to cure.

13.3 Franchisee shall grant no security interest, lien, mortgage, or deed of trust on any or all of the real estate or fixtures of the Property without prior written notice to Franchisor and then only if Franchisee agrees to request that the lender enter into a comfort letter as to such real estate and/or fixtures of the Property in form and substance reasonably acceptable to Franchisor.

13.4 In the event that Franchisee is an individual and proposes, subsequent to the execution of this Agreement, to transfer this Agreement to a corporation, partnership, or limited liability company formed by Franchisee, Franchisor's consent to such transfer shall be conditioned upon satisfaction of and compliance with Article 7.17 of this Agreement and to the following additional requirements:

A. Franchisee shall be the owner of all of the voting stock, interests, or units of the corporation, partnership, or limited liability company; and, if Franchisee is more than 1 individual, each individual shall have the same proportionate ownership interest in the corporation, partnership, or limited liability company as he or she had in Franchisee prior to the transfer.

B. All transferors shall execute a written agreement personally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor from the date of transfer and agreeing to be bound by all the terms and conditions of this Agreement.

13.5 Upon Franchisee's death or Incapacity, or, if Franchisee is a corporation, partnership, or limited liability company, upon the death of an owner of a Controlling Interest or upon the determination by Franchisor that the owner of a Controlling Interest is Incapacitated, Franchisee's or such owner's executor, administrator, conservator, guardian, or other legally appointed personal representative must transfer Franchisee's interest in this Agreement or the owner's interest in Franchisee to a third party. Such disposition of this Agreement or the interest in Franchisee of an owner of a Controlling Interest (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed 1 year from the date of death or Incapacity, and will be subject to all of the terms and conditions applicable to transfers contained in this Article 13. A failure to transfer Franchisee's interest in this Agreement or the interest of an owner of a Controlling Interest in Franchisee within this period of time constitutes a breach of this Agreement. Adequate provision must be made, in the sole discretion of Franchisor, for management of the Property during such period. Franchisee's interest in this Agreement or any owner's interest in Franchisee which is an entity may, with Franchisor's consent, which will not be unreasonably withheld, be transferred to the decedent's spouse, parent, sibling, or direct descendant or to spouse's direct descendant.

13.6 If, upon Franchisee's death or Incapacity, or upon the death or Incapacity of an owner of a Controlling Interest in Franchisee, the Property is not being managed by an approved management company, Franchisee's or the owner's executor, administrator, conservator, guardian, or other legally appointed personal representative must within a reasonable time, not to exceed 30 days from the date of death or declaration of Incapacity, appoint an approved management company to operate the Property. Such an approved management company may be appointed only with Franchisor's prior written approval and will be required to complete training at Franchisee's

expense. Pending the appointment of an approved management company as provided above or if, in Franchisor's reasonable judgment, the Property is not being managed properly at any time after Franchisee's death or declaration of Incapacity or after the death or declaration of Incapacity of an owner of a Controlling Interest in Franchisee, Franchisor has the right, but not the obligation, to appoint a property manager or management company for the Property. All funds from the operation of the Property during the management by Franchisor's appointed property manager or management company will be kept in a separate account, and all expenses of the Property, including compensation, other costs, and travel and living expenses incurred by the management company, will be charged to this account. Franchisor also has the right to charge a reasonable management fee (in addition to the Royalty Fee and Marketing Fee payable under this Agreement) during the period that Franchisor's appointed property manager or management company manages the Property. Operation of the Property during any such period will be on the transferee's behalf, provided that Franchisor only has a duty to utilize commercially reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses or expenses, or obligations incurred by the Property or to any creditors for any products, materials, supplies, or services the Property purchases during any period it is managed by Franchisor's appointed property manager or management company. The transferee will remain solely responsible for maintaining the Property during any period in which Franchisor's appointed property manager or management company is managing the Property on the transferee's behalf.

13.7 Securities, units, or other ownership interests in Franchisee may be offered by public or private offering, or otherwise, only with the prior written consent of Franchisor (whether or not Franchisor's consent is required under Article 13.2 of this Agreement). If Franchisee requests consent for a public offering Franchisor may grant or withhold its consent in its sole discretion based solely upon what Franchisor deems to be in its best interests. If Franchisee requests consent for a private offering, Franchisor will not unreasonably withhold its consent. All materials required for such offerings by federal or state law shall be submitted to Franchisor for review prior to their being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use. No Franchisee offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of Franchisee or Franchisor securities, and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed public offering, Franchisee shall pay to Franchisor an amount that covers Franchisor's reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. For each private offering of securities, Franchisee shall pay to Franchisor an amount that covers Franchisor's reasonable costs and expenses associated with reviewing the proposed private offering, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least 90 days prior to the date of commencement of any public offering and at least 30 business days prior to the date of commencement of any private offering or other transaction covered by this Article.

13.8 Notwithstanding any provision to the contrary contained in this Article, Franchisee may transfer not more than an aggregate of 25% of the outstanding voting shares, units, or ownership interests of a Franchisee operating as a corporation, partnership, or limited liability company to employees of Franchisee who are actively engaged in the Property operations, if such transfers, alone or together with other previous, simultaneous, or proposed transfers, do not have the effect of transferring a Controlling Interest in Franchisee. The ownership of such shares, units, or ownership interests by such employees will be subject to all of the terms and conditions of this

Agreement, including, without limitation, Article 11 and Article 13 of this Agreement. Franchisee shall provide Franchisor with written notice of any such proposed transfer and all pertinent information regarding the same not later than 30 days prior to the proposed date of transfer.

13.9 Franchisor shall not unreasonably withhold any consent required under this Article 13; provided, that Franchisor shall have the right to require any or all of the following as conditions of its approval of a Transfer:

A. except for a Transfer pursuant to Articles 13.3, 13.4, and 13.6, 13.7, and 13.8, that each proposed transferee shall be required to submit an application for a new license. Franchisor will process such application in accordance with Franchisor's then-current procedures, criteria, and requirements regarding fees, upgrading of the Property, credit, operational abilities and capabilities, prior business dealings, and other factors Franchisor deems reasonable.

B. that each transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates, successors, and assigns, including, without limitation, claims arising under this Agreement, and any other agreement between Franchisee and Franchisor or its Affiliates;

C. that the transferee or its owners shall guarantee, in a form satisfactory to Franchisor, the performance of all obligations of the Franchisee from the date of Transfer;

D. if the proposed Transfer would result in a Change in Control of Franchisee, that the transferee shall execute the then-current form of Franchise Agreement being offered to new Franchisees for the full term, except that if the then current form of Franchise Agreement contains any territorial protection commensurate to Section 2.6 A, such right will not apply, provided that if the transfer occurs before the expiration of the Franchisee's rights under Section 2.6 A hereof, the remainder of such rights will be transferred. The transferee shall execute such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and/or advertising fee.

E. if the proposed Transfer does not result in a change of control of Franchisee and does not have the effect of transferring a Controlling Interest in Franchisee, no application fee or Franchise Fee shall be required under a new Franchise Agreement, but that Franchisee shall reimburse Franchisor for reasonable fees and expenses incurred by Franchisor in facilitating the proposed Transfer.

F. if a proposed Transfer would result in a Change in Control of Franchisee, that Franchisee or transferee at its expense upgrades the Property to conform to the then current System standards and specifications, and completes the upgrading and other requirements within the time specified by Franchisor;

G. that all monetary obligations of Franchisee hereunder shall be paid in full on a current basis, and Franchisee must not be otherwise in default of any of its obligations hereunder including, without limitation, its reporting obligations;

H. if a proposed Transfer would result in a Change in Control of Franchisee, and if so requested by Franchisor after Franchisor has conducted a property inspection, transferor, at its expense, shall upgrade the Property to conform to the then-current standards and specifications of new Properties then-being established in the System, and shall complete the upgrading and other requirements set forth in this section within the time specified by Franchisor

I. if a property inspection is conducted pursuant to Section 13.9 H., the transferor pays to Franchisor a property inspection fee of \$5,000;

J. that the transferor shall continue to be bound by, and remain liable for all of the obligations to Franchisor in connection with the Property that arose prior to the effective date of the Transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

K. if a proposed Transfer would result in a Change in Control of Franchisee, at Franchisee's expense, the transferee, or, if the transferee is a business entity, one of its owners, shall complete to Franchisor's satisfaction all training programs required by Franchisor upon such terms and conditions as Franchisor may reasonably require, including the payment of a fee for attendance at such training programs (The transferee shall be responsible for the salary and all expenses of the person who attends training);

If the proposed Transfer is not approved by Franchisor and Franchisee proceeds to transfer the Property or securities, units, or other ownership interests in Franchisee to any proposed new owner, then this Agreement shall terminate pursuant to Article 13 hereof and Franchisor will be entitled to all of its remedies. Neither the Agreement, nor any rights hereunder shall be transferable in the event that the Franchisee is in default under the Agreement.

13.10 Franchisee shall not engage any management company to operate the Property without the prior written approval by Franchisor of the management company, which consent shall not be unreasonably withheld by Franchisor. Nevertheless, in order to be approved by Franchisor, a proposed management company must be deemed by Franchisor, in its reasonable judgment, qualified to manage the Property. Franchisor may refuse to approve any proposed management company which, in Franchisor's reasonable judgment, is not financially capable or responsible, is inexperienced or unqualified in managerial skills or operational capacity or capability, or is otherwise unable to adhere fully to the obligations and requirements of this Agreement. Franchisor may also withhold its approval if the proposed management company does not provide Franchisor with all information that Franchisor may reasonably request in order to reach such decision. It is understood that confidential information and materials are, in the normal course of business, imparted to System Franchisees and managers, and Franchisor will be under no obligation to approve a proposed management company or replacement management company that is a franchisor or owner, or is affiliated or associated with the franchisor or owner, of a hotel or other lodging industry trade name that is competitive with Franchisor, irrespective of the number of hotels operating under such trade name. When Franchisor has approved in principle the management company nominated by Franchisee, Franchisee shall have the right to negotiate and execute a management agreement with such management company for the management and operation of the Property, subject to the terms, conditions, and obligations of this Agreement. Prior to such manager's assuming rights thereunder, the management agreement shall be submitted to Franchisor for Franchisor's written approval, which shall not to be unreasonably withheld. Such management agreement shall include provisions providing that (a) the manager shall have the authority and responsibility for the day-to-day management of the Property, (b) the Property will be operated during the term of the management agreement in such a manner as shall not detract from or modify the requirements of this Agreement or otherwise adversely affect the operation and management of the Property, (c) that the manager shall accept, abide by, and be subject to all rules, regulations, inspections, and requirements of Franchisor set forth in this Agreement, and (d) that if there is a conflict between the management agreement and the terms of this Agreement, then this Agreement shall govern and control.

13.11 Franchisor's consent to a Transfer by Franchisee of any interest in the license granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

Article 14 Default and Termination.

14.1 This Agreement may not be terminated prior to the expiration of the Term except as provided in this Article. Termination of this Agreement shall not relieve Franchisee of any unfulfilled obligations to Franchisor created hereunder unless it is so agreed by Franchisor in writing. This Agreement may be terminated as follows:

A. By Franchisor in the case of a condemnation of a substantial portion of the Property in accordance with Section 7.18 of this Agreement.

B. Upon the mutual agreement of the parties in writing to a termination.

C. At Franchisor's option, effective immediately upon the giving of written notice to Franchisee, if Franchisee (i) ceases to operate the Property or otherwise abandons the business, or forfeits the legal right to do business in the jurisdiction where the Property is located; (ii) is convicted of a felony or other crime involving moral turpitude, consumer fraud, or crime or offense Franchisor believes is likely to have an adverse effect on Franchisee's ability to carry out the duties imposed by this Agreement or to have an adverse effect on the System and the goodwill associated therewith; (iii) transfers (including transfers following death or Incapacity) of any rights or obligations in violation of the terms of Article 13 of this Agreement; (iv) misuses or discloses confidential information in violation of Article 11 of this Agreement; (v) knowingly makes any false statements in any report or document submitted to Franchisor; (vi) submits more than 2 written statements of Room Revenues which under-report Room Revenues for any reporting period by 5% or more; (vii) suffers a final judgment to remain unsatisfied or of record for 30 days or longer (unless supersede as bond is filed), or has execution levied against Franchisee's business or property, or any suit is filed to foreclose any lien or mortgage against the premises or equipment and not dismissed within 30 days; (viii) becomes insolvent or has a receiver appointed to take possession of Franchisee's business or property or any part thereof or makes a general assignment for benefit of creditors; (ix) engages in public conduct that reflects materially and unfavorably upon the operation of the System, the reputation of the System, or the goodwill associated with the Proprietary Marks; provided that engaging in legitimate political activity (including testifying, lobbying, or otherwise attempting to influence legislation) shall not be grounds for termination; (xi) is in default under any other Franchise Agreement or other agreement with Franchisor or any of its Affiliates which is not curable, or, if such default is curable, has not cured such default within the applicable cure period; or (xii) or any Affiliate defaults under any Franchise Agreement or other agreement with Franchisor or any of its Affiliates which is not curable, or if such default is curable, has not cured such default within the applicable cure period.

D. At Franchisor's option, without notice, in the event Franchisee shall become bankrupt or become subject to a proceeding under any chapter of the United States Bankruptcy Code, unless Franchisee shall: (i) timely undertake to reaffirm the obligations under the Agreement, (ii) timely comply with all conditions as legally may be imposed by Franchisor upon such an undertaking to reaffirm the Agreement, and (iii) timely comply with such other conditions and provide such assurance as may be legally required in or under relevant provisions of the United States Bankruptcy Code; provided, however, that the parties acknowledge that this Agreement constitutes a personal services contract made in reliance on the qualifications and personal characteristics of Franchisee and its directors, officers, managers, shareholders, members, or partners, as the case may be, and in the expectation of a material degree of personal involvement in the management and operation of the Franchised Business, and consequently, the

parties agree that any attempt by any other party, including a trustee in bankruptcy or any other third party, to assume or accept a transfer or assignment of this Agreement shall be void, and that in no event shall this Agreement or any rights or duties of Franchisee hereunder, be transferred to any individual or entity who does not comply with all requirements for transfer specified in this Agreement.

E. At the election of Franchisor, effective upon the expiration of 30 days after giving of written notice (10 days in the case of non-payment of any Payment or other financial obligation), in the event Franchisee defaults, and does not cure to Franchisor's reasonable satisfaction within the 30 day (or 10 day) notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to submit a site application, commence construction of the Property, complete construction of the Property, or open the licensed Property and commence operations within the time schedule established under Article 5 of this Agreement, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Brand Standards, or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any 6-month period, and any subsequent occurrence of the same or substantially similar default within such 6-month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure.

14.2 No forbearance of Franchisor from asserting any default or giving any permitted notice of termination shall constitute a waiver of such default or right to terminate or an estoppel against such right as to any continuing default or subsequent occurrence of a default, whether similar or dissimilar in nature to the prior default. The rights of Franchisor to terminate this Agreement are in addition to, and not in lieu of, other remedies available at law or equity for defaults by Franchisee in the payment and performance of its obligations hereunder.

14.3 If Franchisee's default is such that, in Franchisor's sole judgment, the Franchised Business does not fairly represent the quality and standards of the System, Franchisor may, temporarily in lieu of termination, remove the Franchised Business from marketing and registration channels and other "Brand Channels" generally available to all Value Place Properties such as reservation websites, reservation telephone numbers, national accounts marketing and other such channels then in use or require Franchisee to hire a property management company or change property management companies. Because fees charged by Franchisor for access to such marketing and registration channels are generally set to cover the cost of the channels and charged on a pro rata basis, Franchisee shall continue to pay such fees, so that Franchisee's default does not negatively impact other Franchisor Franchisees. Franchisor's removal of the Franchised Business from Brand Channels, or requirement to change/hire property management company will not constitute a waiver of Franchisor's right to terminate this Agreement due to the underlying default.

Article 15 Obligations Upon Termination.

15.1 Upon expiration or termination of this Agreement for any reason, all rights granted hereunder to Franchisee shall terminate; and

15.2 Franchisee shall immediately and permanently cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a Franchisee of Franchisor except if Franchisee operates other Franchised Businesses than the one terminated.

15.3 Franchisee shall immediately and permanently discontinue the use of all Proprietary Marks, all similar names and marks, or any other designation or mark indicating or tending to indicate that Franchisee is or was a Franchisee of Franchisor. Franchisee shall promptly amend or terminate any filings or registrations with any governmental authorities containing or pertaining to the use of Franchisor's name and Proprietary Marks. Franchisee shall not promote or advertise the fact that it was formerly a Franchisee of Franchisor.

15.4 Franchisee shall surrender and transfer to Franchisor or its designee any and all rights to use the telephone numbers and other business listings used by Franchisee for the Franchised Business. Franchisee agrees to cooperate and execute any and all documents required to affect transfer of the telephone numbers and other business listings from Franchisee to Franchisor or its designee.

15.5 Franchisee shall immediately turn over to Franchisor all materials, including, without limitation, the Brand Standards (in whatever form Franchisee may have) and all other Brand Standards, all customer and supplier lists, marketing materials, instructions, any Website references and brochures, and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of the foregoing, excepting only Franchisee's copy of this Agreement and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law.

15.6 Franchisee shall immediately and permanently discontinue all advertising as a Franchisee of Franchisor, including but not limited to removal of all signs and other identifying marks and colors, and shall destroy or surrender to Franchisor any letterheads, forms, printed matter, and advertising containing Franchisor's Proprietary Marks and any similar or related names marks or designations tending to indicate that Franchisee is or was an authorized Franchisee of Franchisor.

15.7 Franchisee shall, at its expense, immediately make such modifications or alterations as may be necessary to distinguish the Property so clearly from its former appearance and from other System Properties as to prevent any possibility of confusion therewith by the public, and to prevent the operation of any business at the location of the Property by Franchisee or others in derogation of this Article (including, without limitation, removal of all distinctive physical identifying Property in the System including, without limitation, removal of all signs and emblems, and changing of telephone numbers and other directory listings). Franchisee shall, at Franchisee's expense, immediately make such specific additional changes as Franchisor may reasonably request for this purpose. Franchisee agrees that for 90 days following termination or expiration, Franchisor or its designated agents may enter the Property and adjacent areas, and hereby grants Franchisor an irrevocable license and permit to go upon the Property premises for such purposes, at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others. Franchisee acknowledges that such actions by Franchisor are authorized and permitted and shall not be deemed a violation of any civil or criminal law or any basis for an action under such laws by Franchisee or others. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to Franchisor, and consents to entry, at Franchisee's expense, of an ex parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order.

15.8 Franchisee shall immediately and permanently cease using Franchisor's System, including, but not limited to the Brand Standards, any other operating or training manuals or aids, intranet, advertising and promotional materials, and all confidential material delivered to Franchisee pursuant to this Agreement.

15.9 Within 10 days following termination or expiration, Franchisee shall provide Franchisor with an inventory of all items in the Property. Franchisor shall have the right, at its sole option, for a period of 60 days following receipt of such inventory list, to purchase at fair market value all usable materials owned by Franchisee bearing the Proprietary Marks, and/or to purchase Franchisee's FF&E and signage used in the Property or at the Approved Location at their fair market value. Franchisee shall not during such 60 day period remove from the Property or the Approved Location, transfer, assign, hypothecate, pledge, or otherwise encumber such FF&E or moveable signs.

15.10 Franchisee shall within 10 days from termination or expiration pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include payment of all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property (including, without limitation, signage, equipment, furnishings, furniture, and supplies) owned and used by Franchisee in connection with the Property at the time of default.

15.11 Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

15.12 The parties recognize the difficulty of ascertaining damages to Franchisor resulting from premature termination of this Agreement and have provided for Liquidated Damages, which Liquidated Damages represent the parties' best estimate as to the damages arising from the circumstances in which they are provided and which are the only damages for the premature termination of this Agreement and not as a penalty or as damages for breaching this Agreement or in lieu of any other payment. Accordingly, if this Agreement is terminated pursuant to Sections 14.1.C or 14.1.E, or by Franchisee without cause, Franchisee shall pay to Franchisor within 10 days of termination a lump sum payment (as Liquidated Damages and not as a penalty or in lieu of any other payments required under this Agreement): (i) if the Property has been open for at least six (6) months, in an amount equal to the total of all amounts required under Article 4 of this Agreement (including Franchise Fees, Royalty Fees and Marketing Fees) for the greater of the 36 calendar months of operation of the Property under the System preceding Franchisee's default, or if there have not been 36 full calendar months of actual operation under the System, then for the period of time the Property has been in actual operation under the System projected over a 36 calendar month basis, or (ii) in the amount of \$2,000 per key if the Property has not opened or has been open for less than 6 months.

15.13 Termination of this Agreement shall not relieve Franchisee of the obligations under Article 10 hereof to maintain and preserve financial and other records and to make them available for inspection and audit by Franchisor.

15.14 All covenants, obligations, and agreements of Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of the Term, shall survive such termination or expiration.

15.15 To the extent Franchisee is a franchisee of other Properties under other franchise agreements with Franchisor, which agreements are not terminated at the time of termination or expiration of this Agreement, the obligations of this Article 15 only apply to the Property subject to this Agreement.

Article 16 Additional Covenants.

16.1 Franchisee agrees and acknowledges that, prior to executing this Agreement, Franchisee has made such investigation of Franchisor and the System as Franchisee deems necessary, that Franchisee understands that the results of operations of the licensed Property are dependent upon the efforts and management of Franchisee, and Franchisee hereby assumes full responsibility for such operations.

16.2 It is understood and agreed by all parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name or on Franchisor's behalf, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Franchised Business, or any claim or judgment arising therefrom against Franchisor. Franchisee agrees that Franchisor is not in a position to, and does not undertake to, exercise control over the employment, supervision, or discharge of Property employees and has no right to do so, other than to the extent of controlling the quality of the System/brand and the quality of the products and services that Franchisee offers; Property maintenance; guest safety and health; or other matters arising out of or affecting Property operations, which are within the responsibility of Franchisee as a qualified independent business operator. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor. Franchisee agrees to take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the premises of the Franchised Business, and, as directed by Franchisor, in Franchisee's advertising and on Franchisee's agreements, forms, stationery, and promotional materials.

16.3 All payments to Franchisor hereunder shall be made payable to WoodSpring Hotels Franchise Services LLC and, except as provided in the next sentence, shall be tendered to Franchisor in person at the address set forth in Article 18 below, or by making such Payment by mail, postage prepaid, or via overnight courier to that address. At Franchisor's option, Franchisee shall make payments to Franchisor hereunder by wire transfer or electronic funds transfer to an account or accounts specified by Franchisor. All Payments received by Franchisor from Franchisee shall be applied to the oldest obligation, regardless of any contrary designation by Franchisee. Franchisee agrees that Franchisee will not, on grounds of the alleged non-performance by Franchisor of any of its obligations hereunder, withhold payment of any royalties, marketing and advertising contributions, amounts due to Franchisor for purchases by Franchisee, or any other amounts due Franchisor.

16.4 During the term of this Agreement or any subsequent franchise agreement, Franchisee shall not, either directly or indirectly, individually, or through, or on behalf of, or in conjunction with any person, persons, or entity employ or seek to employ any person who is or was within the immediate past 6 months employed by Franchisor or any other System Franchisee (except for System Franchisees who are Affiliates of the Franchisee) or induce or seek to induce any such person to leave his or her employment. Franchisor shall not employ or seek to employ any person who is or was within the immediate past 6 months employed by Franchisee or induce or seek to induce any such person to leave his or her employment. Any party violating the provisions of this Article 16.4 shall pay to the former employer as liquidated damages (which the parties agree are difficult of ascertainment) an amount equal to 2 times the annual salary of the employee involved, plus all costs and attorneys' fees incurred by the former employer in connection with such default. The parties hereto agree that each current and future Franchisee in the System shall be a third party beneficiary of the provisions of this Article 16.4, and shall be entitled to enforce the provisions hereof. Franchisor shall have no obligation to enforce the provisions of this Article 16.4 for the benefit of any current or future Franchisee in the System, or for the benefit of any franchisee of another brand or franchise system operated and managed by Franchisor or any of its Affiliates.

Article 17 Approvals and Waivers.

17.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing. Except as otherwise expressly provided herein, Franchisor may withhold any consent or approval herein at its discretion.

17.2 Franchisor shall have no liability for withholding any consent or approval or for any delay or inaction in connection therewith, and the granting of any approval or consent shall not imply or constitute any representation, warranty, guaranty, or endorsement of the matter approved or consented to or an assumption of any liability in connection therewith.

17.3 No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee, or any other Franchisee, of any of the terms, provisions, covenants, or conditions hereof shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any obligations due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

Article 18 Notices.

Unless otherwise specifically stated elsewhere in this Agreement, any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed by certified or registered mail, postage prepaid, return receipt requested, or sent via a nationally recognized overnight delivery service, or sent by e-mail (with a confirming copy mailed or delivered) to the respective parties at the following addresses or e-mail unless and until a different address or e-mail address has been designated by written notice to the other party:

NOTICES TO
Franchisor:

WOODSPRING HOTELS FRANCHISE SERVICES LLC
8621 E. 21ST STREET NORTH, SUITE 250
WICHITA, KANSAS 67206
ATTN: LEGAL DEPARTMENT
EMAIL: kpickens@woodspring.com

NOTICES TO
FRANCHISEE:

ATTN: _____
EMAIL: _____

Any notice shall be deemed to have been given at the earlier of actual receipt or 3 business days after mailing by certified or registered mail, or 1 business day after sending by e-mail or overnight delivery service.

Article 19 Dispute Resolution.

19.1 In the event of any unsettled claims, disputes, controversies between Franchisor and Franchisee, and other matters arising between them relating to this Agreement, the dealings or relationship between them, or Franchisee's development or operation of the Property ("Dispute"), either party has the option of initiating a mediation procedure by submitting a written request for mediation to the American Arbitration Association in accordance with the Commercial Mediation Rules.

A. The mediation process shall begin promptly, but in no event later than 30 days after cessation of negotiations between the parties, and shall be concluded within 30 days of the day the request for mediation is made, unless the parties mutually agree otherwise.

B. Mediation shall be private, voluntary, and nonbinding. Any party may withdraw from the mediation at any time before signing a settlement agreement upon written notice to each other party and to the mediator. The mediator shall be neutral and impartial. The mediator's fees shall be shared equally by the parties. The mediator shall be disqualified as a witness, consultant, expert, or counsel for either party with respect to the matters in Dispute and any related matters.

C. Unless the parties agree otherwise, the entire mediation process shall be confidential and without prejudice. The parties and the mediator shall not disclose any information, documents, statements, positions, or terms of settlement. Nothing said or done or provided by the parties in the course of mediation shall be reported or recorded or, except as ordered by a court of competent jurisdiction, placed in any legal proceeding or construed for any purpose as an admission against interest. Nevertheless, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in mediation.

D. All mediation proceedings shall take place in Wichita, Kansas.

19.2 The commencement of any mediation shall not act to prevent either party from instituting or proceeding with any action which may be the subject of the Dispute.

19.3 Notwithstanding anything to the contrary contained in this Article, Franchisee and Franchisor each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. Franchisee acknowledges that a proper case to obtain temporary restraining orders and temporary or permanent injunctive relief from a court of competent jurisdiction shall include, but not be limited to, the following:

A. Any Dispute involving actual or threatened disclosure or misuse of the contents of the Brand Standards or any other confidential information or Trade Secrets of Franchisor;

B. Any Dispute involving the ownership, validity, use of, or right to use or license the Proprietary Marks;

C. Any action by Franchisor to enforce the covenants set forth in Article 11 and Article 13 of this Agreement; and

D. Any action by Franchisor to stop or prevent any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Property. The provisions of this Article are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

19.4 The parties acknowledge that Franchisor operates a nationwide license system, with Franchisees located in numerous different states and in numerous counties and cities within such states. Accordingly, the parties hereby agree that in view of the fact that the books, records, and business personnel of Franchisor are located, for the most part, in Sedgwick County, Kansas, and in order to minimize disruption or interference with operation of the license system as a whole, the parties agree as follows:

A. Any and all court proceedings arising from or relating in any manner to any dispute between Franchisor and Franchisee arising out of, relating to or referencing this Franchise Agreement or its breach in any way, shall be brought in, and only in, the United States District Court for the District of Kansas (whether named or otherwise designated). No individual shall be joined as a party to such proceedings if such joinder has the effect of destroying federal court jurisdiction unless that individual or entity is a necessary party to the proceeding as a matter of law. If the United States District Court does not have jurisdiction over the dispute, the proceeding may be initiated in, and only in, the 18th Judicial District of the District Court in and for Sedgwick County, Kansas. In either case, Franchisor and Franchisee hereby consent and submit to the exercise of jurisdiction by such courts.

B. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS PROVISION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

C. NO PUNITIVE OR EXEMPLARY DAMAGES SHALL BE AWARDED AGAINST EITHER Franchisor OR FRANCHISEE OR ANY AFFILIATES OF EITHER OF THEM, IN ANY PROCEEDING, AND ALL CLAIMS TO SUCH DAMAGES ARE HEREBY WAIVED.

19.5 Franchisor and Franchisee agree that no form of action or proceeding permitted hereby will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless the proceeding is brought before the expiration of the earlier of (i) 1 year after the date of discovery of the facts resulting in such alleged liability or obligation; or (ii) 2 years after the date of the first act or omission giving rise to such alleged liability or obligation. Notwithstanding the foregoing, where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply in all cases, in lieu of the time specified in (i) or (ii) above.

19.6 The parties hereto recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from

taking) certain actions in the exercise of its discretion based on its assessment of the overall best interest of the network and/or license program. Where such discretion has been exercised, and is supported by the business judgment of Franchisor, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor.

19.7 In the event Franchisor incurs legal fees or costs or other expenses to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform or observe any obligation imposed upon Franchisee by this Agreement, then Franchisor shall be entitled to recover from Franchisee the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding to enforce any obligation of Franchisee hereunder or thereafter or otherwise.

19.8 Any disagreement between Franchisee and Franchisor (and Franchisor's affiliates) will be considered unique as to its facts and must not be brought as a class action, and Franchisee waives any right to proceed against Franchisor (and Franchisor's affiliates, stockholders, officers, directors, employees, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.

Article 20 Entire Agreement/Amendment.

20.1 Franchisor and Franchisee each acknowledge and warrant to each other that they wish to have all terms of their business relationship defined in this written Agreement. Neither Franchisor nor Franchisee wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Franchisee agree that this Agreement, together with any other documents or agreement executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as presentations, inducements, promises, agreements, or any other term), between Franchisor or anyone acting on its behalf and Franchisee or anyone acting on his or her behalf, which might be taken to constitute agreements, representations, inducements, promises, or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and Franchisor and Franchisee each agree that they have placed, and will place, no reliance on any such discussions, provided, however, that nothing in this Agreement or any related document is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights, and obligations of the parties with respect to any aspect of the relationship between the parties. No future license rights or offer of license rights have been promised to Franchisee and no such license rights or offer of license rights shall come into existence, except by means of a separate writing, executed by an officer of Franchisor or such other entity granting the Franchise Agreement and specifically identified as a modification of this Agreement. No change, modification amendment or waiver of any of the provisions hereof, including by custom or usage of trade or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto, and signed by the party to be charged.

Article 21 Construction and Modification.

21.1 This Agreement is governed by and shall be interpreted and construed in accordance with the substantive laws of the State of Kansas, without giving effect to its conflicts of law provisions.

21.2 Should any one or more parts of this Agreement be declared invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portions of the Agreement, which shall remain in full force and effect as if the Agreement had been executed without such invalid parts, except to the extent the absence of the provisions invalidated would frustrate or make it impossible to achieve the purposes for which the Agreement was made. Should the requirements of any applicable law or regulation change or modify the terms of this Agreement or conflict with its provisions, such change or modification shall not be applicable to this Agreement unless such change is lawfully mandated by the authority making the same, in which case only the provisions affected by such law or regulation shall be affected, and the Agreement shall otherwise remain in full force and effect, as modified to be consistent with such law or regulation.

21.3 This Agreement is made solely for the benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein shall create any right to rely upon the terms hereof in favor of any third party nor confer any right or remedy upon any third party, except as specifically provided in Section 11.7 of this Agreement.

21.4 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provisions hereof.

21.5 All terms and words used in this Agreement, regardless of numbers and genders in which they are used, shall be deemed to include singular or plural and all genders as the context or sense of this Agreement or any paragraph or clause herein may require.

21.6 All acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Franchisee.

21.7 Time is of the essence of this Agreement and all provisions hereof shall be so interpreted. Any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement shall survive such termination or expiration.

21.8 No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

Article 22 Execution of Agreement.

22.1 This Agreement may be executed in counterparts, which together shall constitute one agreement of the parties.

22.2 By signing this Agreement, Franchisee acknowledges that it has received a complete copy of this Agreement, with any Exhibits referred to herein attached, at least 7 calendar days prior to the date on which this Agreement was executed, and further acknowledges that it has received Franchisor's franchise offering disclosure document at least 14 calendar days prior to the date on which this Agreement was executed or any money paid, or by such earlier date as may be required by state law. Franchisee further acknowledges that no agent or employee of Franchisor is

authorized to make any representation or warranty inconsistent with or in addition to the terms of this Agreement. By signing this Agreement, Franchisee represents and warrants to Franchisor that no such representation or warranty, including specifically any representation as to the potential success or profitability of the Franchised Business, has been made or relied upon.

Article 23 **Negotiated Terms**

23.1 Notwithstanding anything to the contrary set forth in this Agreement, Franchisor and Franchisee agree to amend the following Sections of this Agreement as set forth below:

[Placeholder for any terms negotiated between the parties]

[Remainder of page intentionally left blank. Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement as of the day and year first above written.

DATED: _____

**WOODSPRING HOTELS FRANCHISE SERVICES
LLC,**
A Kansas limited liability company

BY: _____

ITS: _____

DATED: _____

"Franchisee"

BY: _____

ITS: _____

FRANCHISEE GUARANTY

In consideration of, and as an inducement to WOODSPRING HOTELS FRANCHISE SERVICES LLC ("Franchisor"), to enter into the foregoing Franchise Agreement with _____ ("Franchisee") dated _____ ("Franchise Agreement"), the undersigned individually and, if more than one Guarantor, jointly and severally, guarantee the punctual payment and performance of all obligations of the Franchisee under the Franchise Agreement. This shall be an unconditional, irrevocable, and continuing guaranty for the entire term of this Guaranty and the Franchise Agreement.

The undersigned agree that they are willing to remain fully bound by this Guaranty notwithstanding any action or inaction of Franchisor and Franchisee in connection with the Franchise Agreement, and that their obligation shall not be modified, waived, or released by any modification, amendment, or departure from the terms of the Franchise Agreement, or by any forbearance, extension of time, waiver, or release granted by Franchisor to Franchisee or any Guarantor or with respect to any security held by Franchisor. The undersigned expressly waive any notice of all such matters (including, without limitation, notice of amendment or modification of the Franchise Agreement, notice of demand for payment or performance by Franchisee, notice of default or termination, and any other notices required by the Franchise Agreement) and agree to pay and perform the obligations of Franchisee without notice or demand from Franchisor and without any requirement that Franchisor first proceed against Franchisee or any other Guarantor.

This Agreement is governed by and shall be interpreted and construed in accordance with the substantive laws of the State of Kansas, without giving effect to its conflicts of law provisions.

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

WITNESS:

GUARANTOR:

PRINT NAME: _____

WITNESS:

GUARANTOR:

PRINT NAME: _____

Exhibit A
WOODSPRING HOTELS FRANCHISE SERVICES LLC
FRANCHISE AGREEMENT

Designated Model

Franchisee is licensed to operate a Franchised Business under the Value Place mark and such other Proprietary Marks as may be licensed by Franchisor from time to time.¹

Approved Location

Street Address: _____

City: _____ State: _____ Zip Code: _____

Number of Rooms at the Approved Location: _____

- 1) The Proprietary Mark under which the property must be operated under may be modified pursuant to Section 11.5 of the Agreement

Exhibit B

WOODSPRING HOTELS FRANCHISE SERVICES LLC

FRANCHISE AGREEMENT

Owners of Franchisee

<u>NAME OF OWNER</u>	<u>VOTING RIGHTS IN FRANCHISEE</u>	<u>BENEFICIAL INTEREST IN FRANCHISEE</u>
<u>TOTAL</u>	<u>100%</u>	<u>100%</u>

Exhibit C

WOODSPRING HOTELS FRANCHISE SERVICES LLC

FRANCHISE AGREEMENT

Area of Protection Map

[Insert Map Here]

Exhibit D

WOODSPRING HOTELS FRANCHISE SERVICES LLC
FRANCHISE AGREEMENT

DIRECT DEBIT AUTHORIZATION AGREEMENT

(Name of Person or Legal Entity)
(ID Number)

The undersigned depositor ("**Depositor**") ("**Franchisee**") hereby authorizes WoodSpring Hotels Franchise Services LLC ("**Franchisor**") or any of its affiliates to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**") ("**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions.

_____ Depository	_____ Branch	
_____ City	_____ State	_____ Zip Code
_____ Bank Transit/ABA Number	_____ Account Number	

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

_____ Depositor	_____ Depository
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT D

**WOODSPRING HOTELS FRANCHISE SERVICES LLC
DEVELOPMENT AGREEMENT**

WOODSPRING HOTELS FRANCHISE SERVICES LLC
DEVELOPMENT AGREEMENT

WOODSPRING HOTELS FRANCHISE SERVICES LLC

DEVELOPMENT AGREEMENT

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WOODSPRING HOTELS FRANCHISE SERVICES LLC

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (hereinafter this "Agreement") made and entered into at Wichita, Kansas this ____ day of _____, 20__, by and between WOODSPRING HOTELS FRANCHISE SERVICES LLC, a Kansas limited liability company (hereinafter referred to as "Franchisor"), and _____ (hereinafter referred to as "Developer"), whose principal business address is _____.

Recitals

A. Franchisor has developed and owns a concept and distinctive system (hereinafter, the "System") for the design, establishment, and operation of extended-stay properties under the names "Value Place®" (such name and any other trade names, service marks, trademarks, logos, emblems, or other indication of origin as are now or hereafter designated by Franchisor as part of the System are hereinafter referred to as the "Proprietary Marks").

B. Developer wishes to obtain certain rights for the development of Value Place Properties in the area described in this Agreement.

C. Franchisor is relying upon the business skill, financial capacity, and character of Developer and its principals, and the guarantee by the principals of Developer's obligations, if applicable, as attached to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the promises contained herein, the parties agree as follows:

Article 1. Grant of Development Rights.

A. Franchisor hereby grants to Developer, pursuant to the terms and conditions of this Agreement, the right to obtain licenses to establish and operate ____ Value Place properties (the "Properties") under the System within the area described in Attachment A to this Agreement (hereinafter "Assigned Area"). Provided that Developer is in compliance with the terms of the Development Agreement, if after conducting market feasibility studies on the Assigned Area, Developer and Franchisor, both acting in a commercially reasonable manner, agree that development of System Properties is not feasible in the Assigned Area, then Franchisor and Developer will negotiate in good faith to attempt to agree upon a substitute Assigned Area.

B. Except as otherwise provided in this Agreement, Franchisor shall not establish, nor license another to establish, any Property under the System (a "System Property") nor authorize another to use the Proprietary Marks or trade dress related thereto in connection with the operation of a property in the Assigned Area prior to the earlier of the expiration of the development schedule set forth in Attachment B hereto (the "Development Schedule") or Developer's default under this Agreement (after the expiration of any applicable cure period).

C. If at any time prior to the earlier of the expiration of the Development Schedule or Developer's default under this Agreement (after the expiration of any applicable cure period), Franchisor acquires any chain or system of properties, or multiple units (more than 4) of a chain or system, and such purchase includes properties in the Assigned Area which it desires to convert to System Properties

(hereinafter, whether one or more, "Conversion Properties"), Franchisor shall provide written notice to Developer within a reasonable time of its intent to convert the Conversion Properties into System Properties. Such notice shall provide Developer with a right of first refusal to acquire such Conversion Properties from Franchisor on the terms provided below if the sale by Franchisor of such properties to Developer is allowed by applicable law. Subject to the foregoing, Developer shall have the right and option, exercisable within 30 days after receipt of such written notification, which notification shall include the proposed purchase price and, if available, property specific financial statements for the previous 3 years or the period the property has been in operation, if less than 3 years, to provide written notice to Franchisor that Developer desires to purchase the Conversion Properties and to convert all of such properties to Properties under the System. In the event Developer elects to purchase and convert the Conversion Properties, Developer must close on such purchase and execute a Franchise Agreement in the form attached hereto as Attachment C (which shall require payment of the initial Franchise Fee) within 60 days from the date of notice to Franchisor of Developer's election to purchase and convert. The purchase price to be paid by Developer for the Conversion Properties shall be the cash equivalent of the fair market value for each of the Conversion Properties, as determined by an independent appraiser selected and retained by Franchisor. In the event Developer does not elect to purchase and convert the Conversion Properties as provided in this Paragraph, Developer shall have no further right or option to acquire such Conversion Properties, and Franchisor may sell such Conversion Properties to another Franchisee under the System or Franchisor or its affiliates may own and operate the Conversion Properties under the System.

D Notwithstanding Paragraph B and Paragraph C of this Article, Developer acknowledges and agrees that Franchisor's members and the subsidiaries and affiliates, shareholders, and owners of Franchisor and its members (hereinafter, the "Affiliated Companies") have and retain the right to develop, acquire, participate in, and operate and license others to develop, acquire, participate in, and operate properties, lodging facilities, or other business operations of any type whatsoever, including locations within the Assigned Area and locations adjacent, adjoining, or proximate to the Assigned Area, including, without limitation, properties using trade names including, but not limited to, any of the following specific trade names: Value Place, Cambridge Suites, Hotel at Old Town, Residence Inn by Marriott, and The Residence Inn. When an option has been declined by Developer under Article 1, notwithstanding anything to the contrary in the foregoing, Franchisor may operate within the Assigned Area any property, motel, or other business using the Proprietary Marks that provides lodging accommodations on a weekly-stay basis with kitchen facilities and limited (not on a daily basis) maid service. Developer also agrees that Franchisor and the Affiliated Companies are not restricted from using the System or engaging in or licensing any business activity including System Properties or other properties at any location not within the Assigned Area. Developer understands that such business operations may compete with and adversely affect the operation of any Properties developed by Developer pursuant to this Agreement. Developer agrees that Franchisor and the Affiliated Companies may exercise any and all such rights from time to time without notice to Developer and Developer covenants that it shall not take any action, including a cause of action in a court of law or equity, which may interfere with the exercise of such rights by either Franchisor or any of the Affiliated Companies.

Article 2. Initial Franchise Fees.

In consideration of the development rights granted herein, Developer shall pay to Franchisor for each Property for which a development right is granted under the terms of this Agreement an initial franchise fee ("Franchise Fee") of \$50,000. The Franchise Fees shall be payable upon execution of this Agreement by Developer. Notwithstanding the foregoing, if: (i) Developer before executing this Agreement submitted a Franchise Application and paid the Application Fee for one or more sites located in the Assigned Area; (ii) Developer at the same time as entering into this Agreement enters into a Franchise Agreement for a location in the Assigned Area; (iii) such Application Fee has not previously been applied

to another Franchise Fee or refunded; and (iv) no more than sixty (60) days have passed since Franchisor's approval of the Franchise Application; such Application Fee shall be applied towards the Franchise Fee and only the difference between the Franchise Fee and the Application Fee shall be payable upon execution of this Agreement by the Developer. The Franchise Fee due under this Agreement shall be set off against the franchise fee due under Section 4.1.A. of the Franchise Agreement.

Article 3. Development Schedule and Manner of Exercising Development Obligations.

A Developer shall exercise the development obligations granted hereunder in the manner specified in Paragraph B below. Recognizing that time is of the essence, Developer agrees to exercise its development obligations in accordance with the Development Schedule set forth in Attachment B hereto. Any failure by Developer to exercise any development obligation within the time specified for such development obligation in the Development Schedule shall constitute a material default under this Agreement allowing Franchisor to terminate this Agreement under Article 6.

B To exercise the development obligations for a site in an Assigned Area, Developer shall submit to Franchisor for its approval a completed site application ("Site Application"), together with a market feasibility study for the site as described in the Site Application, and such other information or materials as Franchisor may reasonably require, including, but not limited to, a copy of a letter of intent or other evidence satisfactory to Franchisor which confirms Developer's favorable prospects for obtaining the site. Site Applications shall be due on the date designated on the Development Schedule attached hereto and shall be submitted to Franchisor no later than on such date. Franchisor shall have 60 days after receipt of the Site Application and all other such information and materials required by Franchisor to approve or disapprove the Site Application for any reason. If Franchisor rejects a Site Application, Developer may submit a replacement Site Application. Developer shall submit the replacement Site Application within 60 days from the date Franchisor disapproved the original Site Application, or the date that Developer first communicated to Franchisor its intention to abandon development of a Property on a previously approved site. If a replacement Site Application is submitted, it will be subject to the same terms and conditions stated above and will be approved or disapproved under the same terms and conditions described above. Franchisor shall have no obligation to consider more than 2 Site Applications for any Assigned Area covered by this Agreement, and Developer may only develop one Property per Assigned Area. No extensions under this Paragraph shall extend any other time periods specified in the Development Schedule for the exercise of development obligations by Developer. After the approval of a Site Application, Franchisor shall prepare and send to the Developer a Franchise Agreement, in the form of Attachment C hereto. Developer shall return the originally executed Franchise Agreement for the approved site within the time frame requested by Franchisor. Developer acknowledges that Franchisor's approval of the Site Application and the site does not in any way guarantee that the site will become a profitable Property. Developer expressly acknowledges that Franchisor's approval of the Site Application and the site shall not be deemed to be or construed as a warranty or guarantee, express or implied, as to the potential volume, profits, or success of the Property to be located on the site.

Article 4. Term.

A Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder (except for any rights which, by their specific terms, are intended to survive termination of this Agreement) shall expire on the date of Franchisor's acceptance and execution of a Franchise Agreement for the last of the Properties to be established pursuant to the Development Schedule.

Article 5. Duties of the Parties.

A Franchisor shall furnish to Developer the following:

1. A set of prototype plans and specifications (not for construction) for a System Property.
2. On-site evaluation as Franchisor deems advisable in response to Developer's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to its receipt from Developer of a completed Site Application for such site prepared by Developer pursuant to Paragraph B of Article 3 of this Agreement.

B Developer accepts the following obligations:

1. Developer shall comply with all terms and conditions set forth in this Agreement.
2. Developer acknowledges and agrees that all confidential information it receives from Franchisor, its affiliates, or Franchisees is confidential and proprietary information in which Franchisor has a proprietary interest. For purposes of this Agreement, "Confidential Information" may include, by way of example, but without limitation, data, know-how, processes, designs, sketches, photographs, plans, drawings, specifications, reports, financial information, customer lists, pricing information, studies, findings, inventions, and ideas. Developer shall at all times preserve in confidence any and all Confidential Information, and Developer shall disclose such information or materials only to such of its employees or agents who must have access to it in connection with their employment. Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce the materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The term "Developer" as used in this Article 5.B.2 shall include, individually and collectively, all partners, officers, directors, and managers of Developer and holders, directly or indirectly (and any partners, officers or directors of any such holder), of 5% or more of the beneficial interest in Developer. Confidential Information will not be considered generally known or to otherwise lose its confidential nature by Franchisor's disclosure of such information to franchisees or affiliates operating or owning properties operated under a different brand that is operated and owned by Franchisor or its affiliates.
3. Developer shall comply with all requirements of federal, state, and local laws, rules, ordinances, and regulations.
4. Developer shall comply with all terms and conditions set forth in any Franchise Agreement, and any other related agreement or instrument entered into by Developer in connection with any Property.

Article 6. Default.

A The development rights and territorial rights granted to Developer in this Agreement have been granted in reliance on Developer's representations and assurances, among others, that the Development Schedule set forth in Attachment B to this Development Agreement will be met by Developer in a timely manner.

B Developer shall be deemed in default under this Agreement, and all rights granted herein shall automatically terminate without notice, if Developer is adjudicated bankrupt, becomes insolvent, suffers temporary or permanent court-appointed receivership of substantially all of Developer's property, makes a general assignment for the benefit of creditors or suffers the filing of a voluntary or involuntary bankruptcy petition which is not dismissed within 90 days after filing.

C If Developer fails to comply with (i) the Development Schedule, (ii) any terms and conditions of any Franchise Agreement (after the expiration of any applicable cure period provided thereby), (iii) any other terms and conditions of this Agreement, (iv) or any other written agreement between Developer and Franchisor or the Affiliated Companies, such action shall constitute a default under this Agreement. Upon such default, Franchisor, in its discretion, may, without giving Developer prior notice or the right to cure any such default, do any one or more of the following:

1. Terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon Developer's receipt of written notice from Franchisor;

2. Reduce the number of development rights granted Developer in Article 1 of this Agreement;

3. Reduce the territory described in Article 1 of this Agreement;

4. Terminate the territorial exclusivity granted Developer in Article 1 of this Agreement; provided, however, that for defaults arising under this Article 6.C.iii or 6.C.iv above, Franchisor shall give Developer written notice of such default and 15 days following receipt of such notice to cure a monetary default and 30 days to cure a non-monetary default or to begin to diligently cure a non-monetary default if the same cannot be reasonably cured within a thirty day period (but in any event not to exceed an aggregate 60 day cure period).

D Upon termination of this Agreement by Developer's default, all remaining development rights shall be null and void. Developer shall have no right to establish or operate any Property for which a Franchise Agreement has not been executed by Franchisor. Default under this Development Agreement shall not constitute a default under any existing Franchise Agreement between the parties hereto.

E No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

Article 7. Transferability.

A Franchisor shall have the right to transfer all or any part of its rights or obligations herein to any person or legal entity.

B Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and that Franchisor has granted the rights described in this Agreement in reliance on Developer's or Developer's owners' business skill, financial capacity, and personal character. Accordingly, Developer shall not have the right, to transfer, pledge or otherwise encumber any of its rights hereunder, and, if Developer is a business entity, without the prior written consent of Franchisor issue or transfer any voting securities or interest in the Developer.

Article 8. Covenants.

A Developer may own and operate, manage, and/or invest in any property(s), motel(s), lodging accommodation(s) or other business(es), even if such other business(es) is/are or may be in competition with Franchisor, provided however Developer shall not do or engage in any act prohibited by Article 11 of the Franchise Agreement (Attachment C).

B During the term of the Development Agreement or any subsequent Franchise Agreement, Developer shall not, either directly or indirectly, individually, or through, or on behalf of, or in conjunction with any person, persons, or entity employ or seek to employ any person who is or was within the immediate past 6 months employed by Franchisor or any other System Franchisee (except for System Franchisees who are Affiliates of the Developer) or induce or seek to induce any such person to leave his or her employment. Franchisor shall not employ or seek to employ any person who is or was within the immediate past 6 months employed by Developer or induce or seek to induce any such person to leave his or her employment. Any party violating the provisions of this Article 8.B shall pay to the former employer as liquidated damages (which the parties agree are difficult of ascertainment) an amount equal to 2 times the annual salary of the employee involved, plus all costs and attorneys' fees incurred by the former employer in connection with such default. The parties hereto agree that each current and future Developer in the System shall be a third party beneficiary of the provisions of this Article 8.B, and shall be entitled to enforce the provisions hereof. Franchisor shall have no obligation to enforce the provisions of this Article 8.B for the benefit of any current or future Franchisee in the System.

Unless the context otherwise requires, the term "Developer" as used in this Article shall include, individually and collectively, all partners, officers, directors, and managers of Developer and holders, directly or indirectly (and any partners, officers or directors of any such holder), of 5% or more of the beneficial interest in Developer.

Article 9. Notices.

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered; mailed by certified mail, return receipt requested; or sent by e-mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

NOTICES TO
Franchisor:

WOODSPRING HOTELS FRANCHISE SERVICES LLC
8621 E. 21ST STREET NORTH, SUITE 250
WICHITA, KANSAS 67206

ATTN: FRANCHISE DEPARTMENT
If by e-mail: kpickens@woodspring.com

NOTICES TO
FRANCHISEE:

ATTN: _____

If by e-mail: _____

Any notice by certified mail or e-mail shall be deemed to have been given at the date and time of mailing.

Article 10. Independent Contractor and Indemnification.

A It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that nothing in this Development Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the obligations, debts, or liabilities incurred by the other.

B Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such reasonable actions as shall be necessary to that end.

C Developer understands and agrees that nothing in this Development Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor assumes no liability for, nor shall be deemed liable by reason of, any act or omission of Developer in Developer's conduct under this Development Agreement, or any claim or judgment arising therefrom. Developer shall indemnify and hold Franchisor and the Affiliated Companies and Franchisor's and the Affiliated Companies' officers, directors, employees, shareholders, owners, managers, agents, representatives, and affiliates harmless against any and all such claims directly or indirectly from, as a result of, or in connection with Developer's operations hereunder, as well as the costs, including attorneys' fees, of defending against them.

Article 11. Approvals.

A Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor therefor; and, except as otherwise provided herein, any approval or consent granted shall be in writing.

B Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent, or services to Developer in connection with this Development Agreement, or by reason of any neglect, delay, or denial of any request therefor.

Article 12. Non-Waiver.

No failure of Franchisor to exercise any power reserved to it in this Agreement or to insist upon compliance by Developer with any obligation or condition in this Development Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's rights to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions, or covenants of this Agreement, affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any rights hereunder or rights to declare any subsequent breach or default.

Article 13. Severability and Construction.

A Should any one or more parts of this Agreement be declared invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portions of the Agreement, which shall remain in full force and effect as if the Agreement had been executed without such invalid parts, except to the extent the absence of the provisions invalidated would frustrate or make it impossible to achieve the purposes for which the Agreement was made. Should the requirements of any applicable law or regulation change or modify the terms of this Agreement or conflict with its provisions,

such change or modification shall not be applicable to this Agreement unless such change is lawfully mandated by the authority making the same, in which case only the provisions affected by such law or regulation shall be affected, and the Agreement shall otherwise remain in full force and effect, as modified to be consistent with such law or regulation.

B Nothing in this Agreement shall confer upon any person or legal entity other than Franchisor or Developer and such of their respective successors and assigns as may be contemplated by Article 7 of this Agreement, 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 none shall be deemed to affect the meaning or construction of any provision hereof. Time is of the essence of this Agreement in all respects.

D All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Developer.

E This Agreement may be executed in several parts, and each copy so executed shall be deemed an original.

Article 14. Entire Agreement - Applicable Law.

This Agreement, the documents referred to herein, and the Attachments attached hereto constitute the entire, full, and complete agreement between Franchisor and Developer concerning the subject matter hereof and supersede any and all prior agreements, provided, however, that nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Developer. No amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. This Agreement shall be governed by the laws of the State of Kansas, without reference to the rules governing conflicts of law.

Article 15. Remedies and Disputes.

A In the event of any unsettled claims, disputes, controversies between Franchisor and Developer, and other matters arising between them relating to this Agreement, the dealings or relationship between them, or Developer's development or of a Property ("Dispute"), either party has the option of initiating a mediation procedure by submitting a written request for mediation to the American Arbitration Association in accordance with the Commercial Mediation Rules.

1. The mediation process shall begin promptly, but in no event later than 30 days after cessation of negotiations between the parties, and shall be concluded within 30 days of the day the request for mediation is made, unless the parties mutually agree otherwise.

2. Mediation shall be private, voluntary, and nonbinding. Any party may withdraw from the mediation at any time before signing a settlement agreement upon written notice to each other party and to the mediator. The mediator shall be neutral and impartial. The mediator's fees shall be shared equally by the parties. The mediator shall be disqualified as a witness, consultant, expert, or counsel for either party with respect to the matters in Dispute and any related matters.

3. Unless the parties agree otherwise, the entire mediation process shall be confidential and without prejudice. The parties and the mediator shall not disclose any information, documents, statements,

positions, or terms of settlement. Nothing said or done or provided by the parties in the course of mediation shall be reported or recorded or, except as ordered by a court of competent jurisdiction, placed in any legal proceeding or construed for any purpose as an admission against interest. Nevertheless, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in mediation.

4. All mediation proceedings shall take place in Wichita, Kansas.

B The commencement of any mediation shall not act to prevent either party from instituting or proceeding with any action which may be the subject of the Dispute.

C Notwithstanding anything to the contrary contained in this Article, Developer and Franchisor each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. Developer acknowledges that a proper case to obtain temporary restraining orders and temporary or permanent injunctive relief from a court of competent jurisdiction shall include, but not be limited to, the following:

1. Any Dispute involving actual or threatened disclosure or misuse of the contents of the Brand Standards or any other confidential information or Trade Secrets of Franchisor; and

2. Any Dispute involving the ownership, validity, use of, or right to use or license the Proprietary Marks. The provisions of this Article are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

D The parties acknowledge that Franchisor operates a nationwide license system, with developers and Franchisees located in numerous different states and in numerous counties and cities within such states. Accordingly, the parties hereby agree that in view of the fact that the books, records, and business personnel of Franchisor are located, for the most part, in Sedgwick County, Kansas, and in order to minimize disruption or interference with operation of the license system as a whole, the parties agree as follows:

1. Any and all court proceedings arising from or relating in any manner to any dispute between Franchisor and Developer arising out of, relating to or referencing this Development Agreement or its breach in any way, shall be brought in, and only in, the United States District Court for the District of Kansas (whether named or otherwise designated). No individual shall be joined as a party to such proceedings if such joinder has the effect of destroying federal court jurisdiction unless that individual or entity is a necessary party to the proceeding as a matter of law. If the United States District Court does not have jurisdiction over the dispute, the proceeding may be initiated in, and only in, the 18th Judicial District of the District Court in and for Sedgwick County, Kansas. In either case, Franchisor and Developer hereby consent and submit to the exercise of jurisdiction by such courts.

2. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS PROVISION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

3. NO PUNITIVE OR EXEMPLARY DAMAGES SHALL BE AWARDED AGAINST EITHER FRANCHISOR OR DEVELOPER OR ANY AFFILIATES OF EITHER OF THEM, IN ANY PROCEEDING, AND ALL CLAIMS TO SUCH DAMAGES ARE HEREBY WAIVED.

E Franchisor and Developer agree that no form of action or proceeding permitted hereby will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless the proceeding is brought before the expiration of the earlier of (i) 1 year after the date of discovery of the facts resulting in such alleged liability or obligation; or (ii) 2 years after the date of the first act or omission giving rise to such alleged liability or obligation. Notwithstanding the foregoing, where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply in all cases, in lieu of the time specified in (i) or (ii) above.

F The parties hereto recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) certain actions in the exercise of its discretion based on its assessment of the overall best interest of the network and/or license program. Where such discretion has been exercised, and is supported by the business judgment of Franchisor, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor.

G Any disagreement between Developer and Franchisor (and Franchisor's affiliates) will be considered unique as to its facts and must not be brought as a class action, and Developer waives any right to proceed against Franchisor (and Franchisor's affiliates, stockholders, officers, directors, employees, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.

H In the event Franchisor incurs legal fees or costs or other expenses to enforce any obligation of Developer hereunder, or to defend against any claim, demand, action or proceeding by reason of Developer's failure to perform or observe any obligation imposed upon Developer by this Agreement, then Franchisor shall be entitled to recover from Developer the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding to enforce any obligation of Developer hereunder or thereafter or otherwise.

Article 16. Developer Acknowledgments.

A Developer acknowledges that the success of the business venture contemplated by this Agreement involves substantial business risks and will be largely dependent upon the ability of Developer as an independent business person. Franchisor expressly disclaims the making of, and Developer acknowledges Developer has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

B Developer acknowledges that Developer received a copy of this Agreement, the attachments thereto, if any, and agreements relating thereto, if any, at least 7 calendar days prior to the date this Agreement was executed; and that Franchisor has accorded Developer ample time and opportunity to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this Agreement. Developer further acknowledged that Developer has received a copy of Franchisor's franchise offering disclosure document required by the trade regulation rule of the Federal Trade Commission at least 14 calendar days prior to the date this Agreement was executed, or such earlier date, as may be required by state law.

Article 17. Negotiated Terms

A Notwithstanding anything to the contrary set forth in this Agreement, Franchisor and Developer agree to amend the following Sections of this Agreement as set forth below:

[Placeholder for any terms negotiated between the parties]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement as of the day and year first above written.

**WOODSPRING HOTELS FRANCHISE SERVICES
LLC,**

By: _____

Kyle Rogg, Chief Financial Officer

DATED: _____

“Franchisor”

“DEVELOPER”

DATED: _____

By: _____

GUARANTY

As an inducement to WOODSPRING HOTELS FRANCHISE SERVICES LLC to enter into the foregoing Development Agreement, which it is unwilling to do but for this Guaranty, the undersigned individually and, if more than one Guarantor, jointly and severally, guarantee the punctual payment and performance of all obligations of the Developer under the Agreement. This shall be an unconditional, irrevocable, and continuing guaranty for the entire term of this Agreement.

The undersigned agree that they are willing to remain fully bound by this Guaranty notwithstanding any action or inaction of the Franchisor and Developer in connection with the Agreement, and that their obligation shall not be modified, waived, or released by any modification, amendment, or departure from the terms of the Agreement, or by any forbearance, extension of time, waiver, or release granted by Franchisor to Developer or any Guarantor or with respect to any security held by Franchisor. The undersigned expressly waive any notice of all such matters (including, without limitation, notice of amendment or modification of the Agreement, notice of demand for payment or performance by Developer, notice of default or termination, and any other notices required by the Agreement) and agree to pay and perform the obligations of Developer without notice or demand from the Franchisor and without any requirement that Franchisor first proceed against Developer or any other Guarantor.

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

Signature: _____

Printed Name: _____

“Guarantor”

ATTEST: _____

Printed Name: _____

Attachment A

**WOODSPRING HOTELS FRANCHISE SERVICES LLC
DEVELOPMENT AGREEMENT**

ASSIGNED AREA

Assigned Area:

Specific Boundaries _____ General Location # Properties to be Built

Attachment B

**WOODSPRING HOTELS FRANCHISE SERVICES LLC
DEVELOPMENT AGREEMENT**

DEVELOPMENT SCHEDULE

PROPERTY NO.

DATE OF SUBMISSION
OF SITE APPLICATION

CITY, STATE

Attachment C

**WOODSPRING HOTELS FRANCHISE SERVICES LLC
DEVELOPMENT AGREEMENT**

FRANCHISE AGREEMENT

The form of Franchise Agreement currently offered by Franchisor for this Development Agreement is attached.

Attachment D

WOODSPRING HOTELS FRANCHISE SERVICES LLC
DEVELOPMENT AGREEMENT

OWNERS OF DEVELOPER

<u>NAME OF OWNER</u>	<u>VOTING RIGHTS IN DEVELOPER</u>	<u>BENEFICIAL RIGHTS IN DEVELOPER</u>
TOTAL:	100%	100%

EXHIBIT E

BRAND STANDARDS

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Topic	Pages
100 FRONT OF HOUSE RULES OF OPERATION.....	6
200 BACK OF HOUSE RULES OF OPERATION.....	5
300 QUALITY ASSURANCE.....	1
400 ASSOCIATES.....	1
500 TRAINING & DEVELOPMENT.....	2
600 BRAND IDENTITY & MARKETING.....	1
700 GUEST ROOM / GUEST BATHROOM	2
800 INTERIOR DESIGN.....	5
900 RESERVATIONS, DISTRIBUTION & LOYALTY	1
1000 TECHNOLOGY.....	3
1100 BUILDING EXTERIOR.....	2
1200 SAFETY & SECURITY	7
Total Pages	35

EXHIBIT F

Financial Statements and WHFSS Guaranty

NEW

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS

**WoodSpring Hotels Franchise Services Support
LLC**

December 31, 2016 and 2015

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
BALANCE SHEETS	3
STATEMENTS OF EARNINGS AND MEMBER'S CAPITAL	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6



Grant Thornton

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP
200 South Sixth Street, Suite 1400
Minneapolis, MN 55402-1434
T 612.332.0001
F 612.332.8361
www.GrantThornton.com

The Member
WoodSpring Hotels Franchise Services Support LLC

We have audited the accompanying financial statements of WoodSpring Hotels Franchise Services Support LLC, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of earnings and member's capital, and cash flows for each of the three years in the period ended December 31, 2016, 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.

Auditor's responsibility

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WoodSpring Hotels Franchise Services Support LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

GRANT THORNTON LLP

Wichita, Kansas
March 27, 2017

WoodSpring Hotels Franchise Services Support LLC

BALANCE SHEETS

December 31,

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	<u>\$ 508,487</u>	<u>\$ 505,951</u>
Total assets	<u><u>\$ 508,487</u></u>	<u><u>\$ 505,951</u></u>

MEMBER'S CAPITAL

MEMBER'S CAPITAL	<u><u>\$ 508,487</u></u>	<u><u>\$ 505,951</u></u>
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The accompanying notes are an integral part of these statements.

WoodSpring Hotels Franchise Services Support LLC

STATEMENTS OF EARNINGS AND MEMBER'S CAPITAL

Years ended December 31,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Interest income and net earnings	\$ 2,536	\$ 2,116	\$ 1,760
Member's capital, beginning of year	<u>505,951</u>	<u>503,835</u>	<u>502,075</u>
Member's capital, end of year	<u>\$ 508,487</u>	<u>\$ 505,951</u>	<u>\$ 503,835</u>

The accompanying notes are an integral part of these statements.

WoodSpring Hotels Franchise Services Support LLC

STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities			
Net earnings	\$ 2,536	\$ 2,116	\$ 1,760
Net increase in cash	2,536	2,116	1,760
Cash, beginning of year	<u>505,951</u>	<u>503,835</u>	<u>502,075</u>
Cash, end of year	<u>\$ 508,487</u>	<u>\$ 505,951</u>	<u>\$ 503,835</u>

The accompanying notes are an integral part of these statements.

WoodSpring Hotels Franchise Services Support LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2016, 2015 and 2014

NOTE A - BACKGROUND

WoodSpring Hotels Franchise Services Support LLC (the Company) is a wholly owned subsidiary of WoodSpring Hotels LLC and was formed on March 15, 2012 in Kansas. The Company was formed to absolutely and unconditionally guarantee the performance by WoodSpring Hotels Franchise Services LLC, also a wholly owned subsidiary of WoodSpring Hotels LLC, of all of the obligations under its franchise registration in each state where the franchise is registered and under its franchise agreement and other agreements identified in its Franchise Disclosure Document, which may be amended from time to time.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Accounting and basis of presentation

The accompanying balance sheets have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

2. Cash

Cash consists of cash on deposit in an interest-bearing U.S. bank account.

3. Revenue Recognition

The Company recognizes interest income as earned.

4. Income taxes

The accompanying balance sheets do not include a provision for income taxes because the Company is not a taxpaying entity. The Company's member includes the Company's taxable income or loss in its tax return.

5. Subsequent events

The Company evaluated subsequent events through March 27, 2017, which represents the date the financial statements were available to be issued.

WoodSpring Hotels Franchise Services Support LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2016, 2015 and 2014

NOTE C - GUARANTEE

As discussed in Note A, the Company has guaranteed the performance of WoodSpring Hotels Franchise Services LLC under its franchise registration in each state the franchise is registered in and under its franchise agreement. The amount of the guarantee is not limited, with maximum performance under the guarantee being limited to the Company's assets. Because WoodSpring Hotels Franchise Services LLC and the Company are under common control, the Company is not required to record the guarantee based on its fair value. At December 31, 2016, the Company believes that performance under the guarantee is remote and therefore has not recorded a liability in connection with the guarantee.

GUARANTEE OF PERFORMANCE

For value received, WOODSPRING HOTELS FRANCHISE SERVICES SUPPORT LLC, a Kansas limited liability company (the "Guarantor"), located at 8621 E. 21 Street North, Suite 250, Wichita, Kansas 67206, absolutely and unconditionally guarantees to assume the duties and obligations of WoodSpring Hotels Franchise Services LLC, located at 8621 E. 21 Street North, Suite 250, Wichita, Kansas 67206 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2017 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Wichita, Kansas on the 19 day of April, 2017.

Guarantor:

WOODSPRING HOTELS FRANCHISE SERVICES
SUPPORT LLC,
a Kansas limited liability company

By: _____

Name: Scott Frey

Title: Secretary

EXHIBIT G

WoodSpring Hotels Franchise Services LLC

List of Franchisees

As of ~~December 31, 2015~~ March 28, 2017

OPEN PROPERTIES

Franchisee	Address	City, State, Postal Code	Telephone Number
Mitch Cox Development Company	3131 University Drive N.W.	Huntsville, AL 35816	256-4894710
Mitch Cox Development Company	120 Brazelton Circle	Madison, AL 35758	256-3256300
Macon Valued Partners II, LLC	4949 Harrison Road	Macon, GA 31206	478-4770949
Quanah Properties, LP	13001 Central	Albuquerque, NM 87123	505-275-8200
Quanah Properties, LP	12215 Gateway West Blvd	El Paso, TX 79936	915-8585300

Franchisee	Address	City, State, Postal Code	Telephone Number
MCR Development LLC	3131 University Drive N.W.	Huntsville, AL 35816	256-4894710
MCR Development LLC	120 Brazelton Circle	Madison, AL 35758	256-3256300
Pegasus Group	7789 La Mancha Way	Sacramento, CA 95823	916-6881330
VP Grd Jet, LLC	658 Market Street	Grand Junction, CO 81505	970-644-5902
Miles Properties LLC	125 & Crossroads Blvd. 3915 Peralta Dr.	Loveland, CO 80538	970-4610011
VP Orlando, LLC	16311 SR 50	Clermont, FL 34711	407-877-2634
VP Income Properties, Inc.	5505 SW 41st Blvd.	Gainesville, FL 32608	352-6726008
Miami Hotels	2750 NE 8th Street	Homestead, FL 33030	305-2455000
VPlace Partners, LLC	3425 Saland Way	Jacksonville, FL 32246	904-4835400
Quanah Florida Acquisitions, LLC	8341 Dames Point Crossing Blvd	Jacksonville, FL 32277	904-7437100
VP Orlando, LLC	4125 Clarcona Ocoee Rd.	Orlando, FL 32810	407-292-6200
Mitch Cox Development Company	2995 Riverwatch Parkway	Augusta, GA 30907	706-7338998
Mitch Cox Development Company	2115 Noland Connector	Augusta, GA 30909	706-7921212
MCR Development LLC	4912 Augusta Rd	Garden City, GA 31408	912-9661212
Macon Valued Partners II, LLC	4949 Harrison Road	Macon, GA 31206	478-4770949
Macon Valued Partners, LLC	2000 Bowman Road	Macon, GA 31210	478-4778347
Mitch Cox Development Company	4212 West Anthony	Champaign, IL 61821	217-3595499
Investment Resources Corp.	1811 Independent Court	Clarksville, IN 47129	812-2850100

Franchisee	Address	City, State, Postal Code	Telephone Number
Mitch Cox Development Company	8221 Stahl Road	Evansville, IN 47715	812-8530900
Buckeye Short-Term Residential Properties	2850 Dupont Commerce Ct.	Elk-Wayne, IN 46825	260-4891164
Guru Krupa LLC	6703 SF Bellagio Drive	Ankeny, IA 50021	515-289-1701
Investment Resources Corp.	3541 14th Avenue	Council Bluffs, IA 51501	712-3880000
Guru Krupa LLC	1525 Metro East Drive	Pleasant Hill, IA 50327	515-266-9500
Investment Resources Corp.	1801 SW Westport Road	Topeka, KS 66604	785-271-8862
CNL Louisville, LLC	1201 Kentucky Mills Drive	Jeffersontown, KY 40299	502-290-0036
MCR Development LLC	2370 Lake Park Rd	Lexington, KY 40502	859-2696677
VP Louisville, LLC	10400 Brookridge Village	Louisville, KY 40391	502-2390044
Sandpiper Hospitality, LLC	8382 Airline Highway	Baton Rouge, LA 70815	225-9224336
Sandpiper Hospitality, LLC	112 & Harrells Ferry Road 11544 Harrells Ferry Road	Baton Rouge, LA 70816	225-2261522
Investment Resources Corp.	408 Westin Oaks Dr.	Hammond, LA 70403	985-3458385
210 Development LLC	3202 N Power Centre Pkwy	Lake Charles, LA 70615	337-564-6966
Sandpiper Hospitality, LLC	6010 Allentown Road	Camp Springs, MD 20746	301-423-4200
SPI Hospitality, LLC	2630 Van Ommen Drive	Holland, MI 49424	616-7388200
MCR Development LLC	1653 South 11th Street	Kalamazoo, MI 49009	269-3726300
Investment Resources Corp.	1911 Industrial Drive	Liberty, MO 64068	816-4153330
MCR Development LLC	2100 Old Hwy 94 S	St. Charles, MO 63303	636-9160001
Bellevue VP Investors, LLC	2703 Samson Way Hwy 370 & Samson	Bellevue, NE 68123	402-9915050
CNL Asheville, LLC	2050 Fletcher	Lincoln, NE 68521	402-4387000
DC Hospitality	901 Lufkin	Apex, NC 27539	919-387-4636
Sandpiper Hospitality, LLC	40 Monte Vista Road	Asheville, NC 28806	828-418-1400
DC Hospitality	1830 Wren Pkce	Charlotte, NC 28052	704-866-8865
MM VALBH/VLAXMI, LLC	142 Cleveland Crossing Drive	Gamer, NC 27529	919-779-5800
Sandpiper Hospitality, LLC	3840 Wadford Drive	Raleigh, NC 27616	919-322-1550
DEESHA Hotel Inc	1010 Sue Lane	Shelby, NC 28150	704-4871001
Nakota Development, LLC	3233 Legend Drive	Dickinson, ND 58601	701-483-6900
Nakota Development, LLC	4005 Frontier Ave	Waford City, ND 58854	701-842-3130
Bakken Park, LLC	101 Well Street W	Williston, ND 58801	701-774-9120
Bakken Park, LLC	121 Well Street W	Williston, ND 58801	701-774-9120
Affordable Housing Development, LLC	5100 N Lovington Hwy	Hobbs, NM 88240	575-964-7100

Franchisee	Address	City, State, Postal Code	Telephone Number
Bank of America, N.A.	2080 S. Triviz Drive	Las Cruces, NM 88001	575-528-2046
Westmont Hospitality Group	6275 Zumstein Drive 171 & Dublin-Granville Rd	Columbus, OH 43229	614-841-0002
Buckeye Short Term Residential Properties	375 Hutchinson Ave	Columbus, OH 43085	614-681-7000
Buckeye Short Term Residential Properties	6725 Fairfield Business Dr.	Fairfield, OH 45014	513-8601222
VP Columbus, LLC	3205 Centerpoint Drive	Grove City, OH 43123	614-408-8886
VP Columbus-II, LLC	4105 Hamilton Square Blvd.	Groveport, OH 43125	614-5240122
CNL-Tulsa, LLC	3415 South Sheridan Road	Tulsa, OK 74145	918-3038200
Cherry Tree, LLC	4016 Christian Spring Rd	Bethlehem, PA 18020	610-8672222
Greenville Valued Partners-II, LLC	255 Frontage Rd.	Duncan, SC 29334	864-4869998
Columbia Valued Partners, LLC	931 Spears Creek Court	Elgin, SC 29045	803-6991413
Greenville Valued Partners, LLC	116 Chalmers Road	Greenville, SC 29605	864-2775500
Columbia Valued Partners III, LLC	4920 Augusta Rd	Lexington, SC 29073	803-3561303
DEESHA Hotel LLC	220 Whitty Drive	Myrtle Beach, SC 29579	843-9034007
Kanmo Partners, LLC/Salson RED/IFox Valley	4475 Leeds Place West	N. Charleston, SC 29405	843-7448001
Greenville Valued Partners-III, LLC	3025 Grandview Dr	Simpsonville, SC 29680	864-9629500
Khan-VP Sioux Falls, LLC	1109 S. Lyons Avenue	Sioux Falls, SD 57104	605-274-1001
WCP Extended Stay, LLC	675 Kennedy Lane	Clarksville, TN 37040	931-5721446
Mitch Cox Development Company	135 Pinnacle Drive	Johnson City, TN 37615	423-2830365
DC Hospitality	205 Eastgate Ct	Lebanon, TN 37090	615-4539087
DC Hospitality	4412 Singleton Station Rd.	Louisville, TN 37777	865-2384545
Terrapin Operator Memphis	7060 River Dale Bend Road	Memphis, TN 38115	901-5226989
Terrapin Operator Memphis	5787 Shelby Oaks Drive	Memphis, TN 38134	901-2668088
DC Hospitality-Murfreesboro, LLC	157 John R. Rice Blvd	Murfreesboro, TN 37129	615-9042595
J3 Properties LLC	4266 Oil Belt Lane	Abilene, TX 79605	325-2328710
Five VP Texas, L.P.	4601 I-40 East	Amarillo, TX 79104	806-3420222
WCP Extended Stay, LLC	11105 N IH35 Service Road	Austin, TX 78753	512-8373400
ValPlace Development Texas LP	4624 E Freeway	Baytown, TX 77524	281-4214544
Highpoint Development, LLC	620 N. Earl Rudder Freeway	Bryan, TX 77802	979-485-9888
Four VP Houston, L.P.	2551 I-45 North	Conroe, TX 77304	936-7882300
Five VP Texas, L.P.	1026 S. Padre Island Drive	Corpus Christi, TX 78416	361-8520292

Franchisee	Address	City, State, Postal Code	Telephone Number
Five VP Texas, L.P.	4505 N I-35	Denton, TX 76207	940-3873400
Quanah Properties, LP	12215 Gateway West Blvd	El Paso, TX 79936	915-8585300
Quanah Properties, LP	4101 California Parkway East	Forest Hill, TX 76119	817-5360010
Quanah Properties, LP	3501 NE Loop 820	Ft. Worth, TX 76137	817-8474999
Four VP Houston, L.P.	18929 Tomball Parkway	Houston, TX 77070	281-8075999
Four VP Houston, L.P.	5959 W. Sam Houston South Pkwy	Houston, TX 77072	713-7794441
Four VP Houston, L.P.	14900 N. Freeway	Houston, TX 77090	281-4433008
ValPlace Development Texas LP	121 Baker Road	Houston, TX 77094	281-5998872
Killeen VP Investors, LLC	501 E. Central Texas Expressway	Killeen, TX 76542	254-5266900
Five VP Texas, L.P.	1506 West Fairmont Pkwy	La Porte, TX 77571	281-4716600
Five VP Texas, L.P.	3401 N Central Expressway	McKinney, TX 75071	214-5049353
WCP Extended Stay, LLC	4712 West Loop 250 North	Midland, TX 79707	432-2624770
WCP Extended Stay, LLC	7051 Tres Hermanas Blvd.	Odessa, TX 79765	432-272-4590
Quanah Properties, LP	1040 East I-30	Rockwall, TX 75087	972-7227778
DC Guest San Antonio, LLC	6922 IH 35 North	San Antonio, TX 78218	210-6553900
DC Hospitality	7958 IH 35 South	San Antonio, TX 78224	210-9239335
WCP Extended Stay, LLC	13598 N. I-35	San Antonio, TX 78233	210-6553100
ValPlace Development Texas LP	11444 32nd Avenue North	Texas City, TX 77591	409-9782300
Quanah Properties, LP	306 Trophy Branch Dr.	Trophy Club, TX 76262	817-4911118
SPI Hospitality, LLC	3210 S. Southwest Loop 323	Tyler, TX 75701	903-5613232
DC Hospitality	705 North IH 35	Waco, TX 76705	254-7994900
Sandpiper Hospitality LLC	137 Kempsville Rd	Chesapeake, VA 23320-3715	757-4100006
Sandpiper Hospitality, LLC	1708 Sentinel Drive	Chesapeake, VA 23320	757-963-5009
Sandpiper Hospitality LLC	255 Jennick Drive	Colonial Heights, VA 23834	804-5205585
Sandpiper Hospitality, LLC	1455 Carl D Silver Parkway	Fredericksburg, VA 22401	540-548-9001
Sandpiper Hospitality, LLC	10910 Balls Ford Road	Manassas, VA 20109	703-335-5009
Sandpiper Hospitality, LLC	6900 W. Broad Street	Richmond, VA 23230	804-269-7746
Sandpiper Hospitality, LLC	4800 Alicia Drive	Virginia Beach, VA 23462	757-502-8886

EXHIBIT H

Franchisees Who Have Left System or Have Not Communicated

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

Franchisees who left the system in the fiscal year ending December 31, 2015~~2016~~:

Franchisee	City	State	Phone Number
VP LLC <u>Buckeye Short Term Residential Properties¹</u>	Wichita <u>Columbus</u>	KSOH	972 <u>614-404</u> 469-122 <u>8222</u>
CNL Asheville, MCR Development LLC²	Wichita <u>New York</u>	KSNY	316 <u>212-260</u> 277-908 <u>85601</u>
Liberty GS Holdings, LLC⁴	Orlando	FL	407-774-8818
Miles Properties Bank of America, LLC⁴ N.A.³	Dallas Center <u>Baltimore</u>	TX <u>MD</u>	515 <u>214-428</u> 953-203 <u>65928</u>
WHG SU Alexandria <u>Columbus LLC⁵⁴</u>	Kansas City	MO	816-283-8100
Hugh Black St. Mary Enterprises, Inc. Miami Hotels, LLC⁶⁵	Houston <u>Miami</u>	TX <u>FL</u>	832 <u>305-373</u> 717-962 <u>75401</u>

(1) ~~VP LLC~~Buckeye Short Term Residential Properties transferred ~~1~~ 4 properties.

(2) ~~CNL Asheville, MCR Development LLC~~ transferred ~~1~~ 6 properties.

(3) ~~Liberty GS Holdings, LLC~~Bank of America, N.A. transferred ~~2~~ 1 property.

(4) ~~Miles Properties, LLC~~ transferred ~~2~~ properties. WHG SU Columbus, LLC has a property that left the system.

(5) ~~WHG SU Alexandria~~Miami Hotels, LLC had a property that left the system.

(6) ~~Hugh Black St. Mary Enterprises, Inc.~~ transferred a property that is no longer in the system.

^a Franchisees who rebranded from Value Place to WoodSpring Suites in the fiscal year ending December 31, 2016:

Franchisee	City, State, Postal Code	Telephone Number
Pegasus Group	Sacramento, CA 95823	916-6881330
VP Grd Jct, LLC	Grand Junction, CO 81505	970-644-5902
Miles Properties LLC	Loveland, CO 80538	970-461-0011
VP Orlando, LLC	Clermont, FL 34711	407-877-2634
VP Income Properties, Inc.	Gainesville, FL 32608	352-672-6008
Miami Hotels	Homestead, FL 33030	305-245-5000
VPlace Partners, LLC	Jacksonville, FL 32246	904-483-5400
Quannah Florida Acquisitions, LLC	Jacksonville, FL 32277	904-743-7100
VP Orlando, LLC	Orlando, FL 32810	407-292-6200

Franchisee	City, State, Postal Code	Telephone Number
Mitch Cox Development Company	Augusta, GA 30907	706-7338998
Mitch Cox Development Company	Augusta, GA 30909	706-7921212
MCR Development LLC	Garden City, GA 31408	912-9661212
Macon Valued Partners, LLC	Macon, GA 31210	478-4778347
Mitch Cox Development Company	Champaign, IL 61821	217-3595499
Investment Resources Corp.	Clarksville, IN 47129	812-2850100
Mitch Cox Development Company	Evansville, IN 47715	812-8530900
Buckeye Short Term Residential Properties	Fl. Wayne, IN 46825	260-4894164
Guru Krupa LLC	Ankeny, IA 50021	515-289-1701
Investment Resources Corp.	Council Bluffs, IA 51501	712-3888000
Guru Krupa LLC	Pleasant Hill, IA 50327	515-266-9500
Investment Resources Corp.	Topeka, KS 66604	785-271-8862
CNL-Louisville, LLC	Jeffersontown, KY 40299	502-290-0036
MCR Development LLC	Lexington, KY 40502	859-2696677
VP Louisville, LLC	Louisville, KY 40291	502-2390044
Sandpiper Hospitality, LLC	Baton Rouge, LA 70815	225-9224336
Sandpiper Hospitality, LLC	Baton Rouge, LA 70816	225-2261522
Investment Resources Corp.	Hammond, LA 70403	985-3458585
210 Development, LLC	Lake Charles, LA 70615	337-564-6966
Sandpiper Hospitality, LLC	Camp Springs, MD 20746	301-423-4200
SPI Hospitality, LLC	Holland, MI 49424	616-7388200
MCR Development LLC	Kalamazoo, MI 49009	269-3726300
Investment Resources Corp.	Liberty, MO 64068	816-4153330
MCR Development LLC	St. Charles, MO 63303	636-9160001
Bellevue VP Investors, LLC	Bellevue, NE 68123	402-9915050
CNL-Asheville, LLC	Lincoln, NE 68521	402-4387000
DC Hospitality	Apex, NC 27539	919-387-4636
Sandpiper Hospitality, LLC	Asheville, NC 28806	828-418-1400
DC Hospitality	Charlotte, NC 28052	704-866-8865
MM VAJBHAVLAXMI, LLC	Garner, NC 27529	919-779-5800
Sandpiper Hospitality, LLC	Raleigh, NC 27616	919-322-1550
DEESHA Hotel Inc	Shelby, NC 28150	704-4871001
Nakota Development, LLC	Dickinson, ND 58601	701-483-6900
Nakota Development, LLC	Watford City, ND 58854	701-842-3130
Bakken Park, LLC	Williston, ND 58801	701-774-9120
Bakken Park, LLC	Williston, ND 58801	701-774-9120
Affordable Housing Development, L.C.	Hobbs, NM 88240	575-964-7100
Bank of America, N.A.	Las Cruces, NM 88001	575-528-2046
Westmont Hospitality Group	Columbus, OH 43229	614-8410002
Buckeye Short Term Residential	Columbus, OH 43085	614-681-7000

Franchisee	City, State, Postal Code	Telephone Number
Properties		
Buckeye Short-Term Residential Properties	Fairfield, OH 45014	513-8601222
VP Columbus, LLC	Grove City, OH 43123	614-408-8886
VP Columbus II, LLC	Groveport, OH 43125	614-5240122
CNL-Tulsa, LLC	Tulsa, OK 74145	918-3928200
Cherry Tree, LLC	Bethlehem, PA 18020	610-8672222
Greenville Valued Partners II, LLC	Duncan, SC 29334	864-4869998
Columbia Valued Partners, LLC	Elgin, SC 29045	803-6991413
Greenville Valued Partners, LLC	Greenville, SC 29605	864-2775500
Columbia Valued Partners III, LLC	Lexington, SC 29073	803-3561303
DEESHA Hotel LLC	Myrtle Beach, SC 29579	843-9034007
Kanmo Partners, LLC/Salson/REDI/Fox Valley	N. Charleston, SC 29405	843-7448001
Greenville Valued Partners III, LLC	Simpsonville, SC 29680	864-9629500
Khan VP Sioux Falls, LLC	Sioux Falls, SD 57104	605-274-1001
WCP Extended Stay, LLC	Clarksville, TN 37040	931-5721446
Mitch Cox Development Company	Johnson City, TN 37615	423-2830365
DC Hospitality	Lebanon, TN 37090	615-4539087
DC Hospitality	Louisville, TN 37777	865-2384545
Terrapin Operator Memphis	Memphis, TN 38115	901-5226989
Terrapin Operator Memphis	Memphis, TN 38134	901-2668088
DC Hospitality-Murfreesboro, LLC	Murfreesboro, TN 37129	615-9042595
J3 Properties LLC	Abilene, TX 79605	325-2328710
Five VP Texas, L.P.	Amarillo, TX 79104	806-3420222
WCP Extended Stay, LLC	Austin, TX 78753	512-8373100
ValPlace Development Texas LP	Baytown, TX 77521	281-4214544
Highpoint Development, LLC	Bryan, TX 77802	979-485-9888
Four VP Houston, L.P.	Conroe, TX 77304	936-7882300
Five VP Texas, L.P.	Corpus Christi, TX 78416	361-8529292
Five VP Texas, L.P.	Denton, TX 76207	940-3873400
Quanah Properties, LP	Forest Hill, TX 76119	817-5360010
Quanah Properties, LP	Ft. Worth, TX 76137	817-8474999
Four VP Houston, L.P.	Houston, TX 77070	281-8075999
Four VP Houston, L.P.	Houston, TX 77072	713-7794441
Four VP Houston, L.P.	Houston, TX 77090	281-4433008
ValPlace Development Texas LP	Houston, TX 77094	281-5998872
Killeen VP Investors, LLC	Killeen, TX 76542	254-5266900
Five VP Texas, L.P.	La Porte, TX 77571	281-4716600
Five VP Texas, L.P.	McKinney, TX 75071	214-5049353
WCP Extended Stay, LLC	Midland, TX 79707	432-2624770
WCP Extended Stay, LLC	Odessa, TX 79765	432-272-4590

Franchisee	City, State, Postal Code	Telephone Number
Quanah Properties, LP	Rockwall, TX 75087	972-7227778
DC Guest-San Antonio, LLC	San Antonio, TX 78218	210-6553900
DC Hospitality	San Antonio, TX 78224	210-9239335
WCP Extended Stay, LLC	San Antonio, TX 78233	210-6553100
ValPlace Development Texas LP	Texas City, TX 77591	409-9782300
Quanah Properties, LP	Trophy Club, TX 76262	817-4911118
SPI Hospitality, LLC	Tyler, TX 75701	903-5613232
DC Hospitality	Waco, TX 76705	254-7994900
Sandpiper Hospitality LLC	Chesapeake, VA 23320-3715	757-4100006
Sandpiper Hospitality, LLC	Chesapeake, VA 23320	757-963-5009
Sandpiper Hospitality LLC	Colonial Heights, VA 23834	804-5205585
Sandpiper Hospitality, LLC	Fredericksburg, VA 22401	540-548-9001
Sandpiper Hospitality, LLC	Manassas, VA 20109	703-335-5009
Sandpiper Hospitality, LLC	Richmond, VA 23230	804-269-7746
Sandpiper Hospitality, LLC	Virginia Beach, VA 23462	757-502-8886

Franchisees who have not communicated with WHFS within 10 weeks of the application date:

None

EXHIBIT I
State Addenda

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE CALIFORNIA FRANCHISE INVESTMENT LAW**

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

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

The State Cover Page of the Franchise Disclosure Document is amended to add the following risk factor:

TERRITORIAL EXCLUSIVITY CAN BE LOST, TERRITORY SIZE REDUCED, OR THE DEVELOPMENT RIGHTS TERMINATED IF THE DEVELOPMENT SCHEDULE IN THE DEVELOPMENT AGREEMENT IS NOT MET.

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

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code, Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement and Development Agreement require application of the laws of Kansas. This provision may not be enforceable under California Law.

The Franchise Agreement and Development Agreement allow for mediation. The mediation will occur at Wichita, Kansas with the costs being shared equally by the parties.

Neither the Franchisor nor any person listed in Item 2 of this franchise disclosure document is subject to any currently effective order of any national securities association or nation securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

Section 31125 of the franchise investment law requires us to give to you a disclosure document approved by the commissioner of corporations before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you transfer your franchise. California corporations code §31512 voids a waiver of your rights under the franchise investment law (California corporations code §§31000 through 31516). Business and professions code §20010 voids a waiver of your rights under the franchise relations act (business and professions code §§20000 through 20043).

Item 6 is amended to add that the highest interest rate in California is 10% annually.

OUR WEBSITE IS WWW.WOODSPRING.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Notwithstanding anything to the contrary set forth in the Franchise disclosure document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. Item 17 of the Franchise disclosure document is amended by the addition of the following language at the beginning thereof:

Notice Required by Law

THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE
TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED
BY ILLINOIS LAW, 815 ILCS 705/19 – 705/20.

2. Item 21 of the Franchise disclosure document is revised by deleting the last paragraph thereof and substituting the following paragraph:

You have not been provided with financial statements of the franchisor. Therefore, you do not have knowledge of how this specific company has performed. However, the guarantor Franchisor Support LLC unconditionally guarantees the performance of the franchisor, and a copy of the Guaranty of Performance is on file with the Attorney General.

3. The provisions of Article 19.4.A. of the Franchise Agreement and Article 15.D of the Development Agreement which designates jurisdiction or venue for litigation in a forum outside of the State of Illinois are deleted. See the Illinois Franchise Disclosure Act § 815 ILCS 705/4 and Rule 14 Ill. Adm. Code 200.608.

4. Section 41 of the Illinois Franchise Disclosure Act (“Act”) provides that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” Accordingly, the provisions of the Act shall supersede any provisions of the Franchise Agreement, Development Agreement or Kansas law which are in conflict with the Act.

**ILLINOIS AMENDMENT
TO WOODSPRING HOTELS FRANCHISE SERVICES LLC FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, _____ hereby agree that the Franchise Agreement will be amended as follows:

1. The provisions of Section 19.4.A of the Franchise Agreement which designates jurisdiction or venue for litigation in a forum outside of the State of Illinois is deleted. See Illinois' Franchise Disclosure Act § 815 ILCS 705/4 and Rule 14 Ill. Adm. Code 200.608.

2. Section 41 of the Illinois Franchise Disclosure Act ("Act") provides that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." Accordingly, the provisions of the Act shall supersede any provisions of the Franchise Agreement, Development Agreement or Kansas law which are in conflict with the Act.

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"FRANCHISEE"

By: _____
Its: _____

By: _____
Its: _____

**ILLINOIS AMENDMENT
TO WOODSPRING HOTELS FRANCHISE SERVICES LLC DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Development Agreement dated _____, _____ hereby agree that the Development Agreement will be amended as follows:

1. The provisions of Article 15.D of the Development Agreement which designates jurisdiction or venue for litigation in a forum outside of the State of Illinois is deleted. See Illinois' Franchise Disclosure Act § 815 ILCS 705/4 and Rule 14 Ill. Adm. Code 200.608.

2. Section 41 of the Illinois Franchise Disclosure Act ("Act") provides that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." Accordingly, the provisions of the Act shall supersede any provisions of the Franchise Agreement, Development Agreement or Kansas law which are in conflict with the Act.

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"DEVELOPER"

By: _____
Its: _____

By: _____
Its: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MARYLAND FRANCHISE DISCLOSURE ACT**

Even though contrary language may appear in the Franchise disclosure document, the Franchise Agreement, or the Development Agreement the following provisions shall supersede and apply to all franchises offered and sold in subject to the State of Maryland Franchise Registration and Disclosure Law:

1. Item 11 of the Franchise disclosure document is amended by the addition of the following language at the end thereof:

“Subsequent to the establishment of a Marketing, Branding, Sales and Advertising Fund, (the “Marketing Fund”), a Franchisee may obtain an accounting of Marketing Fund expenditures by making a written request to the President of WoodSpring Hotels Franchise Services LLC.”

2. Franchisees may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law and the Franchise Agreement is amended as such.

3. No release language set forth in the Franchise Agreement or the Development Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law.

4. Section 19.6 of the Franchise Agreement is amended by adding the following language:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. To the extent that any such representations are requested in the Franchise Agreement, Development Agreement, or the Site Application they are not intended to nor do they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure laws Section 14-226 and the Franchisee’s acknowledgements in the agreements are so amended.

6. Under COMAR Section 02.02.16L the general release required as a condition of renewal, sale, and/or assignment/transfer in Item 17 as well as in the Franchise Agreement and/or Development Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law and the Franchise Agreement is amended as such.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MINNESOTA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the Franchise disclosure document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold ~~in~~ subject to the State of Minnesota franchise registration and disclosure law:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
 - (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and
 - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

**MINNESOTA AMENDMENT
TO WOODSPRING HOTELS FRANCHISE SERVICES LLC FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota franchise registration and disclosure law (the "Act") and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
 - (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and
 - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

IN WITNESS WHEREOF, the parties hereby have duly executed and delivered this Amendment to the Franchise Agreement as of the day and year set forth above.

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"FRANCHISEE"

By: _____
Its: _____

By: _____
Its: _____

**MINNESOTA AMENDMENT
TO WOODSPRING HOTELS FRANCHISE SERVICES LLC DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota franchise registration and disclosure law (the "Act") and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Development Agreement to the contrary, the Agreement is amended as follows:

The parties to the Development Agreement dated _____, _____ hereby agree that the Development Agreement will be amended as follows:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
 - (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and
 - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"DEVELOPER"

By: _____

By: _____

MN-4

13882-315394.3

Value Place Multistate 14/2017
(State Addenda)

Its: _____

Its: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE NEW YORK FRANCHISES LAW**

1. The cover page of the Franchise disclosure document is amended to add the following statement:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE
STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR
SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY A STATE DOES
NOT MEAN THAT A STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN
THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS
FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE
COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.**

2. Item 3 is deleted in its entirety and the following substituted in its place:

Item 3 - LITIGATION

Neither the franchisor, its predecessor, a person identified in Item 2 nor any of its affiliates offering franchises under the franchisor's principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations; or has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of Franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership or such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

3. Item 4 is deleted in its entirety and the following is substituted in its place:

Item 4 - BANKRUPTCY

Neither the franchisor nor any of its affiliates, its predecessor or officers during the 10-year period immediately before the date of the Franchise disclosure document : (a) filed as debtor (or had filed against

it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

4. Item 5 is amended to add the following language at the end of the Item:

We use the initial fees to cover costs incurred in performing our obligations under the Franchise Agreement and to cover other overhead expenses.

5. Item 17 is amended by deleting the first paragraph and substituting the following:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.

6. The following language is added to Item 17 in the Summary section of provision (d), entitled **Termination by you:**

Franchisee can terminate upon any grounds available by law.

7. The following language is added to Item 17 in the Summary section of provision (w), entitled **Choice of law:**

The foregoing Choice of Law should not be considered a waiver of any right conferred upon the franchisor or Franchisee by the General Business Law of the State of New York, Article 33.

**RIDERAMENDMENT TO WOODSPRING HOTELS FRANCHISE SERVICES LLC
FRANCHISE AGREEMENT FOR USE IN NEW YORK**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York franchise registration and disclosure law (New York General Business Law, Art. 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

THIS RIDERAMENDMENT is entered into this _____ day of _____, _____ by and between WoodSpring Hotels Franchise Services LLC, a Kansas limited liability company ("Franchisor"), and _____, whose principal business address is _____ ("Franchisee").

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ that has been signed concurrently with the signing of this RiderAmendment. This RiderAmendment is annexed to and forms part of the Franchise Agreement. This RiderAmendment is being signed because: (a) you are a resident of the State of New York and your Value Place Property franchise will operate in New York; and/or (b) the offer or sale of the franchise occurred in New York.

2. **Termination of the Franchise:** The following is added as a new Section 14.1.F. of the Franchise Agreement:

Franchisee may terminate this Agreement upon any grounds available at law.

3. **Governing Law/Consent to Jurisdiction.** The following is added to Section 21.1 of the Franchise Agreement.

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this RiderAmendment on the day and year first above written.

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"FRANCHISEE"

By: _____
Its: _____

By: _____
Its: _____

**NEW YORK RIDERAMENDMENT
TO WOODSPRING HOTELS FRANCHISE SERVICES LLC DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York franchise registration and disclosure law (New York General Business Law, Art. 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Development Agreement to the contrary, the Agreement is amended as follows:

THIS ~~RIDER~~AMENDMENT is entered into this _____ day of _____, _____ by and between WoodSpring Hotels Franchise Services LLC, a Kansas limited liability company ("Franchisor"), and _____, whose principal business address is _____ ("Developer").

1. **Background.** Franchisor and Developer are parties to that certain Development Agreement dated _____ that has been signed concurrently with the signing of this ~~Rider~~Amendment. This ~~Rider~~Amendment is annexed to and forms part of the Agreement. This ~~Rider~~Amendment is being signed because: (a) you are a resident of the State of New York and your Value Place Property franchise will operate in New York; and/or (b) the offer or sale of the franchise occurred in New York.

2. **Governing Law/Consent to Jurisdiction.** The following is added to Article 15.D of the Development Agreement.

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this ~~Rider~~Amendment on the day and year first above written.

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"DEVELOPER"

By: _____
Its: _____

By: _____
Its: _____

FRANCHISOR REPRESENTATION

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE NORTH DAKOTA FRANCHISE LAW**

Notwithstanding anything to the contrary set forth in the Franchise disclosure document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Liquidated damages and termination penalties are prohibited by law in the State of North Dakota and, therefore, Section 15.11 of the Franchise Agreement may not be enforceable in North Dakota.

2. Waiver of trial by jury is prohibited by law in the State of North Dakota. Accordingly, Section 19.4.B of the Franchise Agreement is deleted.

3. Waiver of exemplary and punitive damages is prohibited by law in the State of North Dakota. Accordingly, Section 19.4 of the Franchise Agreement is deleted.

4. North Dakota prohibits a provision that the Franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the Franchise Agreement. Accordingly, Section 19.7 of the Franchise Agreement is amended as follows:

“In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party’s failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys’ fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise.”

5. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Kansas law if such provisions are in conflict with North Dakota law.

6. Any provision in the Franchise Agreement or Development Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue for litigation, in a form outside of North Dakota, is deleted from any Franchise Agreement issued in the State of North Dakota.

7. North Dakota has determined that requiring a Franchisee to consent to liquidated damages and/or termination penalties is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

8. North Dakota law limit the franchisor’s ability to restrict your activity after the Franchise Agreement has ended (Century Code Section 9-08-06).

**NORTH DAKOTA AMENDMENT
TO VALUE PLACE FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The parties to the Franchise Agreement dated _____, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19.4.B. of the Franchise Agreement is deleted.
2. Section 19.5 of the Franchise Agreement is deleted.
3. Section 19.7 of the Franchise Agreement is amended as follows:

"In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party's failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise."

4. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Kansas law if such provisions are in conflict with North Dakota law.

5. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a form outside of North Dakota, is deleted from any Franchise Agreement or issued in the State of North Dakota.

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"FRANCHISEE"

By: _____
Its: _____

By: _____
Its: _____

**NORTH DAKOTA AMENDMENT
TO WOODSPRING HOTELS FRANCHISE SERVICES LLC DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Development Agreement to the contrary, the Agreement is amended as follows:

The parties to the Development Agreement dated _____, _____ hereby agree that the Development Agreement will be amended as follows:

1. The provisions of Article 15.D of the Development Agreement which designates jurisdiction or venue for litigation in a forum outside of the State of North Dakota is deleted.

2. For all franchises entered into in the State of North Dakota, North Dakota law shall be the governing law. Article 14 of the Development Agreement is deleted.

Dated: _____

**WOODSPRING HOTELS FRANCHISE
SERVICES LLC**

"DEVELOPER"

By: _____
Its: _____

By: _____
Its: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE RHODE ISLAND FRANCHISE DISCLOSURE ACT**

The cover page is amended by adding the following:

“EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT KANSAS LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ITEM 17 OF THE FRANCHISE DISCLOSURE DOCUMENT FOR DETAILS. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE ADMINISTRATORS LISTED ON EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY RHODE ISLAND DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE RHODE ISLAND DIVISION OF SECURITIES, 1511 PONTIAC AVENUE, JOHN O. PASTORE COMPLEX - BUILDING 69-1, CRANSTON, RHODE ISLAND 02920.”

Item 17 is amended by adding the following:

“These states have statutes which limit the franchisor’s ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 et seq., Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor’s ability to restrict your activity after the Franchise Agreement has ended.”

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE VIRGINIA RETAIL FRANCHISING ACT**

1. The following paragraph is added at the end of Item 17:

Virginia has a statute which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: Virginia Code 13.1-557 to 5741. Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause.

2. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Area Development Agreement does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**VIRGINIA AMENDMENT
TO WOODSPRING HOTELS FRANCHISE SERVICES LLC FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The parties to the Franchise Agreement dated _____, _____ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 14.1.C(xi) of the Franchise Agreement is amended by adding the following sentence:

"§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"FRANCHISEE"

By: _____
Its: _____

By: _____
Its: _____

**VIRGINIA AMENDMENT
TO WOODSPRING HOTELS FRANCHISE SERVICES LLC DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Development Agreement to the contrary, the Agreement is amended as follows:

The parties to the Development Agreement dated _____, _____ hereby agree that the Development Agreement will be amended as follows:

1. Article 6 of the Development Agreement is amended by adding the following sentence:

"§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"DEVELOPER"

By: _____
Its: _____

By: _____
Its: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE WASHINGTON FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the Franchise disclosure document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Washington.

1. If any of the provisions in the Franchise disclosure document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the Franchise disclosure document and Franchise Agreement with regard to any franchises sold in Washington.

2. The State of Washington's policy pursuant to its Administrative Regulations pertaining to releases is as follows:

The requirement of a release by the Franchisee to a Franchisor is acceptable so long as it does not include a release of the Franchisee's claims under the Washington Franchise Investment Protection Act.

**WASHINGTON AMENDMENT
TO VALUE PLACE FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Washington that are subject to the Washington Franchise Investment Protection Act (the "Act") and is for the purpose of complying with Washington statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your license. There may also be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your license.

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

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

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

Franchisor's ability to restrict your activity after the Franchise Agreement has ended is restricted by Washington Code Section 19.86.030.

Dated: _____

WOODSPRING HOTELS FRANCHISE
SERVICES LLC

"FRANCHISEE"

By: _____
Its: _____

By: _____
Its: _____

The undersigned does hereby acknowledge receipt of this addendum.

DATED _____

EXHIBIT J

MUTUAL AGREEMENT FOR TERMINATION AND RELEASE

THIS MUTUAL AGREEMENT FOR TERMINATION AND RELEASE ("Termination Agreement") is made and entered into as of the ____ day of _____, 20____ (the "Effective Date"), by and between WoodSpring Hotels Franchise Services LLC, a Kansas limited liability company ("Franchisor") and _____, a _____ ("Franchisee") who in consideration of the mutual promises set forth below agree as follows:

1. Nature and Scope of Agreement

1.1 Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ ("Franchise Agreement"), pursuant to which Franchisee operates a Value Place system property at _____ ("the "Property").

1.2 Franchisor and Franchisee, by mutual agreement, and for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, desire to release each other and certain related parties from all claims arising out of the Franchise Agreement to the extent as set forth herein below. The parties hereby acknowledge that this Termination Agreement settles and compromises disputes and claims made and denied to the extent stipulated herein, and that by entering into this Termination Agreement, no party is admitting the validity of any such claims.

2. Termination of Franchise Agreement

2.1 By mutual agreement, the Franchise Agreement is hereby terminated, as of the Effective Date.

2.2 Except for as provided in this Termination Agreement, the parties hereto will hold one another harmless from the terms and conditions of the Franchise Agreement and no party shall have any further obligation to the other party pursuant to the terms of the Franchise Agreement.

2.3 Franchisee and Franchisor agree that there are no outstanding amounts or obligations due and owing under the Franchise Agreement, except for obligations under such sections of the Franchise Agreement that survive the termination pursuant to this Termination Agreement, including post-termination obligations set forth in Section 15 of the Franchise Agreement with the exception of Section 15.12 (Liquidated Damages) which is hereby waived.

2.4 [Franchisor agrees that the guaranty/guarantees entered into in connection with the Franchise Agreement is/are hereby terminated as of the Effective Date, and that the guarantor(s) shall have no further obligations, duties or liabilities under the guaranty/guarantees, and hereby releases, waives and forever discharges guarantor(s) from all obligations, duties or liabilities of whatever nature arising under or in connection with the guaranty/guarantees.]

3. Franchisee Parties' Release of Franchisor Parties

3.1 Franchisee, on behalf of itself and its owners, managers, representatives, officers, directors, employees, agents, successors and assigns (including Franchisee, hereinafter referred to as "Franchisee Parties"), hereby fully, finally and forever releases, forgives and discharges each of Franchisor and its affiliated companies and each of their respective owners, managers, agents, representatives, officers,

directors, employees, successors and assigns (including Franchisor, hereinafter referred to as "Franchisor Parties"), of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character, and description, known or unknown, vested or contingent, which any Franchisee Party now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against Franchisor Parties arising prior to and including the Effective Date, including any such claim arising out of or in any way related to the Franchise Agreement; provided, however, that this Termination Agreement excludes claims arising from:

- (a) Assertion of any continuing rights granted by this Termination Agreement;
- (b) Another Franchise Agreement or development agreement between any Franchisee Party and Franchisor for the operation or development of Value Place system properties, which Franchise Agreement or development agreement is not terminated by this Termination Agreement;
- (c) Agreements between any Franchisee Party and Franchisor Party except for Franchisor that are not related to the Property; and
- (d) Provisions in the Franchise Agreement that by their term require or permit performance by the parties after termination of the Franchise Agreement, including: Section 11.4 (Trade Secrets) and Article 15 except for Section 15.12 (Obligations Upon Termination).

Franchisee Parties expressly intend to release, and understand that by this Termination Agreement, Franchisee Parties are releasing all claims, whether presently known, unknown, suspected, or unsuspected. Franchisee Parties understand and acknowledge that Franchisee Parties may hereafter discover facts different from or in addition to those facts Franchisee Parties now believe to be true with respect to the matters released in this Termination Agreement and on behalf of all Franchisee Parties expressly accepts and assumes the risk thereof. Each of the Franchisee Parties expressly waives and relinquishes any rights or benefits that any of them may have under any statutes or common law principles that limit the effectiveness of a release of unknown claims.

[California specific release: Franchisee Parties expressly intend to release, and understand that by this Termination Agreement, Franchisee Parties are releasing all claims, whether presently known, unknown, suspected, or unsuspected, including, but not limited to, those claims within the scope of Section 1542 of California Civil Code, if applicable, which expressly states:

"A general release does not extend to claim which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have affected his settlement with the debtor."

and any other state statute, precedent, or common law principle of similar import or effect.

Franchisee Parties expressly waive the benefits of Section 1542 and similar state statutes, precedent or common law principles of similar import or effect. Franchisee Parties understand and acknowledge that Franchisee may hereafter discover facts different from or in addition to those facts Franchisee Parties now believe to be true with respect to the matters released in this Termination Agreement. Franchisee Parties assume any and all risk of mistake (or discovery of additional facts) in connection with the matters giving rise to this Termination Agreement.]

3.2 Subject to the exceptions in Section 3.1, Franchisee Parties acknowledge and agree that this release applies to all claims for injuries, costs, expenses, damages or losses (whether those injuries,

costs, expenses, damages or losses are known or unknown, foreseen or unforeseen, or patent or latent) that Franchisee Parties may have against Franchisor Parties, except as expressly excluded in Section 3.1.

4. Franchisor Release of Franchisee Parties

4.1 Franchisor, on behalf of Franchisor Parties, hereby fully, finally and forever releases, forgives and discharges Franchisee Parties of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character, and description, known or unknown, vested or contingent, which any Franchisor Party now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against Franchisee Parties, arising prior to and including the Effective Date, including any such claim arising out of or in any way related to the Franchise Agreement; provided, however, that this Termination Agreement excludes claims arising from:

- (a) Assertion of any continuing rights granted by this Termination Agreement;
- (b) Another Franchise Agreement or development agreement between any Franchisee Party and Franchisor for the operation or development of Value Place system properties, which Franchise Agreement or development agreement is not terminated by this Termination Agreement;
- (c) Agreements between any Franchisee Party and Franchisor Party except for Franchisor that are not related to the Property;
- (d) Agreements regarding confidentiality and covenants not to compete between any Franchisee Party and Franchisor;
- (e) Guarantees made to Franchisor Parties, unless expressly terminated by this Termination Agreement; and
- (f) Provisions in the Franchise Agreement that by their term require or permit performance by the parties after termination of the Franchise Agreement, including: Section 11.4 (Trade Secrets) and Article 15 except for Section 15.12 (Obligations Upon Termination).

4.2 Subject to the provisions of Section 4.1, Franchisor Parties acknowledge and agree that this Termination Agreement applies to all claims of injuries, costs, expenses, damages or losses (whether those injuries, costs, expenses, damages or losses are known or unknown, foreseen or unforeseen, or patent or latent) that Franchisor Parties may have against Franchisee Parties.

5. Representations, Warranties and Confidentiality Obligations

5.1 Franchisee Parties acknowledge that Franchisor is willing to enter into this Termination Agreement subject to the condition that Franchisee Parties maintain the confidentiality of this Termination Agreement. Franchisee Parties agree that they will maintain the confidentiality of this Termination Agreement and will not permit the terms hereof or the contents of discussions between Franchisee Parties and Franchisor, or their representatives related hereto, to be disclosed to any party other than the parties hereto and the Franchisee Parties' attorneys and accountants. Franchisee Parties also agree that they shall cause any party to which they disclose such terms or discussions to maintain the confidentiality of such information and not disclose such information to any parties other than those to whom Franchisee Parties are permitted to make disclosures under this Section.

5.2 All the parties acknowledge that this Article 5 does not prohibit a party from making disclosures required by law. Franchisee Parties agree, however, that before any of them making such a

disclosure, they will provide Franchisor with prompt notice of such requirement, and will cooperate with Franchisor in seeking a protective order waiving such disclosure, and in obtaining reliable assurance that confidential treatment will be accorded to any confidential information disclosed.

5.3 The parties represent as follows: (a) no other party, nor any agent or attorney of any other party, has made any promise, representation or warranty whatever, express or implied, not contained herein concerning the subject matter hereof, to induce it to execute this document; (b) the persons executing this Termination Agreement in a representative capacity on behalf of each party is empowered to do so; (c) the parties have read this Termination Agreement and understand the contents thereof; and (d) the parties have each made such an investigation of the facts pertinent to this Termination Agreement and of all the matters pertaining thereto as it deemed necessary, including review of the Termination Agreement with counsel.

5.4 Franchisee and Franchisor agree to execute such additional documentation and cooperate in further proceedings necessary to effectuate the terms of this Termination Agreement without charge or other consideration.

6. Miscellaneous

6.1 Titles used in this Termination Agreement are for convenience only and shall not be deemed to effect the meaning or instruction of any of the terms, provisions, covenants or conditions of this Termination Agreement.

6.2 Nothing contained in this Termination Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between provisions of this Termination Agreement and any present and future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Termination Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that in any part, article, section, sentence or clause of this Termination Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provisions shall be deemed deleted and the remaining part of this Termination Agreement will continue in full force and effect.

6.3 This Termination Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.

6.4 This Termination Agreement shall bind and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, administrators, executors and conservators.

6.5 All questions with respect to the construction of this Termination Agreement and the rights and liabilities of the parties hereunder shall be governed by the same laws of, and shall be submitted and resolved by a court of competent jurisdiction located in the same city and state stipulated by the parties in the Franchise Agreement.

6.6 Subject to the exceptions in Section 3.1, Franchisee Parties hereby covenant and agree not to bring any claim, action, suit or proceeding against any of the Franchisor Parties, and Franchisor Parties, subject to the exceptions in Section 4.1, hereby covenant and agree not to bring any claim, action, suit or proceeding against any of the Franchisee Parties, in each case regarding or related in any manner to any claim released herein, and further covenant and agree that this Termination Agreement constitutes a bar to any such claim, action, suit or proceeding. The provisions of this Termination Agreement may be pleaded

as a full and complete defense to, and may be used as the basis for any injunction against, any action, suit or other proceeding that may be instituted, prosecuted or attempted in breach of this Termination Agreement.

6.7 Should any party commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision hereof, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, then the losing party will reimburse the prevailing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees for the services rendered to such prevailing party.

6.8 Any and all notices required or permitted under this Termination Agreement must be in writing and will be personally delivered, mailed by certified or registered mail, postage prepaid, return receipt requested, sent via a nationally recognized overnight delivery service, or sent by facsimile (with a confirming copy mailed) to the respective parties at the addresses or facsimile numbers set forth in the Franchise Agreement unless and until a different address or facsimile number has been designated by written notice to the other party. Any notice will be deemed to have been given at the earlier of receipt or three (3) business days after mailing by certified or registered mail, or one business day after sending by facsimile or overnight delivery service.

6.9 This Termination Agreement may be amended, modified, cancelled, or waived only by written instrument executed by each of the parties hereto. A waiver of any term or condition of this Termination Agreement will not be deemed to be, and may not be construed as, a waiver of any other term or condition hereof. This Termination Agreement shall be construed neutrally and will not be applied more strictly against one party than the other.

6.10 Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Franchise Agreement.

6.11 This Termination Agreements contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. Except for the unreleased provisions of the Franchise Agreement or any other claims expressly excluded by this Termination Agreement, no other agreements written or oral, are deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations are merged herein and superseded hereby. The parties represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained herein.

IN WITNESS WHEREOF, the parties hereto have caused this Termination Agreement to be executed as of the first date set forth above.

Franchisee:

on behalf of itself and Franchisee Parties

By: _____

Name: _____

Title: _____

Franchisor:

WOODSPRING HOTELS FRANCHISE SERVICES
LLC, on behalf of itself and Franchisor Parties

By: _____

Name: Kyle Rogg

Title: Chief Financial Officer

EXHIBIT K

MANAGEMENT COMPANY COVENANT AGREEMENT

THIS COVENANT AGREEMENT (this "Agreement") is entered into as of the ____ day of _____, 20__, by and among WoodSpring Hotels Franchise Services LLC (collectively, with its affiliates, "Franchisor") and _____ ("Covenantor/Property Manager").

WITNESSETH: That;

WHEREAS, Franchisor has entered into a Franchise Agreement ("Franchise Agreement") dated _____, with _____ ("Franchisee");

WHEREAS, Covenantor/Property Manager has entered into, or may in the future enter into, management and/or services agreements with Franchisee (the "Management Agreement") or another franchisee under the Franchisor's Systems (as defined below); and

WHEREAS, in connection with the negotiation, execution and performance of the Management Agreement, Covenantor/Property Manager and its employees may be given access to certain confidential or proprietary information of Franchisor;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the Covenantor/Property Manager covenants and agrees as follows:

1. Capitalized terms used herein and not otherwise defined shall have the same meaning as defined in the Franchise Agreement.

The Covenantor/Property Manager shall not, either directly or indirectly, individually, or through, or on behalf of, or in conjunction with any person, persons, or entity (including its owners, officers, directors or employees):

- a. During the term of the Franchise Agreement or any other franchise agreement from subsequent franchisees and thereafter, except as otherwise approved in writing by Franchisor, copy or disclose to any person other than Covenantor/Property Managers (or subsequent franchisees) employees (and then only to employees who have a need to know) (i) any Trade Secrets, (ii) any knowledge, information or know-how concerning the System, or (iii) all or any portion of the Brand Standards or any other confidential materials, including without limitation, the design of the System Properties, methods of operation and service at System Properties, intranet, knowledge of sales and profit performance at any one or more System Property, and advertising and promotional programs, advertising, promotion and marketing techniques, the selection and training of Property managers and, in general, methods, techniques, formulas, formats, specifications, procedures, information systems and knowledge, in the operation and licensing of System Properties, or other materials deemed confidential by Franchisor ("Confidential Information"). Covenantor/Property Manager shall at all times treat the Confidential Information as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential and shall use the same only in the operation of the Property. The Confidential Information shall at all times remain the sole property of Franchisor, and shall be returned to Franchisor immediately upon expiration or termination of the Franchise Agreement. Any and all information, knowledge, know-how, and other

data, that Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Covenantor/Property Manager can demonstrate came to their attention prior to disclosure thereof by Franchisor without the breach by the disclosing party of any confidentiality obligation; or which, at or after the time of disclosure by Franchisor to Covenantor/Property Manager, had become a part of the public domain, through publication or communication by others.

- b. During the term of the Franchise Agreement, compete, or be associated, directly or indirectly as an owner, officer, director, employee, consultant, property manager or otherwise, in any Competitive Business, and, for a period of 2 years after any transfer or termination of any of the Franchise Agreement for any reason, Covenantor/Property Manager shall not compete, or be associated, directly or indirectly as an owner, officer, director, employee, consultant, property manager or otherwise, in any Competitive Business (except that continued performance under agreements other than the one(s) terminated or expired shall not be deemed to be a Competitive Business). The term "Competitive Business" shall mean any property, motel, or other business that provides economy lodging accommodations on a weekly-stay basis with kitchen facilities and limited (not on a daily basis) maid service; provided, however, that passive ownership of less than 2% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Section.
- c. During the term of the Franchise Agreement, employ or seek to employ any person who is or was within the immediate past 6 months employed by Franchisor or any System Franchisee (except for System Franchisees who are Affiliates of any Covenantor/Property Manager) or induce or seek to induce any such person to leave his or her employment. Franchisor shall not employ or seek to employ any person who is or was within the immediate past 6 months employed by Covenantor/Property Manager at a System Property or induce or seek to induce any such person to leave his or her employment. Any party violating the provisions of this Section 2.c shall pay to the former employer as liquidated damages (which the parties agree are difficult of ascertainment) an amount equal to 2 times the annual salary (that was paid by the former employer) of the employee involved, plus all costs and attorney's fees incurred by the former employer in connection with such default. The parties hereto agree that each current and future Franchisee in the System shall be a third party beneficiary of the provisions of this Section 2.c, and shall be entitled to enforce the provisions hereof. Franchisor shall have no obligation to enforce the provisions of this Section 2.c for the benefit of any current or future Franchisee in the System.
- d. During the term of the Franchise Agreement or thereafter, purchase or lease goods, services, supplies, FF&E, inventory, computer hardware or software products or services under agreements and arrangements entered into or negotiated by Franchisor in whole or in part on behalf of Franchisee and other franchisees of the WoodSpring Suites or Value Place franchise systems (the "Franchisor's Systems"), or otherwise take advantage of or benefit from such agreements or arrangements, except directly and solely in connection with the performance by Covenantor's/Property Manager's of its duties and obligations under the Management Agreement and any other property management agreement Covenantor/Property Manager may have entered into for the management and operation of other properties operating under franchise agreements with the Franchisor.

2. In the event any provision of this Agreement is deemed by a court of competent jurisdiction to be more restrictive than permissible at law or equity, Franchisor and the Covenantor/Property Manager's agree that the provisions hereof may be reformed and modified and enforced by such court to the maximum extent permissible under applicable law and principles of equity. Covenantor/Property Manager agrees that specific performance and injunctive relief are necessary and appropriate remedies for violations of this Agreement and agrees to enforcement of such remedies, but without prejudice to the right of Franchisor to recover money damages, which are in no event a full and adequate remedy for such violations.

3. The Covenantor/Property Manager agrees at all times to adhere to the terms and conditions of the Franchise Agreement between Franchisee and Franchisor.

4. The Covenantor/Property Manager agrees that the terms and conditions of this Agreement and the Franchise Agreement (the "Value Place Agreements") shall supersede the terms and conditions of the Management Agreement or any other agreement between the Covenant/Property Manager and the Franchisee, to the extent that there is a conflict between the Value Place Agreements and the Management Agreement or any other agreement between the Covenant/Property Manager and the Franchisee.

5. The Covenantor/Property Manager agrees that the existence of any claim that any of them may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of this Agreement, or the covenants contained in Article 11 of the Franchise Agreement. In the event that Covenantor/Property Manager commence any action against Franchisor arising out of or related to this Agreement, or the dealings or relationship of the parties hereunder or otherwise, such action shall be brought only in a federal or state court sitting within the City of Wichita, Sedgwick County, Kansas. Covenantor/Property Manager consents to the exercise of jurisdiction by courts within the City of Wichita, Sedgwick County, Kansas over any claims or counterclaims against Covenantor/Property Manager. In the event Franchisor incurs legal fees or costs or other expenses to enforce any obligation of Covenantor/Property Manager hereunder, or to defend against any claim, demand, action or proceeding by reason of Covenantor/Property Manager's failure to perform or observe any obligation imposed upon Covenantor/Property Manager by this Agreement and/or the Franchise Agreement, then Franchisor shall be entitled to recover from Covenantor/Property Manager the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding to enforce any obligation of Covenantor/Property Manager hereunder or thereafter or otherwise.

6. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, agreements, and understandings with respect thereto. This Agreement may only be amended by a written document duly executed by all parties hereto. This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas, without reference to the rules governing conflicts of law. This Agreement shall inure to the benefit of and shall be binding upon the respective successors, heirs, administrators, executors, personal representatives, trustees, and assigns of the parties hereto. This Agreement may be executed in multiple counterparts, each considered an original, but all of which shall constitute but one Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

**WOODSPRING HOTELS FRANCHISE
SERVICES LLC**

COVENANTOR/Property Manager

By _____

Name: _____

Name:
Title:

Name: _____

EXHIBIT L

STANDARD VALUE PLACE COMFORT LETTER

_____, 2015

Name and
Address
Of Bank

To Whom It May Concern:

This Comfort Letter Agreement ("Agreement") is made on _____, 2015, by and between WoodSpring Hotels Franchise Services LLC, a Kansas limited liability company, ("Franchisor or "Franchisor"), and _____ ("Lender"). Franchisor and Lender may be referred to collectively herein as the "Parties".

This letter references a certain agreement between Franchisor and _____ ("Franchisee" and/or "Borrower"), dated _____, 20__ (the "Franchise Agreement"), which grants Franchisee the right to operate a Value Place property (the "Property") at _____ (the "Approved Location"), and a [Loan Agreement - INSERT CORRECT TITLE] (together with any collateral agreements thereto, the "Loan Agreement"), dated _____ 20__, between Lender and Franchisee, pursuant to which, Lender is lending to Franchisee the principal sum of \$ _____ (the "Loan") to acquire real property and construct the Property at the Approved Location, which Property will be operated as a Value Place Property under the Franchise Agreement.

At Franchisee's request, and in order to induce Lender to enter into the Loan Agreement and the Loan, Franchisor and Lender agree to the terms and conditions set forth herein.

1. Notice of Default and/or Termination.

A. By Franchisor. At the same time and in the same manner that written default notices are sent to Franchisee under the Franchise Agreement, Franchisor shall give Lender written notice of any event of default or breach under the Franchise Agreement (a "Default Notice"). Franchisor shall also provide Lender with any termination notice, at the same time and in the same manner that a termination notice is sent to Franchisee under the Franchise Agreement, (a "Termination Notice").

B. By Lender. At the same time and in the same manner that Lender is required to give written default notices to the Franchisee, under the Loan Agreement (a "Lender Default Notice"), Lender shall also give Franchisor written notice of any event of default or breach or termination under the Loan Agreement.

2. Default Under the Loan/Lender Foreclosure.

A. Lender Acquisition and Assumption.

1. Franchisor hereby agrees that, if Lender acquires the Property from the current Franchisee through foreclosure, a deed in lieu of foreclosure, or through any other exercise of its rights under the Loan

Agreement (“**Lender Acquisition**”), and if the Franchise Agreement has not yet otherwise been terminated by Franchisor, and if the Lender desires to continue to operate the property as a Value Place Property, Lender shall assume Franchisee's rights and obligations under the Franchise Agreement (“**Lender Assumption**”), subject to the terms of this Agreement, by giving written notice to Franchisor of its intention to assume Franchisee's rights and obligations under the Franchise Agreement (the “**Assumption Notice**”), together with the payment of a Three Thousand Dollar \$3,000.00 processing fee.

2. The Assumption Notice shall be delivered to Franchisor no later than ten (10) calendar days after Lender Acquisition. Franchisor may require the submission by Lender of its organizational documents, ownership structure and evidence of compliance with Franchisor's then-current insurance standards, in connection with the submission of the Assumption Notice. For purposes of this Agreement, the Property shall be deemed to be acquired by the Lender effective immediately upon the execution of a deed in lieu of foreclosure, order of a court, or any other act of transferring ownership of the Property to Lender.

B. Management. Within ten (10) days of Lender's assumption of the Franchise Agreement, whether by delivery of the Assumption Notice or by its Deemed Assumption (defined below), Lender must select a management company to manage the Property from a list recommended by Franchisor or engage Franchisor's affiliate, WoodSpring Hotels Property Management LLC, or such other management company as Franchisor may approve in its reasonable discretion, to operate the Property. Lender shall be responsible for the fees and costs associated with the placement of qualified management company. Such management company, or a successor reasonably acceptable to Franchisor, shall continue to manage the Property during such time as Lender is in possession of and operating the Property under the Franchise Agreement or any successor Franchise Agreement entered into in accordance with the provisions of this Agreement, as applicable.

C. Default Under the Loan/Lender Foreclosure in conjunction with Default Under the Franchise Agreement.

1. In addition to the requirements set forth above in this Paragraph 2, as a condition to the consummation of a Lender Assumption or Deemed Assumption, Lender will be required to: (i) promptly cure (subject to Paragraph 2 D) any uncured breach or default under the Franchise Agreement existing at the time of Lender Assumption, relating to quality, service or other deficiency in the Franchisee's performance or obligations under the Franchise Agreement (excluding defaults that are personal to the Franchisee and cannot be cured by the Lender, as defined below); and (ii) pay any and all past due royalties or funds due the Franchisor and its affiliates.

D. Non-monetary Defaults Requiring Possession of Premises to Cure.

1. In the event of a breach or default under the Franchise Agreement which the Lender is unable to cure absent its possession, control, or ownership of the Property, Lender shall have such an additional time period to cure said default as Franchisor may, in its reasonable discretion, grant to Lender. In no event shall the additional time period exceed one hundred twenty (120) days after Lender's acquisition of possession, control, or ownership of the Property, and it shall further be subject to that:

a) Lender immediately commences, and diligently prosecutes to completion, proceedings to obtain possession, control or ownership of the Property, as may be necessary to enable Lender to cure Franchisee's default under the Franchise Agreement; and

b) following its acquisition of possession, control or ownership of the Property, Lender shall diligently proceed to cure all defaults, except for personal and non-curable defaults (as defined

below) within the time period granted by Franchisor, and shall thereafter perform all obligations of the Franchisee under the Franchise Agreement.

2. "Diligently proceed to cure" shall include the physical renovation work necessary at the Property to comply with Franchisor requirements under the Franchise Agreement and/or Value Place brand standards. A "Personal and Non-Curable" default shall include a default that occurred prior to the Lender's acquisition of possession, control, or ownership of the Property that is personal to the Franchisee (i.e. bankruptcy, failure to provide adequate notice, moral turpitude, failure to maintain company status, etc.) and is unrelated to operation of the Property.

E. Failure to Assume.

Lender's failure to timely deliver an Assumption Notice shall be deemed an assumption of the Franchise Agreement and all of its terms and conditions with the exception of Article 15.12 regarding liquidated damages (the "Deemed Assumption"), and entitle Franchisor to proceed in the ordinary course of business to pursue its legal rights and remedies under the Franchise Agreement and this Agreement. Such rights include, but are not limited to Franchisor's right, but not the obligation, to immediately terminate the Franchise Agreement. Lender shall be immediately required to begin performing the obligations of Franchisee under the Franchise Agreement.

F. Rejection

Should Lender acquire possession, control or ownership of the Property but elect not to exercise its right to assume the Franchise Agreement, Lender shall immediately comply with Franchisor's request to perform the obligations of the Franchisee under the Franchise Agreement with regard to the de-identification and/or de-branding of the Property and shall indemnify, defend and hold Franchisor and its affiliates harmless from and against any loss, claim or other liability of any kind arising from or in connection with the operation of the Property from the time of Lender's rejection until such de-identification and de-branding has been completed. Lender's obligations under this Paragraph shall survive any termination of this Agreement and nothing in this Agreement shall limit Franchisor's rights, if any, to pursue its legal rights and remedies for any unauthorized use of Franchisor's trademarks, service marks, or systems.

G. Management During Receivership.

In the event that Lender gains any right to control the Property or revenues from the Property via the appointment of a Receiver or otherwise, Lender shall comply with all terms and provisions of the Franchise Agreement, including all monetary obligations arising under the Franchise Agreement, specifically, but not limited to the payment of royalties and outstanding fees due Franchisor and/or its affiliates.

3. Assignment and Transferability.

A. Lender and Franchisee represent, warrant and covenant to the Franchisor that that the Franchise Agreement has been collaterally assigned, pledged, or granted as a security interest or otherwise transferred to the Lender or its affiliates. Franchisee further represents and covenants that the granting of the Loan Agreement will not cause the Franchisee to violate any financial covenants contained in the Franchise Agreement. Neither the Lender nor the Franchisee shall have the right or authority to sell, convey, assign or in any manner transfer any rights hereunder or under the Franchise Agreement without the written consent of Franchisor, and in accordance with the provisions of the Franchise Agreement, including its confidentiality provisions.

B. Notwithstanding anything to the contrary contained herein, Lender may transfer its rights under the Franchise Agreement to a wholly owned subsidiary, as approved in writing by Franchisor, for the purposes of operating and maintaining the Property pursuant to the requirements herein and under the Franchise Agreement and for a period of time as designated in Paragraph 6 below.

C. Notwithstanding anything to the contrary contained herein, this Agreement may be assigned to any subsequent holder or holders of the Loan without Franchisor's consent; provided the Loan is assigned to a commercial bank, investment bank, pension fund, finance company, insurance company, or other entity engaged in the business of making loans and any fund managed by any of the foregoing.

4. Immediate Termination of Franchise Agreement. Notwithstanding any provision to the contrary contained herein, Franchisor reserves its right to immediately terminate the Franchise Agreement if, subsequent to a Lender Acquisition, Lender does not comply with the terms and provisions of this Agreement.

5. Transition of Control of the Property. Lender, Franchisee and Franchisor hereby agree to fully cooperate with one another in the event of change of control of the Property as contemplated herein. Said transition shall be conducted efficiently without inconvenience to the guests or employees of the Property and shall be in compliance with any applicable federal or state law or regulation.

6. Intent of this Agreement and Subsequent Sale of the Property.

A. The parties hereto acknowledge that a Lender Assumption or Deemed Assumption, and any subsequent acquisition of the Franchise Agreement by Lender is intended to serve as temporary remedy to lessen the negative impact of a Franchisee/Borrower Default under the Loan on both the Lender and the Franchisor. It is not the Franchisor's desire to maintain a long term franchise relationship with the Lender, and the Lender is not in the business of, and does not intend to be in the business of, operating hotels.

B. Notwithstanding anything to the contrary herein, in the event of a Lender Acquisition and subsequent Lender Assumption or Deemed Assumption the Lender shall, within eighteen (18) months from the date of the Lender Assumption or Deemed Assumption ("Transfer Period"), in conjunction with the sale, assignment or transfer of the Property, relinquish its rights to the Franchise Agreement to a transferee acceptable to Franchisor.

C. Lender agrees to diligently pursue a qualified third party to affect such transfer and Franchisor agrees that it shall use its resources within the Value Place franchise system to aid the Lender in finding a qualified replacement, but makes no guarantee that it will be able to do so.

D. Such Transfer shall be upon all of the terms and conditions of the Franchise Agreement and shall require the proposed new transferee to enter into a new, then current form of Franchise Agreement with Franchisor and to pay to Franchisor the then current initial Franchise Fee.

E. In the event that Lender would fail to transfer the Franchise Agreement within eighteen (18) months from the date of the Lender Acquisition, Franchisor shall have the right to terminate the Franchise Agreement effective immediately upon written notice to the Lender. Franchisor may extend the Transfer Period, at its sole discretion, upon written request of the Lender, received by Franchisor prior to the expiration of the Transfer Period.

7. Default Under the Franchise Agreement - Lender's Right to Cure. Upon receipt of a default notice, Lender shall have the right, but not the obligation, to cure Franchisee's default or breach, during the notice period granted by Franchisor to Franchisee, if any. Franchisor shall extend, upon Lender's prior

written request, Lender's right to cure beyond the cure period established in such default notice (not to exceed an additional five (5) days for a monetary default or ten (10) days for a non-monetary default. The Lender's inability or failure to cure shall not prevent Franchisor from exercising its legal rights and remedies under the Franchise Agreement.

8. Notices. All notices, requests, demands and other communications under this Agreement, including any Notice of Default or Assumption Notice, shall be in writing and shall be served either by personal delivery, by certified mail - return receipt requested, by receipted overnight courier service or by facsimile (with a confirming copy mailed if served only by facsimile), properly addressed as follows:

If to Franchisee: _____

Attn: _____

Facsimile: () _____

If to Lender: Bank of _____

Attn: _____

Facsimile: () _____

If to Franchisor: WoodSpring Hotels Franchise Services LLC
8621 E. 21st Street North, Suite 250
Wichita, Kansas 67206
Attn: Legal Department
Facsimile: (316) 631-1333

Any party may change its address for purposes of this paragraph by giving the other parties written notice of the new address in the manner provided above. Notices shall be deemed received at the earlier of receipt or three business days after mailing by certified mail or one business day after sending by overnight courier service.

9. Franchisee's and Guarantor's Obligation's. Franchisee and any guarantor(s) of the Franchise Agreement shall not be released from any obligations under the Franchise Agreement or guaranty upon any assumption of the Franchise Agreement by Lender.

10. Subordination. Franchisor hereby acknowledges and agrees that any lien or encumbrance on or any security interest in the Property in favor of Franchisor or its affiliates arising out of or in connection with the Franchise Agreement shall be subordinate to Lender's rights under or with respect to the Loan, including without limitation any lien or encumbrance on the Property securing any such rights of Lender. The foregoing subordination is a subordination of liens, encumbrances and/or security interests, as the case may be, and is not intended to be, and shall not be construed as, a subordination by Franchisor of its right to payments from Franchisee under the Franchise Agreement. Without limiting the generality of the foregoing, it is acknowledged and agreed by the parties hereto that the subordination set forth in this Section 10 shall not hinder or delay Franchisor from pursuing any of its rights under the Franchise Agreement against Franchisee to collect royalties, fees or other amounts due Franchisor under the Franchise Agreement.

Lender hereby acknowledges that its rights under this agreement are subordinate to 1) the rights granted to any other Lender or other third party holding a prior lien against the property which is the subject of this Comfort Letter, and for which Franchisor has executed a Comfort Letter to facilitate the loan; or 2) to any Comfort Letter executed prior to the date hereof, for as long as that Comfort Letter is in full force and effect, by and between Franchisor and another Lender or third party.

11. Confidentiality and Non-Disclosure. The provisions of this letter agreement shall not be disclosed by Lender or Franchisee to any third party, excepting Franchisee's or Lender's respective employees, directors, officers, agents or legal and financial representatives on a need-to-know basis, and/or unless as required by law or as mutually agreed to by the parties, and/or as part of any due diligence performed as part of the sale or participation of the Loan by Lender. As part of such disclosure, Lender must ensure that third parties are advised of, and agree to be bound by, the terms of this confidentiality provision. Franchisee and Lender further agree not to copy, reproduce or otherwise make available in any form whatsoever to any other person, firm, corporation or business the provisions of this letter agreement.

12. Automatic Termination of Comfort Letter Agreement. This Agreement shall immediately terminate and Lender shall have no rights hereunder if:

- a) Lender has been taken over in any manner by any state or federal agency or is in receivership, conservatorship, reorganization, or liquidation, or Lender or any of its officers or directors has entered into or is subject to a cease and desist order or any other formal or informal written agreement with a federal or state agency;
- b) Lender no longer holds a valid mortgage or security deed with respect to the Property (other than as the result of a Lender Acquisition); or
- c) the Franchise Agreement expires at the end of its term.

13. General. The provisions contained herein are applicable to the Property and the parties hereto only. Issuance and execution of this Agreement or the granting of any conditions provided herein does not constitute an obligation on Franchisor's part to provide the same at any future date.

14. Governing Law and Enforceability. This Agreement shall be construed in accordance with, and governed by, the internal laws of the State of Kansas, without regard to its conflict of laws rules. The invalidity or unenforceability of any provision of this Agreement shall not invalidate or affect the enforceability of any other provision of this Agreement. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

15. Estoppel. As of the date of this Agreement, Franchisee is in reasonable compliance with the terms and conditions of the Franchise Agreement, there is no pending Notice of Default to the Franchisee and the Franchise Agreement is in full force and effect.

16. No Representations or Warranties. In no event shall this Agreement or any other circumstances surrounding the financing by Lender be construed to involve (i) any representation by Franchisor that it endorses, approved, recommends or otherwise concurs in the financing; (ii) any guarantee or assurance by Franchisor that it or any other party to the Loan will be able to repay the Loan in accordance with its terms; (iii) any endorsement, approval, recommendation or concurrence in any financial projections submitted to Lender in connection with the Loan; or (iv) any endorsement, approval or recommendation of the Franchisee's character or reputation.

17. **Entire Agreement.** This is the entire agreement among the parties relating to the subject matter of this Agreement and it supersedes any previous oral or written agreements. This Agreement may be amended only by a writing signed by all parties. This agreement may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof.

18. **Effectiveness.** This Agreement shall become effective when, and not before, Franchisor receives a fully executed original of the Agreement. If a fully executed original of this Agreement is not received by Franchisor within thirty (30) calendar days of the date of this Agreement this Agreement shall be deemed null and void.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date set forth above.

Lender:

By:

Name: _____

Title: _____

Franchisor:

WoodSpring Hotels Franchise Services LLC

By: _____

Name: Kyle Rogg

Title: Chief Financial Officer

Agreement Approved by:

Franchisee

By: _____

Name: _____

Title: _____

EXHIBIT M

CONSTRUCTION SERVICES AGREEMENT

THIS CONSTRUCTION ADVISORY SERVICES AGREEMENT (the or this "Agreement") is made and entered into as of the _____ day of _____, 2017, by and between ("Franchisee"), and WoodSpring Hotels Construction Services LLC, a Kansas limited liability company ("WHCS").

WITNESSETH: That,

WHEREAS, Franchisee has entered into a License Agreement with WoodSpring Hotels Franchise Services LLC, an affiliate of WHCS (the "License Agreement"), whereby it agreed to construct and operate a WoodSpring Hotels property ("Property"); and

WHEREAS, Franchisee has acquired and/or intends to acquire real property for the construction of the Property at the location set forth in Exhibit C and desires that WHCS provide the services described herein for the purpose of assisting Franchisee in the construction of the Property;

NOW, THEREFORE, in consideration of the covenants and premises herein contained, and for other good and valuable consideration received, it is hereby agreed as follows:

1. Construction Advisory Services. Subject to the terms and conditions of this Agreement, Franchisee hereby engages WHCS to provide the Construction Advisory Services to Franchisee with respect to the construction of a Property on land that Franchisee now or hereafter has under contract for building a Property at the location set forth in Exhibit C. Franchisee agrees that WHCS shall act solely as an advisor for purposes of assisting Franchisee in Franchisee's construction of a Property. The Construction Advisory Services to be performed, to the extent required and to the extent requested by Franchisee are listed on Exhibit A. Additional services may be provided at additional cost, as the parties may mutually agree. Notwithstanding the foregoing, in accordance with the provisions of Section 13 hereof, WHCS may at any time discontinue performing services for any construction project, including a construction project for which construction has begun, and may do so for any reason whatsoever. In such event, WHCS shall make available to Franchisee its file with respect to such construction project upon payment of all sums due WHCS.

2. Compensation. Franchisee shall pay WHCS when certain milestones are achieved; the milestones and fee payment schedule are set forth on the fee schedule set forth on Exhibit B. On a milestone basis, Franchisee will be billed for services pursuant to the fee schedule. All such fees are due and payable within five (5) days of the date billed to Franchisee. The fee includes WHCS travel and related costs.

3. Personnel. WHCS shall select such personnel as WHCS reasonably believes necessary to perform the services required hereunder and shall be solely responsible for deciding their qualifications, time in field, the amount of deployed resources, and similar logistical decisions.

4. Architectural, Engineering and Other Professional Services. This Agreement does not entitle Franchisee to any architectural, engineering, or other licensed professional services and Franchisee expressly acknowledges that WHCS does not provide architectural, engineering or other licensed professional services, or hold itself out as a provider of any such services. WHCS will not provide any certification services. Franchisee shall engage its own architects and engineers to handle all matters

requiring such services at Franchisee's sole cost and expense. Franchisee shall also engage the architect and engineer of its selection to prepare site drawings and building plans. Upon request, WHCS may provide to Franchisee a list of professional advisors such as architects, engineers, structural engineers, general and subcontractors, and other personnel from time to time. The selection of any approved professionals, contractors or vendors shall be solely the responsibility of Franchisee.

5. Pre-Construction Advisory Services. Franchisee is solely responsible for acquiring the land and site for construction and for taking all actions necessary to obtain a building permit for the construction of the Property. Franchisee shall be solely responsible for obtaining required permits and the costs thereof. WHCS will review Franchisee's architect's plans and drawings for compliance with the License Agreement and will review the general contractor's proposed construction schedule for feasibility.

6. No Warranty. Franchisee acknowledges that WHCS makes no express or implied warranty regarding (i) the proper performance by the architects, engineers, general contractor or subcontractors of their contractual obligations, (ii) the compliance with applicable zoning, building code, or similar laws, (iii) adequacy of the physical plant to perform its intended purpose, or (iv) the future business success of any Property. Franchisee understands that the construction of the Property will not guarantee success of the business which will depend on many factors under Franchisee's control, and WHCS is engaged solely to assist Franchisee in completing the construction of the Property.

7. Communications. Franchisee shall designate a Franchisee's Representative who shall be authorized to make all decisions on behalf of Franchisee and receive the WHCS reports; execute construction and other contracts in favor of Franchisee; and to act for and on behalf of Franchisee. Franchisee's Representative shall be the official WHCS liaison with Franchisee. WHCS may rely completely on communications and instructions from Franchisee's Representative. WHCS shall communicate with the Franchisee's Representative regarding the construction and the performance of the construction advisory services exclusively through its written reports and shall provide all information due Franchisee hereunder to the Franchisee's Representative. _____ shall be designated the initial Franchisee's Representative and may thereafter be replaced only by the written instructions of Franchisee. In order to avoid confusion and miscommunication, WHCS shall not take any instructions or direction from any person other than the Franchisee's Representative and shall not be obligated to deliver or communicate any information to any person other than the Franchisee's Representative.

8. Entire Agreement, Modifications. This Agreement, together with the other documents contemplated hereby, represents the entire understanding and agreement of the parties hereto with respect to the subject matter hereof, supersedes all prior negotiations between such parties, and cannot be amended, supplemented, or changed orally but only by an agreement in writing signed by the party or parties against whom enforcement is sought and making specific reference to this Agreement.

9. Assignment and Succession. Except as expressly set forth herein, this Agreement may not be assigned by either party without the prior written consent of the other and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Kansas without giving effect to its conflict of laws principles.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when taken together, shall be deemed to be the same instrument.

12. Section and Paragraph Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13. Termination. This Agreement may not be terminated by Franchisee unless WHCS shall have been grossly negligent in the performances of its services. Upon termination, Franchisee will be obligated to pay for the milestones achieved and reimburse WHCS for costs incurred since the last milestone, whether or not yet billed to Franchisee. Upon full payment of sums due, WHCS shall deliver to Franchisee a copy of the file of the construction project and the work WHCS has performed for Franchisee. If WHCS terminates the Agreement, WHCS may elect to complete the milestone that is being worked and shall continue to be paid by Franchisee per the fee schedule for such work. If Franchisee terminates the Agreement, WHCS may elect to complete the milestone which is being worked and shall continue to be paid by Franchisee per the fee schedule for such work; or WHCS may elect to stop work upon such termination.

14. Relationship with Franchise Agreement. The parties acknowledge that WHCS is an affiliate of WoodSpring Hotels Franchise Services LLC ("WSFS") and that Franchisee has executed one or more agreements with WSFS that require Franchisee to obtain a development site and to commence construction within a period specified therein. Franchisee acknowledges that the assistance provided Franchisee hereunder by WHCS does not relieve, absolve, mitigate or otherwise alter or amend Franchisee's obligation under the agreements with WSFS nor will the failure of WHCS to render services hereunder or otherwise perform its obligations result in any extension of time by WSFS to Franchisee to meet its obligations under such agreements. Provided, however, that any reports regarding construction which the Franchisee is obligated to provide to WSFS will be produced by WHCS as part of the construction advisory services provided hereunder, including the "final inspection" report.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, month, and year first above written.

<u>"WHCS"</u> <u>WOODSPRING HOTELS CONSTRUCTION SERVICES LLC</u> By: _____ Its: _____	<u>"FRANCHISEE"</u> By: _____ Its: _____
--	--

Date: _____

EXHIBIT A

Construction Advisory Services**

Site Visits Included in Base Fee

Article 24

- A. Site Inspection/Slab on grade/Pre Construction Meeting – prior to pouring slab
- B. Framing – during the 2nd/3rd floor install
- C. Pre-drywall – prior to production drywall
- D. Finishes and Trim – MEP, Paint, Cabinet and Trim
- E. Final Construction Inspection – prior to POR (pre-opening review)

Total Site Visits: 5 – to be coordinated with owner

*Site visits are typically one day. If occasion warrants additional days on site, travel costs are the responsibility of the owner.

**Franchisee acknowledges WHCS makes no express or implied warranty regarding (i) the proper performance by the architects, engineers, general contractor or subcontractors of their contractual obligations, (ii) the compliance with applicable zoning, building code or similar laws (iii) adequacy of the physical plant to perform its intended purpose or (iv) the future business success of any Property. Franchisee understands the construction of the Property will not guarantee success of the business which will depend on many factors under the Franchisee's control, and WHCS is engaged solely to assist Franchisee in completing construction of the Property.

EXHIBIT B

FEES

<u>Total price to Franchisee</u>	<u>\$15,000</u>
<u>Payment Schedule</u>	<u>\$3000 per site visit</u>
<u>Due upon delivery of report following each inspection</u>	
<u>Additional inspections (including days in excess of budgeted days)</u>	<u>Fee to be agreed</u>

EXHIBIT C

Property Address:

RECEIPT

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

If WoodSpring Hotels Franchise Services LLC ("WHFS") offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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

If WHFS does not deliver this disclosure document in time or if it contains a false or misleading statement, or a material omission, a violation of federal law or 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 franchisor is WoodSpring Hotels Franchise Services LLC, located at 8621 E. 21st Street North, Suite 250, Wichita, Kansas 67206. Its telephone number is (316) 630-5505.

Issuance date: April 28, 2016, as amended January 31, 19, 2017. The state effective dates are on an exhibit following the State Cover Page.

WHFS authorizes the agents listed in Exhibit B to receive service of process for WHFS.

I received a disclosure document dated April 28, 2016, as amended January 31, 19, 2017 that included the following Exhibits:

- | | |
|---|--|
| A. List of State Administrators | G. List of Franchisees |
| B. Agents for Service of Process | H. Franchisees Who have Left System or Have Not Communicated |
| C. Franchise Agreement, including Guaranty and Direct Debit Authorization Agreement | I. State Addenda |
| D. Development Agreement, including Guaranty | J. Mutual Agreement for Termination and Release |
| E. Brand Standards Table of Contents | K. Management Company Covenant Agreement |
| F. Financial Statements | L. Standard Value Place Comfort Letter |
| | <u>M. Construction Services Agreement</u> |

Date: _____

FRANCHISE SELLER:

PROSPECTIVE FRANCHISEE:

Name: _____

Sign: _____

Address: _____

Print Name: _____

Title: _____

Address: _____

Email: _____

Telephone: _____

Fax: _____

Individually and as _____ of _____

Telephone: _____

(Sign, date and retain)

Franchise Sellers:

Please check the box by each franchise seller listed below with whom you have had significant contacts in connection with the offer or sale of a WoodSpring Suites franchise to you:

- ☐ Ronald W. Burgett, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5581
- ☐ Gary A. DeLapp, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5548
- ☐ Brian Ebbs, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (240) 461-0283
- ☐ Erika Ehlers, 8621 1451 Rockville Pike, Suite 480, Rockville, MD 20852, (316) 630-5505
- ☐ Frank Forcier, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (612) 910-1475
- ☐ ~~Randolph H. Fox~~ Scott Frey, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5505
- ☐ Wendy Hoekwater, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5505
- ☐ Jerry Keith Jones, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5505
- ☐ David Kim, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5536
- ☐ Glenn McFarland, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5505
- ☐ Robert C. O'Leary, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5505
- ☐ ~~Karen Pickens~~ Amy Simone, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5505 5544
- ☐ ~~Kelly Poling~~, 1451 Rockville Pike, Suite 480, Rockville, MD 20852, (316) 630-5545
- ☐ ~~Kyle Rogg~~, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5505
- ☐ James M. Strawn, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5505
- ☐ Tim Treadwell, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (512) 214-7168
- ☐ ~~Michael W. Varner~~, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (316) 630-5540
- ☐ Ryan Wold, 8621 E. 21st Street, N., Suite 250, Wichita, KS 67206, (509) 939-2889

(Sign, date and retain)

RECEIPT

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Date: _____

FRANCHISE SELLER:

PROSPECTIVE FRANCHISEE:

Name: _____

Sign: _____

Address: _____

Print Name: _____

Title: _____

Telephone: _____

Address: _____

Email: _____

Telephone: _____

Fax: _____

Individually and as _____ of _____

(Sign, date and return to us)

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(Sign, date and return to us)

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Rendering set	Standard

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Deletion	
Moved from	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	30
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