FRANCHISE AGREEMENT  
This Franchise Agreement between Homewood Suites Franchise LLC ("we," "us," "our" or  
"Franchisor") and the Franchisee ("you," "your" or "Franchisee") set forth in the Addendum  
attached to this Agreement, is dated as of the Effective Date. We and you may collectively be  
referred to as the "Parties."  
INTRODUCTION  
We are a subsidiary of Hilton Worldwide. Hilton Worldwide and its Affiliates own, license, lease,  
operate, manage and provide various services for the Network. We are authorized to grant  
licenses for selected, first-class, independently owned or leased hotel properties, to operate  
under the Brand. You have expressed a desire to enter into this Agreement with us to obtain a  
license to use the Brand in the operation of a hotel at the address or location described in the  
Addendum.  
NOW, THEREFORE, in consideration of the premises and the undertakings and commitments  
of each party to the other party in this Agreement, the Parties agree as follows:  
1.0 DEFINITIONS  
The following capitalized terms will have the meanings set forth after each term:  
"Affiliate" means any natural person or firm, corporation, partnership, limited liability company,  
association, trust or other entity which, directly or indirectly, controls, is controlled by, or is under  
common Control with, the subject entity.  
"Agreement" means this Franchise Agreement, including any exhibits, attachments and  
addenda.  
"Anti-Corruption Laws" means all applicable anti-corruption, anti-bribery, anti-money  
laundering, books and records, and internal controls laws of the United States and the United  
Kingdom, including the United States Foreign Corrupt Practices Act and the United Kingdom  
Bribery Act of 2010.  
"Brand" means the brand name set forth in the Addendum.  
"Change of Ownership Application" means the application that is submitted to us by you or  
the Transferee for a new franchise agreement in connection with a Change of Ownership  
Transfer.  
"Change of Ownership Transfer" means any proposed Transfer that results in a change of  
Control of Franchisee, the Hotel, or the Hotel Site and is not otherwise permitted by this  
Agreement, all as set out in Subsection 13.2.3.  
"Competing Brand" means a hotel brand or trade name that, in our sole business judgment,  
competes with the System, or any System Hotel or Network Hotel.  
"Competitor" means any individual or entity that, at any time during the Term, whether directly  
or through an Affiliate, owns in whole or in part, or is the licensor or franchisor of a Competing  
Brand, irrespective of the number of hotels owned, licensed or franchised under such  
Competing Brand name. A Competitor does not include an individual or entity that: (i) is a  
franchisee of a Competing Brand; (ii) manages a Competing Brand hotel, so long as the  
individual or entity is not the exclusive manager of the Competing Brand; or (iii) owns a minority  
interest in a Competing Brand, so long as neither that individual or entity nor any of its Affiliates  
is an officer, director, or employee of the Competing Brand, provides services (including as a  
consultant) to the Competing Brand, or exercises, or has the right to exercise, Control over the  
business decisions of the Competing Brand.  
"Construction Commencement Date" means the date set out in the Addendum, if applicable,  
by which you must commence construction of the Hotel. For the Hotel to be considered under  
construction, you must have begun to pour concrete foundations for the Hotel or otherwise  
satisfied any site-specific criteria for "under construction" set out in the Addendum.  
"Construction Work" means all necessary action for the development, construction,  
renovation, furnishing, equipping, acquisition of supplies and implementation of the Plans and  
Designs for the Hotel.  
"Construction Work Completion Date" means the date set out in the Addendum, if  
applicable, by which you must complete construction of the Hotel.  
"Control" means the possession, directly or indirectly, of the power to direct or cause the  
direction of the management and policies of an entity, or of the power to veto major policy  
decisions of an entity, whether through the ownership of voting securities, by contract, or  
otherwise.  
"Controlling Affiliate" means an Affiliate that directly or indirectly Controls the Hotel and/or  
Controls the entity that Controls the Hotel.  
"Designs" means your plans, layouts, specifications, drawings and designs for the proposed  
furnishings, fixtures, equipment, signs and decor of the Hotel that use and incorporate the  
Standards.  
"Effective Date" means the date set out in the Addendum on which this Agreement becomes  
effective. "Entities" means our present or future Affiliates and direct or indirect owners.  
"Equity Interest" means any direct or indirect legal or beneficial interest in the Franchisee, the  
Hotel and/or the Hotel Site.  
"Equity Owner" means the direct or indirect owner of an Equity Interest, "Expiration Date"  
has the meaning set forth in Section 3.  
"Force Majeure" means an event causing a delay in our or your performance that is not the  
fault of or within the reasonable control of the party claiming Force Majeure. Force Majeure  
includes fire, floods, natural disasters, Acts of God, war, civil commotion, terrorist acts, any  
governmental act or regulation beyond such party's reasonable control. Force Majeure does not  
include the Franchisee's financial inability to perform, inability to obtain financing, inability to  
obtain permits or any other similar events unique to the Franchisee or the Hotel or to general  
economic downturn or conditions.  
"General Manager" has the meaning set forth in Subsection 7.1.  
"Government or Government Entity" means: (i) any agency, instrumentality, subdivision or  
other body of any national, regional, local or other government; (ii) any commercial or similar  
entities owned or controlled by such government, including any state-owned and state-operated  
companies; (iii) any political party; and (iv) any public international organization.  
"Government Official" means the following: (i) officers and employees of any national,  
regional, local or other Government; (ii) officers and employees of companies in which a  
Government owns an interest; (iii) any private person acting in an official capacity for or on  
behalf of any Government or Governmental Entity (such as a consultant retained by a  
government agency); (iv) candidates for political office at any level; (v) political parties and their  
officials; (vi) officers, employees, or official representatives of public (quasi-governmental)  
international organizations (such as the United Nations, World Bank, or International Monetary  
Fund).  
"Gross Receipts Tax" means any gross receipts, sales, use, excise, value added or any  
similar tax.  
"Gross Rooms Revenue" means all revenues derived from the sale or rental of Guest Rooms  
(both transient and permanent) of the Hotel, including revenue derived from the redemption of  
points or rewards under the loyalty programs in which the Hotel participates, amounts  
attributable to breakfast (where the guest room rate includes breakfast), and guaranteed no-  
show revenue and credit transactions, whether or not collected, at the actual rates charged, less  
allowances for any Guest Room rebates and overcharges, and will not include taxes collected  
directly from patrons or guests. Group booking rebates, if any, paid by you or on your behalf to  
third-party groups for group stays must be included in, and not deducted from, the calculation of  
Gross Rooms Revenue.  
"Guarantor" means the person or entity that guaranties your obligations under this Agreement  
or any of Your Agreements.  
"Guest Rooms" means each rentable unit in the Hotel generally used for overnight guest  
accommodations, the entrance to which is controlled by the same key, provided that adjacent  
rooms with connecting doors that can be locked and rented as separate units are considered  
separate Guest Rooms. The initial number of approved Guest Rooms is set forth in the  
Addendum.  
"Hilton Worldwide" means Hilton Worldwide Holdings, Inc., a Delaware corporation.  
"Hotel" means the property you will operate under this Agreement and includes all structures,  
facilities, appurtenances, furniture, fixtures, equipment, and entry, exit, parking and other areas  
located on the Hotel Site we have approved for your business or located on any land we  
approve in the future for additions, signs, parking or other facilities.  
"Hotel Site" means the real property on which the Hotel is located or to be located, as  
approved by us. "Hotel Work" means Construction Work and/or Renovation Work, as the case  
may be.  
"Improper Payment" means: (a) any payment, offer, gift or promise to pay or authorization of  
the payment or transfer of other things of value, including without limitation any portion of the  
compensation, fees or reimbursements received hereunder or the provision of any service, gift  
or entertainment, .directly or indirectly to (i) a Government Official; (ii) any director, officer,  
employee or commercial partner of a Party or its Affiliates; or, (iii) any other person at the  
suggestion, request or direction or for the benefit of any of the above-described persons and  
entities, for purposes of obtaining or influencing official actions or decisions or securing any  
improper advantage in order to obtain, retain or direct business; (b) payments made and  
expenses incurred in connection with performance of obligations under this Agreement that are  
not made and recorded with sufficient accuracy, detail, and control to meet the standards in  
applicable Anti-Corruption Laws; or, (c) any other transaction in violation of applicable Anti-  
Corruption Laws.  
"Indemnified Parties" means us and the Entities and our and their respective predecessors,  
successors and assigns, and the members, officers, directors, employees, managers, and  
agents.  
"Information" means all information we obtain from you or about the Hotel or its guests or  
prospective guests under this Agreement or under any agreement ancillary to this Agreement,  
including agreements relating to the computerized reservation, revenue management, property  
management, and other systems we provide or require, or otherwise related to the Hotel.  
Information includes, but is not limited to, Operational Information, Proprietary Information, and  
Personal Information.  
"Interim Remedy" has the meaning set forth in Subsection 14.3.  
"Laws" means all public laws, statutes, ordinances, orders, rules, regulations, permits, licenses,  
certificates, authorizations, directions and requirements of all Governments and Governmental  
Entities having jurisdiction over the Hotel, Hotel Site or over Franchisee to operate the Hotel,  
which, now or hereafter, may apply to the construction, renovation, completion, equipping,  
opening and operation of the Hotel, including Title ill of the Americans with Disabilities Act, 42 U.S.C. §  
12181, et seq., and 28 C.F.R. Part 36.  
"License" has the meaning set forth in Subsection 2.1.  
"Liquidated Damages" has the meaning set forth in Subsections 6.4.4 and 14.4.  
"Management Company" has the meaning set forth in Subsection 7.1.  
"Manual" means all written compilations of the Standards. The Manual may take the form of  
one or more of the following: one or more looseleaf or bound volumes; bulletins; notices; videos;  
CD-ROMS and/or other electronic media; online postings; e-mail and/or electronic  
communications; facsimiles; or any other medium capable of conveying the Manual's contents.  
"Marks" means the Brand and all other service marks, copyrights, trademarks, trade dress,  
logos, insignia, emblems, symbols and designs (whether registered or unregistered), slogans,  
distinguishing characteristics, and trade names used in the System.  
"Monthly Fees" means, collectively, the Monthly Program Fee and the Monthly Royalty Fee,  
each of which is set forth in the Addendum.  
"Monthly Program Fee" means the fee we require from you in Subsection 8.1, which is set  
forth in the Addendum.  
"Monthly Royalty Fee" means the fee we require from you in Subsection 8.1, which is set forth  
in the Addendum.  
"Network" means the hotels, inns, conference centers, timeshare properties and other  
operations that Hilton Worldwide and its subsidiaries own, license, lease, operate or manage  
now or in the future.  
"Network Hotel" means any hotel, inn, conference center, timeshare property or other similar  
facility within the Network.  
"Opening Date" means the day on which we first authorize the opening of the facilities, Guest  
Rooms or services of the Hotel to the general public under the Brand.  
"Operational Information" means all information concerning the Monthly Fees, other revenues  
generated at the Hotel, room occupancy rates, reservation data and other financial and non-  
financial information we require.  
"Other Business(es)" means any business activity we or the Entities engage in, other than the  
licensing of the Hotel.  
"Other Hotels" means any hotel, inn, lodging facility, conference center or other similar  
business, other than a System Hotel or a Network Hotel.  
"Permitted Transfer" means any Transfer by you or your Equity Owners as specified in  
Section 13.2 of this Agreement.  
"Person(s)" means a natural person or entity.  
"Personal Information" means any information that: (i) can be used (alone or when used in  
combination with other information within your control) to identify, locate or contact an individual;  
or (ii) pertains in any way to an identified or identifiable individual. Personal Information can be  
in any media or format, including computerized or electronic records as well as paper-based  
files.  
"PIP" means product improvement plan.  
"PIP Fee" means the fee we charge for creating a PIP as specified in Section 8.3.  
"Plans" means your plans, layouts, specifications, and drawings for the Hotel that use and  
incorporate the Standards.  
"Principal Mark" is the Mark identified as the Principal Mark in the Addendum.  
"Privacy Laws" means any international, national, federal, provincial, state, or local law, code,  
rule or regulation that regulates the processing of Personal Information in any way, including  
data protection laws, laws regulating marketing communications and/or electronic  
communications, information security regulations and security breach notification rules.  
"Proprietary Information" means all information or materials concerning the methods,  
techniques, plans, specifications, procedures, data, systems and knowledge of and experience  
in the development, operation, marketing and licensing of the System, including the Standards  
and the Manuals, whether developed by us, you, or a third party.  
"Publicly Traded Equity Interest" means any Equity Interest that is traded on any securities  
exchange or is quoted in any publication or electronic reporting service maintained by the  
National Association of Securities Dealers, Inc., or any of its successors or (ii) any Equity  
Interests sold in any offering under the Securities Act of 1933, as amended, so long as  
such Equity Interests are beneficially held by no lesi than one hundred (100) unrelated  
persons or entities by the end of 2014 and thereafter.  
"Quality Assurance Re-Evaluation Fee" has the meaning set forth in Subsection 4.5.  
"Renovation Commencement Date" means the date set out in the Addendum, if applicable,  
by which you must commence Renovation Work.  
"Renovation Work" means the renovation and/or construction work, including purchasing  
and/or leasing and installation of all fixtures, equipment, furnishings, furniture, signs, computer  
terminals and related equipment, supplies and other items that would be required of a new  
System Hotel under the Manual, and any other equipment, furnishings and supplies that we  
may require for you to operate the Hotel as set out in any PIP applicable to the Hotel.  
"Renovation Work Completion Date" means the date set out in the Addendum, if applicable,  
by which you must complete Renovation Work.  
"Reports" mean daily, monthly, quarterly and annual operating statements, profit and loss  
statements, balance sheets, and other financial and non-financial reports we require.  
"Reservation Service" means the reservation service we designate in the Standards for use by  
System Hotels.  
"Room Addition Fee" means a sum equal to the then-current Room Addition Fee charged for  
new System Hotels multiplied by the number of Additional Guest Rooms you wish to add to the  
Hotel in accordance with Subsection 6.6.3.  
"Sanctioned Person" means any person or entity (including financial institutions) who is, or is  
owned or controlled by, or acting on behalf of any of the foregoing: (a) the Government of any  
country subject to comprehensive U.S. sanctions in force and which currently include the  
Government of Cuba, Iran, North Korea, Sudan, and Syria ("Sanctioned Countries"); (b)  
located in, organized under the laws of or ordinarily resident in Sanctioned Countries; (c)  
identified by any government or legal authority under applicable Trade Restrictions as a person  
with whom dealings and transactions by Franchisee and/or its Affiliates are prohibited or  
restricted, including but not limited to persons designated under United Nations Security Council  
Resolutions, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC")  
List of Specially Designated Nationals and Other Blocked Persons; the U.S. Department of  
State's lists of persons subject to non-proliferation sanctions; the European Union Financial  
Sanctions List; persons and entities subject to Special Measures regulations under Section 311  
of the USA PATRIOT Act and the Bank Secrecy Act.  
"Securities" means any public offering, private placement or other sale of securities in the  
Franchisee, the Hotel or the Hotel Site.  
"Site" means domain names, the World Wide Web, the Internet, computer network/distribution  
systems, or other electronic communications sites.  
"Standards" means all standards, specifications, requirements, criteria, and policies that have  
been and are in the future developed and compiled by us for use by you in connection with the  
design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying,  
opening, operating, maintaining, marketing, services, service levels, quality, and quality  
assurance of System Hotels, including the Hotel, and for hotel advertising and accounting,  
whether contained in the Manual or set out in this Agreement or other written communication.  
"System" means the elements, including know-how, that we designate to distinguish hotels  
operating worldwide under the Brand (as may in certain jurisdictions be preceded or followed by  
a supplementary identifier such as "by Hilton") that provide to the consuming public a similar,  
distinctive, high-quality hotel service. The System currently includes: the Brand, the Marks, the  
Trade Name, and the Standards; access to a reservation service; advertising, publicity and  
other marketing programs and materials; training programs and materials; and programs for our  
inspection of the Hotel and consulting with you.  
"System Hotels" means hotels operating under the System using the Brand name.  
"Term" has the meaning set forth in Section 3.0.  
"Trade Name" means the name of the Hotel set forth in the Addendum.  
"Trade Restrictions" means trade, economic or investment sanctions, export controls,  
anti-terrorism, non-proliferation, anti-money laundering and similar restrictions in force  
pursuant to laws, rules and regulations imposed under Laws to which the Parties are  
subject.  
"Transfer" means in all its forms, any sale, lease, assignment, spin-off, transfer, or other  
conveyance of a direct or indirect legal or beneficial interest.  
"Transferee" means the proposed new franchisee resulting from a Transfer.  
"Your Agreements" means any other agreement between you and us or any of the Entities  
related to this Agreement, the Hotel and/or the Hotel Site.  
2.0 GRANT OF LICENSE  
2.1 Non-Exclusive License. We grant to you and you accept a limited, non-  
exclusive License to use the Marks and the System during the Term at, and in connection with,  
the operation of the Hotel in accordance with the terms of this Agreement.  
2,2 Reserved Rights.  
2.2.1 This Agreement does not limit our right, or the right of the Entities, to own,  
license or operate any Other Business of any nature, whether in the lodging or hospitality  
industry or not, and whether under the Brand, a Competing Brand, or otherwise. We and the  
Entities have the right to engage in any Other Businesses, even if they compete with the Hotel,  
the System, or the Brand, and whether we or the Entities start those businesses, or purchase,  
merge with, acquire, are acquired by, come under common ownership with, or associate with,  
such Other Businesses.  
2.2.2 We may also  
2.2.2.1 add, alter, delete or otherwise modify elements of the System;  
2.2.2.2 use or license to others all or part of the System;  
2.2.2.3 use the facilities, programs, services and/or personnel used in  
connection with the System in Other Businesses; and  
2.2.2.4 use the System, the Brand and the Marks in the Other  
Businesses.  
2.2.3 You acknowledge and agree that you have no rights to, and will not make  
any claims or demands for, damages or other relief arising from or related to any of the  
foregoing activities, and you acknowledge and agree that such activities will not give rise to any  
liability on our part, including liability for claims for unfair competition, breach of contract, breach  
of any applicable implied covenant of good faith and fair dealing, or divided loyalty.  
3.0 TERM  
The Term shall begin on the Effective Date and will end, without further notice, on the Expiration  
Date set forth in the Addendum, unless terminated earlier under the terms of this Agreement.  
You acknowledge and agree that this Agreement is non-renewable and that this Agreement  
confers on you absolutely no rights of license renewal or extension whatsoever following the  
Expiration Date.  
4.0 OUR RESPONSIBILITIES  
We have the following responsibilities to you under this Agreement, We reserve the right to fulfill  
some or all of these responsibilities through one of the Entities or through unrelated third  
parties, in our sole business judgment. We may require you to make payment for any resulting  
services or products directly to the provider.  
4.1 Training. We may specify certain required and optional training programs and  
provide  
these programs at various locations. We may charge you for required training services  
and materials and for optional training services and materials we provide to you. You are  
responsible for all travel, lodging and other expenses you or your employees incur in attending  
these programs.  
4.2 Reservation Service. We will furnish you with the Reservation Service. The  
Reservation Service will be furnished to you on the same basis as it is furnished to other  
System Hotels, subject to the provisions of Subsection 14.3 below.  
4.3 Consultation. We may offer consultation services and advice in areas such as  
operations, facilities, and marketing. We may establish fees in advance, or on a project-by-  
project basis, for any consultation service or advice you request.  
4.4 Marketing.  
4.4.1 We will publish (either in hard copy or electronic form) and make available  
to the traveling public a directory that includes System Hotels. We will include the Hotel in  
advertising of System Hotels and in international, national and regional marketing programs in  
accordance with our general practice for System Hotels.  
4.4.2 We will use your Monthly Program Fee to pay for various programs to  
benefit the System, including:  
4.4.2.1 advertising, promotion, publicity, public relations, market research,  
and other marketing programs;  
4.4.2.2 developing and maintaining directories of and Internet sites for  
System Hotels;  
4.4.2.3 developing and maintaining the Reservation Service systems and  
support; and  
4.4.2,4 administrative costs and overhead related to the administration or  
direction of these projects and programs.  
4.4.3 We will have the sole right to determine how and when we spend these  
funds, including sole control over the creative concepts, materials and media used in the  
programs, the placement and allocation of advertising, and the selection of promotional  
programs.  
4.4.4 We may enter into arrangements for development, marketing, operations,  
administrative, technical and support functions, facilities, programs, services and/or personnel  
with any other entity, including any of the Entities or a third party.  
4.4.5 You acknowledge that Monthly Program Fees are intended for the benefit  
of the System and will not simply be used to promote or benefit any one System Hotel or  
market. We will have no obligation in administering any activities paid for with the Monthly  
Program Fee to make expenditures for you that are equivalent or proportionate to your  
payments or to ensure that the Hotel benefits directly or proportionately from such expenditures.  
4.4.6 We may create any programs and allocate monies derived from Monthly  
Program Fees to any regions or localities, as we consider appropriate in our sole business  
judgment. The aggregate of Monthly Program Fees paid to us by System Hotels does not  
constitute a trust or "advertising fund" and we are not a fiduciary with respect to the Monthly  
Program Fees paid by you and other System Hotels.  
4.4.7 We are not obligated to expend funds in excess of the amounts received  
from System Hotels. If any interest is earned on unused Monthly Program Fees, we will use the  
interest before using the principal. The Monthly Program Fee does not cover your costs of  
participating in any optional marketing programs and promotions offered by us in which you  
voluntarily choose to participate. These Monthly Program Fees do not cover the cost of  
operating the Hotel in accordance with the Standards.  
4.5 Inspections/Compliance Assistance. We will administer a quality assurance  
program for the System that may include conducting pre-opening and periodic inspections of the  
Hotel and guest satisfaction surveys and audits to ensure compliance with the Standards. You  
will permit us to inspect the Hotel without prior notice to you to determine if the Hotel is in  
compliance with the Standards. You will cooperate with our representatives during these  
inspections. You will then take all steps necessary to correct any deficiencies within the times  
we establish. You may be charged a Quality Assurance Re-Evaluation Fee as set forth in the  
Standards. You will provide complimentary accommodations for the quality assurance auditor  
each time we conduct a regular inspection or a special on-site quality assurance re-evaluation  
after the Hotel has failed a regular quality assurance evaluation or to verify that deficiencies  
noted in a quality assurance evaluation report or PIP have been corrected or completed by the  
required dates.  
4.6 Manual. We will issue to you or make available in electronic form the Manual  
and any revisions and updates we may make to the Manual during the Term. You agree to  
ensure that your copy of the Manual is, at all times, current and up to date. If there is any  
dispute as to your compliance with the provisions of the Manual, the master copy of the Manual  
maintained at our principal office will control.  
4.7 Equipment and Supplies. We will make available to you for use in the Hotel  
various purchase, lease, or other arrangements for exterior signs, operating equipment,  
operating supplies, and furnishings, which we make available to other System Hotels.  
5.0 YOUR RESPONSIBILITIES  
5.1 Operational and Other Requirements. You must:  
5.1.1 after the Opening Date, operate the Hotel twenty-four (24) hours a day;  
5.1.2 operate the Hotel using the System, in compliance with this Agreement and  
the Standards, and in such a manner to provide courteous, uniform, respectable and high  
quality lodging and other services and conveniences to the public. You acknowledge that,  
although we provide the Standards, you have exclusive day-to-day control of the business and  
operation of the Hotel and we do not in any way possess or exercise such control;  
5A.3 comply with the Standards, including our specifications for all supplies,  
products and services. We may require you to purchase a particular brand of product or service  
to maintain the common identity and reputation of the Brand, and you will comply with such  
requirements. Unless we specify otherwise, you may purchase products from any authorized  
source of distribution; however, we reserve the right, in our business judgment, to enter into  
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exclusive purchasing arrangements for particular products or services and to require that you  
purchase products or services from approved suppliers or distributors;  
5.1.4 install, display, and maintain signage displaying or containing the Brand  
name and other distinguishing characteristics in accordance with Standards we establish for  
System Hotels;  
5.1.5 comply with Standards for the training of persons involved in the operation  
of the Hotel, including completion by the General Manager and other key personnel of the Hotel  
of a training program for operation of the Hotel under the System, at a site we designate. You  
will pay us all fees and charges, if any, we require for your personnel to attend these training  
programs. You are responsible for all travel, lodging and other expenses you or your employees  
incur in attending these programs;  
5.1.6 purchase and maintain property management, revenue management, in-  
room entertainment, telecommunications, high-speed Internet access, and other computer and  
technology systems that we designate for the System or any portion of the System based on our  
assessment of the long-term best interests of System Hotels, considering the interest of the  
System as a whole;  
5.1.7 advertise and promote the Hotel and related facilities and services on a  
local and regional basis in a first-class, dignified manner, using our identity and graphics  
Standards for all System Hotels, at your cost and expense. You must submit to us for our  
approval samples of all advertising and promotional materials that we have not previously  
approved (including any materials in digital, electronic or computerized form or in any form of  
media that exists now or is developed in the future) before you produce or distribute them. You  
will not begin using the materials until we approve them. You must immediately discontinue your  
use of any advertising or promotional material we disapprove, even if we previously approved  
the materials;  
5.1.8 participate in and pay all charges in connection with all required System  
guest complaint resolution programs, which programs may include chargebacks to the Hotel for  
guest refunds or credits and all required System quality assurance programs, such as guest  
comment cards, customer surveys and mystery shopper programs. You must maintain minimum  
performance Standards and scores for quality assurance programs we establish;  
5.1.9 honor all nationally recognized credit cards and credit vouchers issued for  
general credit purposes that we require and enter into all necessary credit card and voucher  
agreements with the issuers of such cards or vouchers;  
6.1.10 participate in and use the Reservation Service, including any additions,  
enhancements, supplements or variants we develop or adopt, and honor and give first priority  
on available rooms to all confirmed reservations referred to the Hotel through the Reservation  
Service. The only reservation service or system you may use for outgoing reservations referred  
by or from the Hotel to other Network Hotels will be the Reservation Service or other reservation  
services we designate;  
5.1.11 comply with Laws and, on request, give evidence to us of compliance;  
5.1.12 participate in, and promptly pay all fees, commissions and charges  
associated with, all travel agent commission programs and third-party reservation and  
distribution services (such as airline reservation systems), all as required by the Standards and  
in accordance with the terms of these programs, all of which may be modified;  
5.1.13 not engage, directly or indirectly, in any cross-marketing or cross-  
promotion of the Hotel with any Other Hotel or related business, without our prior written  
consent. You agree to refer guests and customers, wherever reasonably possible, only to  
System Hotels or Network Hotels. We may require you to participate in programs designed to  
refer prospective customers to Other Hotels. You must display all material, including brochures  
and promotional material we provide for System Hotels and Network Hotels, and allow  
advertising and promotion only of System Hotels and Network Hotels on the Hotel Site, unless  
we specifically direct you to include advertising or promotion of Other Hotels;  
5.1.14 treat as confidential the Standards, the Manual and all other Proprietary  
Information. You acknowledge and agree that you do not acquire any interest in the Proprietary  
Information other than the right to utilize the same in the development and operation of the Hotel  
under the terms of this Agreement. You agree that you will not use the Proprietary Information in  
any business or for any purpose other than in the development and operation of the Hotel under  
the System and will maintain the absolute confidentiality of the Proprietary Information during  
and after the Term. You will not make unauthorized copies of any portion of the Proprietary  
Information; and will adopt and implement all procedures we may periodically establish in our  
business judgment to prevent unauthorized use or disclosure of the Proprietary Information,  
including restrictions on disclosure to employees and the use of non-disclosure and non-  
competition clauses in agreements with employees, agents and independent contractors who  
have access to the Proprietary information;  
5.1.15 not become a Competitor, or permit your Affiliate to become a Competitor,  
in the upscale hotel market segment, or any substantially equivalent market segment, as  
determined by Smith Travel Research ("STR") (or, if STR is no longer in existence, STR's  
successor or other such industry resource that is as equally as reputable as STR);  
5.1.16 own fee simple title (or long-term ground leasehold interest for a term  
equal to the Term) to the real property and improvements that comprise the Hotel and the Hotel  
Site, or alternatively, at our request, cause the fee simple owner, or other third party acceptable  
to us, to provide its guaranty covering all of your obligations under this Agreement in form and  
substance acceptable to us;  
5.1.17 maintain legal possession and control of the Hotel and Hotel Site for the  
Term and promptly deliver to us a copy of any notice of default you receive from any mortgagee,  
trustee under any deed of trust, or ground lessor for the Hotel, and on our request, provide any  
additional information we may request related to any alleged default;  
5.1.18 not directly or indirectly conduct, or permit by lease, concession  
arrangement or otherwise, gaming or casino operations in or connected to the Hotel or on the  
Hotel Site, or otherwise engage in any activity which, in our business judgment, is likely to  
adversely reflect upon or affect in any manner, any gaming licenses or permits held by the  
Entities or the then-current stature of any of the Entities with any gaming commission, board, or  
similar governmental or regulatory agency, or the reputation or business of any of the Entities;  
5.1.19 not directly or indirectly conduct or permit the marketing or sale of  
timeshares, vacation ownership, fractional ownership, condominiums or like schemes at, or  
adjacent to, the Hotel. This restriction will not prohibit you from directly or indirectly conducting  
timeshare, vacation ownership, fractional ownership, or condominium sales or marketing at and  
for any property located adjacent to the Hotel that is owned or leased by you so long as you do  
not use any of the Marks in such sales or marketing efforts and you do not yse the Hotel or its  
facilities in such sales and marketing efforts or in the business operations of the adjacent  
property;  
5.1.20 participate in and pay all charges related to our marketing programs (in  
addition to programs covered by the Monthly Program Fee), all guest frequency programs we  
require, and any optional programs that you opt into;  
5.1.21 honor the terms of any discount or promotional programs (including any  
frequent guest program) that we offer to the public on your behalf, any room rate quoted to any  
guest at the time the guest makes an advance reservation, and any award certificates issued to  
Hotel guests participating in these programs;  
5.1.22 after the Effective Date, maintain, at your expense, insurance of the types  
and in the minimum amounts we specify in the Standards. All such insurance must be with  
insurers having the minimum ratings we specify, name as additional insureds the parties we  
specify in the Standards, and carry the endorsements and notice requirements we specify in the  
Standards. If you fail or neglect to obtain or maintain the insurance or policy limits required by  
this Agreement or the Standards, we have the option, but not the obligation, to obtain and  
maintain such insurance without notice to you, and you will immediately on our demand pay us  
the premiums and cost we incur in obtaining this insurance;  
5.1.23 not share the business operations and Hotel facilities with any Other Hotel  
or other business;  
5.1.24 not engage in any tenant-in-common syndication or Transfer of any  
tenant-incommon interest in the Hotel or the Hotel Site; and  
5.1.25 promptly provide to us all information we reasonably request about you and your  
Affiliates (including your respective beneficial owners, officers, directors, shareholders, partners or  
members) and/or the Hotel, title to the property on which the Hotel is constructed and any other property  
used by the Hotel. You will not be required to provide us information about Publicly Traded Equity  
Owners with a non-Controlling Equity Interest except as we deem necessary in our legal or  
business judgment to ensure compliance by us or our Affiliates with applicable Laws.  
6.0 HOTEL WORK  
6.1 Necessary Consents.  
6A.1 You must obtain our prior written consent before retaining or engaging any  
architect, interior designer, general contractor and major subcontractors for the Hotel. We will  
not unreasonably withhold such consent.  
6.1.2 Plans and Designs must be submitted to us in accordance with the  
schedule specified in the Addendum or any PIP. Before we approve your Plans, your architect  
or other certified professional must certify to us that the Plans comply with all Laws related to  
accessibility/accommodations/facilities for those with disabilities.  
6.1.3 You shall not commence any Hotel Work unless and until we have issued  
our written consent in respect of the Plans and Designs, which consent will not be unreasonably  
withheld.  
6.1.4 Once we have provided our consent to the Plans and Designs, no change  
may be made to the Plans or Designs without our prior written consent. By consenting to the  
Plans and Designs or any changes or modifications to the Plans and Designs, we do not  
warrant the depth of our analysis or assume any responsibility or liability for the suitability of the  
Plans and Designs or the resulting Hotel Work,  
6.1.5 You are solely responsible for ensuring that the Plans and Designs  
(including Plans and Designs for Hotel Work) comply with our then-current Standards, the  
Manual, and all Laws.  
6.2 Initial Hotel Work. You will perform or cause the Hotel Work to be performed in  
accordance with this Agreement, the approved Plans and Designs, the Manual and, for  
Renovation Work, the PIP. You will bear the entire cost of the Hotel Work, including the cost of  
the Plans and Designs, professional fees, licenses, permits, equipment, furniture, furnishings  
and supplies. You are solely responsible for obtaining all necessary licenses, permits and  
zoning variances required for the Hotel Work.  
6.3 Commencement and Completion of the Hotel Work.  
6.3.1 You will commence the Hotel Work on or before the Construction  
Commencement Date or Renovation Commencement Date specified in the Addendum. You  
may request an extension by submitting a written request for our approval before the applicable  
deadline, describing the status of the project and the reason for the requested extension, and  
paying our then-current extension fee. We may condition our approval on an update to the  
Plans and Designs. Once commenced, the Hotel Work will continue uninterrupted except to the  
extent continuation is prevented by events of Force Majeure. You must give written notice to us  
specifying the nature and duration of any event of Force Majeure promptly after becoming  
aware of the event, and specifying that you have used, and continue to use, reasonable  
endeavours to mitigate the effects of such event until such event ceases to exist. On verification  
of the event of Force Majeure, we will approve an extension of the Construction  
Commencement Date or Renovation Work Completion Date for up to eighteen (18) months.  
You must promptly provide to us evidence that the Construction Work has commenced if we  
request it.  
6.3.2 The Hotel Work must be completed and the Hotel must be furnished,  
equipped, and otherwise made ready to open in accordance with the terms of this Agreement  
no later than the Construction Work Completion Date or Renovation Work Completion Date  
specified in the Addendum. You may request an extension by submitting a written request for  
our approval before the applicable deadline, describing the status of the project and the reason  
for the requested extension, and paying our then-current extension fee.  
6.3.3 On completion of the Hotel Work and, as a condition to our authorization to  
open the Hotel, your architect, general contractor or other certified professional must provide us  
with a certificate stating that the as-built premises comply with all Laws relating to  
accessibility/accommodations/facilities for those with disabilities.  
6.4 Opening the Hotel Under This Agreement.  
6.4.1 You will open the Hotel on the Opening Date. You will not open the Hotel  
unless and until you receive our written consent to do so pursuant to Subsection 6.4.2 or 6.4.3.  
6.4.2 You will give us at least fifteen (15) days advance notice that you have  
complied with all the terms and conditions of this Agreement and the Hotel is ready to open. We  
will use reasonable efforts within fifteen (15) days after we receive your notice to visit the Hotel  
and to conduct other investigations as we deem necessary to determine whether to authorize  
the opening of the Hotel, but we will not be liable for delays or loss occasioned by our inability to  
complete our investigation and to make this determination within the fifteen (15) day period. If  
you fail to pass our initial opening site visit, we may, in our sole business judgment, charge you  
reasonable fees associated with any additional visits.  
6.4.3 We shall be entitled to withhold our consent to the opening of the Hotel  
until:  
6.4.3.1 you have complied with all the terms and conditions in this  
Agreement;  
6.4.3.2 your staff has received adequate training and instruction in the  
manner we require;  
6.4.3.3 you have received authorization to open the Hotel from the  
relevant governmental authority for the jurisdiction in which the Hotel is located, if applicable;  
and  
6.4.3.4 all fees and charges you owe to us or the Entities have been paid.  
6.4.4 Opening the Hotel before the Opening Date is a material breach of this  
Agreement.  
6.4.4.1 You will pay us Liquidated Damages in the amount of Five  
Thousand Dollars ($5,000) per day if you open the Hotel before the Opening Date to  
compensate us for the damage caused by such breach. You must also reimburse us for all of  
our costs and expenses, including legal fees, incurred in enforcing our rights under this  
Agreement.  
6.4.4.2 These Liquidated Damages for damage to our Marks shall not  
limit or exclude any other remedies we may have at law or in equity. You acknowledge and  
agree that that the Liquidated Damages payable under this Subsection represent a reasonable  
estimate of the minimum just and fair compensation for the damages we will suffer as the result  
of the opening of the Hotel before the Opening Date in material breach of this Agreement.  
6.5 Performance of Agreement. You must satisfy all of the terms and  
conditions of this Agreement, and equip, supply, staff and otherwise make the Hotel ready to  
open under our Standards. As a result of your efforts to comply with the terms and conditions of  
this Agreement, you will incur significant expense and expend substantial time and effort. You  
acknowledge and agree that we will have no liability or obligation to you for any losses,  
obligations, liabilities or expenses you incur if we do not authorize the Hotel to open or if we  
terminate this Agreement because you have not complied with the terms and conditions of this  
Agreement.  
6.6 Hotel Refurbishment and Room Addition.  
6.6.1 We may periodically require you to modernize, rehabilitate and/or upgrade  
the Hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software  
and related equipment, supplies and other items to meet the then-current Standards. You will  
make these changes at your sole cost and expense and in the time frame we require.  
6.6.2 You may not make any significant changes (including major changes in  
structure, design or decor) in the Hotel. Minor redecoration and minor structural changes that  
comply with our Standards will not be considered significant.  
6.6.3 You may not make any change in the number of approved Guest Rooms in  
the Addendum. if you wish to add additional Guest Rooms to the Hotel after the Opening Date,  
you must submit an application to obtain our consent. If we consent to the addition of Guest  
Rooms at the Hotel, you must pay us our then-current Room Addition Fee. As a condition to our  
granting approval of your application, we may require you to modernize, rehabilitate or upgrade  
the Hotel in accordance with Subsection 6.6.1 of this Agreement, and to pay us our then-current  
PIP Fee to prepare a PIP to determine the renovation requirements for the Hotel. We may also  
require you to execute an amendment to this Agreement covering the terms and conditions of  
our consent to the addition of Guest Rooms.  
7.0 STAFF AND MANAGEMENT OF THE HOTEL  
7.1 You are solely responsible for the management of the Hotel's business. You will  
provide qualified and experienced management (a "Management Company") and an individual  
to manage the Hotel (a "General Manager"), each approved by us in writing. We have the right  
to communicate directly with the Management Company and managers at the Hotel. We may  
rely on the communications of such managers or Management Company as being on your  
behalf. Any Management Company and/or General Manager must have the authority to perform  
all of your obligations under this Agreement. The engagement of a Management Company does  
not reduce your obligations under this Agreement. In the case of any conflict between this  
Agreement and any agreement with the Management Company or General Manager, this  
Agreement prevails.  
7.2 You represent and agree that you have not, and will not, enter into any lease,  
management agreement or other similar arrangement for the operation of the Hotel or any part  
of the Hotel without our prior written consent. To be approved by us as the operator of the Hotel,  
you, any proposed Management Company and any proposed General Manager must be  
qualified to manage the Hotel. We may refuse to approve you, any proposed Management  
Company or any proposed General Manager who is a Competitor or which, in our business  
judgment, is inexperienced or unqualified in managerial skills or operating capability or is unable  
or unwilling to adhere fully to your obligations under this Agreement.  
7.3 If the Management Company becomes a Competitor or the Management Company  
and/or the General Manager resigns or is terminated by you or otherwise becomes unsuitable in  
our sole business judgment to manage the Hotel during the Term, you will have ninety (90) days  
to retain a qualified substitute Management Company and/or General Manager acceptable to  
us.  
8.0 PAYMENT OF FEES  
8.1 Monthly Fees. Beginning on the Effective Date, you will pay to us for each  
month (or part of a month, including the final month you operate under this Agreement) the  
Monthly Fees, each of which is set forth in the Addendum.  
8.2 Calculation and Payment of Fees.  
8.2.1 The Monthly Fees will be calculated in accordance with the accounting  
methods of the then-current Uniform System of Accounts for the Lodging Industry, or such other  
accounting methods specified by us in the Manual.  
8.2.2 The Monthly Fees will be paid to us at the place and in the manner we  
designate on or before the fifteenth (15th) day of each month and will be accompanied by our  
standard schedule setting forth in reasonable detail the computation of the Monthly Fees for  
such month.  
8.2.3 We may require you to transmit the Monthly Fees and all other payments  
required under this Agreement by wire transfer or other form of electronic funds transfer and to  
provide the standard schedule in electronic form. You must bear all costs of wire transfer or  
other form of electronic funds transfer or other electronic payment and reporting.  
8.2.4 In the event of fire or other insured casualty that results in a reduction of  
Gross Rooms Revenue, you will determine and pay us, from the proceeds of any business  
interruption or other insurance applicable to loss of revenues, an amount equal to the forecasted  
Monthly Fees, based on the Gross Rooms Revenue amounts agreed on between you and your  
insurance company that would have been paid to us in the absence of such casualty.  
8.3 Other Fees. You will timely pay all amounts due us or any of the Entities for any  
invoices or for goods or services purchased by or provided to you or paid by us or any of the  
Entities on your behalf, including pre-opening sales and operations training or extension fees as  
specified on the Addendum.  
8.4 Taxes. If a Gross Receipts Tax is imposed on us or the Entities based on payments  
made by you related to this Agreement, then you must reimburse us or the Entity for such Gross  
Receipts Tax to ensure that the amount we or the Entity retains, after paying the Gross Receipts  
Tax, equals the net amount of the payments you are required to pay us or the Entity had such  
Gross Receipts Tax not been imposed. You are not required to pay income taxes payable by us  
or any Entity as a result of our net income relating to fees collected under this Agreement.  
8.5 Application of Fees. We may apply any amounts received from you to any amounts  
due under this Agreement.  
9.0 PROPRIETARY RIGHTS  
9.1 Our Proprietary Rights.  
9.1.1 You will not contest, either directly or indirectly during or after the Term:  
9.1.1.1 our (and/or any Entities') ownership of, rights to and interest in the  
System, Brand, Marks and any of their elements or components, including present and future  
distinguishing characteristics and agree that neither you nor any design or construction  
professional engaged by you may use our Standards, our Manual or your approved Plans and  
Designs for any hotel or lodging project other than the Hotel;  
9.1.1.2 our sole right to grant licenses to use all or any elements or  
components of the System;  
9.1.1.3 that we (and/or the Entities) are the owner of (or the licensee of,  
with the right to sub-license) all right, title and interest in and to the Brand and the Marks used in  
any form and in any design, alone or in any combination, together with the goodwill they  
symbolize; or  
9,1.1.4 the validity or ownership of the Marks.  
9.1.2 You acknowledge that these Marks have acquired a secondary meaning  
which indicates that the Hotel, Brand and System are operated by or with our approval. All  
improvements and additions to, or associated with, the System, all Marks, and all goodwill  
arising from your use of the System and the Marks, will inure to our benefit and become our  
property (or that of the applicable Entities), even if you develop them.  
9.1.3 You will not apply for or obtain any trademark or service mark registration  
of any of the Marks or any confusingly similar marks in your name or on behalf of or for the  
benefit of anyone else. You acknowledge that you are not entitled to receive any payment or  
other value from us or from any of the Entities for any goodwill associated with your use of the  
System or the Marks, or any elements or components of the System.  
9.2 Trade Name, Use of the Marks.  
9,2.1 Trade Name.  
9.2.1.1 The Hotel will be initially known by the Trade Name set forth in the  
Addendum. We may change the Trade Name, the Brand name and/or any of the Marks (but not  
the Principal Mark), or the way in which any of them (including the Principal Mark) are depicted,  
at any time at our sole option and at your expense. You may not change the Trade Name  
without our specific prior written consent.  
9.2.1.2 You acknowledge and agree that you are not acquiring the right to  
use any service marks, copyrights, trademarks, trade dress, logos, designs, insignia, emblems,  
symbols, slogans, distinguishing characteristics, trade names, domain names or other marks or  
characteristics owned by us or licensed to us that we do not specifically designate to be used in  
the System.  
9.3 Use of Trade Name and Marks. You will operate under the Marks, using the  
Trade Name, at the Hotel. You will not adopt any other names or marks in operating the Hotel  
without our approval. You will not, without our prior written consent, use any of the Marks, or the  
word "Hilton," or other Network trademarks, trade names or service marks, or any similar words  
or acronyms, in:  
9.3.1 your corporate, partnership, business or trade name; 9.3.2 any Internet-  
related name (including a domain name);  
9.3.3 or any business operated separately from the Hotel, including the name or  
identity of developments adjacent to or associated with the Hotel.  
9.4 Trademark Disputes.  
9.4.1 You will immediately notify us of any infringement or dilution of or challenge  
to your use of any of the Marks and will not, absent a court order or our prior written consent,  
communicate with any other person regarding any such infringement, dilution, challenge or  
claim. We will take the action we deem appropriate with respect to such challenges and claims  
and have the sole right to handle disputes concerning use of all or any part of the Marks or the  
System. You will fully cooperate with us and any applicable Entity in these matters. We will  
reimburse you for expenses incurred by you as the direct result of activities undertaken by you  
at our prior written request and specifically relating to the trademark dispute at issue. We will not  
reimburse you for any other expenses incurred by you for cooperating with us or the Entities.  
9.4.2 You appoint us as your exclusive attorney-in-fact, to prosecute, defend  
and/or settle all disputes of this type at our sole option. You will sign any documents we or the  
applicable Entity believe are necessary to prosecute, defend or settle any dispute or obtain  
protection for the Marks and the System and will assign to us any claims you may have related  
to these matters. Our decisions as to the prosecution, defense or settlement of the dispute will  
be final. All recoveries made as a result of disputes regarding use of all or part of the System or  
the Marks will be for our account.  
9.5 Web Sites.  
9.5.1 You may not register, own, maintain or use any Sites that relate to the  
Network or the Hotel or that include the Marks, The only domain names, Sites, or Site  
contractors that you may use relating to the Hotel or this Agreement are those we assign or  
otherwise approve in writing. You acknowledge that you may not, without a legal license or  
other legal right, post on your Sites any material in which any third party has any direct or  
indirect ownership interest. You must incorporate on your Sites any information we require in  
the manner we deem necessary to protect our Marks.  
9.5.2 Any use of the Marks on any Site must conform to our requirements,  
including the identity and graphics Standards for all System hotels. Given the changing nature  
of this technology, we have the right to withhold our approval, and to withdraw any prior  
approval, and to modify our requirements.  
9.6 Covenant.  
9.6.1 You agree, as a direct covenant with us and the Entities, that you will  
comply with all of the provisions of this Agreement related to the manner, terms and conditions  
of the use of the Marks and the termination of any right on your part to use any of the Marks.  
Any non-compliance by you with this covenant or the terms of this Agreement related to the  
Marks, or any unauthorized or improper use of the System or the Marks, will cause irreparable  
damage to us and/or to the Entities and is a material breach of this Agreement.  
9.6.2 If you engage in such non-compliance or unauthorized and/or improper use  
of the System or the Marks during or after the Term, we and any of the applicable Entities, along  
with the successors and assigns of each, will be entitled to both temporary and permanent  
injunctive relief against you from any court of competent jurisdiction, in addition to all other  
remedies we or the Entities may have at law. You consent to the entry of such temporary and  
permanent injunctions. You must pay all costs and expenses, including reasonable attorneys'  
fees, expert fees, costs and other expenses of litigation that we and/or the Entities may incur in  
connection with your non-compliance with this covenant.  
10.0 REPORTS, RECORDS, AUDITS, AND PRIVACY 10.1 Reports.  
10.1.1 At our request, you will prepare and deliver to us the Reports containing  
the Operational Information (and any other information we reasonable require) in the form,  
manner and time frame we require. At a minimum, by the fifteenth (15th) day of each month,  
you will submit to us the Operational Information for the previous month and reflecting the  
computation of the amounts then due under Section 8, in the form, manner and time frame we  
require.  
10.1.2 The Reports will be certified as accurate in the manner we require. You  
will permit us to inspect your books and records at all reasonable times.  
10.2 Maintenance of Records. You will prepare, on a current basis, (and preserve for  
no less than the greater of four (4) years or the time period we stated in our record retention  
requirements), complete and accurate records concerning Gross Rooms Revenue and all  
financial, operating, marketing and other aspects of the Hotel. You will maintain an accounting  
system that fully and accurately reflects all financial aspects of the Hotel and its business.  
These records will include books of account, tax returns, governmental reports, register tapes,  
daily reports, and complete quarterly and annual financial statements (including profit and loss  
statements, balance sheets and cash flow statements) and will be prepared in the form, manner  
and time frame we require.  
10.3 Audit.  
10.3.1 We may require you to have the Gross Rooms Revenue, fees or other  
monies due to us computed and certified as accurate by a certified public accountant. During  
the Term and for two (2) years thereafter, we and our authorized agents have the right to verify  
Operational Information required under this Agreement by requesting, receiving, inspecting and  
auditing, at all reasonable times, any and all records referred to above wherever they may be  
located (or elsewhere if we request).  
10.3.2 If any inspection or audit reveals that you understated or underpaid any  
payment due to us, you will promptly pay to us the deficiency plus interest from the date each  
payment was due until paid at the interest rate set forth in Section 17.15 of this Agreement.  
10.3.3 If the audit or inspection reveals that the underpayment is willful, or is for  
five percent (5%) or more of the total amount owed for the period being inspected, you will also  
reimburse us for all inspection and audit costs, including reasonable travel, lodging, meals,  
salaries and other expenses of the inspecting or auditing personnel. Our acceptance of your  
payment of any deficiency will not waive any rights we may have as a result of your breach,  
including our right to terminate this Agreement. If the audit discloses an overpayment, we will  
credit this overpayment against your future payments due under this Agreement, without  
interest, or, if no future payments are due under this Agreement, we will promptly pay you the  
amount of the overpayment without interest.  
10.4 Ownership of Information. All Information we obtain from you and all  
revenues we derive from such Information will be our property and Proprietary Information that  
we may use for any reason, including making a financial performance representation in our  
franchise disclosure documents. At your sole risk and responsibility, you may use Information  
that you acquire from third parties in connection with operating the Hotel, such as Personal  
Information, at any time during or after the Term, to the extent that your use is permitted by Law.  
10.5 Privacy and Data Protection. You will:  
10.5.1 comply with all applicable Privacy Laws;  
10.5.2 comply with all Standards that relate to Privacy Laws and the privacy and  
security of Personal Information;  
10.5.3 refrain from any action or inaction that could cause us or the Entities to  
breach any Privacy Laws;  
10.5.4 do and execute, or arrange to be done and executed, each act, document  
and thing we deem necessary in our business judgment to keep us and the Entities in  
compliance with the Privacy Laws; and  
10.5.5 immediately report to us the theft or loss of Personal Information (other  
than the Personal Information of your own officers, directors, shareholders, employees or  
service providers).  
11.0 CONDEMNATION AND CASUALTY  
11.1 Condemnation. You must immediately inform us of any proposed taking of any  
portion of the Hotel by eminent domain. If, in our business judgment, the taking is significant  
enough to render the continued operation of the Hotel in accordance with the Standards and  
guest expectations impractical, then we may terminate this Agreement on written notice to you  
and you will not pay us Liquidated Damages. If such taking, in our business judgment, does not  
require the termination of this Agreement, then you will make all necessary modifications to  
make the Hotel conform to its condition, character and appearance immediately before such  
taking, according to Plans and Designs approved by us. You will take all measures to ensure  
that the resumption of normal operations at the Hotel is not unreasonably delayed.  
11.2 Casualty.  
11.2.1 You must immediately inform us if the Hotel is damaged by fire or other  
casualty. If the damage or repair requires closing the Hotel, you may choose to repair or rebuild  
the Hotel according to the Standards, provided you: begin reconstruction within six (6) months  
after closing and reopen the Hotel for continuous business operations as soon as practicable  
(but in any event no later than eighteen (18) months after the closing of the Hotel) and give us at  
least thirty (30) days notice of the projected date of reopening. If you cannot begin or  
complete reconstruction within these time frames, you may request extension approval  
from us in writing, describing the status of the project and the reason for the requested  
extension, which we will consider in accordance with our standard business practice.  
Once the Hotel is closed, you will not promote the Hotel as a System Hotel or otherwise identify  
the Hotel using any of the Marks without our prior written consent.  
11.2.2 You and we each have the right to terminate this Agreement if you elect  
not to repair or rebuild the Hotel as set forth above in Subsection 11.2.1, provided the  
terminating party gives the other party sixty (60) days written notice. We will not require you to  
pay Liquidated Damages unless you or one of your Affiliates own and/or operate a hotel at the  
Hotel Site under a lease, license or franchise from a Competitor within three (3) years of the  
termination date.  
11.3 No Extensions of Term. Nothing in this Section 11 will extend the Term.  
12.0 NOTICE OF INTENT TO MARKET  
Except in the case of a Transfer governed by Subsection 13.2.1 or 13.2.2 of this  
Agreement, if you or a Controlling Affiliate want to Transfer any Equity Interest, you must give  
us written notice, concurrently with beginning your marketing efforts.  
13.0 TRANSFERS  
13.1 Our Transfer.  
13.1.1 We may assign or Transfer this Agreement or any of our rights, duties, or  
assets under this Agreement, by operation of law or otherwise, to any person or legal entity  
without your consent, provided that any such person or legal entity shall be required to assume  
all of our obligations to permit you to operate the Hotel under the Brand after such assignment.  
Any of the Entities may transfer, sell, dispose of, or otherwise convey, their ownership rights in  
us or any of our Affiliates, by operation of law or otherwise, including by public offering, to any  
person or legal entity without your consent.  
13.1.2 If we assign this Agreement to a third party who expressly assumes our  
obligations under this Agreement, we will no longer have any performance or other obligations  
to you under this Agreement and your right to use any programs, rights or services provided to  
you by us or our Affiliates under this Agreement will terminate.  
13.2 Your Transfer. You understand and acknowledge that the rights and duties in  
this Agreement are personal to you and that we are entering into this Agreement in reliance on  
your business skill, financial capacity, and the personal character of you, your officers, directors,  
partners, members, shareholders or trustees. A Transfer by you of any Equity Interest, or this  
Agreement, or any of your rights or obligations under this Agreement, or a Transfer by an Equity  
Owner is prohibited other than as expressly permitted herein.  
13.2.1 Permitted Transfers That Do Not Require Notice or Consent. The  
following Transfers are permitted without giving notice or obtaining our consent if the Permitted  
Transfer does not result in a change in Control of the Franchisee, the Hotel or the Hotel Site and  
you meet the requirements set forth below.  
13.2.1.1 Privately Held Equity Interests: Less than 25% Change/No  
Change of Control. An Equity Interest that is not publicly traded may be Transferred if,  
immediately after the transaction, the transferee Equity Owner will own less than twenty-five  
percent (25%) of the Equity Interest.  
13.2.1.2 Publicly Traded Equity Interests. A Publicly Traded Equity  
interest may be Transferred.  
13.2.2 Permitted Transfers That Require Notice and Consent. We will permit  
you or any Equity Owner named in the Addendum as of the Effective Date (or any transferee  
Equity Owner we subsequently approve) to engage in the Permitted Transfers set forth below if  
any such Permitted Transfer does not result in a change of Control of the Franchisee, the Hotel  
or the Hotel Site and: (a) the proposed transferee is not a Sanctioned Person or a Competitor;  
(b) you give us at least sixty (60) days' advance written notice of the proposed Permitted  
Transfer (including the identity and contact information for any proposed transferee and any  
other information we may require in order to review the proposed Permitted Transfer); (c) you  
pay to us a nonrefundable processing fee of Five Thousand Dollars ($5,000) with the Permitted  
Transfer request; (d) you follow our then-current procedure for processing Permitted Transfers;  
and (e) you execute any documents required by us for processing Permitted Transfers. If a  
Permitted Transfer listed in Subsection 13.2.2 otherwise qualifies as a Permitted Transfer  
without notice or consent under Subsection 13.2.1, the provisions of Subsection 13.2.1 will  
control.  
13.2.2.1 Affiliate Transfer. You or any Equity Owner may Transfer an  
Equity Interest or this Agreement to an Affiliate.  
13.2.2,2 Transfers to a Family Member or Trust, If you or any Equity  
Owner as of the Effective Date are a natural person, you and such Equity Owner may Transfer  
an Equity Interest or this Agreement to an immediate family member (i.e., spouse, children,  
parents, siblings) or to a trust for your benefit or the benefit of the Equity Owner or the Equity  
Owner's immediate family members.  
13.2.2.3 Transfer On Death. On the death of Franchisee or an Equity  
Owner who is a natural person, this Agreement or the Equity Interest of the deceased Equity  
Owner may Transfer in accordance with such person's will or, if such person dies intestate, in  
accordance with laws of intestacy governing the distribution of such person's estate, provided  
that: (i) the transfer on death is to an immediate family member or to a legal entity formed by  
such family member(s); and (ii) within one (1) year after the death, such family member(s) or  
entity meet all of our then-current requirements for an approved Transferee.  
13.2.2.4 Privately Held Equity Interests: 25% or Greater Change/No  
Change of Control. You or any Equity Owner as of the Effective Date (or any transferee Equity  
Owner we subsequently approve) may Transfer an Equity Interest in Franchisee even though,  
after the completion of such Transfer, twenty-five percent (25%) or more of the Equity Interests  
in Franchisee will have changed hands since the Effective Date of this Agreement.  
13.2.3 Change of Ownership Transfer. Any proposed Transfer that is not  
described in Subsection 13.2.1 or 13.2,2 is a Change of Ownership Transfer. We will have sixty  
(60) days from our receipt of the completed and signed franchise application to consent or  
withhold our consent to any proposed Change of Ownership Transfer. You consent to our  
communication with any party we deem necessary about the Hotel in order for us to evaluate  
the proposed Change of Ownership Transfer. Our consent to the Change of Ownership Transfer  
is subject to the following conditions, all of which must be satisfied at or before the date of  
closing the Change of Ownership Transfer ("Closing"):  
13.2.3.1 the Transferee submits a Change of Ownership Application,  
pays our then current franchise application fee and any PIP Fee, executes our then-current form  
of new franchise agreement and all ancillary forms, including a guaranty from a third-party  
acceptable to us, if required;  
13.2.3.2 you are not in default of this Agreement or any other agreements  
with us or our Affiliates;  
13.2.3.3 you or the Transferee pay all amounts due to us and the Entities  
through the date of the Closing;  
13.2.3.4 you execute our then-current form of voluntary termination  
agreement, which may include a general release, covering termination of this Agreement;  
13.2.3.5 you conclude to our satisfaction, or provide adequate security  
for, any suit, action, or proceeding pending or threatened against you, us or any Entity with  
respect to the Hotel, which may result in liability on the part of us or any Entity;  
13.2.3.6 you, the Transferee and/or transferee Equity Owner(s) submit to  
us all information related to the Transfer that we require, including applications; and  
13.2.3.7 the Transferee meets our then-current business requirements for  
new franchisees and is neither a Sanctioned Person nor a Competitor.  
13.2.4 Public Offering or Private Placement.  
13.2.4.1 Any offering by you of Securities requires our review if you use  
the Marks, or refer to us or this Agreement in your offering. All materials required by any Law for  
the offer or sale of those Securities must be submitted to us for review at least sixty (60) days  
before the date you distribute those materials or fife them with any governmental agency,  
including any materials to be used in any offering exempt from registration under any securities  
laws.  
13.2.4.2 You must submit to us a non-refundable Five Thousand Dollar  
($5,000) processing fee with the offering documents and pay any additional costs we may incur  
in reviewing your documents, including reasonable attorneys' fees. Except as legally required to  
describe the Hotel in the offering materials, you may not use any of the Marks or otherwise  
imply our participation or that of Hilton Worldwide or any other Entity in or endorsement of any  
Securities or any Securities offering.  
13.2.4.3 We have the right to approve any description of this Agreement  
or of your relationship with us, or any use of the Marks, contained in any prospectus, offering  
memorandum or other communications or materials you use in the sale or offer of any  
Securities. Our review of these documents will not in any way be considered our agreement with  
any statements contained in those documents, including any projections, or our  
acknowledgment or agreement that the documents comply with any Laws.  
13.2.4.4 You may not sell any Securities unless you clearly disclose to all  
purchasers and offerees that: (i) neither we, nor any Entity, nor any of our or their respective  
officers, directors, agents or employees, will in any way be deemed an issuer or underwriter of  
the Securities, as those terms are defined in applicable securities laws; and (ii) we, the Entities,  
and our respective officers, directors, agents and employees have not assumed and will not  
have any liability or responsibility for any financial statements, prospectuses or other financial  
information contained in any prospectus or similar written or oral communication.  
13.2.4.5 You must indemnify, defend and hold the Indemnified Parties  
free and harmless of and from any and all liabilities, costs, damages, claims or expenses arising  
out of or related to the safe or offer of any of your Securities to the same extent as provided in  
Subsection 15.1 of this Agreement.  
13.2.5 Mortgages and Pledges to Lending Institutions.  
13.2.5.1 You or an Equity Owner may mortgage or pledge the Hotel or an  
Equity Interest to a lender that finances the acquisition, development or operation of the Hotel,  
without notifying us or obtaining our consent, provided that: (i) you or the applicable Equity  
Owner are the sole borrower; and (ii) the loan is not secured by any other hotels or other  
collateral.  
13.2.5.2 You must notify us, in writing, before incurring other proposed  
indebtedness that involves a mortgage or pledge of the Hotel or an Equity Interest, or a  
collateral assignment of this Agreement, so that we can evaluate the structure to determine  
whether any special agreements and/or assurances from the lender, the Franchisee and/or its  
Equity Owners will be required including a "lender comfort letter" or a loan related guaranty, in a  
form satisfactory to us. We may charge a fee for our review of a proposed mortgage or pledge  
and for the processing of a lender comfort letter.  
13.2.6 Commercial Leases. You may lease or sublease commercial space in  
the Hotel, or enter into concession arrangements for operations in connection with the Hotel, in  
the ordinary course of business, subject to our right to review and approve the nature of the  
proposed business and the proposed brand and concept, all in keeping with our Standards for  
System Hotels.  
14.0 TERMINATION  
14.1 Termination with Opportunity to Cure. We may terminate this Agreement by  
written notice to you and opportunity to cure at any time before its expiration on any of the  
following grounds:  
14.1.1 You fail to pay us any sums due and owing to us or the Entities under this  
Agreement within the cure period set forth in the notice, which shall not be less than ten (10)  
days;  
14.1.2 You fail to begin or complete the Hotel Work by the relevant dates set  
forth in the Addendum or fail to open the hotel on the Opening Date, and do not cure that default  
within the cure period set forth in the notice, which shall not be less than ten (10) days;  
14.1.3 You do not purchase or maintain insurance required by this Agreement or  
do not reimburse us for our purchase of insurance on your behalf within the cure period set forth  
in the notice, which shall not be less than ten (10) days; or  
14.1.4 You fail to comply with any other provision of this Agreement, the Manual  
or any Standard and do not cure that default within the cure period set forth in the notice, which  
shall not be less than thirty (30) days.  
14.2 Immediate Termination by Us. We may immediately terminate this  
Agreement on notice to you and without any opportunity to cure the default if:  
14.2.1 after curing any material breach of this Agreement or the Standards, you  
engage in the same non-compliance within any consecutive twenty-four (24) month period,  
whether or not the non-compliance is corrected after notice, which pattern of non-compliance in  
and of itself will be deemed material;  
14.2.2 you receive three (3) notices of material default in any twelve (12) month  
period, even if the defaults have been cured;  
14.2.3 you fail to pay debts as they become due or admit in writing your inability  
to pay your debts or you make a general assignment for the benefit of your creditors;  
14.2.4 you have an order entered against you appointing a receiver for the Hotel  
or a substantial part of your or the Hotel's assets or you file a voluntary petition in bankruptcy or  
any pleading seeking any reorganization, liquidation, or dissolution under any law, or you admit  
or fail to contest the material allegations of any such pleading filed against you or the Hotel, and  
the action results in the entry of an order for relief against you under the Bankruptcy Code, the  
adjudication of you as insolvent, or the abatement of the claims of creditors of you or the Hotel  
under any law;  
14.2.5 you or your Guarantor lose possession or the right to possession of all or  
a significant part of the Hotel or Hotel Site for any reason other than those described in Section  
11;  
14.2.6 you fail to operate the Hotel for five (5) consecutive days, unless the  
failure to operate is due to fire, flood, earthquake or similar causes beyond your control,  
provided that you have taken reasonable steps to minimize the impact of such events;  
14.2.7 you contest in any court or proceeding our ownership of the System or  
any part of the System or the validity of any of the Marks;  
14.2.8 you or any Equity Owner with a controlling Equity Interest are or have  
been convicted of a felony or any other offense or conduct, if we determine in our business  
judgment it is likely to adversely reflect on or affect the Hotel, the System, us and/or any Entity;  
14.2.9 you conceal revenues, maintain false books and records of accounts,  
submit false reports or information to us or otherwise attempt to defraud us;  
14.2.10 you, your Affiliate or a Guarantor become a Competitor except as  
otherwise permitted by Subsection 5.1.15;  
14.2.11 you Transfer any interest in yourself, this Agreement, the Hotel or the  
Hotel Site, other than in compliance with Section 13 and its subparts;  
14.2.12 you, your Affiliate or a Guarantor become a Sanctioned Person or are  
owned or controlled by a Sanctioned Person or fail to comply with the provisions of Subsection  
17.13;  
14.2.13 information is disclosed involving you or your Affiliates, which, in our  
business judgment, is likely to adversely reflect on or affect in any manner, any gaming licenses  
or permits held by the Entities or the then-current stature of any of the Entities with any gaming  
commission, board, or similar governmental or regulatory agency, or the reputation or business  
of any of the Entities;  
14.2.14 any Guarantor breaches its guaranty to us; or  
14.2.15 a threat or danger to public health or safety results from the construction,  
maintenance, or operation of the Hotel.  
14.3 Suspension Interim Remedies. If you are in default of'this Agreement, we  
may elect to impose an Interim Remedy, including the suspension of our obligations under this  
Agreement and/or our or the Entities' obligations under any other of Your Agreements.  
14.3.1 We may suspend the Hotel from the Reservation Service and any  
reservation and/or website services provided through or by us. We may remove the listing of the  
Hotel from any directories or advertising we publish. If we suspend the Hotel from the  
Reservation Service, we may divert reservations previously made for the Hotel to other System  
Hotels or Network Hotels.  
14.3.2 We may disable all or any part of the software provided to you under Your  
Agreements and/or may suspend any one or more of the information technology and/or network  
services that we provide or support under Your Agreements.  
14.3.3 We may charge you for costs related to suspending or disabling your right  
to use any software systems or technology we provided to you, together with intervention or  
administration fees as set forth in the Standards.  
14.3.4 You agree that our exercise of the right to elect Interim Remedies will not  
result in actual or constructive termination or abandonment of this Agreement and that our  
decision to elect Interim Remedies is in addition to, and apart from, any other right or remedy  
we may have in this Agreement. If we exercise the right to elect Interim Remedies, the exercise  
will not be a waiver of any breach by you of any term, covenant or condition of this Agreement.  
You will not be entitled to any compensation, including repayment, reimbursement, refund or  
offsets, for any fees, charges, expenses or losses you may directly or indirectly incur by reason  
of our exercise and/or withdrawal of any Interim Remedy.  
14.4 Liquidated Damages on Termination.  
14.4.1 Calculation of Liquidated Damages. You acknowledge and agree that  
the premature termination of this Agreement will cause substantial damage to us. You agree  
that Liquidated Damages are not a penalty, but represent a reasonable estimate of the minimum  
just and fair compensation for the damages we will suffer as the result of your failure to operate  
the Hotel for the Term. If this Agreement terminates before the Expiration Date, you will pay us  
Liquidated Damages as follows:  
14.4.1.1 If termination occurs before you begin the Hotel Work and  
before the Opening Date, and you or any Guarantor (or your or any Guarantor's Affiliates)  
directly or indirectly, enter into a franchise, license, management, lease and/or other similar  
agreement for or begin construction or commence operation of a hotel, motel, inn, or similar  
facility at the Hotel Site under a Competitor Brand within one (1) year after termination, then you  
will pay us Liquidated Damages in an amount equal to $3,600 multiplied by the number of  
approved Guest Rooms at the Hotel.  
14.4.1.2 If termination occurs after you begin the Hotel Work but before  
the Opening Date, you will pay us Liquidated Damages in an amount equal to $3,600 multiplied  
by the number of approved Guest Rooms at the Hotel, unless your failure to complete the Hotel  
Work was the result of Force Majeure.  
14.4.1.3 If termination occurs after the Effective Date but before the  
second anniversary of the Opening Date, you will pay us Liquidated Damages in an amount  
equal to $3,600 multiplied by the number of approved Guest Rooms at the Hotel.  
14.4.1.4 If termination occurs after the second anniversary of the Opening  
Date but before the final five (5) calendar years of the Term, you will pay us Liquidated  
Damages in an amount calculated by dividing the sum of the Monthly Royalty Fees due to us  
under this Agreement for the prior twenty-four (24) month period by twenty-four (24) and then  
multiplying the resulting sum by sixty (60).  
14.4.1.5 If there are less than sixty (60) months remaining in the Term on  
the date of termination, you will pay us Liquidated Damages in an amount calculated by dividing  
the sum of the Monthly Royalty Fees due to us under this Agreement for the prior twenty-four  
(24) month period by twenty-four (24) and then multiplying the resulting sum by the number of  
months remaining in the Term.  
14.4.2 Payment of Liquidated Damages. Payment of Liquidated Damages is  
due thirty (30) days following termination of this Agreement or on demand.  
14.5 Actual Damages Under Special Circumstances. You acknowledge that the  
Liquidated Damages described in Subsection 14.4 may be inadequate to compensate us for  
additional harm we may suffer, by reason of greater difficulty in re-entering the market,  
competitive damage to the System or the Network, damage to goodwill of the Marks, and other  
similar harm, under the following circumstances:  
14.5.1 within twelve (12) months of each other, five (5) or more franchise  
agreements for the Brand between yourself (or any of your Affiliates) and us (or any of our  
Affiliates) terminate before their expiration date as a result of a breach by you or your Affiliate; or  
14.5.2 this Agreement terminates due to an unapproved Transfer either to a (i)  
Competitor or (ii) buyer that converts the Hotel to a Competing Brand within two (2) years from  
the date this Agreement terminates.  
14.5.3 In the circumstances set forth in Subsection 14.5.1 and 14.5.2, we reserve  
the right to seek actual damages in lieu of Liquidated Damages.  
14.6 Your Obligations on Termination or Expiration. On termination or expiration  
of this Agreement, you will:  
14.6.1 immediately pay all sums due and owing to us or any of the Entities,  
including any expenses incurred by us in obtaining injunctive relief for the enforcement of this  
Agreement;  
14.6.2 immediately cease operating the Hotel as a System Hotel and cease  
using the System;  
14.6.3 immediately cease using the Marks, the Trade Name, and any confusingly  
similar names, marks, trade dress systems, insignia, symbols, or other rights, procedures, and  
methods. You will deliver all goods and materials containing the Marks to us and we will have  
the sole and exclusive use of any items containing the Marks. You will immediately make any  
specified changes to the location as we may reasonably require for this purpose, which will  
include removal of the signs, custom decorations, and promotional materials;  
14.6.4 immediately cease representing yourself as then or formerly a System  
Hotel or affiliated with the Brand or the Network;  
14.6.5 immediately return all copies of the Manual and any other Proprietary  
Information to us;  
14.6.6 immediately cancel all assumed name or equivalent registrations relating  
to your use of any Mark, notify the telephone company and all listing agencies and directory  
publishers including Internet domain name granting authorities, Internet service providers,  
global distribution systems, and web search engines of the termination or expiration of your right  
to use the Marks, the Trade Name, and any telephone number, any classified or other  
telephone directory listings, Internet domain names, uniform resource locators, website names,  
electronic mail addresses and search engine metatags and keywords associated with the Hotel,  
and authorize their transfer to us; and  
14.6.7 irrevocably assign and transfer to us (or to our designee) all of your right,  
title and interest in any domain name listings and registrations that contain any reference to our  
Marks, System, Network or Brand; notify the applicable domain name registrars of the  
termination of your right to use any domain name or Sites associated with the Marks or the  
Brand; and authorize and instruct the cancellation of the domain name, or transfer of the domain  
name to us (or our designee), as we specify. You will also delete all references to our Marks,  
System, Network or Brand from any Sites you own, maintain or operate beyond the expiration or  
termination of this Agreement.  
15.0 INDEMNITY  
15.1 Beginning on the Effective Date, you must indemnify the Indemnified Parties  
against, and hold them harmless from, all losses, costs, liabilities, damages, claims, and  
expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of  
litigation arising out of or resulting from:  
15.1.1 any breach by you of this Agreement, the Manual or the Standards;  
15.1.2 any act or omission of you or your officers, employees, Affiliates,  
associates or agents in any way arising out of or relating to this Agreement;  
15.1.3 any claimed occurrence at the Hotel including personal injury, death or  
property damage;  
15.1.4 your alleged or actual infringement or violation of any patent, Mark or  
copyright or other proprietary right owned or controlled by third parties;  
15.1.5 your alleged or actual violation or breach of any contract (including any  
group sales agreement for the System), any Law, or any industry standard;  
15.1.6 any business conducted by you or a third party in, on or about the Hotel or  
Hotel Site and  
15.1.7 your failure to comply with Subsection 17.13, including a breach of the  
representations set forth therein.  
15.2 You do not have to indemnify an Indemnified Party to the extent damages  
otherwise covered under this Section 15 are adjudged by a final, non-appealable judgment of a  
court of competent jurisdiction to have been solely the result of the gross negligence or willful  
misconduct of that Indemnified Party, and not any of the acts, errors, omissions, negligence or  
misconduct of you or anyone related to you or the Hotel. You may not rely on this exception to  
your indemnity obligation if the claims were asserted against us or any other Indemnified Party  
on the basis of theories of imputed or secondary liability, such as vicarious liability, agency, or  
apparent agency, or our failure to compel you to comply with the provisions of this Agreement,  
including compliance with Standards, Laws or other requirements.  
15.3 You will give us written notice of any action, suit, proceeding, claim, demand,  
inquiry or investigation involving an Indemnified Party within five (5) days of your knowledge of  
it. At our election, you will defend us and/or the Indemnified Parties against the same or we may  
elect to assume (but under no circumstance will we be obligated to undertake) the defense  
and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation at your  
expense and risk.  
15.4 If we think our respective interests conflict, we may obtain separate counsel of  
our choice. This will not diminish your obligation to indemnify the Indemnified Parties and to hold  
them harmless. You will reimburse the Indemnified Parties on demand for all expenses,  
including reasonable attorneys' fees, expert fees, costs and other expenses of litigation, the  
Indemnified Parties incur to protect themselves or to remedy your defaults. The Indemnified  
Parties will not be required to seek recovery from third parties or otherwise mitigate their losses  
to maintain a claim against you, and their failure to do so will not reduce the amounts  
recoverable from you by the Indemnified Parties.  
15.6 Your obligations under this Section 15 will survive expiration or termination of  
this Agreement.  
16.0 RELATIONSHIP OF THE PARTIES  
16.1 No Agency Relationship. You are an independent contractor. Neither Party is  
the legal representative or agent of the other Party nor has the power to obligate the other Party  
for any purpose. You acknowledge that we do not supervise or direct your daily affairs and that  
you have exclusive control over your daily affairs. You expressly acknowledge that the Parties  
have a business relationship based entirely on, and defined by, the express provisions of this  
Agreement and that no partnership, joint venture, agency, fiduciary or employment relationship  
is intended or created by reason of this Agreement.  
16.2 Notices to Public Concerning Your Independent Status. All contracts for  
the Hotel's operations and services at the Hotel will be in your name or in the name of your  
Management Company. You will not enter into or sign any contracts in our name or any Entity's  
name or using the Marks or any acronyms or variations of the Marks. You will disclose in all  
dealings with the public, suppliers and third parties that you are an independent entity and that  
we have no liability for your debts.  
17.0 MISCELLANEOUS  
17.1 Severability and Interpretation.  
17.1.1 if any provision of this Agreement is held to be unenforceable, void or  
voidable, that provision will be ineffective only to the extent of the prohibition, without in any way  
invalidating or affecting the remaining provisions of this Agreement, and all remaining provisions  
will continue in effect, unless the unenforceability of the provision frustrates the underlying  
purpose of this Agreement. If any provision of this Agreement is held to be unenforceable due to  
its scope, but may be made enforceable by limiting its scope, the provision will be considered  
amended to the minimum extent necessary to make it enforceable.  
17,1.2 This Agreement will be interpreted without interpreting any provision in  
favor of or against either Party by reason of the drafting of the provision, or either of our  
positions relative to the other.  
17.1.3 Any covenant, term or provision of this Agreement that provides for  
continuing obligations after the expiration or termination of this Agreement will survive any  
expiration or termination.  
17.2 Governing Law, Jurisdiction and Venue.  
17.2.1 The Parties agree that, except to the extent governed by the United States  
Trademark Act of 1946 (Lanham Act; 15 U.S.C. lj 1050 et seq.), as amended, this Agreement  
will be governed by the laws of the State of New York without recourse to New York choice of  
law or conflicts of law principles. Nothing in this Section is intended to invoke the application of  
any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or  
any other doctrine of law of the State of New York or any other state that would not otherwise  
apply absent this Subsection 17.2.1.  
17.2.2 The Parties agree that any action brought pursuant to this Agreement or  
the relationship between them must be brought in the U.S. District Court for the Eastern District  
of Virginia, in Alexandria, Virginia, or if that court lacks subject matter jurisdiction, then in a court  
of competent jurisdiction whose jurisdiction includes either Fairfax County, Virginia or New York,  
New York, or in the county and state where the Hotel is located. You consent to personal  
jurisdiction and venue in each of these jurisdictions and waive, and agree not to assert, move or  
otherwise claim that the venue in any of these jurisdictions is for any reason improper,  
inconvenient, prejudicial or otherwise inappropriate.  
17.3 Exclusive Benefit. This Agreement is exclusively for our and your benefit, and  
none of the obligations of you or us in this Agreement will run to, or be enforceable by, any other  
party (except for any rights we assign or delegate to one of the Entities or covenants in favor of  
the Entities, which rights and covenants will run to and be enforceable by the Entities or their  
successors and assigns) or give rise to liability to a third party, except as otherwise specifically  
set forth in this Agreement.  
17.4 Entire Agreement. This Agreement and all of its attachments, documents,  
schedules, exhibits, and any other information specifically incorporated into this Agreement by  
reference (including any representations in any franchise disclosure document that we provided  
to you for the Brand in connection with the offer of this License) will be construed together as  
the entire agreement between you and us with respect to the Hotel and any other aspect of our  
relationship and will supersede and cancel any prior and/or contemporaneous discussions or  
writings between you and us.  
17.5 Amendment and Waiver.  
17.5.1 No change, termination, or attempted waiver or cancellation of any  
provision of this Agreement will bind us unless it is in writing, specifically designated as an  
amendment or waiver, and signed by one of our officers. We may condition our agreement to  
any amendment or waiver on receiving from you, in a form satisfactory to us, an estoppel and  
general release of claims that you may have against us, the Entities, and related parties.  
17.5.2 No failure by us or by any of the Entities to exercise any power given us  
under this Agreement or to insist on strict compliance by you with any of your obligations, and  
no custom or practice at variance with the terms of this Agreement, will be considered a waiver  
of our or any Entity's right to demand exact compliance with the terms of this Agreement.  
17.6 Consent; Business Judgment.  
17.6.1 Wherever our consent or approval is required in this Agreement, unless  
the provision specifically indicates otherwise, we have the right to withhold our approval at our  
option, in our business judgment, taking into consideration our assessment of the long-term  
interests of the Systemoverall. We may withhold any and all consents or approvals required by  
this Agreement if you are in default or breach of this Agreement. Our approvals and consents  
will not be effective unless given in writing and signed by one of our duly authorized  
representatives.  
17.6.2 You agree not to make a claim for money damages based on any  
allegation that we have unreasonably withheld or delayed any consent or approval to a  
proposed act by you under the terms of this Agreement. You also may not claim damages by  
way of set-off, counterclaim or defense for our withholding of consent. Your sole remedy for  
the claim will be an action or proceeding to enforce the provisions of this Agreement by  
specific performance or by declaratory judgment.  
17.7 Notices. Notices under this Agreement must be in writing and must be  
delivered in person, by prepaid overnight commercial delivery service, or by prepaid overnight  
mail, registered or certified, with return-receipt requested. Notices to us must be sent to 7930  
Jones Branch Drive, Suite 1100, McLean, VA 22102, ATTN: General Counsel. We will send  
notices to your address set forth in the Addendum. If you want to change the name or address  
for notice to you, you must do so in writing, signed by you or your duly authorized  
representative, designating a single address for notice, which may not be a P.O. Box, in  
compliance with this Subsection. Notice will be deemed effective on the earlier of: 1) receipt or  
first refusal of delivery; 2) one (1) day after posting if sent via overnight commercial delivery  
service or overnight United States Mail; or 3) three (3) days after placement in the United  
States mail if overnight delivery is not available to the notice address.  
17.8 General Release. With the exception of claims related to representations  
contained in the franchise disclosure document for the Brand, you, on your own behalf and on  
behalf of, as applicable, your officers, directors, managers, employees, heirs, administrators,  
executors, agents and representatives and their respective successors and assigns hereby  
release, remise, acquit and forever discharge us and the Entities and our and their respective  
officers, directors, employees, managers, agents, representatives and their respective  
successors and assigns from any and all actions, claims, causes of action, suits, rights, debts,  
liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments,  
executions, demands, damages, costs and expenses, whether known or unknown at this time,  
of any kind or nature, absolute or contingent, existing at law or in equity, on account of any  
matter, cause or thing whatsoever that has happened, developed or occurred relating to this  
Agreement or the relationship between you and us. This release will survive the termination of  
this Agreement.  
17.9 Remedies Cumulative. The remedies provided in this Agreement are  
cumulative. These remedies are not exclusive of any other remedies that you or we may be  
entitled to in case of any breach or threatened breach of the terms and provisions of this  
Agreement.  
17.10 Economic Conditions Not a Defense. Neither general economic downturn or  
conditions nor your own financial inability to perform the terms of this Agreement will be a  
defense to an action by us or one of the Entities for your breach of this Agreement.  
17.11 Representations and Warranties. You warrant, represent and agree that all  
statements in your franchise application in anticipation of the execution of this Agreement, and  
all other documents and information submitted to us by you or on your behalf are true, correct  
and complete as of the date of this Agreement. You further represent and warrant to us that:  
17.11.1 you have independently investigated the risks of operating the Hotel  
under the Brand, including current and potential market conditions and competitive factors and  
risks, and have made an independent evaluation of all such matters and reviewed our  
franchise disclosure document, if applicable;  
17.11.2 neither we nor our representatives have made any promises,  
representations or agreements other than those provided in the Agreement or in our franchise  
disclosure document provided to you in connection with the offer of this Agreement, if  
applicable, and you acknowledge that you are not relying on any promises, representations or  
agreements about us or the franchise not expressly contained in this Agreement in making  
your decision to sign this Agreement;  
17.11.3 you have the full legal power authority and legal right to enter into this  
Agreement;  
17.11.4 this Agreement constitutes a legal, valid and binding obligation and  
your entry into, performance and observation of this Agreement will not constitute a breach or  
default of any agreement to which you are a party or of any Law;  
17.11.5 if you are a corporation, limited liability company, or other entity, you  
are, and throughout the Term will be, duly formed and validly existing, in good standing in the  
state in which you are organized, and are and will be authorized to do business in the state in  
which the Hotel is located; and  
17.11.6 no Equity Interest has been issued, converted to, or is held as, bearer  
shares or any other form of ownership, for which there is no traceable record of the identity of  
the legal and beneficial owner of such Equity interest.  
You hereby indemnify and hold us harmless from any breach of these representations and  
warranties. These warranties and representations will survive the termination of this  
Agreement.  
17.12 Counterparts. This Agreement may be signed in counterparts, each of which  
will be considered an original.  
17.13 Sanctioned Persons and Anti-bribery Representations and Warranties.  
17.13.1 You represent, warrant and covenant to us and the Entities, on a  
continuing basis, that:  
17.13.1.1 you (including your directors and officers, senior management  
and shareholders (or other Persons) having a controlling interest in you), and any Controlling  
Affiliate of the Hotel or the Hotel Site are not, and are not owned or controlled by, or acting on  
behalf of, a Sanctioned Person or, to your actual knowledge, otherwise the target of Trade  
Restrictions;  
17.13.1.2 you have not and will not obtain, receive, transfer or provide  
any funds, property, debt, equity, or other financing related to this Agreement and the Hotel or  
Hotel Site to/from a Person that qualifies as a Sanctioned Person or, to your actual or  
constructive knowledge, is otherwise the target of any applicable Trade Restrictions;  
17.13.1.3 you are familiar with the provisions of applicable Anti-  
Corruption Laws and shall comply with applicable Anti-Corruption Laws in performance of  
your respective obligations under or in connection with this Agreement;  
17.13.1.4 any funds received or paid in connection with entry into or  
performance of this Agreement have not been and will not be derived from or commingled  
with the proceeds of any activities that are proscribed and punishable under the criminal laws  
of the United States, and that you are not engaging in this transaction in furtherance of a  
criminal act, including acts in violation of applicable Anti-Corruption Laws;  
17.13.1.5 in preparation for and in entering into this Agreement, you  
have not made any Improper Payment or engaged in any acts or transactions otherwise in  
violation of any applicable Anti-Corruption Laws, and, in connection with this Agreement or  
the performance of your obligations under this Agreement, you will not directly or indirectly  
make, offer to make, or authorize any Improper Payment or engage in any acts or  
transactions otherwise in violation of any applicable Anti-Corruption Laws;  
17.13.1.6 except as otherwise disclosed in writing to us, neither you,  
nor any of your direct or indirect shareholders (including legal or beneficial shareholders),  
officers, directors, employees, agents or other Persons designated by you to act on your  
behalf or receive any benefit under this Agreement, is a Government Official. Furthermore, no  
Government Official has or will have any existing or inchoate legal or beneficial interest in this  
Agreement or any payments to be made under this Agreement. You will shall notify us  
immediately in writing in the event of a change in the Government Official status of any such  
persons;  
17.13.1.7 any statements, oral, written, electronic or otherwise, that you  
submit to us or to any third party in connection with the representations, warranties, and  
covenants described in this Subsection 17.13 are truthful and accurate and do not contain  
any materially false or inaccurate statements;  
17.13.1.8 you will make reasonable efforts to assure that your  
respective appointed agents in relation to this Agreement comply in all material respects with  
the representations, warranties, and covenants described in this Subsection 17.13; and  
17.13.2 You will notify us in writing immediately on the occurrence of any  
event which would render the foregoing representations and warranties of this Subsection  
17.13 incorrect.  
17.14 Attorneys' Fees and Costs. If either Party is required to employ legal counsel  
or to incur other expenses to enforce any provision of this Agreement or defend any claim by  
the other, then the prevailing party in any resulting dispute will be entitled to recover from the  
non-prevailing party the amount of all reasonable fees of attorneys and experts, court costs,  
and all other expenses incurred in enforcing such obligation or in defending against such  
claim, demand, action, or proceeding.  
17.15 Interest. Any sum owed to us or the Entities by you or paid by us or the Entities  
on your behalf will bear interest from the date due until paid by you at the rate of eighteen  
percent (18%) per annum or, if lower, the maximum lawful rate.  
17.16 Successors and Assigns. The terms and provisions of this Agreement will  
inure to the benefit of and be binding on the permitted successors and assigns of the Parties.  
17.17 Our Delegation of Rights and Responsibility. In addition to the rights granted  
to us in Section 4 and Subsection 13.1 of this Agreement, we reserve the right to delegate to  
one or more of the Entities at any time, any and all of our rights, obligations or requirements  
under this Agreement, and to require that you submit any relevant materials and documents  
otherwise requiring approval by us under this Agreement to such Entity, in which case  
approval by such Entity will be conclusively deemed to be approval by us. During the period  
of such delegation or designation, any act or direction by such Entity with respect to this  
Agreement will be deemed the act or direction of us. We may revoke any such delegation or  
designation at any time. You acknowledge and agree that such delegation may result in one  
or more of the Entities which operate, license, or otherwise support brands other than the  
Brand, exercising or performing on our behalf any or all rights, obligations or requirements  
under this Agreement or performing shared services on our behalf.  
LEGAL ADDRESSES AND BANKING DETAILS OF THE PARTIES  
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