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Attorneys for Plaintiff, Wingate Inns International, Inc.

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

WINGATE INNS INTERNATIONAL, INC.,
a Delaware Corporation,

Plaintiff,

v.

VISTACON MANAGEMENT COMPANY.,
an Ohio Corporation; NARENDRA R.
PATEL, an individual; PUSHPA N. PATEL,
an individual; RITA A. PATEL, an individual;
ASHA D. VYAS, an individual; and AJAY N.
PATEL, an individual,

Defendants.

Civil Action No. 16-

COMPLAINT

Plaintiff Wingate Inns International, Inc., by its attorneys, LeClairRyan, complaining of defendants Vistacon Management Company, Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel, says:

PARTIES, JURISDICTION AND VENUE

1. Plaintiff Wingate Inns International, Inc., (“WII”) is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in Parsippany, New Jersey.

2. Defendant Vistacon Management Company (“Vistacon”), on information and belief, is a corporation organized and existing under the laws of the State of Ohio, with its principal place of business at 43 Pinehurst, Springboro, Ohio 45066.

3. Defendant Narendra R. Patel, on information and belief, is a principal of Vistacon and a citizen of the State of Ohio, having an address at 43 Pinehurst, Springboro, Ohio 45066.

4. Defendant Pushpa N. Patel, on information and belief, is a principal of Vistacon and a citizen of the State of Ohio, having an address at 43 Pinehurst, Springboro, Ohio 45066.

5. Defendant Rita A. Patel, on information and belief, is a principal of Vistacon and a citizen of the State of Ohio, having an address at 43 Pinehurst, Springboro, Ohio 45066.

6. Defendant Asha D. Vyas, on information and belief, is a principal of Vistacon and a citizen of the State of Ohio, having an address at 43 Pinehurst, Springboro, Ohio 45066.

7. Defendant Ajay N. Patel, on information and belief, is a principal of Vistacon and a citizen of the State of Ohio, having an address at 43 Pinehurst, Springboro, Ohio 45066.

8. Upon information and belief, Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel are the only constituent members of Vistacon.

9. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332 inasmuch as the plaintiff and all the defendants are citizens of different states and the amount in controversy in this matter, exclusive of interest and costs, exceeds the sum of \$75,000.

10. This Court has personal jurisdiction over Vistacon by virtue of, among other things, section 17.6.3 of the August 14, 2001 franchise agreement by and between Lakulish, LLC and WII, as assigned to Vistacon (the “Franchise Agreement”), described in more detail below, pursuant to which Vistacon has consented “to the non-exclusive personal jurisdiction of and

venue in the New Jersey state courts situated in Morris County, New Jersey and the United States District Court for the District of New Jersey”

11. This Court has personal jurisdiction over Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel by virtue of, among other things, the terms of a guaranty (the “Guaranty”), described in more detail below, pursuant to which Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel acknowledged that they were personally bound by section 17 of the Franchise Agreement.

12. Venue is proper in this District pursuant to section 17.6.3 of the Franchise Agreement, inasmuch as that provision contains an express waiver by Vistacon of any objection to venue in this District.

ALLEGATIONS COMMON TO ALL COUNTS

The Agreements Between The Parties

13. On or about August 14, 2001, WII entered into the Franchise Agreement with Lakulish, LLC for the operation of a 100-room Wingate® guest lodging facility located at 7500 Tylers Place Boulevard, West Chester, Ohio 45069, Site No. 30157-92802-01 (the “Facility”). A true copy of the Franchise Agreement is attached hereto as Exhibit A.

14. Pursuant to section 18.2 of the Franchise Agreement, Lakulish, LLC agreed it would receive a development advance from WII in the amount of \$250,000.00.

15. In connection with section 18.2, Lakulish, LLC made, a Development Incentive Note in the amount of \$250,000.00 (the “Note”). A true copy of the Note is attached hereto as Exhibit B.

16. On or about October 4, 2002, WII entered into an assignment and assumption agreement (the “Assignment and Assumption Agreement”) with Lakulish, LLC and Vistacon, in

which Vistacon assumed Lakulish, LLC's rights and obligations under the Franchise Agreement and Note. A true copy of the Assignment and Assumption Agreement is attached hereto as Exhibit C.

17. By letter amendment dated December 3, 2004, the parties amended the Franchise Agreement to reflect a decrease in rooms at the Facility from 100 guest rooms to 90 guest rooms. A true copy of the December 3, 2004 letter amendment is attached hereto as Exhibit D.

18. Pursuant to section 5 of the Franchise Agreement, Vistacon was obligated to operate a Wingate® guest lodging facility for a twenty-year term.

19. Pursuant to section 7 and Schedule C of the Franchise Agreement, Vistacon was required to make certain periodic payments to WII for royalties, system assessment fees, taxes, interest, reservation system user fees, and other fees (collectively, "Recurring Fees").

20. Pursuant to section 7.3 of the Franchise Agreement, Vistacon agreed that interest is payable "on any past due amount payable to [WII] under this [Franchise] Agreement at the rate of 1.5% per month or the maximum rate permitted by applicable law, whichever is less, accruing from the due date until the amount is paid."

21. Pursuant to section 3.8 of the Franchise Agreement, Vistacon was required to disclose to WII, among other things, the amount of gross room revenue earned by Vistacon at the Facility for purposes of establishing the amount of royalties and other Recurring Fees due to WII.

22. Pursuant to section 3.8 of the Franchise Agreement, Vistacon agreed to maintain at the Facility accurate financial information, including books, records, and accounts, relating to the gross room revenue of the Facility and, pursuant to sections 3.8 and 4.8 of the Franchise

Agreement, Vistacon agreed to allow WII to examine, audit, and make copies of the entries in these books, records, and accounts.

23. Pursuant to section 11.2 of the Franchise Agreement, WII could terminate the Franchise Agreement, with notice to Vistacon, if Vistacon (a) discontinued operating the Facility as a Wingate® guest lodging establishment and/or (b) lost possession or the right to possession of the Facility.

24. Pursuant to section 12.1 of the Franchise Agreement, Vistacon agreed that, in the event of a termination of the Franchise Agreement pursuant to section 11.2, it would pay liquidated damages to WII in accordance with a formula specified in the Franchise Agreement.

25. Pursuant to section 17.4 of the Franchise Agreement, Vistacon agreed that the non-prevailing party would “pay all costs and expenses, including reasonable attorneys’ fees, incurred by the prevailing party to enforce this [Franchise] Agreement or collect amounts owed under this [Franchise] Agreement.”

26. At the time Vistacon executed the Assignment and Assumption Agreement, Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel provided WII with a Guaranty of Vistacon’s obligations under the Franchise Agreement. A true copy of the Guaranty is attached hereto as Exhibit E.

27. Pursuant to the terms of the Guaranty, Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel agreed, among other things, that upon a default under the Franchise Agreement, they would “immediately make each payment and perform or cause [Vistacon] to perform, each unpaid or unperformed obligation of [Vistacon] under the [Franchise] Agreement.”

28. Pursuant to the terms of the Guaranty, Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel agreed to pay the costs, including reasonable attorneys' fees, incurred by WII in enforcing its rights or remedies under the Guaranty or the Franchise Agreement.

29. Pursuant to the terms of the Note, on each anniversary of the Facility's opening date, one-fifteenth (1/15th) of the original principal amount would be forgiven without payment.

30. The Note provides that if a termination of the Franchise Agreement occurs for any reason, "the outstanding, unamortized principal balance of this Note shall be immediately due and payable without further notice, demand or presentment."

31. Pursuant to the terms of the Note, if the Note is not paid within 10 days after it is due, the outstanding principal balance shall bear simple interest at a rate equal to the lesser of eighteen percent (18%) per annum or the highest rate allowed by applicable law.

32. The Note also provides that "[i]f this Note is collected by or through an attorney at law, [WII] shall be entitled to collect reasonable attorneys' fees and all costs of collection."

The Termination of the Franchise Agreement

33. On or about November 12, 2015, Vistacon unilaterally terminated the Franchise Agreement by ceasing to operate the Facility as a Wingate® guest lodging facility.

34. By letter dated December 15, 2015, a true copy of which is attached as Exhibit F, WII acknowledged Vistacon's unilateral termination of the Franchise Agreement, effective November 12, 2015, and advised Vistacon that it was required to pay to WII as liquidated damages for premature termination the sum of \$326,297.63 as required under the Franchise Agreement, all outstanding Recurring Fees through the date of termination, and the outstanding principal balance of the Note.

FIRST COUNT

35. WII repeats and makes a part hereof each and every allegation contained in paragraphs 1 through 34 of the Complaint.

36. Pursuant to sections 3.8 and 4.8 of the Franchise Agreement, Vistacon agreed to allow WII to examine, audit, and make copies of Vistacon's financial information, including books, records, and accounts, relating to the gross room revenue earned at the Facility.

37. The calculation of the monetary amounts sought by WII in this action is based on the gross room revenue information supplied to WII by Vistacon and, to the extent there has been non-reporting, WII's estimate as to the gross room revenue earned by Vistacon.

38. The accuracy of this estimate cannot be ascertained without an accounting of the receipts and disbursements, profit and loss statements, and other financial materials, statements and books from Vistacon.

WHEREFORE, WII demands judgment ordering that Vistacon account to WII for any and all revenue derived as a result of marketing, promoting, or selling guest lodging services at the Facility from the inception through the date of termination of the Franchise Agreement.

SECOND COUNT

39. WII repeats and makes a part hereof each and every allegation contained in paragraphs 1 through 38 of the Complaint.

40. On or about November 12, 2015, Vistacon unilaterally terminated the Franchise Agreement by ceasing to operate the Facility as a Wingate® guest lodging facility.

41. By letter dated December 15, 2015, WII acknowledged Vistacon's unilateral termination of the Franchise Agreement, effective November 12, 2015.

42. Section 12.1 of the Franchise Agreement provides that, in the event of termination of the Franchise Agreement due to action of the Franchisee, Vistacon shall pay liquidated damages to WII within 30 days of termination.

43. As a result of the termination of the Franchise Agreement, Vistacon is obligated to pay WII liquidated damages in the amount of \$326,297.63, as calculated pursuant to section 12.1 of the Franchise Agreement.

44. Notwithstanding WII's demand for payment, Vistacon has failed to pay WII the liquidated damages as required in section 12.1 of the Franchise Agreement.

45. WII has been damaged by Vistacon's failure to pay liquidated damages.

WHEREFORE, WII demands judgment against Vistacon for liquidated damages in the amount of \$326,297.63, together with interest, attorneys' fees, and costs of suit.

THIRD COUNT

46. WII repeats and makes a part hereof each and every allegation contained in paragraphs 1 through 45 of the Complaint.

47. By virtue of the premature termination of the Franchise Agreement, WII sustained a loss of future revenue over the remainder of the twenty-year term of the Franchise Agreement.

48. If the Court determines that Vistacon is not liable to pay WII liquidated damages as required by section 12.1 of the Franchise Agreement then, in the alternative, Vistacon is liable to WII for actual damages for the premature termination of the Franchise Agreement.

49. WII has been damaged by Vistacon's breach of its obligation to operate a Wingate® guest lodging facility for the remaining term of the Franchise Agreement.

WHEREFORE, WII demands judgment against Vistacon for actual damages in an amount to be determined at trial, together with interest, attorneys' fees, and costs of suit.

FOURTH COUNT

50. WII repeats and makes a part hereof each and every allegation contained in paragraphs 1 through 49 of the Complaint.

51. Pursuant to section 7 and Schedule C of the Franchise Agreement, Vistacon was obligated to remit Recurring Fees to WII.

52. Despite its obligation to do so, Vistacon failed to remit certain of the Recurring Fees due and owing under the Franchise Agreement, in the current amount of \$71,936.07.

53. Vistacon's failure to remit the agreed Recurring Fees constitutes a breach of the Franchise Agreement and has damaged WII.

WHEREFORE, WII demands judgment against Vistacon for the Recurring Fees due and owing under the Franchise Agreement, in the current amount of \$71,936.07, together with interest, attorneys' fees, and costs of suit.

FIFTH COUNT

54. WII repeats and makes a part hereof each and every allegation contained in paragraphs 1 through 53 of the Complaint.

55. At the time of the termination of the Franchise Agreement, Vistacon was obligated to pay WII Recurring Fees.

56. Despite its obligation to do so, Vistacon failed to pay certain of the Recurring Fees due and owing under the Franchise Agreement, in the current amount of \$71,936.07.

57. Vistacon's failure to compensate WII constitutes unjust enrichment and has damaged WII.

WHEREFORE, WII demands judgment against Vistacon for the Recurring Fees due and owing under the Franchise Agreement, in the current amount of \$71,936.07, together with interest, attorneys' fees, and costs of suit.

SIXTH COUNT

58. WII repeats and makes a part hereof each and every allegation contained in paragraphs 1 through 57 of the Complaint.

59. Effective as of the execution of the Assignment and Assumption Agreement, Vistacon assumed, among other things, Lakulish, LLC's obligations under section 18.2 of the Franchise Agreement and the Note.

60. Pursuant to the terms of the Note, on each anniversary of the Facility's opening date, one-fifteenth (1/15th) of the original principal amount would be forgiven without payment.

61. The Note provides that if a termination of the Franchise Agreement occurs for any reason "the outstanding, unamortized principal balance of this Note shall be immediately due and payable without further notice, demand or presentment."

62. On or about November 12, 2015, Vistacon unilaterally terminated the Franchise Agreement by ceasing to operate the Facility as a Wingate® guest lodging facility.

63. By letter dated December 15, 2015, WII acknowledged Vistacon's unilateral termination of the Franchise Agreement, effective November 12, 2015.

64. At the time of the termination of the Franchise Agreement, the outstanding principal balance of the Note totaled \$50,000.00.

65. Despite its obligation to do so, Vistacon has failed to make the payment due and owing to WII.

66. Vistacon's failure to make the agreed payment on the Note constitutes a breach of the Franchise Agreement and Note and has damaged WII.

67. Vistacon's failure to make the agreed payment on the Note constitutes unjust enrichment and has damaged WII.

WHEREFORE, WII demands judgment against Vistacon for damages in the amount of the principal sum of \$50,000.00 due and owing under the Franchise Agreement and Note, together with interest, attorneys' fees, and costs of suit.

SEVENTH COUNT

68. WII repeats and makes a part hereof each and every allegation contained in paragraphs 1 through 67 of the Complaint.

69. Pursuant to the terms of the Guaranty, Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel agreed, among other things, that upon a default under the Franchise Agreement, they would immediately make each payment and perform each obligation required of Vistacon under the Franchise Agreement.

70. Despite their obligation to do so, Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel have failed to make any payments or perform or cause Vistacon to perform each obligation required under the Franchise Agreement.

71. Pursuant to the Guaranty, Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel are liable to WII for Vistacon's liquidated damages in the amount of \$326,297.63, or actual damages in an amount to be determined at trial, Vistacon's Recurring Fees due and owing under the Franchise Agreement, in the current amount of \$71,936.07, and the outstanding, principal balance of the Note in the amount of \$50,000.00.

WHEREFORE, WII demands judgment against Narendra R. Patel, Pushpa N. Patel, Rita A. Patel, Asha D. Vyas, and Ajay N. Patel for all liquidated damages, or actual damages, Recurring Fees due and owing under the Franchise Agreement, and the outstanding, principal balance of the Note, together with interest, attorneys' fees, and costs of suit.

LeClairRyan
Attorneys for Plaintiff,
Wingate Inns International, Inc.

By: 
Bryan P. Couch

Dated: 8/5/16

CERTIFICATION PURSUANT TO L. CIV. R. 11.2

I certify that, to the best of my knowledge, this matter is not the subject of any other action pending in any court or of any pending arbitration or administrative proceeding.

LeClairRyan
Attorneys for Plaintiff,
Wingate Inns International, Inc.

By: 
Bryan P. Couch

Dated: 8/5/16

EXHIBIT A

Location: West Chester, OH

Entity No.

Unit No.: 30157

**WINGATE INN
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT ("Agreement"), dated Aug. 14, 2001, is between WINGATE INNS INTERNATIONAL, INC., a Delaware corporation ("we", "our" or "us"), and Lakulish LLC, a Limited Liability Company ("you"). The definitions of capitalized terms are found in Appendix A. In consideration of the following mutual promises, the parties agree as follows:

1. **License.** We have the exclusive right to license and franchise to you the distinctive "Wingate Inn" System for providing transient guest lodging services. We grant to you and you accept the License, effective and commencing on the Opening Date and ending on the earliest to occur of the Term's expiration or a Termination. The License is effective only at the Location and may not be transferred or relocated. You will call the Facility a "Wingate Inn and Suites." You may adopt additional or secondary designations for the Facility with our prior written consent, which we may withhold, condition, or withdraw on written notice in our sole discretion. You shall not affiliate or identify the Facility with another franchise system, brand, cooperative or registered mark during the Term.
2. **Protected Territory.** We will not own, operate, lease, manage, or license anyone but you to operate a Wingate Inn in the "Protected Territory", defined in Appendix A, while this Agreement is in effect. We may own, operate, lease, manage, franchise or license anyone to operate any Chain Facility located anywhere outside the Protected Territory without any restriction or obligation to you. We may grant Protected Territories for other Chain Facilities that overlap your Protected Territory. You will use any information obtained through the Reservation System to refer guests, directly or indirectly, only to Chain Facilities. This Section does not apply to any Chain Facility located in the Protected Territory on the Effective Date, which we may renew, relicense, allow to expand, or replace with a replacement Facility located within the same trading area having not more than 120% of the guest rooms of the replaced Chain Facility if its franchise with us terminates or is not renewed. The Protected Territory fairly represents the Facility's trading area, and you acknowledge that there are no express or implied territorial rights or agreements between the parties except as stated in this Section.
3. **Your Improvement and Operating Obligations.** Your obligations to improve, operate and maintain the Facility are:

3.1 **Improvements.** You will select and acquire the Location and acquire, design, construct, equip and supply the Facility in accordance with Approved Plans, Schedule B and System Standards. You will provide proof of ownership or a ground lease of the Location before or within 30 days after the Effective Date. You will commence construction of the Facility within 180 days after the Effective Date or 90 days after we deliver the Basic Plans, whichever is later, and complete construction and

properly, deliver the certification as described in Section 3.2(b) in a period after the Effective Date that is no later than (i) eighteen months if the Facility is to have 100 or fewer guest rooms, or (ii) twenty months if the Facility is to have more than 100 guest rooms. Your general contractor or you must carry the insurance required under this Agreement during construction. We may, at our option, terminate this Agreement by written notice to you if you do not meet these deadlines. We may, in our sole discretion, grant extensions of time to perform any phase of the Improvement Obligation. You will pay us an extension fee equal to \$67.00 times the number of days of any extension of the deadline for opening the Facility. This Fee will be payable to us after each 30 days of the extension. You will pay us any extension fee outstanding when the Facility opens 10 days after the Opening Date. The Initial Fee described in Section 6 is not refundable. Construction commences, for purposes of this Section, when all of the following occur: (x) We approve a site plan, completed working drawings and detail specifications for the Facility; (y) Governmental permits are issued to commence foundation construction; and (z) You commence pouring concrete for building footings.

3.2 Improvement Plans. (a) The architect you select must sign and return to us the Basic Plans Agreement attached as Exhibit D. Within 15 days after we receive the signed Basic Plans Agreement, we will deliver to your architect a complete set of our Basic Plans. Your architect and you will create construction documents (including a project manual and working drawings) for the Facility based upon the Basic Plans, System Standards and this Agreement (particularly Schedule B), and then submit them for our approval before starting improvement of the Location. Your architect must certify to us and to you that the plans and specifications created from the Basic Plans comply with the design requirements of the Americans with Disabilities Act ("ADA"), the Department of Justice Standards for Accessible Design ("ADAAG") under that Act, and all codes that apply using the form of certificate in Exhibit D. We will not unreasonably withhold or delay our approval, which is intended only to assure that no unnecessary deviation from the Basic Plans is proposed, and to test compliance with System Standards, and not to detect errors or omissions in the work of your architects, engineers, contractors or the like, who must exercise their own independent professional care, skill and diligence in the design and construction of your Facility. Our review does not cover technical, architectural or engineering factors relating to the Location and adaptation of the Basic Plans for the Facility you want to build, or compliance with federal, state or local laws, regulations or code requirements, for which your architect is responsible. You must allow for 10 days of our review each time you submit Plans to us. We will not be liable to your lenders, contractors, employees, guests, others, or you on account of our review or approval of your plans, drawings or specifications, or our inspection of the Facility before, during or after construction or any subsequent renovation. Any material variation from the Approved Plans requires our prior written approval. You will promptly provide us with copies of permits, job progress reports, and other information as we may reasonably request. We may inspect the work while in progress without prior notice. We may direct you to change the work in progress if it deviates from the Approved Plans or System Standards. We may terminate this Agreement if you fail to comply with any such direction.

(b) Before we authorize you to open the Facility, you must complete and submit the Certification of ADA Compliance in the form attached to Exhibit D (the "Certification"). You must complete the Certification per its instructions and submit it to us only after it has been signed by your general contractor or either your architect of record or a consulting architect you hire for the

Certification. If you cannot obtain the signature of the contractor or such an architect for the Certification, you must sign the Licensee's Certification of Compliance on the signature page of the Certification. The Certification contains a checklist of ADA related matters that you must address in developing and completing the Facility. If we determine that the Certification has not been properly completed, or if we have actual knowledge (not constructive or implied knowledge) that the signatures on the Certification are false or fraudulent, we will return the Certification to you with written notice that we will not permit you to open the Facility for business under the System until we receive a properly completed Certification. We may terminate this Agreement under Section 3.1 or Section 11 if you do not submit the Certification properly completed before you open the Facility under the System, you fail to meet the deadline for completing the Facility specified in paragraph (a) of this Section 3.1 because you do not submit a properly completed Certification, or if you submit a false or fraudulent Certification. We will delay the Opening Date until you submit the properly completed Certification. We shall not be liable to you or any third party if the Certification is improperly completed or the Facility is not built or operated in compliance with ADA.

(c) After you have entered into a contract for constructing the Facility and before construction commences, your contractor, architect and you must meet with our representatives either in our nearest regional office or home office to discuss the Approved Plans, the timetable for construction, change order approval, our limited oversight and inspection roles and completion requirements. You will not commence construction of the Facility until this meeting occurs. We will provide a representative and meeting location for the meeting on at least 10 days advance notice.

3.3 Pre-Opening. You may identify the Facility as a Chain Facility prior to the Opening Date, or commence operation of the Facility under a Mark and using the System, only after first obtaining our approval, or as permitted under and strictly in accordance with the System Standards Manual. You may not open the Facility until it passes our completion inspection, at which we determine that the Facility as built meets our Standards, and we receive from you and your architect or contractor a written certificate in the form attached as part of Exhibit D stating that the Facility as built conforms to the Approved Plans and the design requirements of ADA, ADAAG and all applicable codes. If the Facility fails the inspection you designate as the completion inspection and does not meet our Standards and conform to the Approved Plans, then you must reimburse us for the actual, reasonable costs (travel, lodging, meals) of every additional inspection we perform before the Opening Date, including the inspection that results in authorizing the Facility's opening.

3.4 Operation. You will operate and maintain the Facility continuously after the Opening Date on a year-round basis as required by System Standards and offer transient guest lodging and other related services of the Facility (including those specified on Schedule B) to the public in compliance with the law and System Standards. You will keep the Facility in a clean, neat, and sanitary condition. You will clean, repair, replace, renovate, refurbish, paint, and redecorate the Facility and its FF&E as and when needed to comply with System Standards. The Facility will accept payment from guests by all credit and debit cards we designate in the System Standards Manual. You may add to or discontinue the amenities, services and facilities described in Schedule B, or lease or subcontract any service or portion of the Facility only with our prior written consent, which we will not unreasonably withhold or delay. Your front desk operation, telephone system, parking lot, swimming pool (if any) and other guest service facilities may not be shared with or

used by guests of another lodging or housing facility. Unless System Standards permit otherwise, you will not charge guests for local telephone calls made from guest room telephones or charge guests any access fee or surcharge on long distance telephone calls made from guest room telephones. You acknowledge that any breach of System Standards for the Facility, its guest amenities, and your guest service performance is material.

3.5 Training. You (or a person with executive authority if you are an entity) and the Facility's manager will attend the training programs described in Section 4.1 we designate as mandatory for franchisees or managers, respectively. You will train or cause the training of all Facility personnel as and when required by System Standards and this Agreement. You will pay for all travel, lodging, meals and compensation expenses of the people you send for training programs, the cost of training materials and other reasonable charges we may impose for training under Section 4.1, and all travel, lodging, meal and facility and equipment rental expenses of our representatives if training is provided at the Facility. The tuition charge for mandatory annual general manager training will not exceed \$1,500. You will direct the Facility staff to attend the Property Training Program described in Section 4.1.2.

3.6 Marketing. You will participate in System marketing programs, including the Directory and the Reservation System. You will obtain and maintain the computer and communications service and equipment we specify to participate in the Reservation System. You will comply with our rules and standards for participation, and will honor reservations and commitments to guests and travel industry participants. You may implement, at your option and expense, your own local advertising. Your advertising materials must use the Marks correctly, and must comply with System Standards or be approved in writing by us prior to publication. You will stop using any non-conforming, outdated or misleading advertising materials if we so request.

3.6.1 You will participate in any frequent guest rewards program we determine is appropriate and pay the Special Marketing Assessment associated with the program, under the terms approved by either majority vote of the Franchisees of all Chain Facilities that will be required to participate in the program or the board of directors of a franchisee advisory association, if then in existence.

3.6.2 You must participate in any regional marketing, training or management alliance or cooperative of Chain franchisees formed to serve the Chain Facilities in your area. We may assist the cooperative collect contributions. You may be excluded from cooperative programs and benefits if you don't participate in all cooperative programs according to their terms, including making payments and contributions when due.

3.6.3 The Facility must participate in our Chain-wide Internet marketing activities like other marketing programs. You will discontinue any Internet marketing that conflicts, in our reasonable discretion, with Chain-wide Internet marketing activities. You must honor the terms of any participation agreement you sign for Internet marketing. You shall pay when due any fees, commissions, charges and reimbursements relating to Internet marketing activities (i) in which you agree to participate, or (ii) that we designate as mandatory on a Chain-wide basis, provided that the activities carry aggregate fees per transaction of not more than the sum of the full agent commission specified on Schedule C for sales agents, plus 10% of the Chain's reported average daily rate for the preceding calendar year. We may suspend the Facility's participation in Internet marketing activity

if you default under this Agreement.

3.7 Governmental Matters. You will obtain as and when needed all governmental permits, licenses and consents required by law to construct, acquire, renovate, operate and maintain the Facility and to offer all services you advertise or promote. You will pay when due or properly contest all federal, state and local payroll, withholding, unemployment, beverage, permit, license, property, ad valorem and other taxes, assessments, fees, charges, penalties and interest, and will file when due all governmental returns, notices and other filings.

3.8 Financial Books & Records; Audits.

3.8.1 The Facility's transactions must be timely and accurately recorded in accounting books and records prepared on an accrual basis compliant with generally accepted accounting principles of the United States ("GAAP") and consistent with the most recent edition of the Uniform System of Accounts for the Lodging Industry published by the American Hotel & Motel Association, as modified by this Agreement and System Standards. You acknowledge that your accurate accounting for and reporting of Gross Room Revenues is a material obligation you accept under this Agreement.

3.8.2 We may notify you of a date on which we propose to audit the Facility's books and records. You will be deemed to confirm our proposed date unless you follow the instructions with the audit notice for changing the date. You need to inform us where the books and records will be produced. You need to produce for our auditors at the confirmed time and place for the audit the books, records, tax returns and financial statements relating to the Facility for the applicable accounting periods we require under this Agreement and System Standards. If our auditors must return to your location after the first date we confirm for the audit because you violate this Section 3.8.2 or refuse to cooperate with the reasonable requests of our auditors, you must pay us the Audit Fee under Section 4.8 when invoiced. We may also perform an audit of the Facility's books and records without advance notice. Your staff must cooperate with and assist our auditors to perform any audit we conduct.

3.8.3 We will notify you in writing if you default under this Agreement because (i) you do not cure a violation of Section 3.8.2 within 30 days after the date of the initial audit, (ii) you cancel 2 or more previously scheduled audits, (iii) you refuse to admit our auditors for an audit during normal business hours at the place where you maintain the Facility's books and records, or refuse to produce the books and records required under this Agreement and System Standards for the applicable accounting periods, (iv) our audit determines that the books and records you produced are incomplete or show evidence of tampering or violation of generally accepted internal control procedures, or (v) our audit determines that that you have reported to us less than 97% of the Facility's Gross Room Revenues for any fiscal year preceding the audit. Our notice of default may include, in our sole discretion and as part of your performance needed to cure the default under this Section 3.8, an "Accounting Procedure Notice." You must also pay any deficiency in Recurring Fees or other charges we identify and invoice as a result of the audit. The Accounting Procedure Notice requires that you obtain and deliver to us, within 90 days after the end of each of your next three fiscal years ending after the Accounting Procedure Notice, an audit opinion signed by an independent certified public accountant who is a member of the American Institute of Certified

Public Accountants addressed to us that the Facility's Gross Room Revenues you reported to us during the fiscal year fairly present the Gross Room Revenues of the Facility computed in accordance with this Agreement for the fiscal year.

3.9 Inspections. You acknowledge that the Facility's participation in our quality assurance inspection program (including unannounced inspections) is a material obligation you accept under this Agreement. You will permit our representatives to perform quality assurance inspections of the Facility at any time with or without advance notice. The inspections will commence during normal business hours although we may observe Facility operation at any time. You and the Facility staff will cooperate with the inspector performing the inspection. If the Facility fails an inspection, you refuse to cooperate with our inspector, or you refuse to comply with our published inspection System Standards, then you will pay us when invoiced for any reinspection fee specified in System Standards Manuals (which will not exceed \$1,500) plus the reasonable travel, lodging and meal costs our inspector incurs for a reinspection. We may publish and disclose the results of quality assurance inspections.

3.10 Insurance. You will obtain and maintain during the Term of this Agreement the insurance coverage required under the System Standards Manual from insurers meeting the standards established in the Manual. Unless we instruct you otherwise, your liability insurance policies will name as additional insureds Wingate Inns International, Inc., Cendant Finance Holding Corporation, Cendant Corporation, and their successors and assigns.

3.11 Conferences. You (or your representative with executive authority if you are an entity) and your general manager will attend each annual Chain conference and pay the Conference Fee we set for the Chain Facilities, if and when we determine to hold an annual Chain conference. Mandatory recurrent training for franchisees and managers described in Section 4.1.3 may be held at a conference. The fee will be the same for all Chain Facilities that we license in the United States. You will receive reasonable notice of a Chain conference. You will be charged the fee for each Chain conference held after the Effective Date of this Agreement.

3.12 Purchasing. You will purchase or obtain certain items we designate as proprietary or that bear Marks, such as signage, only from suppliers we approve. You may purchase any other items for the Facility from any competent source you select, so long as the items meet or exceed System Standards.

3.13 Good Will. You will use reasonable efforts to protect, maintain and promote the name "Wingate Inn" and its distinguishing characteristics, and the other Marks. You will not permit or allow your officers, directors, principals, employees, representatives, or guests of the Facility to engage in, conduct which is unlawful or damaging to the good will or public image of the Chain or System. You will participate in Chain-wide guest service and satisfaction guaranty programs we require in good faith for all Chain Facilities, including such programs as the free expanded continental breakfast, express check-in/check out, and children stay free in the guest room with parents. You will follow System Standards for identification of the Facility and for you to avoid confusion on the part of guests, creditors, lenders, investors and the public as to your ownership and operation of the Facility, and the identity of your owners.

3.14 Facility Modifications. You may materially modify, diminish or expand the Facility (or change its interior design, layout, FF&E, or facilities) only after you receive our prior written consent, which we will not unreasonably withhold or delay. You will pay our Rooms Addition Fee then in effect for each guest room you add once the Facility has 100 rooms. If we so request, you will obtain our prior written approval of the plans and specifications for any material modification, which we will not unreasonably withhold or delay. You will not open to the public any material modification until we inspect it for compliance with the Approved Plans and System Standards.

3.15 Courtesy Lodging. You will provide lodging at the "Employee Rate" established in the System Standards Manual from time to time, (but only to the extent that adequate room vacancies exist) to our representatives traveling on business, but not more than three standard guest rooms at the same time.

3.16 Material Renovations. Beginning five years after the Opening Date, we may issue a "Material Renovation Notice" to you that will specify a Material Renovation for the Facility, to be commenced no sooner than 90 days after the notice is issued. You will perform the Material Renovations as and when the Material Renovation Notice requires. We will not issue a Material Renovation Notice within five years after the date of a prior Material Renovation Notice.

3.17 Technology Standards. You recognize that the Wingate Inn System requires you to acquire, operate and maintain a computer-based property management system and provide guests with innovative technology for communications and entertainment. We may modify System Standards to require new technology at all Chain Facilities.

4. Our Operating and Service Obligations. We will provide you with the following services and assistance:

4.1 Training. We will offer hospitality management training, property opening, owner orientation training, recurrent training and supplemental training.

4.1.1 Management Training. No less than 60 days before the projected Opening Date, we will offer at a location in the United States we designate, and a Facility manager (usually the general manager) must complete, a training program to our satisfaction. The training program will not exceed two weeks in duration and will cover such topics as System Standards, services available from us, and operating a Chain Facility. Any replacement general manager of the Facility must complete the training program within the time specified in the System Standards Manual. You must pay the tuition in effect for this program when your initial or replacement manager signs up for it. Tuition for management training program is \$1,950 as of April 1, 2001 per trainee and is payable before the training commences. We may increase the tuition charge in the future. You must also pay for your representative's travel, lodging, meals, incidental expenses, compensation and benefits.

4.1.2 Property Opening Training. We will provide at the Facility a "Property Training Program" (at our discretion as to length and scheduling) to assist you in opening the Facility and Training each Facility department. There is no charge for the initial Property Training Program. You must provide lodging for the trainers at your expense. You will pay the cost of any site used if the

Facility is not available. We may require refresher training if the Facility does not meet Operations Standards. You must pay the reasonable travel, lodging, meal and out-of-pocket expenses incurred by our trainers for the initial Property Training Program.

4.1.3 Recurrent Training. We will provide training for you and the Facility's manager if we determine that additional training for franchisees and managers is necessary from time to time. Training will be held in our U.S. training center or other locations. You will pay for your representative's travel, lodging, meals, incidental expenses, compensation and benefits for this training. Tuition for mandatory annual general manager training will not exceed \$1,500. We may also require your principals and the Facility general manager to attend recurrent training if the Facility fails multiple quality assurance inspections or experiences significant complaints about the guest satisfaction guarantee policy, as condition to avoiding termination or to resumption of reservation service. We may charge a recurrent training fee of up to \$1,000 per day which must be paid before such training begins. You must also pay the trainer's reasonable travel, lodging, meal and out-of-pocket expenses if recurrent training is held at the Facility. We may assess you a reasonable charge for course materials. This training may be held in conjunction with a Chain conference.

4.1.4 Supplemental Training. We may offer optional training programs without charge or for reasonable tuition. We may offer, rent or sell to you video tapes, computer discs or other on-site training aids and materials, or require you to buy them at reasonable prices.

4.1.5 Franchisee Orientation Training. If this is your first Wingate System franchise, we will provide and you (or a person with executive authority if you are an entity) must attend the next available franchisee orientation program offered at least 60 days after the Effective Date. We will conduct the franchisee orientation program to familiarize you with the System, the Chain, and our services. The program will be no longer than five days. You must pay the tuition in effect for this program when you sign up for it. Tuition is \$825 as of April 1, 2001, but is subject to increase in the future. You must also pay for your travel, lodging, meals and incidental expenses.

4.1.6 Cancellation Fees and Tuition. We may charge you a reasonable cancellation fee if you cancel your training program commitments or reservations within 30 days (or such shorter period as we may specify) before the start of any training program at which you or your representative has a reservation. We may charge you reasonable tuition for your representatives to attend mandatory sessions other than those people we require to attend the training and fees for instructional materials.

4.2 Reservation System. We will operate and maintain (directly or by subcontracting with an affiliate or one or more third parties) a computerized Reservation System or such technological substitute(s) as we determine, in our discretion, beginning 30 days before the first Chain Facility opens. We will use the System Assessment Fee for the acquisition, development, support, equipping, maintenance, improvement and operation of the Reservation System. We will provide software maintenance for the software we license to you to connect to the Reservation System if your Recurring Fee payments are up to date. The Facility will participate in the Reservation System, commencing with the Opening Date for the balance of the Term. We have the right to provide reservation services to lodging facilities other than Chain Facilities or to other parties. We

will not offer callers to our general consumer toll free reservation telephone number the opportunity to make reservations for other lodging chains in the United States.

4.3 Marketing.

4.3.1 We will promote public awareness and usage of Chain Facilities by implementing advertising, promotion, publicity, market research and other marketing programs, training programs, and related activities, production and distribution of Chain publications and directories of hotels. We will determine in our discretion: (i) The nature and type of media placement; (ii) The allocation (if any) among international, national, regional and local markets; and (iii) The nature and type of advertising copy, other materials and programs. We or an affiliate may be reimbursed from System Assessment Fees for the reasonable direct and indirect costs, overhead or other expenses of providing marketing services. We are not obligated to supplement or advance funds available from System franchisees to pay for marketing activities. We do not promise that the Facility or you will benefit directly or proportionately from marketing activities.

4.3.2 We may, at our discretion, implement special international, national, regional or local promotional programs (which may or may not include the Facility) and may make available to you (to use at your option) media advertising copy and other marketing materials for prices which reasonably cover the materials' direct and indirect costs.

4.3.3 We will publish the Chain Directory. We will include the Facility in the Chain Directory after it opens if you submit the information we request on time, and you are not in default under this Agreement at the time we must arrange for publication. We will supply Directories to you for display at locations specified in the System Standards Manual or policy statements. We may assess you a reasonable charge for the direct and indirect expenses (including overhead) of producing and delivering the Directories.

4.4 **Purchasing.** We may offer optional assistance to you with purchasing items used at or in the Facility. Our affiliates may offer this service on our behalf. We may restrict the vendors authorized to sell proprietary or Mark-bearing items in order to control quality, provide for consistent service or obtain volume discounts. We will maintain and provide to you lists of suppliers approved to furnish Mark-bearing items, or whose products conform to System Standards.

4.5 **The System.** We will control and establish requirements for all aspects of the System. We may, in our discretion, change, delete from or add to the System, including any of the Marks or System Standards, in response to changing market conditions. We may, in our discretion, permit deviations from System Standards, based on local conditions and our assessment of the circumstances. We will permit existing facilities to convert to Chain Facilities after January 1, 2001.

4.6 **Consultations and Standards Compliance.** We will assist you to understand your obligations under System Standards by telephone, mail, during quality assurance inspections, through the System Standards Manual, at training sessions and during conferences and meetings we conduct. We will provide telephone and mail consultation on Facility operation and marketing through our representatives. We will offer you access to any Internet website we may maintain to

provide Chain franchisees with information and services, subject to any rules, policies and procedures we establish for its use and access and to this Agreement. We may limit or deny access to any such website while you are in default under this Agreement.

4.7 System Standards Manual and Other Publications. We will specify System Standards in the System Standards Manual, policy statements or other publications. We will lend you one copy of the System Standards Manual promptly after we sign this Agreement. We will send you any System Standards Manual revisions and/or supplements as and when issued. We will send you all other publications for Chain franchisees and all separate policy statements in effect from time to time.

4.8 Inspections and Audits. We have the unlimited right to conduct unannounced quality assurance inspections of the Facility and its operations, records and Mark usage to test the Facility's compliance with System Standards and this Agreement, and the audits described in Section 3.8. We may access the reports and data stored in the Facility's property management system provided that we do not unreasonably interfere with the normal functioning of the property management system. We have the unlimited right to reinspect if the Facility does not achieve the score required on an inspection. We may impose a reinspection fee and will charge you for our costs as provided in Section 3.9. You will pay us an "Audit Fee" of \$300.00 when we invoice you for an Audit Fee under Section 3.8. We may increase the Audit Fee on a Chain-wide basis to cover any increases in our audit costs to not more than \$500.00, effective any time after December 31, 2005. Our inspections are solely for the purposes of checking compliance with System Standards.

5. Term. The Term begins on the Effective Date and expires on the day prior to the twentieth anniversary of the Opening Date. Some of your duties and obligations will survive termination or expiration of this Agreement. You will execute and deliver to us with this Agreement a notarized Declaration of Franchise Agreement in recordable form. We will countersign and return one copy of the Declaration to you. We may, at our option, record the Declaration in the real property records of the county where the Facility is located. The Declaration will be released at your request and expense when this Agreement terminates or expires and you perform your post-termination obligations. **NEITHER PARTY HAS RENEWAL RIGHTS OR OPTIONS.**

6. Application and Initial Fees. We should receive from you a non-refundable Application Fee of \$1,000.00. You will pay us a non-refundable Initial Fee in the amount of **\$35,000.00**, when you sign this Agreement, which is fully earned when we sign this Agreement.

7. Monthly Fees, Taxes and Interest.

7.1 You will pay us certain fees each month of the Term payable in U.S. dollars (or such other currency as we may direct if the Facility is outside the United States) ten days after the month in which they accrue, without billing or demand. These fees include the following:

7.1.1 A "Royalty" equal to four and five-tenths percent (4.5%) of Gross Room Revenues of the Facility accruing during the calendar month, to compensate us for granting you the License and the opportunity to use the System, accrues from the earlier of the Opening Date or the date you begin operating the Facility under a Mark without our consent.

7.1.2 A "System Assessment Fee" as stated in Schedule C for advertising, public relations, marketing, training, reservation and other related services and programs, accrues from the Opening Date until the end of the Term, including during periods when reservation service is suspended. After consultation with the official advisory board or committee, if any, and upon 60 days written notice, we may change the System Assessment Fee for all Chain Facilities to cover costs (including reasonable direct and indirect overhead costs) related to such services and programs or to cover the cost of additional services or programs. You will also pay or reimburse us as described in Schedule C for travel and other sales agent commissions paid for certain reservations at the Facility plus a reasonable service charge, and a "GDS Fee" levied to pay for reservations for the Facility originated or processed through the Global Distribution System, the Internet, or other reservation systems and networks. We may charge Chain Facilities using the System outside the United States for reservation service using a different formula. We may increase or adjust the System Assessment Fee, travel agent commissions, service charges, and other fees in the future on not less than 60 days prior written notice, provided that you will not be required to pay more than 6% of Gross Room Revenues for the System Assessment Fee.

7.1.3 A "Special Marketing Assessment" as stated in Schedule C for a frequent guest rewards program that we may create or undertake and require participation by all Chain Facilities.

7.2 You will pay to us "Taxes" equal to any federal, state or local sales, gross receipts, use, value added, excise or similar taxes assessed against us on the Recurring Fees by the jurisdictions where the Facility is located, but not including any income tax, franchise or other tax for our privilege of doing business in your State. You will pay Taxes to us when due.

7.3 "Interest" is payable when you receive our invoice on any past due amount payable to us under this Agreement at the rate of 1.5% per month or the maximum rate permitted by applicable law, whichever is less, accruing from the due date until the amount is paid.

7.4 If a transfer occurs, your transferee or you will pay us our then current Application Fee and a "Relicense Fee" equal to the Initial Fee we would then charge a new franchisee for the Facility.

8. Indemnifications.

8.1 Independent of your obligation to procure and maintain insurance, you will indemnify, defend and hold the Indemnities harmless, to the fullest extent permitted by law, from and against all Losses and Expenses, incurred by any Indemnitee for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, relating to or arising out of any transaction, occurrence or service at, or involving the operation of, the Facility, any breach or violation of any contract or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with you or any of the owners, officers, directors, employees, agents, contractors or subcontractors of you or your affiliates, including when you are alleged or held to be the actual, apparent or ostensible agent of the Indemnitee, or the active or passive negligence of any Indemnitee is alleged or proven. You have no obligation to indemnify an Indemnitee for damages to compensate for property damage or personal injury if a court of competent jurisdiction makes a final decision not subject to further appeal that the Indemnitee

engaged in willful misconduct or intentionally caused such property damage or bodily injury. This exclusion from the obligation to indemnify shall not, however, apply if the property damage or bodily injury resulted from the use of reasonable force by the Indemnitee to protect persons or property.

8.2 You will respond promptly to any matter described in the preceding paragraph, and defend the Indemnitee. You will reimburse the Indemnitee for all costs of defending the matter, including reasonable attorneys' fees, incurred by the Indemnitee if your insurer or you do not assume defense of the Indemnitee promptly when requested, or separate counsel is appropriate, in our discretion, because of actual or potential conflicts of interest. We must approve any resolution or course of action in a matter that could directly or indirectly have any adverse effect on us or the Chain, or could serve as a precedent for other matters.

8.3 We will indemnify, defend and hold you harmless, to the fullest extent permitted by law, from and against all Losses and Expenses incurred by you in any action or claim arising from your proper use of the System alleging that your use of the System and any property we license to you is an infringement of a third party's rights to any trade secret, patent, copyright, trademark, service mark or trade name. You will promptly notify us in writing when you become aware of any alleged infringement or an action is filed against you. You will cooperate with our defense and resolution of the claim. We may resolve the matter by obtaining a license of the property for you at our expense, or by requiring that you discontinue using the infringing property or modify your use to avoid infringing the rights of others.

9. Your Assignments, Transfers and Conveyances.

9.1 **Transfer of the Facility.** This Agreement is personal to you (and your owners if you are an entity). We are relying on your experience, skill and financial resources (and that of your owners and the guarantors, if any) to sign this Agreement with you. You may finance the Facility and grant a lien, security interest or encumbrance on it without notice to us or our consent. If a Transfer is to occur, the transferee or you must comply with Section 9.3. Your License is subject to termination when the Transfer occurs. The License is not transferable to your transferee, who has no right or authorization to use the System and the Marks when you transfer ownership or possession of the Facility. The transferee may not operate the Facility under the System, and you are responsible for performing the post-termination obligations in Section 13. You and your owners may, only with our prior written consent and after you comply with Sections 9.3 and 9.6, assign, pledge, transfer, delegate or grant a security interest in all or any of your rights, benefits and obligations under this Agreement, as security or otherwise. Transactions involving Equity Interests that are not Equity Transfers do not require our consent and are not Transfers.

9.2 **Public Offerings and Registered Securities.** You may engage the first registered public offering of your Equity Interests only after you pay us a public offering fee equal to \$25,000. Your Equity Interests (or those of a person, parent, subsidiary, sibling or affiliate entity, directly or indirectly effectively controlling you), are freely transferable without the application of this Section if they are, on the Effective Date, or after the public offering fee is paid, they become, registered under the Federal Securities Act of 1933, as amended, or a class of securities registered under the Securities Exchange Act of 1934, as amended, or listed for trading on a national securities exchange

or the automated quotation system of the National Association of Securities Dealers, Inc. (or any successor system), provided that any tender offer for at least a majority of your Equity Interests will be an Equity Transfer subject to Section 9.1.

9.3 Conditions. We may, to the extent permitted by applicable law, condition and withhold our consent to a Transfer when required under this Section 9 until the transferee and you meet certain conditions. If a Transfer is to occur, the transferee (or you, if an Equity Transfer is involved) must first complete and submit our Application, qualify to be a franchisee in our sole discretion, given the circumstances of the proposed Transfer, provide the same supporting documents as a new franchise applicant, pay the Application and Relicense Fees then in effect, sign the form of Franchise Agreement we then offer and agree to renovate the Facility as we reasonably determine, if the Facility achieves a score of less than "Satisfactory" on its most recent Quality Assurance inspection. We will provide a Punch List of improvements we will require after we receive the transferee's Application. We must also receive general releases from you and each of your owners, and payment of all amounts then owed to us and our affiliates by you, your owners, your affiliates, the transferee, its owners and affiliates, under this Agreement or otherwise. Our consent to the transaction will not be effective until these conditions are satisfied.

9.4 Permitted Transferee Transactions. You may transfer an Equity Interest or effect an Equity Transfer to a Permitted Transferee without obtaining our consent, renovating the Facility or paying a Relicense Fee or Application Fee. No Transfer will be deemed to occur. You also must not be in default and you must comply with the application and notice procedures specified in Sections 9.3 and 9.6. Each Permitted Transferee must first agree in writing to be bound by this Agreement, or at our option, execute the Franchise Agreement form then offered prospective franchisees. No transfer to a Permitted Transferee shall release a living transferor from liability under this Agreement or any guarantor under any Guaranty of this Agreement. You must comply with this Section if you transfer the Facility to a Permitted Transferee. A transfer resulting from a death may occur even if you are in default under this Agreement.

9.5 Attempted Transfers. Any transaction requiring our consent under this Section 9 in which our consent is not first obtained shall be void, as between you and us. You will continue to be liable for payment and performance of your obligations under this Agreement until we terminate this Agreement, all your financial obligations to us are paid and all System identification is removed from the Facility.

9.6 Notice of Transfers. You will give us at least 30 days prior written notice of any proposed Transfer or Permitted Transferee transaction. You will notify us when you sign a contract to Transfer the Facility and 10 days before you intend to close on the transfer of the Facility. We will respond to all requests for our consent and notices of Permitted Transferee transactions within a reasonable time not to exceed 30 days. You will notify us in writing within 30 days after a change in ownership of 25% or more of your Equity Interests that are not publicly held or that is not an Equity Transfer, or a change in the ownership of the Facility if you are not its owner. You will provide us with lists of the names, addresses, and ownership percentages of your owner(s) at our request.

10. Our Assignments. We may assign, delegate or subcontract all or any part of our rights and

duties under this Agreement, including by operation of law, without notice and without your consent. You are not the third party beneficiary of any contract with a third party to provide services to you under this Agreement, but we are responsible for the performance of all of our obligations to you under this Agreement. We may dissolve, terminate and wind up our business under applicable law but we will transfer the System and this Agreement to a party that will perform the franchisor's obligations and that will assume this Agreement in writing. We will have no obligations to you after you are notified that our transferee has assumed our obligations under this Agreement except those that arose before we assign this Agreement.

11. Default and Termination.

11.1 Default. In addition to the matters identified in Section 3.8, you will be in default under this Agreement if (a) you do not pay us when a payment is due, (b) you do not perform any of your other obligations when this Agreement and the System Standards Manual require, or (c) if you otherwise breach this Agreement. If your default is not cured within ten days after you receive written notice from us that you have not filed your monthly report, paid us any amount that is due or breached your obligations regarding Confidential Information, or within 30 days after you receive written notice from us of any other default (except as noted below), then we may terminate this Agreement by written notice to you under Section. We will not exercise our right to terminate if you have completely cured your default, or until any waiting period required by law has elapsed. In the case of quality assurance default, if you have acted diligently to cure the default but cannot do so and have entered into a written improvement agreement with us within 30 days after the failing inspection, you may cure the default within 90 days after the failing inspection. We may terminate the License if you do not perform that improvement agreement.

11.2 Termination. We may terminate the License, or this Agreement if the Opening Date has not occurred, effective when we send written notice to you or such later date as required by law or as stated in the default notice, when (1) you do not cure a default as provided in Section 11.1, (2) you discontinue operating the Facility as a "Wingate Inn", (3) you do or perform, directly or indirectly, any act or failure to act that in our reasonable judgment is or could be injurious or prejudicial to the goodwill associated with the Marks or the System, (4) you lose possession or the right to possession of the Facility, (5) you (or any guarantor) suffer the termination of another license or franchise agreement with us or one of our affiliates, (6) you intentionally maintain false books and records or submit a materially false report to us, (7) you (or any guarantor) generally fail to pay debts as they come due in the ordinary course of business, (8) you, any guarantor or any of your Owners or agents misstated to us or omitted to tell us a material fact to obtain or maintain this Agreement with us, (9) you receive two or more notices of default from us in any one year period (whether or not you cure the defaults), (10) a violation of Section 9 occurs, or a Transfer occurs before the relicensing process is completed, (11) you or any of your Equity Interest Owners contest in court the ownership or right to franchise or license all or any part of the System or the validity of any of the Marks, (12) you, any guarantor or the Facility is subject to any voluntary or involuntary bankruptcy, liquidation, dissolution, receivership, assignment, reorganization, moratorium, composition or a similar action or proceeding that is not dismissed within 60 days after its filing, or (13) you maintain or operate the Facility in a manner that endangers the health or safety of the Facility's guests.

11.3 Casualty and Condemnation.

11.3.1 You will notify us promptly after the Facility suffers a Casualty that prevents you from operating in the normal course of business, with less than 75% of guest rooms available. You will give us information on the availability of guest rooms and the Facility's ability to honor advance reservations. You will tell us in writing within 60 days after the Casualty whether or not you will restore, rebuild and refurbish the Facility to conform to System Standards and its condition prior to the Casualty. This restoration will be completed within 180 days after the Casualty. You may decide within the 60 days after the Casualty, and if we do not hear from you, we will assume that you have decided, to terminate this Agreement, effective as of the date of your notice or 60 days after the Casualty, whichever comes first. If this Agreement so terminates, you will pay all amounts accrued prior to termination and follow the post-termination requirements in Section 13. You will not be obligated to pay Liquidated Damages if the Facility will no longer be used as an extended stay or transient lodging facility after the Casualty.

11.3.2 You will notify us in writing within 10 days after you receive notice of any proposed Condemnation of the Facility, and within 10 days after receiving notice of the Condemnation date. This Agreement will terminate on the date the Facility or a substantial portion is conveyed to or taken over by the condemning authority.

11.4 Our Other Remedies. We may suspend the Facility from the Reservation System for any default or failure to pay or perform under this Agreement including the failure to observe Technology Standards or any other written agreement with us relating to the Facility, discontinue Reservation System referrals to the Facility for the duration of such suspension, and may divert previously made reservations to other Chain Facilities after giving notice of non-performance, non-payment or default. All System Assessment Fees accrue during the suspension period. We may deduct points under our quality assurance inspection program for your failure to comply with this Agreement or System Standards. Reservation service will be restored after you have fully cured any and all defaults and failures to pay and perform. We may omit the Facility from the Directory if you are in default on the date we must determine which Chain Facilities are included in the Directory. You recognize that any use of the System not in accord with this Agreement will cause us irreparable harm for which there is no adequate remedy at law, entitling us to injunctive and other relief. We may litigate to collect amounts past due under this Agreement without first issuing a default or termination notice. *Our consent or approval may be withheld if needed while you are in default under this Agreement or may be conditioned on the cure of all your defaults.*

11.5 Your Remedies. If we do not issue our approval or consent as and when required under this Agreement, within a reasonable time of not less than 30 days after we receive all of the information we request, and you believe our refusal to approve or consent is wrongful, you may bring a legal action against us to compel us to issue our approval or consent. To the extent permitted by applicable law, this action to compel us to issue our approval or consent shall be your exclusive remedy; and we shall not be liable to you for direct, indirect, special, consequential or exemplary damages, including but not limited to lost profits or revenues.

12. Liquidated Damages.

12.1 Generally. If we terminate the License under Section 11.2, or you terminate this Agreement

(except under Section 11.3 or as a result of our default which we do not cure within a reasonable time after written notice), you will pay us within 30 days following the date of termination, as Liquidated Damages, an amount equal to the sum of accrued Recurring Fees during the immediately preceding 24 full calendar months (or the number of months remaining in the unexpired Term (the "Ending Period") at the date of termination, whichever is less). If the Facility has been open for fewer than 24 months, then the amount shall be the average monthly Recurring Fees since the Opening Date multiplied by 24. You will also pay any applicable Taxes assessed on such payment. Before the Ending Period, Liquidated Damages will not be less than the product of \$2,000.00 multiplied by the number of guest rooms in the Facility. If we terminate this Agreement under Section 3 before the Opening Date, you will pay us within 10 days after you receive our notice of termination Liquidated Damages equal to \$1,000 per guest room. Liquidated Damages are paid in place of our claims for lost future Recurring Fees under this Agreement. Our right to receive other amounts due under this Agreement is not affected.

12.2 Condemnation Payments. In the event a Condemnation is to occur, you will pay us Recurring Fees for a period of one year after we receive the initial notice of condemnation described in Section 11.3, or until the Condemnation occurs, whichever is longer. You will pay us Liquidated Damages equal to the average daily Recurring Fees for the one year period preceding the date of your condemnation notice to us multiplied by the number of days remaining in the one year notice period if the Condemnation is completed before the one year notice period expires. This payment will be made within 30 days after Condemnation is completed (when you close the Facility or you deliver it to the condemning authority). You will pay no Liquidated Damages if the Condemnation is completed after the one year notice period expires, but Recurring Fees must be paid when due until Condemnation is completed.

13. Your Duties At and After Termination. When the License or this Agreement terminates for any reason whatsoever:

13.1 System Usage Ceases. You will immediately stop using the System to operate and identify the Facility. You will remove all signage and other items bearing any Marks and follow the other steps detailed in the System Standards Manual for changing the identification of the Facility. You will promptly paint over or remove the Facility's distinctive System trade dress, color schemes and architectural features. You shall not identify the Facility with a confusingly similar mark or name, or use the same colors as the System trade dress for signage, printed materials and painted surfaces. You will cease all Internet marketing using any Marks to identify the Facility.

13.2 Other Duties. You will pay all amounts owed to us under this Agreement within 10 days after termination. You will owe us Recurring Fees on Gross Room Revenues accruing while the Facility is identified as a "Wingate Inn", including the System Assessment Fees for so long as the Facility receives service from the Reservation System. We may immediately remove the Facility from the Reservation System and divert reservations as authorized in Section 11.4. We may notify third parties that the Facility is no longer associated with the Chain. We may also, to the extent permitted by applicable law, and without prior notice enter the Facility, and any other parcels, remove software (including archive and back-up copies) for accessing the Reservation System, all copies of the System Standards Manual, Confidential Information, equipment and all other personal property of ours, and paint over or remove and purchase for \$10.00, all or part of any interior or

exterior Mark-bearing signage (or signage face plates), including billboards, whether or not located at the Facility, that you have not removed or obliterated within five days after termination. You will promptly pay or reimburse us for our cost of removing such items, net of the \$10.00 purchase price for signage. We will exercise reasonable care in removing or painting over signage. We will have no obligation or liability to restore the Facility to its condition prior to removing the signage. We shall have the right, but not the obligation, to purchase some or all of the Facility's Mark-bearing FF&E and supplies at the lower of their cost or net book value, with the right to set off their aggregate purchase price against any sums then owed us by you.

13.3 Advance Reservations. The Facility will honor any advance reservations, including group bookings, made for the Facility prior to termination at the rates and on the terms established when the reservations are made and pay when due all related travel agent commissions.

13.4 Survival of Certain Provisions. Sections 3.8 (as to audits, for 2 years after termination), 3.13, 7 (as to amounts accruing through termination), 8, 11.4, 12, 13, 15, 16 and 17 survive termination of the License and this Agreement, whether termination is initiated by you or us, even if termination is wrongful.

14. Your Representations and Warranties. You expressly represent and warrant to us as follows:

14.1 Quiet Enjoyment and Financing. You own, or will own prior to commencing improvement, or lease, the Location and the Facility. You will be entitled to possession of the Location and the Facility during the entire Term without restrictions that would interfere with your performance under this Agreement, subject to the reasonable requirements of any financing secured by the Facility. You have, when you sign this Agreement, and will maintain during the Term, adequate financial liquidity and financial resources to perform your obligations under this Agreement.

14.2 This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your owners, Board of Directors and lenders. No executory franchise, license or affiliation agreement for the Facility exists other than this Agreement. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your principal owners is a party or is subject or to which the Facility is subject. Neither you nor the Facility is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in the Application. You will submit to us the documents about the Facility, you, your owners and your finances that we request in the Franchise Application (or after our review of your initial submissions) before or within 30 days after you sign this Agreement.

14.3 No Misrepresentations or Implied Covenants. All written information you submit to us about the Facility, you, your owners, any guarantor, or the finances of any such person or entity,

was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between we and you except as expressly stated in this Agreement.

15. Proprietary Rights.

15.1 Marks and System. You will not acquire any interest in or right to use the System or Marks except under this Agreement. You will not apply for governmental registration of the Marks, or use the Marks or our corporate name in your legal name, but you may use a Mark for an assumed business or trade name filing.

15.2 Inurements. All present and future distinguishing characteristics, improvements and additions to or associated with the System by us, you or others, and all present and future service marks, trademarks, copyrights, service mark and trademark registrations used and to be used as part of the System, and the associated good will, shall be our property and will inure to our benefit. You covenant that you will not, directly or indirectly through an affiliate, use the design embodied in the Basic Plans to design, construct or modify any structure other than a Chain Facility. You acknowledge that the Basic Plans include non-functional trade dress that is an integral part of the System and you covenant that you will not, directly or indirectly through an affiliate, use the trade dress in any structure that is not a Chain Facility. No good will shall attach to any secondary designator that you use.

15.3 Other Locations and Systems. We and our affiliates each reserve the right to own, in whole or in part, and manage, operate, use, lease, finance, sublease, franchise, license (as licensor or franchisee), provide services to or joint venture (i) distinctive separate lodging or food and beverage marks and other intellectual property which are not part of the System, and to enter into separate agreements with you or others (for separate charges) for use of any such other marks or proprietary rights, (ii) other lodging, food and beverage facilities, or businesses, under the System utilizing modified System Standards, and (iii) a Chain Facility at or for any location outside the Protected Territory. You acknowledge that we are affiliated with or in the future may become affiliated with other lodging providers or franchise systems that operate under names or marks other than the Marks. We and our affiliates may use or benefit from common hardware, software, communications equipment and services and administrative systems for reservations, franchise application procedures or committees, marketing and advertising programs, personnel, central purchasing, approved supplier lists, franchise sales personnel (or independent franchise sales representatives), etc.

15.4 Confidential Information. You will take all appropriate actions to preserve the confidentiality of all Confidential Information. Access to Confidential Information should be limited to persons who need the Confidential Information to perform their jobs and are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed a confidentiality agreement. You will not permit copying of Confidential Information (including, as to computer software, any translation, decompiling, decoding, modification or other alteration of the source code of such software). You will use Confidential Information only for the

Facility and to perform under this Agreement. Upon termination (or earlier, as we may request), you shall return to us all originals and copies of the System Standards Manual, policy statements and Confidential Information "fixed in any tangible medium of expression," within the meaning of the U.S. Copyright Act, as amended. Your obligations under this subsection commence when you sign this Agreement and continue for trade secrets (including computer software we license to you) as long as they remain secret and for other Confidential Information, for as long as we continue to use the information in confidence, even if edited or revised, plus three years. We will respond promptly and in good faith to your inquiry about continued protection of any Confidential Information.

15.5 Litigation. You will promptly notify us of (i) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), Confidential Information or other System intellectual property, and (ii) or any threatened or pending litigation related to the System against (or naming as a party) you or us of which you become aware. We alone handle disputes with third parties concerning use of all or any part of the System. You will cooperate with our efforts to resolve these disputes. We need not initiate suit against imitators or infringers who do not have a material adverse impact on the Facility, or any other suit or proceeding to enforce or protect the System in a matter we do not believe to be material.

15.6 Prior User. If you are unable to name the Facility "Wingate Inn" because a pre-existing user has senior rights in your hotel trading area, then your sole and exclusive remedy against us will be to terminate this Agreement and receive a refund of the Initial Fee and the Royalties paid prior to termination. You must give us 15 days prior written notice of termination in that circumstance.

15.7 The Internet. You may use the Internet to market the Facility subject to this Agreement and System Standards. You shall not use, license or register any domain name, universal resource locator, or other means of identifying you or the Facility that uses a mark or any image or language confusingly similar to a Mark without our consent. You will assign to us any such identification at our request without compensation or consideration. The content you provide us or use yourself for any Internet marketing must be true, correct and accurate, and you will notify us in writing promptly when any correction to the content becomes necessary. You shall promptly modify at our request the content of any Internet marketing material for the Facility you use, authorize, display or provide to conform to System Standards. Any use of the Marks and other elements of the System on the Internet inures to our benefit under Section 15.2.

16. Relationship of Parties.

16.1 Independence. You are an independent contractor. You are not our legal representative or agent, and you have no power to obligate us for any purpose whatsoever. We and you have a business relationship based entirely on and circumscribed by this Agreement. No partnership, joint venture, agency, fiduciary or employment relationship is intended or created by reason of this Agreement. You will exercise full and complete control over and have full responsibility for your contracts, daily operations, labor relations, employment practices and policies, including, but not limited to, the recruitment, selection, hiring, disciplining, firing, compensation, work rules and schedules of your employees.

16.2 Joint Status. If you comprise two or more persons or entities (notwithstanding any agreement, arrangement or understanding between or among such persons or entities) the rights, privileges and benefits of this Agreement may only be exercised and enjoyed jointly. The liabilities and responsibilities under this Agreement will be the joint and several obligations of all such persons or entities.

17. Legal Matters.

17.1 Partial Invalidity. If all or any part of a provision of this Agreement violates the law of your state (if it applies), such provision or part will not be given effect. If all or any part of a provision of this Agreement is declared invalid or unenforceable, for any reason, or is not given effect by reason of the prior sentence, the remainder of the Agreement shall not be affected. However, if in our judgment the invalidity or ineffectiveness of such provision or part substantially impairs the value of this Agreement to us, then we may at any time terminate this Agreement by written notice to you without penalty or compensation owed by either party.

17.2 Waivers, Modifications and Approvals. If we allow you to deviate from this Agreement, we may insist on strict compliance at any time after written notice. Our silence or inaction will not be or establish a waiver, consent, course of dealing, implied modification or estoppel. All modifications, waivers, approvals and consents of or under this Agreement by us must be in writing and signed by our authorized representative to be effective. We may unilaterally revise Schedule C when this Agreement so permits.

17.3 Notices. Notices will be effective if in writing and delivered by facsimile transmission with confirmation original sent by first class mail, postage prepaid, by delivery service, with proof of delivery, or by first class, prepaid certified or registered mail, return receipt requested, to the appropriate party at its address stated below or as may be otherwise designated by notice. The parties may also communicate via electronic mail between addresses to be established by notice. You consent to receive electronic mail from us. Notices shall be deemed given on the date delivered or date of attempted delivery, if refused.

Wingate Inns International, Inc.:

Our address: 1 Sylvan Way, P.O. Box 278, Parsippany, New Jersey 07054-0278

Attention: Vice President-Franchise Administration;

Fax No. (973) 496-5359

Your name: **Lakulish LLC,**

Your address: **43 Pinehurst Lane, Springboro, OH 45066**

Attention: **Mathew Patel;**

Your fax No.: **504-748-4037.**

17.4 Remedies. Remedies specified in this Agreement are cumulative and do not exclude any remedies available at law or in equity. The non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party to enforce this Agreement or collect amounts owed under this Agreement.

17.5 Miscellaneous. This Agreement is exclusively for the benefit of the parties. There are no third party beneficiaries. No agreement between us and anyone else is for your benefit. The section headings in this Agreement are for convenience of reference only.

17.6 Choice of Law; Venue; Dispute Resolution.

17.6.1 This Agreement will be governed by and construed under the laws of the State of New Jersey, except for its conflicts of law principles. The New Jersey Franchise Practices Act will not apply to any Facility located outside the State of New Jersey.

17.6.2 The parties shall attempt in good faith to resolve any dispute concerning this Agreement or the parties' relationship promptly through negotiation between authorized representatives. If these efforts are not successful, either party may attempt to resolve the dispute through non-binding mediation. Either party may request mediation through the National Franchise Mediation Program, using the procedures employed by the CPR Institute for Dispute Resolution, Inc. We will provide you with the contact address for that organization. The mediation will be conducted by a mutually acceptable and neutral third party. If the parties cannot resolve the dispute through negotiation or mediation, or choose not to negotiate or mediate, either party may pursue litigation.

17.6.3 You consent and waive your objection to the non-exclusive personal jurisdiction of and venue in the New Jersey state courts situated in Morris County, New Jersey and the United States District Court for the District of New Jersey for all cases and controversies under this Agreement or between we and you.

17.6.4 Waiver of Jury Trial. The parties waive the right to a jury trial in any action related to this Agreement or the relationship between the franchisor, the franchisee, any guarantor, and their respective successors and assigns.

17.7 Special Acknowledgments. You acknowledge the following statements to be true and correct as of the date you sign this Agreement, and to be binding on you.

17.7.1 You received our Uniform Franchise Offering Circular ("UFOC") for prospective franchisees at least 10 business days before, and a copy of this Agreement and all other agreements we are asking you to sign at least 5 business days before, signing this Agreement and paying the Initial Fee to us. You have received our UFOC at least 10 business days before you paid any fee to us or signed any contract with us.

17.7.2 Neither we nor any person acting on our behalf has made any oral or written representation or promise to you on which you are relying to enter into this Agreement that is not written in this Agreement. You release any claim against us or our agents based on any oral or written representation or promise not stated in this Agreement.

17.7.3 This Agreement, together with the exhibits and schedules attached, is the entire agreement superseding all previous oral and written representations, agreements and understandings of the parties about the Facility and the License.

17.7.4 You acknowledge that no salesperson has made any promise or provided any information to you about projected sales, revenues, income, profits or expenses from the Facility except as stated in Item 20 of the UFOC or in a writing that is attached to this Agreement.

17.7.5 You understand that the franchise relationship is an arms' length, commercial business relationship in which each party acts in its own interest.

17.8 Force Majeure. Neither you nor we shall be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform obligations results from: (a) windstorms, rains, floods, earthquakes, typhoons, mudslides or other similar natural causes; (b) fires, strikes, embargoes, war, or riot; (c) legal restrictions that prohibit or prevent performance; or (d) any other similar event or cause beyond the control of the party affected. Any delay resulting from any of such causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, so long as a remedy is continuously and diligently sought by the affected party, except that no such cause shall excuse payment of amounts owed at the time of such occurrence or payment of Recurring Fees and other amounts due to us subsequent to such occurrence other than a governmental or judicial order prohibiting such payments.

18. Special Stipulations. The following special stipulations apply to this Agreement and supersede any inconsistent or conflicting provisions. These are personal to you and are not transferable or assignable except to a Permitted Transferee.

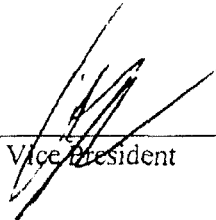
18.1 **Transfer Rights**. If you are not in default under this Agreement, at any time before the end of the first License Year, you may assign this Agreement at the same time as you convey the Facility to an entity in which you or the persons listed on Schedule B as the original owners of your Equity Interests are to be owners of at least 51% of the Equity Interests of the entity and retain control over the entity so that change of control, as defined in an Equity Transfer (Appendix A) does not occur. The transferee and you must sign and deliver to us the Assignment and Assumption Agreement in the form attached as Exhibit D before you transfer the Facility. No Application or Relicense Fees will be charged. The accounts of the transferee and you must be current at the time of transfer, or we will not recognize the transfer. The transferee must submit an application on our standard form and its organizational agreement or charter with the Assignment and Assumption Agreement. We will not recognize the transfer as effective until these documents are completed and delivered to us. The transferee must send us a copy of the warranty deed conveying the Facility within 30 days after its delivery.

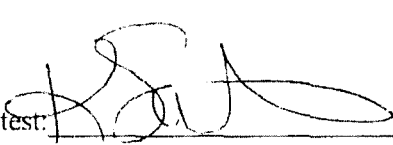
18.2 **Development Advance**. We will disburse to you a Development Advance if you meet or beat the opening deadline in Section 3.1. The principal amount of the Development Advance will be determined by the "Number of Guest Rooms Opened". If the Facility is to be built with (1) 64-79 guest rooms, then the Development Advance will be \$150,000; (2) 80-89 rooms, then the Development Advance will be \$200,000; (3) 90 or more rooms, then the Development Advance will be \$250,000. If there are less than 64 guest rooms, or the Facility does not open on time, then no Development Advance will be available. The Room and Time limits in this section are absolute and shall not be extended for any reason, including force majeure or excess review time for Plans under Section 3.2. You must give us at least 15 days advance notice of your anticipated Opening Date. If the Facility opens no later than the deadline for completing construction specified in

Section 3.1, the Advance will be disbursed within 10 days after the Opening Date and after the Facility passes its opening inspection to our satisfaction. You will be obligated to repay the "Outstanding Incentive Advance" if the License Terminates before the end of the fifteenth License Year. If the License Terminates because of a Transfer with our consent, and the transferee assumes the obligation to repay the unamortized balance of the Advance, you will not be obligated to repay the Advance unless the transferee fails to pay us when repayment is required. The Outstanding Incentive Advance is the original Incentive Advance, reduced by 1/15th for each full License Year completed at the time repayment is due. You will sign the attached Incentive Advance Note when you sign this Agreement. Your principal Equity Interest owners must co-sign the Note. No Incentive Advance will be disbursed, and the Incentive Advance Note will be cancelled, if the Opening Date occurs after the deadline for completing construction specified in Section 3.1.

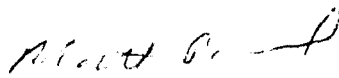
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

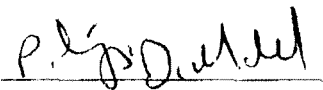
WE:
WINGATE INNS INTERNATIONAL, INC.

By: 
Vice President

Attest: 
Assistant Secretary

YOU, as Franchisee:
Lakulish LLC

By: 
Manager
D. ...

Witness: 

APPENDIX A

DEFINITIONS

Agreement means this Franchise Agreement.

Application Fee means the fee you pay when you submit your Application under Section 6.

Approved Plans means your plans and specifications for constructing or improving the Facility initially or after opening, as approved by us under Section 3.

Approved Supplier means a vendor authorized by us to provide proprietary or Mark-bearing items, or whose goods and services are deemed to meet applicable System Standards.

Basic Plans means the prototype drawings and specifications (architectural, structural, mechanical, plumbing, electrical and interiors), reflecting the overall design intent, FF&E, and color schemes for a Facility, that we deliver to you after the Effective Date. The Basic Plans do not include a project manual and are not appropriate for a specific Facility.

Casualty means destruction or significant damage to the Facility by act of God or other event beyond your reasonable anticipation and control.

Chain means the network of Chain Facilities.

Chain Facility means a lodging facility we own, lease, manage, operate or authorize another party to operate using the System and identified by the Marks.

Condemnation means the taking of the Facility for public use by a government or public agency legally authorized to do so, permanently or temporarily, or the taking of such a substantial portion of the Facility that continued operation in accordance with the System Standards, or with adequate parking facilities, is commercially impractical, or if the Facility or a substantial portion is sold to the condemning authority in lieu of condemnation.

Conference Fee means the fee we charge for attendance at a conference for Chain Facilities and their franchisees when and if held.

Confidential Information means any trade secrets we own or protect and other proprietary information not generally known to the lodging industry including confidential portions of the System Standards Manual or information we otherwise impart to you and your representatives in confidence. Confidential Information includes the "Rules of Operation Manual" and all other System Standards manuals and documentation, including those on the subjects of employee relations, finance and administration, field operation, purchasing and marketing, the Reservation System software and applications software.

Declaration means the Declaration of Franchise Agreement you and we sign under Section 5.

Design Standards mean standards specified in the System Standards Manual from time to time for design, construction, renovation, modification and improvement of new or existing Chain Facilities, including all aspects of facility design, number of rooms, rooms mix and configuration, construction materials, workmanship, finishes, electrical, mechanical, structural, plumbing, HVAC, utilities, access, life safety, parking, systems, landscaping, amenities, interior design and decor and the like for a Chain Facility.

Directory means the general purpose directory we publish listing the names and addresses of Chain Facilities, and at our discretion, other Wingate Inn facilities located outside the United States, Canada and Mexico.

Effective Date means the date we insert in the Preamble of this Agreement after we sign it.

Equity Interests shall include, without limitation, all forms of equity ownership of you, including voting stock interests, partnership interests, limited liability company membership or ownership interests, joint and tenancy interests, the proprietorship interest, trust beneficiary interests and all options, warrants, and instruments convertible into such other equity interests.

Equity Transfer means any transaction in which your owners or you sell, assign, transfer, convey, pledge, or suffer or permit the transfer or assignment of, any percentage of your Equity Interests that will result in a change in control of you to persons other than those disclosed on Schedule B, as in effect prior to the transaction. Unless there are contractual modifications to your owners' rights, an Equity Transfer of a corporation or limited liability company occurs when either majority voting rights or beneficial ownership of more than 50% of the Equity Interests changes. An Equity Transfer of a partnership occurs when a newly admitted partner will be the managing, sole or controlling general partner, directly or indirectly through a change in control of the Equity Interests of an entity general partner. An Equity Transfer of a trust occurs when either a new trustee with sole investment power is substituted for an existing trustee, or a majority of the beneficiaries convey their beneficial interests to persons other than the beneficiaries existing on the Effective Date. An Equity Transfer does not occur when the Equity Interest ownership among the owners of Equity Interests on the Effective Date changes without the admission of new Equity Interest owners. An Equity Transfer occurs when you merge, consolidate or issue additional Equity Interests in a transaction which would have the effect of diluting the voting rights or beneficial ownership of your owners' combined Equity Interests in the surviving entity to less than a majority.

Facility means the Location, together with all improvements, buildings, common areas, structures, appurtenances, facilities, entry/exit rights, parking, amenities, FF&E and related rights, privileges and properties constructed at the Location, as modified with our consent.

FF&E means furniture, fixtures and equipment.

FF&E Standards means standards specified in the System Standards Manual for FF&E and supplies to be utilized in a Chain Facility.

Food and Beverage means any restaurant, catering, bar/lounge, entertainment, room service, retail food or beverage operation, continental breakfast, food or beverage concessions and similar services offered at the Facility.

Gross Room Revenues means gross revenues attributable to or payable for rentals of guest rooms at the Facility, including all credit transactions, whether or not collected, but excluding separate charges to guests for Food and Beverage, room service, telephone charges, key forfeitures and entertainment; vending machine receipts; and federal, state and local sales, occupancy and use taxes.

Improvement Obligation means your obligation to construct and complete the Facility, in accordance with the Approved Plans and System Standards, as described in Section 3.

Indemnities means us, our direct and indirect parent, subsidiary and sister corporations, and the respective officers, directors, shareholders, employees, agents and contractors, and the successors, assigns, personal representatives, heirs and legatees of all such persons or entities.

Initial Fee means the fee you are to pay for signing this Agreement as stated in Section 6.

License means the non-exclusive license to operate the type of Chain Facility described in Schedule B only at the Location, using the System and the Mark we designate in Section 1.

License Year means the one year period beginning on the Opening Date and each subsequent anniversary of the Opening Date and ending on the day preceding the next anniversary of the Opening Date.

Liquidated Damages means the amounts payable under Section 12, set by the parties because actual damages will be difficult or impossible to ascertain on the Effective Date and the amount is a reasonable pre-estimate of the damages that will be incurred and is not a penalty.

Location means the parcel of land situated at **Tylersville Road and I-75, West Chester, OH**, as more fully described in Schedule A.

Losses and Expenses means all payments or obligations to make payments either (i) to or for third party claimants by any and all Indemnities, including guest refunds, or (ii) incurred by any and all Indemnities to investigate, respond to or defend a matter, including without limitation investigation and trial charges, costs and expenses, attorneys' fees, experts' fees, court costs, settlement amounts, judgments and costs of collection.

Maintenance Standards means the standards specified from time to time in the System Standards Manual for repair, refurbishment and replacement of FF&E, finishes, decor, and other capital items and design materials in Chain Facilities.

Marks means, collectively (i) the service marks associated with the System published in the System Standards Manual from time to time including, but not limited to, the name, design and logo for

“Wingate Inn” and other marks; and (ii) trademarks, trade names, trade dress, logos and derivations, and associated good will and related intellectual property interests.

Marks Standards means standards specified in the System Standards Manual for interior and exterior Mark-bearing signage, advertising materials, china, linens, utensils, glassware, uniforms, stationery, supplies, and other items, and the use of such items at the Facility or elsewhere.

Material Renovation means the upgrading, updating, modifications, replacements, additions, repairs, refurbishing, repainting, and other redecorating of the interior, exterior, guest rooms, public areas and grounds of the Facility and replacements of FF&E we may require you to perform under Section 3.16.

Material Renovation Notice means the written notice from us to you specifying the Material Renovation to be performed and the dates for commencement and completion given under Section 3.16.

Opening Date means the date on which we authorize you to open the Facility for business identified by the Marks and using the System.

Operations Standards means standards specified in the System Standards Manual for cleanliness, housekeeping, general maintenance, repairs, concession types, food and beverage service, vending machines, uniforms, staffing, employee training, guest services, guest comfort and other aspects of lodging operations.

Permitted Transferee means (i) any entity, natural person(s) or trust receiving from the personal representative of an owner any or all of the owner’s Equity Interests upon the death of the owner, if no consideration is paid by the transferee or (ii) the spouse or adult issue of the transferor, if the Equity Interest transfer is accomplished without consideration or payment, or (iii) any natural person or trust receiving an Equity Interest if the transfer is from a guardian or conservator appointed for an incapacitated or incompetent transferor.

Punch List means the list of upgrades, updates, improvements, repairs, repainting, refurbishing and replacements we prepare and require as part of the Transfer process.

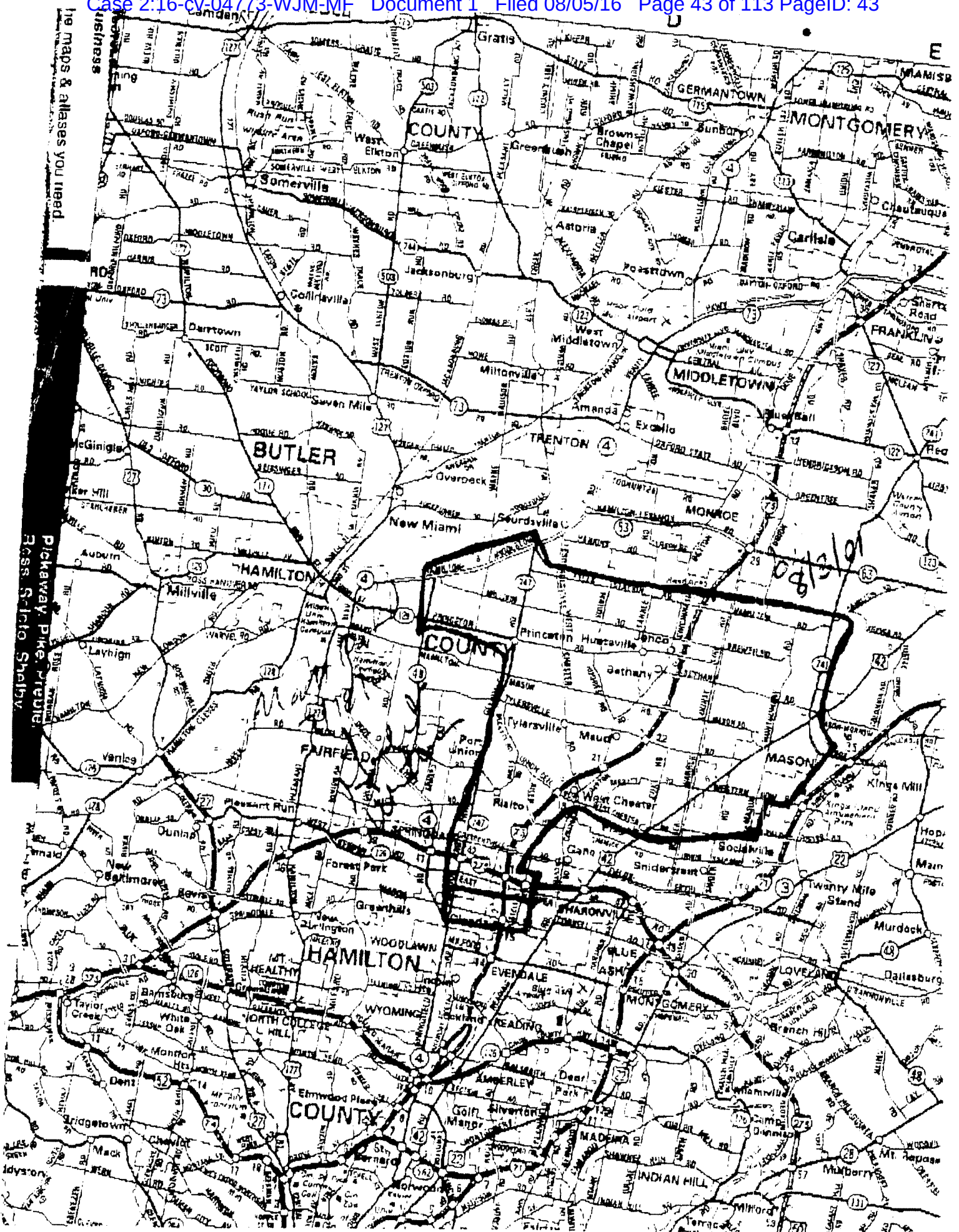
Protected Territory means **an area to include the following: ½ mile from the centerline beginning at the intersection of SR 747 and Kyles Station Road and traveling East until its name change to Hamilton Road then continuing West until its’ intersection with SR 741. Then heading Southeast along SR 741 to its intersection with I-71 but not including ½ mile of any corners of this intersection. Continuing South along I-71 to its intersection with Western Row Road but not including ¼ mile of any corner of this intersection. Continuing West on Western Road to its intersection and turning South at Mason Road then heading South on Mason until its intersection with West Chester Road until its intersection with I-75. Continuing South along I-75 until its intersection then heading West on Sharon Road to its intersection with Springfield Road. Commencing North along Springfield until its convergence with Glendale and continuing North along Glendale until its intersection with Princeton. Heading North and Northwest along Princeton until its’ intersection with 4B**

and traveling North until its intersection with 4, ending at the origination SR 747 and Kyles Station Road. Please see attached map.

Recurring Fees means the Royalties and System Assessment Fees as stated in Section 7.

Relicense Fee means the fee your transferee or you pay to us under Section 7 when a Transfer occurs.

Reservation System or "Central Reservation System" means the system for offering to interested parties, booking and communicating guest room reservations for Chain Facilities described in Section 4.2.



the maps & atlases you need.

Pickaway Pike, Prentiss
Ross, S. into Shelby

Rooms Addition Fee means the fee we charge you for adding guest rooms to the Facility.

Royalty means the monthly fee you pay to us for use of the System under Section 7.1. "Royalties" means the aggregate of all amounts owed as a Royalty.

Special Marketing Assessment means the fee you pay us under Section 7.1.3 and Schedule C for a frequent guest rewards program or other special marketing programs that we may create or undertake and require participation by Chain Facilities.

System means the comprehensive system for providing guest lodging facility services under the Marks as we specify, which at present includes only the following: (a) the Marks; (b) other intellectual property, including Confidential Information, System Standards Manual and know-how; (c) marketing, advertising, publicity and other promotional materials and programs; (d) System Standards; (e) training programs and materials; (f) quality assurance inspection and scoring programs; and (g) the Reservation System.

System Assessment Fee means the fee charged under Section 7.1.2 and Schedule C to pay for the cost of the System's marketing, advertising, public relations, Reservation System, training and other services.

System Standards means the standards for the participating in the Chain and using the System published in the System Standards Manual, including but not limited to Design Standards, FF&E Standards, Marks Standards, Operations Standards, Technology Standards and Maintenance Standards and any other standards, policies, rules and procedures we promulgate about System operation and usage.

System Standards Manual means the Standards of Operation and Design Manual and any other manual we publish or distribute specifying the System Standards.

Taxes means the amounts payable under Section 7.2 of this Agreement.

Technology Standards means standards specified in the System Standards Manual for local and long distance telephone communications services, telephone, telecopy and other communications systems, point of sale terminals and computer hardware and software for various applications, including, but not limited to, front desk, rooms management, records maintenance, marketing data, accounting, budgeting and interfaces with the Reservation System to be maintained at the Chain Facilities.

Term means the period of time during which this Agreement shall be in effect, as stated in Section 5.

Termination means a termination of the License under Sections 11.1 or 11.2 or your termination of the License or this Agreement.

Time means the period of time measured in months between the Effective Date and the Opening Date for the purpose of determining the amount of the Development Incentive. A month is equal to the period between the first day of the period and the same numbered day of the following month.

Transfer means (1) an Equity Transfer, (2) you assign, pledge, transfer, delegate or grant a security interest in all or any of your rights, benefits and obligations under this Agreement, as security or otherwise without our consent as specified in Section 9, (3) you assign (other than as collateral security for financing the Facility) your leasehold interest in (if any), lease or sublease all or any part of the Facility to any third party, (4) you engage in the sale, conveyance, transfer, or donation of your right, title and interest in and to the Facility, (5) your lender or secured party forecloses on or takes possession of your interest in the Facility, directly or indirectly, or (6) a receiver or trustee is appointed for the Facility or your assets, including the Facility. A Transfer does not occur when you pledge or encumber the Facility to finance its acquisition or improvement, you refinance it, or you engage in a Permitted Transferee transaction.

"You" and "Your" means and refers to the party named as franchisee identified in the first paragraph of this Agreement and its Permitted Transferees.

"We", "Our" and "Us" means and refers to Wingate Inns International, Inc., a Delaware corporation, its successors and assigns.

SCHEDULE A

(Legal Description of Facility)

SCHEDULE B*PART I: YOUR OWNERS*

<u>Name</u>	<u>Ownership Percentage</u>	<u>Type of Equity Interest</u>
Mathew Patel	100%	Individual

PART II: THE WINGATE INN FACILITY:

Number of approved guest rooms: **100**

Parking facilities (number of spaces, description): **100**

Other Amenities, services and facilities:

Meeting Room with minimum 40 places;

Board Room with approximately 12 places;

Indoor Whirlpool or Hot Tub;

Exercise Room with machines required by System Standards Manual;

Business Center with facsimile machine, copier with collating capability, personal computer, and personal computer printer capable of printing MS-DOS documents created under popular word processing and spreadsheet software.

Electronic lobby access doors

Multi-Systems, Inc. Property Management System; Telephone System with Lucent Guestworks or Comdial Concierge switch or another Approved Supplier.

LodgeNet Entertainment System for guest rooms.

OnLine by LodgeNet internet access system for meeting rooms, guest rooms, Business Center and back office.

Guest Rooms

All guest rooms will be equipped with the following, except as modified by changes in System Standards:

Two-line (2 unique station lines) touch tone telephone with data port, speaker and conference call features and separate cordless telephone;

25" color television with portable remote control, cable/satellite television programming with Cable News Network, sports channel, The Weather Channel or equivalent and at least one premium movie channel;

Coffee maker with two cups, regular and decaffeinated coffee and condiments;

Microwave/Refrigerator Combination Unit

Alarm clock/radio;

Individually controlled thermostat;

Keyed or programmable locking steel safe for valuables;

High-mounted, multi-stream shower in combination bathtub/shower;

Hair Dryer

Electronic guest room lock system, integrated with PMS.

WINGATE INNS INTERNATIONAL, INC.
SCHEDULE C
March 2001

System Assessment Fees and Other Fees

The System Assessment Fee is 4.00% of Gross Room Revenues.

The GDS Fee described in Section 7 is \$3.50 (\$4.00 effective February 15, 2001) per gross reservation communicated through the Global Distribution Systems. Internet-originated reservations carry fees of either (i) \$2.50 per gross reservation booked through the Chain's web site or other Internet sources, or (ii) \$7.00 per gross reservation booked over the TravelWeb.com Internet booking web site. Internet reservations may also carry travel agent commissions if the originator qualifies. If a reservation booked on the GDS, Chain web site or other Internet source, or TravelWeb.com, is canceled by the guest using the same source or web site as was used to make the reservation, you may not be charged the applicable fee. The travel agent commission described in Section 7 is 10% of the Gross Room Revenues generated by each reservation originated by a travel agent, plus our service charge of .75% of the commissionable revenue. The general sales agent commission (also known as international sales office commission) is 5% of the Gross Room Revenues generated by each reservation originated in an area served by a general sales agent/international sales office. We may charge a sales agent commission of up to 10% of the Gross Room Revenues generated from consumed reservations booked by members of affinity groups and organizations participating in our Member Benefits sales program, a portion of which we or an affiliate retains as a service fee.

We reserve the right to increase or modify the System Assessment Fee (subject to the limit imposed under Section 7.1.2) and any other fee and to add other fees and charges for new services, in our sole discretion as to amount or formula from time to time but with at least 60 days prior written notice, to reflect changes in the fully allocated costs of providing Reservation System services, to add, drop or modify the types of reservation services offered, and to provide the funds reasonably necessary or appropriate for the Chain's marketing, public relations and training programs.

Special Marketing Assessment

Effective June 1, 2000, Club Members staying at qualifying room rates at Chain Facilities earn points which are redeemable for free Wingate Inn stays and other travel and merchandise awards. Members earn one point per dollar spent for their guest room at qualifying rates (e.g., tax, incidentals, in-room movies are excluded). Every month each franchisee will be charged 5% of the Gross Room Revenues of all Members' qualifying stays at the Franchisee's Facility during the prior month. Franchisees must pay these fees when billed. For every free night certificate redeemed at a Franchisee's Facility, the Franchisee will be reimbursed at the following rates: 100% of the Facility's average daily rate for that night if the Facility is at least 90% occupied; 60% of the Facility's average daily rate for that night if the Facility is less than 90% occupied. Reimbursement will be in the form of a credit in the Franchisee's franchise account or in such other form as we may determine.

We may extend or modify this program.

GUARANTY

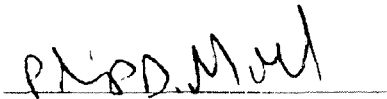
To induce Wingate Inns International, Inc., its successors and assigns ("you") to sign the Franchise Agreement (the "Agreement") with the party named as the "Franchisee," to which this Guaranty is attached, the undersigned, jointly and severally ("we, "our" or "us"), irrevocably and unconditionally (i) warrant to you that Franchisee's representations and warranties in the Agreement are true and correct as stated, and (ii) guaranty that Franchisee's obligations under the Agreement, including any amendments and any Development Incentive Note, will be punctually paid and performed.

Upon default by Franchisee and notice from you we will immediately make each payment and perform or cause Franchisee to perform, each unpaid or unperformed obligation of Franchisee under the Agreement. Without affecting our obligations under this Guaranty, you may without notice to us extend, modify or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee. We waive notice of amendment of the Agreement. We acknowledge that Section 17 of the Agreement, including Remedies, Venue, Dispute Resolution, and Waiver of Jury Trial, applies to this Guaranty.

Upon the death of an individual guarantor, the estate of the guarantor will be bound by this Guaranty for obligations of Franchisee to you existing at the time of death, and the obligations of all other guarantors will continue in full force and effect.

IN WITNESS WHEREOF, each of us has signed this Guaranty effective as of the date of the Agreement.

Witnesses:



Guarantors:

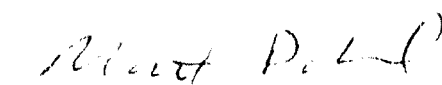

Mathew Patel

EXHIBIT B

DEVELOPMENT INCENTIVE NOTE

\$250,000.00

Parsippany, New Jersey

Date: 8-14-01

FOR VALUE RECEIVED, the undersigned Lakulish, LLC, a Limited Liability Company ("Maker") promises to pay to the order of WINGATE INNS INTERNATIONAL, INC., a Delaware corporation ("Holder"), the principal sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) which amount shall bear no interest unless Maker defaults or this Note is accelerated. The principal amount will be disbursed by Holder to Maker, and Maker will become subject to the obligation to repay or discharge this Note, when and if Maker opens the Facility in accordance with the Franchise Agreement, as described below. On each anniversary of the Facility's Opening Date, one-fifteenth of the original principal amount will be forgiven without payment. Maker's obligation to repay the principal of this Note will cease and this Note will be cancelled and discharged when the principal is completely forgiven. If this Note is accelerated and is not paid within ten (10) days after it is due, the outstanding principal balance shall bear simple interest at a rate equal to the lesser of eighteen (18%) percent per annum or the highest rate allowed by applicable law from its due date until paid. The outstanding principal balance of this Note shall be payable in lawful money of the United States of America at 1 Sylvan Way, Parsippany, New Jersey 07054, or at such other place as Holder may direct by written notice to Maker, if a Termination of the License granted under the Franchise Agreement between Maker and Holder occurs for any reason or a Transfer occurs and the transferee does not assume Maker's obligation under this Note in a writing acceptable to Holder prior to the closing of the Transfer. If such Termination or Transfer occurs, the outstanding, unamortized principal balance of this Note shall be immediately due and payable without further notice, demand or presentment. However, if Maker exercises any voluntary right to terminate the License before the tenth anniversary of the Opening Date, other than by reason of a Casualty or the Condemnation of the Facility, a prepayment premium equal to the previously amortized portion of the original principal balance of this Note will be due and payable, together with the outstanding, unamortized principal balance of this Note. Any payments shall be first applied to any accrued interest and then to principal. Maker has the right to prepay this Note, in whole or in part, at any time, without premium or penalty. Prepayments of principal will be applied without notation on this Note.

This Note is issued pursuant to the Franchise Agreement between Holder and Maker for the operation of a Wingate Inn System facility (the "Facility") to be located at Taylorville Road and I-75, Westchester, OH. All terms not defined herein shall have the same definition as in the License Agreement. If the Franchise Agreement terminates before the Facility opens and Holder does not disburse the Development Incentive to Maker, then this Note will be deemed discharged and neither party will have any further obligation to the other under this instrument. Maker's obligation to pay this Note shall be absolute and unconditional, and all payments shall be made without setoff, deduction, offset, recoupment or counterclaim.

If this Note is collected by or through an attorney at law, the Holder shall be entitled to collect reasonable attorney's fees and all costs of collection. This Note is issued in and shall be governed and construed according to the laws of the State of New Jersey (without the application of conflict of laws principles). Each maker, endorser, guarantor or accommodation party liable for this Note

waives presentment, demand, notice of demand, protest, notice of non-payment, notice of protest, notice of dishonor and diligence in collection. Holder reserves the right to modify the terms of this instrument, grant extensions, renewals, releases, discharges, compositions and compromises with any party liable on this Note, with or without notice to or the consent of, or discharging or affecting the obligations of any other party liable under this instrument. The terms "Holder" and "Maker" shall be deemed to include their respective heirs, successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law. All references to "Maker" shall mean and include the named Maker and all co-makers, guarantors, sureties and accommodation parties signing or endorsing this Note.

IN WITNESS WHEREOF, the undersigned have executed this instrument effective as of the date first above written.

WITNESS:

PLP & M

MAKER:

Lakulish LLC

Mathew Patel
Manager

CO-MAKERS:

PLP & M

Mathew Patel
Mathew Patel

EXHIBIT C

ASSIGNMENT AND ASSUMPTION AGREEMENT

This "Agreement" is made and entered into as of Oct. 4th, 2002 by and among Lukalish LLC, a Limited Liability Company ("Assignor"), Vistacon Management Company, a corporation ("Assignee"), and WINGATE INNS INTERNATIONAL, INC., a Delaware corporation (the "Company").

Recitals. Assignor is the Franchisee under a Franchise Agreement, dated as of August 14, 2001, a Software and Services Agreement and a Declaration of Franchise Agreement with WINGATE INNS INTERNATIONAL, INC. (the "Company"). Assignor is also party to an Integrated System Agreement with the Company. The Franchise Agreement, Declaration of Franchise Agreement, Integrated System Agreement and the Software and Services Agreement will be called the "Agreements." The Agreements are attached to this Agreement as Exhibit A and relate to the granting of a Wingate Inn System license for a lodging facility designated as Unit No. 30157 (the "Facility") to be developed at 7500 Tylers Place Blvd., West Chester, OH 45069. Assignor is conveying the Facility to Assignee. Assignor desires to assign the Agreements to Assignee, which desires to assume and accept the rights and obligations under the Agreements, effective as of the date of this Agreement.

IN CONSIDERATION of the premises, the mutual promises in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, it is agreed as follows:

1. Assignor assigns, transfers, bargains, sells, and delegates to Assignee all of its rights, title and interest in and to the Agreements, and its obligations existing and arising in the future, under the Agreements.
2. Assignee accepts and assumes the rights, benefits and obligations of the Franchisee under the Agreements, effective as of the date of this Agreement, including all existing and future obligations to pay and perform under the Agreements. Assignor shall remain secondarily liable for payment and performance of the Agreements. The owners of Assignee have executed the Guaranty attached to this Agreement.
3. To induce the Company to consent to this Agreement and the assignment of the Agreements, Assignee adopts and makes to the Company the representations and warranties of Franchisee set forth in Section 14 of the Franchise Agreement as of the effective date of this Agreement. Assignee is the owner of fee simple title to the Facility as of the effective date of this Agreement. Assignee's owners are shown on Exhibit B attached to this Agreement.
4. Assignee will deliver, together with this Agreement, evidence of insurance meeting System Standards, as contemplated under the Agreements and the Wingate Inn System Standards Manuals.
5. This Agreement shall be deemed a supplement to and modification of the Agreements. All references to "the Agreement" contained therein shall mean and refer to the original form of

Franchise Agreement, Integrated System Agreement or Software and Services Agreement as the case may be, as modified by any prior amendments and addenda and this Agreement. Except as expressly stated, no further supplements to or modifications of the Agreements are contemplated by the parties. There are no oral or other written arrangements between the Company and Assignor except as expressly stated in the Agreements and any written amendment or addendum thereto included as part of Exhibit "A". The Agreements, as previously modified, are incorporated by this reference.

6. Assignor and Assignee acknowledge that the Company has not participated in the negotiation and documentation of the transfer transaction between the parties, and neither has made any representation or warranty, nor furnished any information to either party. Assignee waives any and all claims against the Company, and its respective officers, directors, shareholders, affiliated corporations, employees and agents arising out of the transfer of the Facility. Assignee expressly acknowledges that the Company was not a participant in such transaction and that the Company has no liability in connection therewith. Assignee acknowledges that it has made such investigations of Assignor and the Facility as it believes appropriate.

7. Any notice required under the Agreements to be sent to Assignee shall be directed to:

ASSIGNEE:

Name: Vistacon Management Company
Street: 43 Pinehurst, Springboro
City, State & Zip: Springboro, OH 45066
Attention: Matthew Patel.

8. The Company consents to the assignment and assumption of the Agreements as provided in this Agreement. No waivers of performance or extensions of time to perform are granted or authorized. The Company will treat Assignee as the Franchisee under the Agreements. The License of Assignor under Section 1 of the Franchise Agreement will be terminated effective as of the date of this Agreement. The License Term of Assignee begins on the date of this Agreement and expires on the date the original License Term of Assignor expires.

9. A replacement Declaration of Franchise Agreement will be properly executed and notarized by Assignee concurrently with this Agreement or upon the Company's request, releasing the Declaration of Assignor.

[10. Assignee and its Principals have executed and delivered to the Company an Assumption of Development Incentive Note in the form attached to the Development Incentive Note of Assignor, as applicable, provided that such Assumption does not discharge or release Assignor and the co-makers of the Note relating to Assignor from liability under the Note.]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement effective as of the date first above written.

THE COMPANY:
WINGATE INNS INTERNATIONAL, INC.

By: [Signature] Attest: [Signature]
Vice President

ASSIGNOR:
LUKALISH LLC

By: LUKALISH PATEL Attest: [Signature]
Title: Secretary

ASSIGNEE:
VISTACON MANAGEMENT COMPANY

By: [Signature] Attest: [Signature]
Title: Secretary

Exhibit "A" - Franchise Agreement and related Agreements.
Exhibit "B" - Owners of Assignee
Guaranty

EXHIBIT A

THE AGREEMENTS

Copies of the Franchise Agreement, Software and Services Agreement, Integrated System Agreement, Declaration of Franchise Agreement, Development Incentive Note and other related documents follow this page.

EXHIBIT B

Schedule "B" of the Franchise Agreement is hereby amended as follows:

1. Owners (names, addresses and percentage equity interests; attach separate exhibit if necessary):

a. Of Assignee: Ownership %

Name: Narendra R. Patel

25%

Address: _____

Name: Pushpa N. Patel

37.5%

Address: _____

Name: Rita A. Patel

12.5%

Address: _____

Name: Asha D. Vyas

12.5%

Address: _____

Name: Ajay N. Patel

12.5%

Address: _____

GUARANTY

To induce Wingate Inns International, Inc., its successors and assigns ("you") to accept the Assignment and Assumption Agreement (the "Agreement", relating to the Franchise Agreement attached to the Assignment and Assumption Agreement) with the party named as the "Assignee," to which this Guaranty is attached, the undersigned, personally, jointly and severally ("we, "our" or "us"), irrevocably and unconditionally (i) warrant to you that Assignee's representations and warranties in the Agreement are true and correct as stated, and (ii) guaranty that Franchisee's obligations under the Agreement, including any amendments and any Development Incentive Note, will be punctually paid and performed, from and after the time Assignee becomes the Franchisee under the Franchise Agreement.

Upon default by Franchisee and notice from you we will immediately make each payment and perform or cause Franchisee to perform, each unpaid or unperformed obligation of Franchisee under the Agreement. Without affecting our obligations under this Guaranty, you may without notice to us extend, modify or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee. We waive notice of amendment of the Agreement and the underlying Franchise Agreement. We acknowledge that Section 17 of the Franchise Agreement, including Remedies, Venue and Dispute Resolution, and Waiver of Jury Trial, applies to this Guaranty.

Upon the death of an individual guarantor, the estate of the guarantor will be bound by this Guaranty for obligations of Franchisee to you existing at the time of death, and the obligations of all other guarantors will continue in full force and effect.

IN WITNESS WHEREOF, each of us has signed this Guaranty effective as of the date of the Agreement.

WITNESSES:

Edward D. Lhara
Edward D. Lhara
Edward D. Lhara
Edward D. Lhara
Edward D. Lhara

GUARANTORS:

Narendra R. Patel (Seal)
 Narendra R. Patel
Pushpa N. Patel (Seal)
 Pushpa N. Patel
Rita A. Patel (Seal)
 Rita A. Patel
Asha D. Vyas (Seal)
 Asha D. Vyas
Ajay N. Patel (Seal)
 Ajay N. Patel

Location: West Chester, OH

Entity No. _____

Unit No.: 30151

WINGATE INN
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement"), dated Aug. 14, 2001, is between WINGATE INNS INTERNATIONAL, INC., a Delaware corporation ("we", "our" or "us"), and Lakulish LLC, a **Limited Liability Company** ("you"). The definitions of capitalized terms are found in Appendix A. In consideration of the following mutual promises, the parties agree as follows:

1. License. We have the exclusive right to license and franchise to you the distinctive "Wingate Inn" System for providing transient guest lodging services. We grant to you and you accept the License, effective and commencing on the Opening Date and ending on the earliest to occur of the Term's expiration or a Termination. The License is effective only at the Location and may not be transferred or relocated. You will call the Facility a "Wingate Inn and Suites." You may adopt additional or secondary designations for the Facility with our prior written consent, which we may withhold, condition, or withdraw on written notice in our sole discretion. You shall not affiliate or identify the Facility with another franchise system, brand, cooperative or registered mark during the Term.

2. Protected Territory. We will not own, operate, lease, manage, or license anyone but you to operate a Wingate Inn in the "Protected Territory", defined in Appendix A, while this Agreement is in effect. We may own, operate, lease, manage, franchise or license anyone to operate any Chain Facility located anywhere outside the Protected Territory without any restriction or obligation to you. We may grant Protected Territories for other Chain Facilities that overlap your Protected Territory. You will use any information obtained through the Reservation System to refer guests, directly or indirectly, only to Chain Facilities. This Section does not apply to any Chain Facility located in the Protected Territory on the Effective Date, which we may renew, relicense, allow to expand, or replace with a replacement Facility located within the same trading area having not more than 120% of the guest rooms of the replaced Chain Facility if its franchise with us terminates or is not renewed. The Protected Territory fairly represents the Facility's trading area, and you acknowledge that there are no express or implied territorial rights or agreements between the parties except as stated in this Section.

3. Your Improvement and Operating Obligations. Your obligations to improve, operate and maintain the Facility are:

3.1 Improvements. You will select and acquire the Location and acquire, design, construct, equip and supply the Facility in accordance with Approved Plans, Schedule B and System Standards. You will provide proof of ownership or a ground lease of the Location before or within 30 days after the Effective Date. You will commence construction of the Facility within 180 days after the Effective Date or 90 days after we deliver the Basic Plans, whichever is later, and complete construction and

properly, deliver the certification as described in Section 3.2(b) in a period after the Effective Date that is no later than (i) eighteen months if the Facility is to have 100 or fewer guest rooms, or (ii) twenty months if the Facility is to have more than 100 guest rooms. Your general contractor or you must carry the insurance required under this Agreement during construction. We may, at our option, terminate this Agreement by written notice to you if you do not meet these deadlines. We may, in our sole discretion, grant extensions of time to perform any phase of the Improvement Obligation. You will pay us an extension fee equal to \$67.00 times the number of days of any extension of the deadline for opening the Facility. This Fee will be payable to us after each 30 days of the extension. You will pay us any extension fee outstanding when the Facility opens 10 days after the Opening Date. The Initial Fee described in Section 6 is not refundable. Construction commences, for purposes of this Section, when all of the following occur: (x) We approve a site plan, completed working drawings and detail specifications for the Facility; (y) Governmental permits are issued to commence foundation construction; and (z) You commence pouring concrete for building footings.

3.2 Improvement Plans. (a) The architect you select must sign and return to us the Basic Plans Agreement attached as Exhibit D. Within 15 days after we receive the signed Basic Plans Agreement, we will deliver to your architect a complete set of our Basic Plans. Your architect and you will create construction documents (including a project manual and working drawings) for the Facility based upon the Basic Plans, System Standards and this Agreement (particularly Schedule B), and then submit them for our approval before starting improvement of the Location. Your architect must certify to us and to you that the plans and specifications created from the Basic Plans comply with the design requirements of the Americans with Disabilities Act ("ADA"), the Department of Justice Standards for Accessible Design ("ADAAG") under that Act, and all codes that apply using the form of certificate in Exhibit D. We will not unreasonably withhold or delay our approval, which is intended only to assure that no unnecessary deviation from the Basic Plans is proposed, and to test compliance with System Standards, and not to detect errors or omissions in the work of your architects, engineers, contractors or the like, who must exercise their own independent professional care, skill and diligence in the design and construction of your Facility. Our review does not cover technical, architectural or engineering factors relating to the Location and adaptation of the Basic Plans for the Facility you want to build, or compliance with federal, state or local laws, regulations or code requirements, for which your architect is responsible. You must allow for 10 days of our review each time you submit Plans to us. We will not be liable to your lenders, contractors, employees, guests, others, or you on account of our review or approval of your plans, drawings or specifications, or our inspection of the Facility before, during or after construction or any subsequent renovation. Any material variation from the Approved Plans requires our prior written approval. You will promptly provide us with copies of permits, job progress reports, and other information as we may reasonably request. We may inspect the work while in progress without prior notice. We may direct you to change the work in progress if it deviates from the Approved Plans or System Standards. We may terminate this Agreement if you fail to comply with any such direction.

(b) Before we authorize you to open the Facility, you must complete and submit the Certification of ADA Compliance in the form attached to Exhibit D (the "Certification"). You must complete the Certification per its instructions and submit it to us only after it has been signed by your general contractor or either your architect of record or a consulting architect you hire for the

Certification. If you cannot obtain the signature of the contractor or such an architect for the Certification, you must sign the Licensee's Certification of Compliance on the signature page of the Certification. The Certification contains a checklist of ADA related matters that you must address in developing and completing the Facility. If we determine that the Certification has not been properly completed, or if we have actual knowledge (not constructive or implied knowledge) that the signatures on the Certification are false or fraudulent, we will return the Certification to you with written notice that we will not permit you to open the Facility for business under the System until we receive a properly completed Certification. We may terminate this Agreement under Section 3.1 or Section 11 if you do not submit the Certification properly completed before you open the Facility under the System, you fail to meet the deadline for completing the Facility specified in paragraph (a) of this Section 3.1 because you do not submit a properly completed Certification, or if you submit a false or fraudulent Certification. We will delay the Opening Date until you submit the properly completed Certification. We shall not be liable to you or any third party if the Certification is improperly completed or the Facility is not built or operated in compliance with ADA.

(c) After you have entered into a contract for constructing the Facility and before construction commences, your contractor, architect and you must meet with our representatives either in our nearest regional office or home office to discuss the Approved Plans, the timetable for construction, change order approval, our limited oversight and inspection roles and completion requirements. You will not commence construction of the Facility until this meeting occurs. We will provide a representative and meeting location for the meeting on at least 10 days advance notice.

3.3 Pre-Opening. You may identify the Facility as a Chain Facility prior to the Opening Date, or commence operation of the Facility under a Mark and using the System, only after first obtaining our approval, or as permitted under and strictly in accordance with the System Standards Manual. You may not open the Facility until it passes our completion inspection, at which we determine that the Facility as built meets our Standards, and we receive from you and your architect or contractor a written certificate in the form attached as part of Exhibit D stating that the Facility as built conforms to the Approved Plans and the design requirements of ADA, ADAAG and all applicable codes. If the Facility fails the inspection you designate as the completion inspection and does not meet our Standards and conform to the Approved Plans, then you must reimburse us for the actual, reasonable costs (travel, lodging, meals) of every additional inspection we perform before the Opening Date, including the inspection that results in authorizing the Facility's opening.

3.4 Operation. You will operate and maintain the Facility continuously after the Opening Date on a year-round basis as required by System Standards and offer transient guest lodging and other related services of the Facility (including those specified on Schedule B) to the public in compliance with the law and System Standards. You will keep the Facility in a clean, neat, and sanitary condition. You will clean, repair, replace, renovate, refurbish, paint, and redecorate the Facility and its FF&E as and when needed to comply with System Standards. The Facility will accept payment from guests by all credit and debit cards we designate in the System Standards Manual. You may add to or discontinue the amenities, services and facilities described in Schedule B, or lease or subcontract any service or portion of the Facility only with our prior written consent, which we will not unreasonably withhold or delay. Your front desk operation, telephone system, parking lot, swimming pool (if any) and other guest service facilities may not be shared with or

used by guests of another lodging or housing facility. Unless System Standards permit otherwise, you will not charge guests for local telephone calls made from guest room telephones or charge guests any access fee or surcharge on long distance telephone calls made from guest room telephones. You acknowledge that any breach of System Standards for the Facility, its guest amenities, and your guest service performance is material.

3.5 Training. You (or a person with executive authority if you are an entity) and the Facility's manager will attend the training programs described in Section 4.1 we designate as mandatory for franchisees or managers, respectively. You will train or cause the training of all Facility personnel as and when required by System Standards and this Agreement. You will pay for all travel, lodging, meals and compensation expenses of the people you send for training programs, the cost of training materials and other reasonable charges we may impose for training under Section 4.1, and all travel, lodging, meal and facility and equipment rental expenses of our representatives if training is provided at the Facility. The tuition charge for mandatory annual general manager training will not exceed \$1,500. You will direct the Facility staff to attend the Property Training Program described in Section 4.1.2.

3.6 Marketing. You will participate in System marketing programs, including the Directory and the Reservation System. You will obtain and maintain the computer and communications service and equipment we specify to participate in the Reservation System. You will comply with our rules and standards for participation, and will honor reservations and commitments to guests and travel industry participants. You may implement, at your option and expense, your own local advertising. Your advertising materials must use the Marks correctly, and must comply with System Standards or be approved in writing by us prior to publication. You will stop using any non-conforming, outdated or misleading advertising materials if we so request.

3.6.1 You will participate in any frequent guest rewards program we determine is appropriate and pay the Special Marketing Assessment associated with the program, under the terms approved by either majority vote of the Franchisees of all Chain Facilities that will be required to participate in the program or the board of directors of a franchisee advisory association, if then in existence.

3.6.2 You must participate in any regional marketing, training or management alliance or cooperative of Chain franchisees formed to serve the Chain Facilities in your area. We may assist the cooperative collect contributions. You may be excluded from cooperative programs and benefits if you don't participate in all cooperative programs according to their terms, including making payments and contributions when due.

3.6.3 The Facility must participate in our Chain-wide Internet marketing activities like other marketing programs. You will discontinue any Internet marketing that conflicts, in our reasonable discretion, with Chain-wide Internet marketing activities. You must honor the terms of any participation agreement you sign for Internet marketing. You shall pay when due any fees, commissions, charges and reimbursements relating to Internet marketing activities (i) in which you agree to participate, or (ii) that we designate as mandatory on a Chain-wide basis, provided that the activities carry aggregate fees per transaction of not more than the sum of the full agent commission specified on Schedule C for sales agents, plus 10% of the Chain's reported average daily rate for the preceding calendar year. We may suspend the Facility's participation in Internet marketing activity

if you default under this Agreement.

3.7 Governmental Matters. You will obtain as and when needed all governmental permits, licenses and consents required by law to construct, acquire, renovate, operate and maintain the Facility and to offer all services you advertise or promote. You will pay when due or properly contest all federal, state and local payroll, withholding, unemployment, beverage, permit, license, property, ad valorem and other taxes, assessments, fees, charges, penalties and interest, and will file when due all governmental returns, notices and other filings.

3.8 Financial Books & Records; Audits.

3.8.1 The Facility's transactions must be timely and accurately recorded in accounting books and records prepared on an accrual basis compliant with generally accepted accounting principles of the United States ("GAAP") and consistent with the most recent edition of the Uniform System of Accounts for the Lodging Industry published by the American Hotel & Motel Association, as modified by this Agreement and System Standards. You acknowledge that your accurate accounting for and reporting of Gross Room Revenues is a material obligation you accept under this Agreement.

3.8.2 We may notify you of a date on which we propose to audit the Facility's books and records. You will be deemed to confirm our proposed date unless you follow the instructions with the audit notice for changing the date. You need to inform us where the books and records will be produced. You need to produce for our auditors at the confirmed time and place for the audit the books, records, tax returns and financial statements relating to the Facility for the applicable accounting periods we require under this Agreement and System Standards. If our auditors must return to your location after the first date we confirm for the audit because you violate this Section 3.8.2 or refuse to cooperate with the reasonable requests of our auditors, you must pay us the Audit Fee under Section 4.8 when invoiced. We may also perform an audit of the Facility's books and records without advance notice. Your staff must cooperate with and assist our auditors to perform any audit we conduct.

3.8.3 We will notify you in writing if you default under this Agreement because (i) you do not cure a violation of Section 3.8.2 within 30 days after the date of the initial audit, (ii) you cancel 2 or more previously scheduled audits, (iii) you refuse to admit our auditors for an audit during normal business hours at the place where you maintain the Facility's books and records, or refuse to produce the books and records required under this Agreement and System Standards for the applicable accounting periods, (iv) our audit determines that the books and records you produced are incomplete or show evidence of tampering or violation of generally accepted internal control procedures, or (v) our audit determines that that you have reported to us less than 97% of the Facility's Gross Room Revenues for any fiscal year preceding the audit. Our notice of default may include, in our sole discretion and as part of your performance needed to cure the default under this Section 3.8, an "Accounting Procedure Notice." You must also pay any deficiency in Recurring Fees or other charges we identify and invoice as a result of the audit. The Accounting Procedure Notice requires that you obtain and deliver to us, within 90 days after the end of each of your next three fiscal years ending after the Accounting Procedure Notice, an audit opinion signed by an independent certified public accountant who is a member of the American Institute of Certified

Public Accountants addressed to us that the Facility's Gross Room Revenues you reported to us during the fiscal year fairly present the Gross Room Revenues of the Facility computed in accordance with this Agreement for the fiscal year.

3.9 Inspections. You acknowledge that the Facility's participation in our quality assurance inspection program (including unannounced inspections) is a material obligation you accept under this Agreement. You will permit our representatives to perform quality assurance inspections of the Facility at any time with or without advance notice. The inspections will commence during normal business hours although we may observe Facility operation at any time. You and the Facility staff will cooperate with the inspector performing the inspection. If the Facility fails an inspection, you refuse to cooperate with our inspector, or you refuse to comply with our published inspection System Standards, then you will pay us when invoiced for any reinspection fee specified in System Standards Manuals (which will not exceed \$1,500) plus the reasonable travel, lodging and meal costs our inspector incurs for a reinspection. We may publish and disclose the results of quality assurance inspections.

3.10 Insurance. You will obtain and maintain during the Term of this Agreement the insurance coverage required under the System Standards Manual from insurers meeting the standards established in the Manual. Unless we instruct you otherwise, your liability insurance policies will name as additional insureds Wingate Inns International, Inc., Cendant Finance Holding Corporation, Cendant Corporation, and their successors and assigns.

3.11 Conferences. You (or your representative with executive authority if you are an entity) and your general manager will attend each annual Chain conference and pay the Conference Fee we set for the Chain Facilities, if and when we determine to hold an annual Chain conference. Mandatory recurrent training for franchisees and managers described in Section 4.1.3 may be held at a conference. The fee will be the same for all Chain Facilities that we license in the United States. You will receive reasonable notice of a Chain conference. You will be charged the fee for each Chain conference held after the Effective Date of this Agreement.

3.12 Purchasing. You will purchase or obtain certain items we designate as proprietary or that bear Marks, such as signage, only from suppliers we approve. You may purchase any other items for the Facility from any competent source you select, so long as the items meet or exceed System Standards.

3.13 Good Will. You will use reasonable efforts to protect, maintain and promote the name "Wingate Inn" and its distinguishing characteristics, and the other Marks. You will not permit or allow your officers, directors, principals, employees, representatives, or guests of the Facility to engage in, conduct which is unlawful or damaging to the good will or public image of the Chain or System. You will participate in Chain-wide guest service and satisfaction guaranty programs we require in good faith for all Chain Facilities, including such programs as the free expanded continental breakfast, express check-in/check out, and children stay free in the guest room with parents. You will follow System Standards for identification of the Facility and for you to avoid confusion on the part of guests, creditors, lenders, investors and the public as to your ownership and operation of the Facility, and the identity of your owners.

3.14 Facility Modifications. You may materially modify, diminish or expand the Facility (or change its interior design, layout, FF&E, or facilities) only after you receive our prior written consent, which we will not unreasonably withhold or delay. You will pay our Rooms Addition Fee then in effect for each guest room you add once the Facility has 100 rooms. If we so request, you will obtain our prior written approval of the plans and specifications for any material modification, which we will not unreasonably withhold or delay. You will not open to the public any material modification until we inspect it for compliance with the Approved Plans and System Standards.

3.15 Courtesy Lodging. You will provide lodging at the "Employee Rate" established in the System Standards Manual from time to time, (but only to the extent that adequate room vacancies exist) to our representatives traveling on business, but not more than three standard guest rooms at the same time.

3.16 Material Renovations. Beginning five years after the Opening Date, we may issue a "Material Renovation Notice" to you that will specify a Material Renovation for the Facility, to be commenced no sooner than 90 days after the notice is issued. You will perform the Material Renovations as and when the Material Renovation Notice requires. We will not issue a Material Renovation Notice within five years after the date of a prior Material Renovation Notice.

3.17 Technology Standards. You recognize that the Wingate Inn System requires you to acquire, operate and maintain a computer-based property management system and provide guests with innovative technology for communications and entertainment. We may modify System Standards to require new technology at all Chain Facilities.

4. Our Operating and Service Obligations. We will provide you with the following services and assistance:

4.1 Training. We will offer hospitality management training, property opening, owner orientation training, recurrent training and supplemental training.

4.1.1 Management Training. No less than 60 days before the projected Opening Date, we will offer at a location in the United States we designate, and a Facility manager (usually the general manager) must complete, a training program to our satisfaction. The training program will not exceed two weeks in duration and will cover such topics as System Standards, services available from us, and operating a Chain Facility. Any replacement general manager of the Facility must complete the training program within the time specified in the System Standards Manual. You must pay the tuition in effect for this program when your initial or replacement manager signs up for it. Tuition for management training program is \$1,950 as of April 1, 2001 per trainee and is payable before the training commences. We may increase the tuition charge in the future. You must also pay for your representative's travel, lodging, meals, incidental expenses, compensation and benefits.

4.1.2 Property Opening Training. We will provide at the Facility a "Property Training Program" (at our discretion as to length and scheduling) to assist you in opening the Facility and Training each Facility department. There is no charge for the initial Property Training Program. You must provide lodging for the trainers at your expense. You will pay the cost of any site used if the

Facility is not available. We may require refresher training if the Facility does not meet Operations Standards. You must pay the reasonable travel, lodging, meal and out-of-pocket expenses incurred by our trainers for the initial Property Training Program.

4.1.3 Recurrent Training. We will provide training for you and the Facility's manager if we determine that additional training for franchisees and managers is necessary from time to time. Training will be held in our U.S. training center or other locations. You will pay for your representative's travel, lodging, meals, incidental expenses, compensation and benefits for this training. Tuition for mandatory annual general manager training will not exceed \$1,500. We may also require your principals and the Facility general manager to attend recurrent training if the Facility fails multiple quality assurance inspections or experiences significant complaints about the guest satisfaction guarantee policy, as condition to avoiding termination or to resumption of reservation service. We may charge a recurrent training fee of up to \$1,000 per day which must be paid before such training begins. You must also pay the trainer's reasonable travel, lodging, meal and out-of-pocket expenses if recurrent training is held at the Facility. We may assess you a reasonable charge for course materials. This training may be held in conjunction with a Chain conference.

4.1.4 Supplemental Training. We may offer optional training programs without charge or for reasonable tuition. We may offer, rent or sell to you video tapes, computer discs or other on-site training aids and materials, or require you to buy them at reasonable prices.

4.1.5 Franchisee Orientation Training. If this is your first Wingate System franchise, we will provide and you (or a person with executive authority if you are an entity) must attend the next available franchisee orientation program offered at least 60 days after the Effective Date. We will conduct the franchisee orientation program to familiarize you with the System, the Chain, and our services. The program will be no longer than five days. You must pay the tuition in effect for this program when you sign up for it. Tuition is \$825 as of April 1, 2001, but is subject to increase in the future. You must also pay for your travel, lodging, meals and incidental expenses.

4.1.6 Cancellation Fees and Tuition. We may charge you a reasonable cancellation fee if you cancel your training program commitments or reservations within 30 days (or such shorter period as we may specify) before the start of any training program at which you or your representative has a reservation. We may charge you reasonable tuition for your representatives to attend mandatory sessions other than those people we require to attend the training and fees for instructional materials.

4.2 Reservation System. We will operate and maintain (directly or by subcontracting with an affiliate or one or more third parties) a computerized Reservation System or such technological substitute(s) as we determine, in our discretion, beginning 30 days before the first Chain Facility opens. We will use the System Assessment Fee for the acquisition, development, support, equipping, maintenance, improvement and operation of the Reservation System. We will provide software maintenance for the software we license to you to connect to the Reservation System if your Recurring Fee payments are up to date. The Facility will participate in the Reservation System, commencing with the Opening Date for the balance of the Term. We have the right to provide reservation services to lodging facilities other than Chain Facilities or to other parties. We

will not offer callers to our general consumer toll free reservation telephone number the opportunity to make reservations for other lodging chains in the United States.

4.3 Marketing.

4.3.1 We will promote public awareness and usage of Chain Facilities by implementing advertising, promotion, publicity, market research and other marketing programs, training programs, and related activities, production and distribution of Chain publications and directories of hotels. We will determine in our discretion: (i) The nature and type of media placement; (ii) The allocation (if any) among international, national, regional and local markets; and (iii) The nature and type of advertising copy, other materials and programs. We or an affiliate may be reimbursed from System Assessment Fees for the reasonable direct and indirect costs, overhead or other expenses of providing marketing services. We are not obligated to supplement or advance funds available from System franchisees to pay for marketing activities. We do not promise that the Facility or you will benefit directly or proportionately from marketing activities.

4.3.2 We may, at our discretion, implement special international, national, regional or local promotional programs (which may or may not include the Facility) and may make available to you (to use at your option) media advertising copy and other marketing materials for prices which reasonably cover the materials' direct and indirect costs.

4.3.3 We will publish the Chain Directory. We will include the Facility in the Chain Directory after it opens if you submit the information we request on time, and you are not in default under this Agreement at the time we must arrange for publication. We will supply Directories to you for display at locations specified in the System Standards Manual or policy statements. We may assess you a reasonable charge for the direct and indirect expenses (including overhead) of producing and delivering the Directories.

4.4 **Purchasing.** We may offer optional assistance to you with purchasing items used at or in the Facility. Our affiliates may offer this service on our behalf. We may restrict the vendors authorized to sell proprietary or Mark-bearing items in order to control quality, provide for consistent service or obtain volume discounts. We will maintain and provide to you lists of suppliers approved to furnish Mark-bearing items, or whose products conform to System Standards.

4.5 **The System.** We will control and establish requirements for all aspects of the System. We may, in our discretion, change, delete from or add to the System, including any of the Marks or System Standards, in response to changing market conditions. We may, in our discretion, permit deviations from System Standards, based on local conditions and our assessment of the circumstances. We will permit existing facilities to convert to Chain Facilities after January 1, 2001.

4.6 **Consultations and Standards Compliance.** We will assist you to understand your obligations under System Standards by telephone, mail, during quality assurance inspections, through the System Standards Manual, at training sessions and during conferences and meetings we conduct. We will provide telephone and mail consultation on Facility operation and marketing through our representatives. We will offer you access to any Internet website we may maintain to

provide Chain franchisees with information and services, subject to any rules, policies and procedures we establish for its use and access and to this Agreement. We may limit or deny access to any such website while you are in default under this Agreement.

4.7 System Standards Manual and Other Publications. We will specify System Standards in the System Standards Manual, policy statements or other publications. We will lend you one copy of the System Standards Manual promptly after we sign this Agreement. We will send you any System Standards Manual revisions and/or supplements as and when issued. We will send you all other publications for Chain franchisees and all separate policy statements in effect from time to time.

4.8 Inspections and Audits. We have the unlimited right to conduct unannounced quality assurance inspections of the Facility and its operations, records and Mark usage to test the Facility's compliance with System Standards and this Agreement, and the audits described in Section 3.8. We may access the reports and data stored in the Facility's property management system provided that we do not unreasonably interfere with the normal functioning of the property management system. We have the unlimited right to reinspect if the Facility does not achieve the score required on an inspection. We may impose a reinspection fee and will charge you for our costs as provided in Section 3.9. You will pay us an "Audit Fee" of \$300.00 when we invoice you for an Audit Fee under Section 3.8. We may increase the Audit Fee on a Chain-wide basis to cover any increases in our audit costs to not more than \$500.00, effective any time after December 31, 2005. Our inspections are solely for the purposes of checking compliance with System Standards.

5. Term. The Term begins on the Effective Date and expires on the day prior to the twentieth anniversary of the Opening Date. Some of your duties and obligations will survive termination or expiration of this Agreement. You will execute and deliver to us with this Agreement a notarized Declaration of Franchise Agreement in recordable form. We will countersign and return one copy of the Declaration to you. We may, at our option, record the Declaration in the real property records of the county where the Facility is located. The Declaration will be released at your request and expense when this Agreement terminates or expires and you perform your post-termination obligations. **NEITHER PARTY HAS RENEWAL RIGHTS OR OPTIONS.**

6. Application and Initial Fees. We should receive from you a non-refundable Application Fee of \$1,000.00. You will pay us a non-refundable Initial Fee in the amount of **\$35,000.00**, when you sign this Agreement, which is fully earned when we sign this Agreement.

7. Monthly Fees, Taxes and Interest.

7.1 You will pay us certain fees each month of the Term payable in U.S. dollars (or such other currency as we may direct if the Facility is outside the United States) ten days after the month in which they accrue, without billing or demand. These fees include the following:

7.1.1 A "Royalty" equal to four and five-tenths percent (4.5%) of Gross Room Revenues of the Facility accruing during the calendar month, to compensate us for granting you the License and the opportunity to use the System, accrues from the earlier of the Opening Date or the date you begin operating the Facility under a Mark without our consent.

7.1.2 A "System Assessment Fee" as stated in Schedule C for advertising, public relations, marketing, training, reservation and other related services and programs, accrues from the Opening Date until the end of the Term, including during periods when reservation service is suspended. After consultation with the official advisory board or committee, if any, and upon 60 days written notice, we may change the System Assessment Fee for all Chain Facilities to cover costs (including reasonable direct and indirect overhead costs) related to such services and programs or to cover the cost of additional services or programs. You will also pay or reimburse us as described in Schedule C for travel and other sales agent commissions paid for certain reservations at the Facility plus a reasonable service charge, and a "GDS Fee" levied to pay for reservations for the Facility originated or processed through the Global Distribution System, the Internet, or other reservation systems and networks. We may charge Chain Facilities using the System outside the United States for reservation service using a different formula. We may increase or adjust the System Assessment Fee, travel agent commissions, service charges, and other fees in the future on not less than 60 days prior written notice, provided that you will not be required to pay more than 6% of Gross Room Revenues for the System Assessment Fee.

7.1.3 A "Special Marketing Assessment" as stated in Schedule C for a frequent guest rewards program that we may create or undertake and require participation by all Chain Facilities.

7.2 You will pay to us "Taxes" equal to any federal, state or local sales, gross receipts, use, value added, excise or similar taxes assessed against us on the Recurring Fees by the jurisdictions where the Facility is located, but not including any income tax, franchise or other tax for our privilege of doing business in your State. You will pay Taxes to us when due.

7.3 "Interest" is payable when you receive our invoice on any past due amount payable to us under this Agreement at the rate of 1.5% per month or the maximum rate permitted by applicable law, whichever is less, accruing from the due date until the amount is paid.

7.4 If a transfer occurs, your transferee or you will pay us our then current Application Fee and a "Relicense Fee" equal to the Initial Fee we would then charge a new franchisee for the Facility.

8. Indemnifications.

8.1 Independent of your obligation to procure and maintain insurance, you will indemnify, defend and hold the Indemnities harmless, to the fullest extent permitted by law, from and against all Losses and Expenses, incurred by any Indemnitee for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, relating to or arising out of any transaction, occurrence or service at, or involving the operation of, the Facility, any breach or violation of any contract or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with you or any of the owners, officers, directors, employees, agents, contractors or subcontractors of you or your affiliates, including when you are alleged or held to be the actual, apparent or ostensible agent of the Indemnitee, or the active or passive negligence of any Indemnitee is alleged or proven. You have no obligation to indemnify an Indemnitee for damages to compensate for property damage or personal injury if a court of competent jurisdiction makes a final decision not subject to further appeal that the Indemnitee

engaged in willful misconduct or intentionally caused such property damage or bodily injury. This exclusion from the obligation to indemnify shall not, however, apply if the property damage or bodily injury resulted from the use of reasonable force by the Indemnitee to protect persons or property.

8.2 You will respond promptly to any matter described in the preceding paragraph, and defend the Indemnitee. You will reimburse the Indemnitee for all costs of defending the matter, including reasonable attorneys' fees, incurred by the Indemnitee if your insurer or you do not assume defense of the Indemnitee promptly when requested, or separate counsel is appropriate, in our discretion, because of actual or potential conflicts of interest. We must approve any resolution or course of action in a matter that could directly or indirectly have any adverse effect on us or the Chain, or could serve as a precedent for other matters.

8.3 We will indemnify, defend and hold you harmless, to the fullest extent permitted by law, from and against all Losses and Expenses incurred by you in any action or claim arising from your proper use of the System alleging that your use of the System and any property we license to you is an infringement of a third party's rights to any trade secret, patent, copyright, trademark, service mark or trade name. You will promptly notify us in writing when you become aware of any alleged infringement or an action is filed against you. You will cooperate with our defense and resolution of the claim. We may resolve the matter by obtaining a license of the property for you at our expense, or by requiring that you discontinue using the infringing property or modify your use to avoid infringing the rights of others.

9. Your Assignments, Transfers and Conveyances.

9.1 **Transfer of the Facility.** This Agreement is personal to you (and your owners if you are an entity). We are relying on your experience, skill and financial resources (and that of your owners and the guarantors, if any) to sign this Agreement with you. You may finance the Facility and grant a lien, security interest or encumbrance on it without notice to us or our consent. If a Transfer is to occur, the transferee or you must comply with Section 9.3. Your License is subject to termination when the Transfer occurs. The License is not transferable to your transferee, who has no right or authorization to use the System and the Marks when you transfer ownership or possession of the Facility. The transferee may not operate the Facility under the System, and you are responsible for performing the post-termination obligations in Section 13. You and your owners may, only with our prior written consent and after you comply with Sections 9.3 and 9.6, assign, pledge, transfer, delegate or grant a security interest in all or any of your rights, benefits and obligations under this Agreement, as security or otherwise. Transactions involving Equity Interests that are not Equity Transfers do not require our consent and are not Transfers.

9.2 **Public Offerings and Registered Securities.** You may engage the first registered public offering of your Equity Interests only after you pay us a public offering fee equal to \$25,000. Your Equity Interests (or those of a person, parent, subsidiary, sibling or affiliate entity, directly or indirectly effectively controlling you), are freely transferable without the application of this Section if they are, on the Effective Date, or after the public offering fee is paid, they become, registered under the Federal Securities Act of 1933, as amended, or a class of securities registered under the Securities Exchange Act of 1934, as amended, or listed for trading on a national securities exchange

or the automated quotation system of the National Association of Securities Dealers, Inc. (or any successor system), provided that any tender offer for at least a majority of your Equity Interests will be an Equity Transfer subject to Section 9.1.

9.3 Conditions. We may, to the extent permitted by applicable law, condition and withhold our consent to a Transfer when required under this Section 9 until the transferee and you meet certain conditions. If a Transfer is to occur, the transferee (or you, if an Equity Transfer is involved) must first complete and submit our Application, qualify to be a franchisee in our sole discretion, given the circumstances of the proposed Transfer, provide the same supporting documents as a new franchise applicant, pay the Application and Relicense Fees then in effect, sign the form of Franchise Agreement we then offer and agree to renovate the Facility as we reasonably determine, if the Facility achieves a score of less than "Satisfactory" on its most recent Quality Assurance inspection. We will provide a Punch List of improvements we will require after we receive the transferee's Application. We must also receive general releases from you and each of your owners, and payment of all amounts then owed to us and our affiliates by you, your owners, your affiliates, the transferee, its owners and affiliates, under this Agreement or otherwise. Our consent to the transaction will not be effective until these conditions are satisfied.

9.4 Permitted Transferee Transactions. You may transfer an Equity Interest or effect an Equity Transfer to a Permitted Transferee without obtaining our consent, renovating the Facility or paying a Relicense Fee or Application Fee. No Transfer will be deemed to occur. You also must not be in default and you must comply with the application and notice procedures specified in Sections 9.3 and 9.6. Each Permitted Transferee must first agree in writing to be bound by this Agreement, or at our option, execute the Franchise Agreement form then offered prospective franchisees. No transfer to a Permitted Transferee shall release a living transferor from liability under this Agreement or any guarantor under any Guaranty of this Agreement. You must comply with this Section if you transfer the Facility to a Permitted Transferee. A transfer resulting from a death may occur even if you are in default under this Agreement.

9.5 Attempted Transfers. Any transaction requiring our consent under this Section 9 in which our consent is not first obtained shall be void, as between you and us. You will continue to be liable for payment and performance of your obligations under this Agreement until we terminate this Agreement, all your financial obligations to us are paid and all System identification is removed from the Facility.

9.6 Notice of Transfers. You will give us at least 30 days prior written notice of any proposed Transfer or Permitted Transferee transaction. You will notify us when you sign a contract to Transfer the Facility and 10 days before you intend to close on the transfer of the Facility. We will respond to all requests for our consent and notices of Permitted Transferee transactions within a reasonable time not to exceed 30 days. You will notify us in writing within 30 days after a change in ownership of 25% or more of your Equity Interests that are not publicly held or that is not an Equity Transfer, or a change in the ownership of the Facility if you are not its owner. You will provide us with lists of the names, addresses, and ownership percentages of your owner(s) at our request.

10. Our Assignments. We may assign, delegate or subcontract all or any part of our rights and

duties under this Agreement, including by operation of law, without notice and without your consent. You are not the third party beneficiary of any contract with a third party to provide services to you under this Agreement, but we are responsible for the performance of all of our obligations to you under this Agreement. We may dissolve, terminate and wind up our business under applicable law but we will transfer the System and this Agreement to a party that will perform the franchisor's obligations and that will assume this Agreement in writing. We will have no obligations to you after you are notified that our transferee has assumed our obligations under this Agreement except those that arose before we assign this Agreement.

11. Default and Termination.

11.1 Default. In addition to the matters identified in Section 3.8, you will be in default under this Agreement if (a) you do not pay us when a payment is due, (b) you do not perform any of your other obligations when this Agreement and the System Standards Manual require, or (c) if you otherwise breach this Agreement. If your default is not cured within ten days after you receive written notice from us that you have not filed your monthly report, paid us any amount that is due or breached your obligations regarding Confidential Information, or within 30 days after you receive written notice from us of any other default (except as noted below), then we may terminate this Agreement by written notice to you under Section. We will not exercise our right to terminate if you have completely cured your default, or until any waiting period required by law has elapsed. In the case of quality assurance default, if you have acted diligently to cure the default but cannot do so and have entered into a written improvement agreement with us within 30 days after the failing inspection, you may cure the default within 90 days after the failing inspection. We may terminate the License if you do not perform that improvement agreement.

11.2 Termination. We may terminate the License, or this Agreement if the Opening Date has not occurred, effective when we send written notice to you or such later date as required by law or as stated in the default notice, when (1) you do not cure a default as provided in Section 11.1, (2) you discontinue operating the Facility as a "Wingate Inn", (3) you do or perform, directly or indirectly, any act or failure to act that in our reasonable judgment is or could be injurious or prejudicial to the goodwill associated with the Marks or the System, (4) you lose possession or the right to possession of the Facility, (5) you (or any guarantor) suffer the termination of another license or franchise agreement with us or one of our affiliates, (6) you intentionally maintain false books and records or submit a materially false report to us, (7) you (or any guarantor) generally fail to pay debts as they come due in the ordinary course of business, (8) you, any guarantor or any of your Owners or agents misstated to us or omitted to tell us a material fact to obtain or maintain this Agreement with us, (9) you receive two or more notices of default from us in any one year period (whether or not you cure the defaults), (10) a violation of Section 9 occurs, or a Transfer occurs before the relicensing process is completed, (11) you or any of your Equity Interest Owners contest in court the ownership or right to franchise or license all or any part of the System or the validity of any of the Marks, (12) you, any guarantor or the Facility is subject to any voluntary or involuntary bankruptcy, liquidation, dissolution, receivership, assignment, reorganization, moratorium, composition or a similar action or proceeding that is not dismissed within 60 days after its filing, or (13) you maintain or operate the Facility in a manner that endangers the health or safety of the Facility's guests.

11.3 Casualty and Condemnation.

11.3.1 You will notify us promptly after the Facility suffers a Casualty that prevents you from operating in the normal course of business, with less than 75% of guest rooms available. You will give us information on the availability of guest rooms and the Facility's ability to honor advance reservations. You will tell us in writing within 60 days after the Casualty whether or not you will restore, rebuild and refurbish the Facility to conform to System Standards and its condition prior to the Casualty. This restoration will be completed within 180 days after the Casualty. You may decide within the 60 days after the Casualty, and if we do not hear from you, we will assume that you have decided, to terminate this Agreement, effective as of the date of your notice or 60 days after the Casualty, whichever comes first. If this Agreement so terminates, you will pay all amounts accrued prior to termination and follow the post-termination requirements in Section 13. You will not be obligated to pay Liquidated Damages if the Facility will no longer be used as an extended stay or transient lodging facility after the Casualty.

11.3.2 You will notify us in writing within 10 days after you receive notice of any proposed Condemnation of the Facility, and within 10 days after receiving notice of the Condemnation date. This Agreement will terminate on the date the Facility or a substantial portion is conveyed to or taken over by the condemning authority.

11.4 Our Other Remedies. We may suspend the Facility from the Reservation System for any default or failure to pay or perform under this Agreement including the failure to observe Technology Standards or any other written agreement with us relating to the Facility, discontinue Reservation System referrals to the Facility for the duration of such suspension, and may divert previously made reservations to other Chain Facilities after giving notice of non-performance, non-payment or default. All System Assessment Fees accrue during the suspension period. We may deduct points under our quality assurance inspection program for your failure to comply with this Agreement or System Standards. Reservation service will be restored after you have fully cured any and all defaults and failures to pay and perform. We may omit the Facility from the Directory if you are in default on the date we must determine which Chain Facilities are included in the Directory. You recognize that any use of the System not in accord with this Agreement will cause us irreparable harm for which there is no adequate remedy at law, entitling us to injunctive and other relief. We may litigate to collect amounts past due under this Agreement without first issuing a default or termination notice. *Our consent or approval may be withheld if needed while you are in default under this Agreement or may be conditioned on the cure of all your defaults.*

11.5 Your Remedies. If we do not issue our approval or consent as and when required under this Agreement, within a reasonable time of not less than 30 days after we receive all of the information we request, and you believe our refusal to approve or consent is wrongful, you may bring a legal action against us to compel us to issue our approval or consent. To the extent permitted by applicable law, this action to compel us to issue our approval or consent shall be your exclusive remedy; and we shall not be liable to you for direct, indirect, special, consequential or exemplary damages, including but not limited to lost profits or revenues.

12. Liquidated Damages.

12.1 Generally. If we terminate the License under Section 11.2, or you terminate this Agreement

(except under Section 11.3 or as a result of our default which we do not cure within a reasonable time after written notice), you will pay us within 30 days following the date of termination, as Liquidated Damages, an amount equal to the sum of accrued Recurring Fees during the immediately preceding 24 full calendar months (or the number of months remaining in the unexpired Term (the "Ending Period") at the date of termination, whichever is less). If the Facility has been open for fewer than 24 months, then the amount shall be the average monthly Recurring Fees since the Opening Date multiplied by 24. You will also pay any applicable Taxes assessed on such payment. Before the Ending Period, Liquidated Damages will not be less than the product of \$2,000.00 multiplied by the number of guest rooms in the Facility. If we terminate this Agreement under Section 3 before the Opening Date, you will pay us within 10 days after you receive our notice of termination Liquidated Damages equal to \$1,000 per guest room. Liquidated Damages are paid in place of our claims for lost future Recurring Fees under this Agreement. Our right to receive other amounts due under this Agreement is not affected.

12.2 Condemnation Payments. In the event a Condemnation is to occur, you will pay us Recurring Fees for a period of one year after we receive the initial notice of condemnation described in Section 11.3, or until the Condemnation occurs, whichever is longer. You will pay us Liquidated Damages equal to the average daily Recurring Fees for the one year period preceding the date of your condemnation notice to us multiplied by the number of days remaining in the one year notice period if the Condemnation is completed before the one year notice period expires. This payment will be made within 30 days after Condemnation is completed (when you close the Facility or you deliver it to the condemning authority). You will pay no Liquidated Damages if the Condemnation is completed after the one year notice period expires, but Recurring Fees must be paid when due until Condemnation is completed.

13. Your Duties At and After Termination. When the License or this Agreement terminates for any reason whatsoever:

13.1 System Usage Ceases. You will immediately stop using the System to operate and identify the Facility. You will remove all signage and other items bearing any Marks and follow the other steps detailed in the System Standards Manual for changing the identification of the Facility. You will promptly paint over or remove the Facility's distinctive System trade dress, color schemes and architectural features. You shall not identify the Facility with a confusingly similar mark or name, or use the same colors as the System trade dress for signage, printed materials and painted surfaces. You will cease all Internet marketing using any Marks to identify the Facility.

13.2 Other Duties. You will pay all amounts owed to us under this Agreement within 10 days after termination. You will owe us Recurring Fees on Gross Room Revenues accruing while the Facility is identified as a "Wingate Inn", including the System Assessment Fees for so long as the Facility receives service from the Reservation System. We may immediately remove the Facility from the Reservation System and divert reservations as authorized in Section 11.4. We may notify third parties that the Facility is no longer associated with the Chain. We may also, to the extent permitted by applicable law, and without prior notice enter the Facility, and any other parcels, remove software (including archive and back-up copies) for accessing the Reservation System, all copies of the System Standards Manual, Confidential Information, equipment and all other personal property of ours, and paint over or remove and purchase for \$10.00, all or part of any interior or

exterior Mark-bearing signage (or signage face plates), including billboards, whether or not located at the Facility, that you have not removed or obliterated within five days after termination. You will promptly pay or reimburse us for our cost of removing such items, net of the \$10.00 purchase price for signage. We will exercise reasonable care in removing or painting over signage. We will have no obligation or liability to restore the Facility to its condition prior to removing the signage. We shall have the right, but not the obligation, to purchase some or all of the Facility's Mark-bearing FF&E and supplies at the lower of their cost or net book value, with the right to set off their aggregate purchase price against any sums then owed us by you.

13.3 Advance Reservations. The Facility will honor any advance reservations, including group bookings, made for the Facility prior to termination at the rates and on the terms established when the reservations are made and pay when due all related travel agent commissions.

13.4 Survival of Certain Provisions. Sections 3.8 (as to audits, for 2 years after termination), 3.13, 7 (as to amounts accruing through termination), 8, 11.4, 12, 13, 15, 16 and 17 survive termination of the License and this Agreement, whether termination is initiated by you or us, even if termination is wrongful.

14. Your Representations and Warranties. You expressly represent and warrant to us as follows:

14.1 Quiet Enjoyment and Financing. You own, or will own prior to commencing improvement, or lease, the Location and the Facility. You will be entitled to possession of the Location and the Facility during the entire Term without restrictions that would interfere with your performance under this Agreement, subject to the reasonable requirements of any financing secured by the Facility. You have, when you sign this Agreement, and will maintain during the Term, adequate financial liquidity and financial resources to perform your obligations under this Agreement.

14.2 This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your owners, Board of Directors and lenders. No executory franchise, license or affiliation agreement for the Facility exists other than this Agreement. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your principal owners is a party or is subject or to which the Facility is subject. Neither you nor the Facility is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in the Application. You will submit to us the documents about the Facility, you, your owners and your finances that we request in the Franchise Application (or after our review of your initial submissions) before or within 30 days after you sign this Agreement.

14.3 No Misrepresentations or Implied Covenants. All written information you submit to us about the Facility, you, your owners, any guarantor, or the finances of any such person or entity,

was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between we and you except as expressly stated in this Agreement.

15. Proprietary Rights.

15.1 Marks and System. You will not acquire any interest in or right to use the System or Marks except under this Agreement. You will not apply for governmental registration of the Marks, or use the Marks or our corporate name in your legal name, but you may use a Mark for an assumed business or trade name filing.

15.2 Inurements. All present and future distinguishing characteristics, improvements and additions to or associated with the System by us, you or others, and all present and future service marks, trademarks, copyrights, service mark and trademark registrations used and to be used as part of the System, and the associated good will, shall be our property and will inure to our benefit. You covenant that you will not, directly or indirectly through an affiliate, use the design embodied in the Basic Plans to design, construct or modify any structure other than a Chain Facility. You acknowledge that the Basic Plans include non-functional trade dress that is an integral part of the System and you covenant that you will not, directly or indirectly through an affiliate, use the trade dress in any structure that is not a Chain Facility. No good will shall attach to any secondary designator that you use.

15.3 Other Locations and Systems. We and our affiliates each reserve the right to own, in whole or in part, and manage, operate, use, lease, finance, sublease, franchise, license (as licensor or franchisee), provide services to or joint venture (i) distinctive separate lodging or food and beverage marks and other intellectual property which are not part of the System, and to enter into separate agreements with you or others (for separate charges) for use of any such other marks or proprietary rights, (ii) other lodging, food and beverage facilities, or businesses, under the System utilizing modified System Standards, and (iii) a Chain Facility at or for any location outside the Protected Territory. You acknowledge that we are affiliated with or in the future may become affiliated with other lodging providers or franchise systems that operate under names or marks other than the Marks. We and our affiliates may use or benefit from common hardware, software, communications equipment and services and administrative systems for reservations, franchise application procedures or committees, marketing and advertising programs, personnel, central purchasing, approved supplier lists, franchise sales personnel (or independent franchise sales representatives), etc.

15.4 Confidential Information. You will take all appropriate actions to preserve the confidentiality of all Confidential Information. Access to Confidential Information should be limited to persons who need the Confidential Information to perform their jobs and are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed a confidentiality agreement. You will not permit copying of Confidential Information (including, as to computer software, any translation, decompiling, decoding, modification or other alteration of the source code of such software). You will use Confidential Information only for the

Facility and to perform under this Agreement. Upon termination (or earlier, as we may request), you shall return to us all originals and copies of the System Standards Manual, policy statements and Confidential Information "fixed in any tangible medium of expression," within the meaning of the U.S. Copyright Act, as amended. Your obligations under this subsection commence when you sign this Agreement and continue for trade secrets (including computer software we license to you) as long as they remain secret and for other Confidential Information, for as long as we continue to use the information in confidence, even if edited or revised, plus three years. We will respond promptly and in good faith to your inquiry about continued protection of any Confidential Information.

15.5 Litigation. You will promptly notify us of (i) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), Confidential Information or other System intellectual property, and (ii) or any threatened or pending litigation related to the System against (or naming as a party) you or us of which you become aware. We alone handle disputes with third parties concerning use of all or any part of the System. You will cooperate with our efforts to resolve these disputes. We need not initiate suit against imitators or infringers who do not have a material adverse impact on the Facility, or any other suit or proceeding to enforce or protect the System in a matter we do not believe to be material.

15.6 Prior User. If you are unable to name the Facility "Wingate Inn" because a pre-existing user has senior rights in your hotel trading area, then your sole and exclusive remedy against us will be to terminate this Agreement and receive a refund of the Initial Fee and the Royalties paid prior to termination. You must give us 15 days prior written notice of termination in that circumstance.

15.7 The Internet. You may use the Internet to market the Facility subject to this Agreement and System Standards. You shall not use, license or register any domain name, universal resource locator, or other means of identifying you or the Facility that uses a mark or any image or language confusingly similar to a Mark without our consent. You will assign to us any such identification at our request without compensation or consideration. The content you provide us or use yourself for any Internet marketing must be true, correct and accurate, and you will notify us in writing promptly when any correction to the content becomes necessary. You shall promptly modify at our request the content of any Internet marketing material for the Facility you use, authorize, display or provide to conform to System Standards. Any use of the Marks and other elements of the System on the Internet inures to our benefit under Section 15.2.

16. Relationship of Parties.

16.1 Independence. You are an independent contractor. You are not our legal representative or agent, and you have no power to obligate us for any purpose whatsoever. We and you have a business relationship based entirely on and circumscribed by this Agreement. No partnership, joint venture, agency, fiduciary or employment relationship is intended or created by reason of this Agreement. You will exercise full and complete control over and have full responsibility for your contracts, daily operations, labor relations, employment practices and policies, including, but not limited to, the recruitment, selection, hiring, disciplining, firing, compensation, work rules and schedules of your employees.

16.2 Joint Status. If you comprise two or more persons or entities (notwithstanding any agreement, arrangement or understanding between or among such persons or entities) the rights, privileges and benefits of this Agreement may only be exercised and enjoyed jointly. The liabilities and responsibilities under this Agreement will be the joint and several obligations of all such persons or entities.

17. Legal Matters.

17.1 Partial Invalidity. If all or any part of a provision of this Agreement violates the law of your state (if it applies), such provision or part will not be given effect. If all or any part of a provision of this Agreement is declared invalid or unenforceable, for any reason, or is not given effect by reason of the prior sentence, the remainder of the Agreement shall not be affected. However, if in our judgment the invalidity or ineffectiveness of such provision or part substantially impairs the value of this Agreement to us, then we may at any time terminate this Agreement by written notice to you without penalty or compensation owed by either party.

17.2 Waivers, Modifications and Approvals. If we allow you to deviate from this Agreement, we may insist on strict compliance at any time after written notice. Our silence or inaction will not be or establish a waiver, consent, course of dealing, implied modification or estoppel. All modifications, waivers, approvals and consents of or under this Agreement by us must be in writing and signed by our authorized representative to be effective. We may unilaterally revise Schedule C when this Agreement so permits.

17.3 Notices. Notices will be effective if in writing and delivered by facsimile transmission with confirmation original sent by first class mail, postage prepaid, by delivery service, with proof of delivery, or by first class, prepaid certified or registered mail, return receipt requested, to the appropriate party at its address stated below or as may be otherwise designated by notice. The parties may also communicate via electronic mail between addresses to be established by notice. You consent to receive electronic mail from us. Notices shall be deemed given on the date delivered or date of attempted delivery, if refused.

Wingate Inns International, Inc.:

Our address: 1 Sylvan Way, P.O. Box 278, Parsippany, New Jersey 07054-0278

Attention: Vice President-Franchise Administration;

Fax No. (973) 496-5359

Your name: Lakulish LLC,

Your address: 43 Pinehurst Lane, Springboro, OH 45066

Attention: Mathew Patel;

Your fax No.: 504-748-4037.

17.4 Remedies. Remedies specified in this Agreement are cumulative and do not exclude any remedies available at law or in equity. The non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party to enforce this Agreement or collect amounts owed under this Agreement.

17.5 Miscellaneous. This Agreement is exclusively for the benefit of the parties. There are no third party beneficiaries. No agreement between us and anyone else is for your benefit. The section headings in this Agreement are for convenience of reference only.

17.6 Choice of Law; Venue; Dispute Resolution.

17.6.1 This Agreement will be governed by and construed under the laws of the State of New Jersey, except for its conflicts of law principles. The New Jersey Franchise Practices Act will not apply to any Facility located outside the State of New Jersey.

17.6.2 The parties shall attempt in good faith to resolve any dispute concerning this Agreement or the parties' relationship promptly through negotiation between authorized representatives. If these efforts are not successful, either party may attempt to resolve the dispute through non-binding mediation. Either party may request mediation through the National Franchise Mediation Program, using the procedures employed by the CPR Institute for Dispute Resolution, Inc. We will provide you with the contact address for that organization. The mediation will be conducted by a mutually acceptable and neutral third party. If the parties cannot resolve the dispute through negotiation or mediation, or choose not to negotiate or mediate, either party may pursue litigation.

17.6.3 You consent and waive your objection to the non-exclusive personal jurisdiction of and venue in the New Jersey state courts situated in Morris County, New Jersey and the United States District Court for the District of New Jersey for all cases and controversies under this Agreement or between we and you.

17.6.4 Waiver of Jury Trial. The parties waive the right to a jury trial in any action related to this Agreement or the relationship between the franchisor, the franchisee, any guarantor, and their respective successors and assigns.

17.7 Special Acknowledgments. You acknowledge the following statements to be true and correct as of the date you sign this Agreement, and to be binding on you.

17.7.1 You received our Uniform Franchise Offering Circular ("UFOC") for prospective franchisees at least 10 business days before, and a copy of this Agreement and all other agreements we are asking you to sign at least 5 business days before, signing this Agreement and paying the Initial Fee to us. You have received our UFOC at least 10 business days before you paid any fee to us or signed any contract with us.

17.7.2 Neither we nor any person acting on our behalf has made any oral or written representation or promise to you on which you are relying to enter into this Agreement that is not written in this Agreement. You release any claim against us or our agents based on any oral or written representation or promise not stated in this Agreement.

17.7.3 This Agreement, together with the exhibits and schedules attached, is the entire agreement superseding all previous oral and written representations, agreements and understandings of the parties about the Facility and the License.

17.7.4 You acknowledge that no salesperson has made any promise or provided any information to you about projected sales, revenues, income, profits or expenses from the Facility except as stated in Item 20 of the UFOC or in a writing that is attached to this Agreement.

17.7.5 You understand that the franchise relationship is an arms' length, commercial business relationship in which each party acts in its own interest.

17.8 Force Majeure. Neither you nor we shall be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform obligations results from: (a) windstorms, rains, floods, earthquakes, typhoons, mudslides or other similar natural causes; (b) fires, strikes, embargoes, war, or riot; (c) legal restrictions that prohibit or prevent performance; or (d) any other similar event or cause beyond the control of the party affected. Any delay resulting from any of such causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, so long as a remedy is continuously and diligently sought by the affected party, except that no such cause shall excuse payment of amounts owed at the time of such occurrence or payment of Recurring Fees and other amounts due to us subsequent to such occurrence other than a governmental or judicial order prohibiting such payments.

18. Special Stipulations. The following special stipulations apply to this Agreement and supersede any inconsistent or conflicting provisions. These are personal to you and are not transferable or assignable except to a Permitted Transferee.

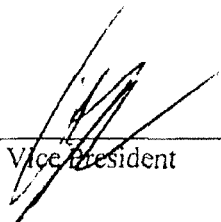
18.1 **Transfer Rights**. If you are not in default under this Agreement, at any time before the end of the first License Year, you may assign this Agreement at the same time as you convey the Facility to an entity in which you or the persons listed on Schedule B as the original owners of your Equity Interests are to be owners of at least 51% of the Equity Interests of the entity and retain control over the entity so that change of control, as defined in an Equity Transfer (Appendix A) does not occur. The transferee and you must sign and deliver to us the Assignment and Assumption Agreement in the form attached as Exhibit D before you transfer the Facility. No Application or Relicense Fees will be charged. The accounts of the transferee and you must be current at the time of transfer, or we will not recognize the transfer. The transferee must submit an application on our standard form and its organizational agreement or charter with the Assignment and Assumption Agreement. We will not recognize the transfer as effective until these documents are completed and delivered to us. The transferee must send us a copy of the warranty deed conveying the Facility within 30 days after its delivery.

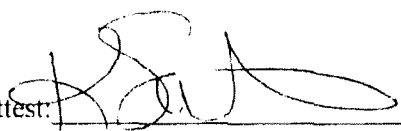
18.2 **Development Advance**. We will disburse to you a Development Advance if you meet or beat the opening deadline in Section 3.1. The principal amount of the Development Advance will be determined by the "Number of Guest Rooms Opened". If the Facility is to be built with (1) 64-79 guest rooms, then the Development Advance will be \$150,000; (2) 80-89 rooms, then the Development Advance will be \$200,000; (3) 90 or more rooms, then the Development Advance will be \$250,000. If there are less than 64 guest rooms, or the Facility does not open on time, then no Development Advance will be available. The Room and Time limits in this section are absolute and shall not be extended for any reason, including force majeure or excess review time for Plans under Section 3.2. You must give us at least 15 days advance notice of your anticipated Opening Date. If the Facility opens no later than the deadline for completing construction specified in

Section 3.1, the Advance will be disbursed within 10 days after the Opening Date and after the Facility passes its opening inspection to our satisfaction. You will be obligated to repay the "Outstanding Incentive Advance" if the License Terminates before the end of the fifteenth License Year. If the License Terminates because of a Transfer with our consent, and the transferee assumes the obligation to repay the unamortized balance of the Advance, you will not be obligated to repay the Advance unless the transferee fails to pay us when repayment is required. The Outstanding Incentive Advance is the original Incentive Advance, reduced by 1/15th for each full License Year completed at the time repayment is due. You will sign the attached Incentive Advance Note when you sign this Agreement. Your principal Equity Interest owners must co-sign the Note. No Incentive Advance will be disbursed, and the Incentive Advance Note will be cancelled, if the Opening Date occurs after the deadline for completing construction specified in Section 3.1.

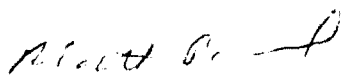
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

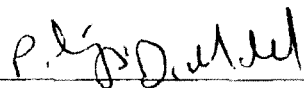
WE:
WINGATE INNS INTERNATIONAL, INC.

By: 
Vice President

Attest: 
Assistant Secretary

YOU, as Franchisee:
Lakulish LLC

By: 
Manager
D. ...

Witness: 

APPENDIX A

DEFINITIONS

Agreement means this Franchise Agreement.

Application Fee means the fee you pay when you submit your Application under Section 6.

Approved Plans means your plans and specifications for constructing or improving the Facility initially or after opening, as approved by us under Section 3.

Approved Supplier means a vendor authorized by us to provide proprietary or Mark-bearing items, or whose goods and services are deemed to meet applicable System Standards.

Basic Plans means the prototype drawings and specifications (architectural, structural, mechanical, plumbing, electrical and interiors), reflecting the overall design intent, FF&E, and color schemes for a Facility, that we deliver to you after the Effective Date. The Basic Plans do not include a project manual and are not appropriate for a specific Facility.

Casualty means destruction or significant damage to the Facility by act of God or other event beyond your reasonable anticipation and control.

Chain means the network of Chain Facilities.

Chain Facility means a lodging facility we own, lease, manage, operate or authorize another party to operate using the System and identified by the Marks.

Condemnation means the taking of the Facility for public use by a government or public agency legally authorized to do so, permanently or temporarily, or the taking of such a substantial portion of the Facility that continued operation in accordance with the System Standards, or with adequate parking facilities, is commercially impractical, or if the Facility or a substantial portion is sold to the condemning authority in lieu of condemnation.

Conference Fee means the fee we charge for attendance at a conference for Chain Facilities and their franchisees when and if held.

Confidential Information means any trade secrets we own or protect and other proprietary information not generally known to the lodging industry including confidential portions of the System Standards Manual or information we otherwise impart to you and your representatives in confidence. Confidential Information includes the "Rules of Operation Manual" and all other System Standards manuals and documentation, including those on the subjects of employee relations, finance and administration, field operation, purchasing and marketing, the Reservation System software and applications software.

Declaration means the Declaration of Franchise Agreement you and we sign under Section 5.

Design Standards mean standards specified in the System Standards Manual from time to time for design, construction, renovation, modification and improvement of new or existing Chain Facilities, including all aspects of facility design, number of rooms, rooms mix and configuration, construction materials, workmanship, finishes, electrical, mechanical, structural, plumbing, HVAC, utilities, access, life safety, parking, systems, landscaping, amenities, interior design and decor and the like for a Chain Facility.

Directory means the general purpose directory we publish listing the names and addresses of Chain Facilities, and at our discretion, other Wingate Inn facilities located outside the United States, Canada and Mexico.

Effective Date means the date we insert in the Preamble of this Agreement after we sign it.

Equity Interests shall include, without limitation, all forms of equity ownership of you, including voting stock interests, partnership interests, limited liability company membership or ownership interests, joint and tenancy interests, the proprietorship interest, trust beneficiary interests and all options, warrants, and instruments convertible into such other equity interests.

Equity Transfer means any transaction in which your owners or you sell, assign, transfer, convey, pledge, or suffer or permit the transfer or assignment of, any percentage of your Equity Interests that will result in a change in control of you to persons other than those disclosed on Schedule B, as in effect prior to the transaction. Unless there are contractual modifications to your owners' rights, an Equity Transfer of a corporation or limited liability company occurs when either majority voting rights or beneficial ownership of more than 50% of the Equity Interests changes. An Equity Transfer of a partnership occurs when a newly admitted partner will be the managing, sole or controlling general partner, directly or indirectly through a change in control of the Equity Interests of an entity general partner. An Equity Transfer of a trust occurs when either a new trustee with sole investment power is substituted for an existing trustee, or a majority of the beneficiaries convey their beneficial interests to persons other than the beneficiaries existing on the Effective Date. An Equity Transfer does not occur when the Equity Interest ownership among the owners of Equity Interests on the Effective Date changes without the admission of new Equity Interest owners. An Equity Transfer occurs when you merge, consolidate or issue additional Equity Interests in a transaction which would have the effect of diluting the voting rights or beneficial ownership of your owners' combined Equity Interests in the surviving entity to less than a majority.

Facility means the Location, together with all improvements, buildings, common areas, structures, appurtenances, facilities, entry/exit rights, parking, amenities, FF&E and related rights, privileges and properties constructed at the Location, as modified with our consent.

FF&E means furniture, fixtures and equipment.

FF&E Standards means standards specified in the System Standards Manual for FF&E and supplies to be utilized in a Chain Facility.

Food and Beverage means any restaurant, catering, bar/lounge, entertainment, room service, retail food or beverage operation, continental breakfast, food or beverage concessions and similar services offered at the Facility.

Gross Room Revenues means gross revenues attributable to or payable for rentals of guest rooms at the Facility, including all credit transactions, whether or not collected, but excluding separate charges to guests for Food and Beverage, room service, telephone charges, key forfeitures and entertainment; vending machine receipts; and federal, state and local sales, occupancy and use taxes.

Improvement Obligation means your obligation to construct and complete the Facility, in accordance with the Approved Plans and System Standards, as described in Section 3.

Indemnities means us, our direct and indirect parent, subsidiary and sister corporations, and the respective officers, directors, shareholders, employees, agents and contractors, and the successors, assigns, personal representatives, heirs and legatees of all such persons or entities.

Initial Fee means the fee you are to pay for signing this Agreement as stated in Section 6.

License means the non-exclusive license to operate the type of Chain Facility described in Schedule B only at the Location, using the System and the Mark we designate in Section 1.

License Year means the one year period beginning on the Opening Date and each subsequent anniversary of the Opening Date and ending on the day preceding the next anniversary of the Opening Date.

Liquidated Damages means the amounts payable under Section 12, set by the parties because actual damages will be difficult or impossible to ascertain on the Effective Date and the amount is a reasonable pre-estimate of the damages that will be incurred and is not a penalty.

Location means the parcel of land situated at **Tylersville Road and I-75, West Chester, OH**, as more fully described in Schedule A.

Losses and Expenses means all payments or obligations to make payments either (i) to or for third party claimants by any and all Indemnities, including guest refunds, or (ii) incurred by any and all Indemnities to investigate, respond to or defend a matter, including without limitation investigation and trial charges, costs and expenses, attorneys' fees, experts' fees, court costs, settlement amounts, judgments and costs of collection.

Maintenance Standards means the standards specified from time to time in the System Standards Manual for repair, refurbishment and replacement of FF&E, finishes, decor, and other capital items and design materials in Chain Facilities.

Marks means, collectively (i) the service marks associated with the System published in the System Standards Manual from time to time including, but not limited to, the name, design and logo for

“Wingate Inn” and other marks; and (ii) trademarks, trade names, trade dress, logos and derivations, and associated good will and related intellectual property interests.

Marks Standards means standards specified in the System Standards Manual for interior and exterior Mark-bearing signage, advertising materials, china, linens, utensils, glassware, uniforms, stationery, supplies, and other items, and the use of such items at the Facility or elsewhere.

Material Renovation means the upgrading, updating, modifications, replacements, additions, repairs, refurbishing, repainting, and other redecorating of the interior, exterior, guest rooms, public areas and grounds of the Facility and replacements of FF&E we may require you to perform under Section 3.16.

Material Renovation Notice means the written notice from us to you specifying the Material Renovation to be performed and the dates for commencement and completion given under Section 3.16.

Opening Date means the date on which we authorize you to open the Facility for business identified by the Marks and using the System.

Operations Standards means standards specified in the System Standards Manual for cleanliness, housekeeping, general maintenance, repairs, concession types, food and beverage service, vending machines, uniforms, staffing, employee training, guest services, guest comfort and other aspects of lodging operations.

Permitted Transferee means (i) any entity, natural person(s) or trust receiving from the personal representative of an owner any or all of the owner’s Equity Interests upon the death of the owner, if no consideration is paid by the transferee or (ii) the spouse or adult issue of the transferor, if the Equity Interest transfer is accomplished without consideration or payment, or (iii) any natural person or trust receiving an Equity Interest if the transfer is from a guardian or conservator appointed for an incapacitated or incompetent transferor.

Punch List means the list of upgrades, updates, improvements, repairs, repainting, refurbishing and replacements we prepare and require as part of the Transfer process.

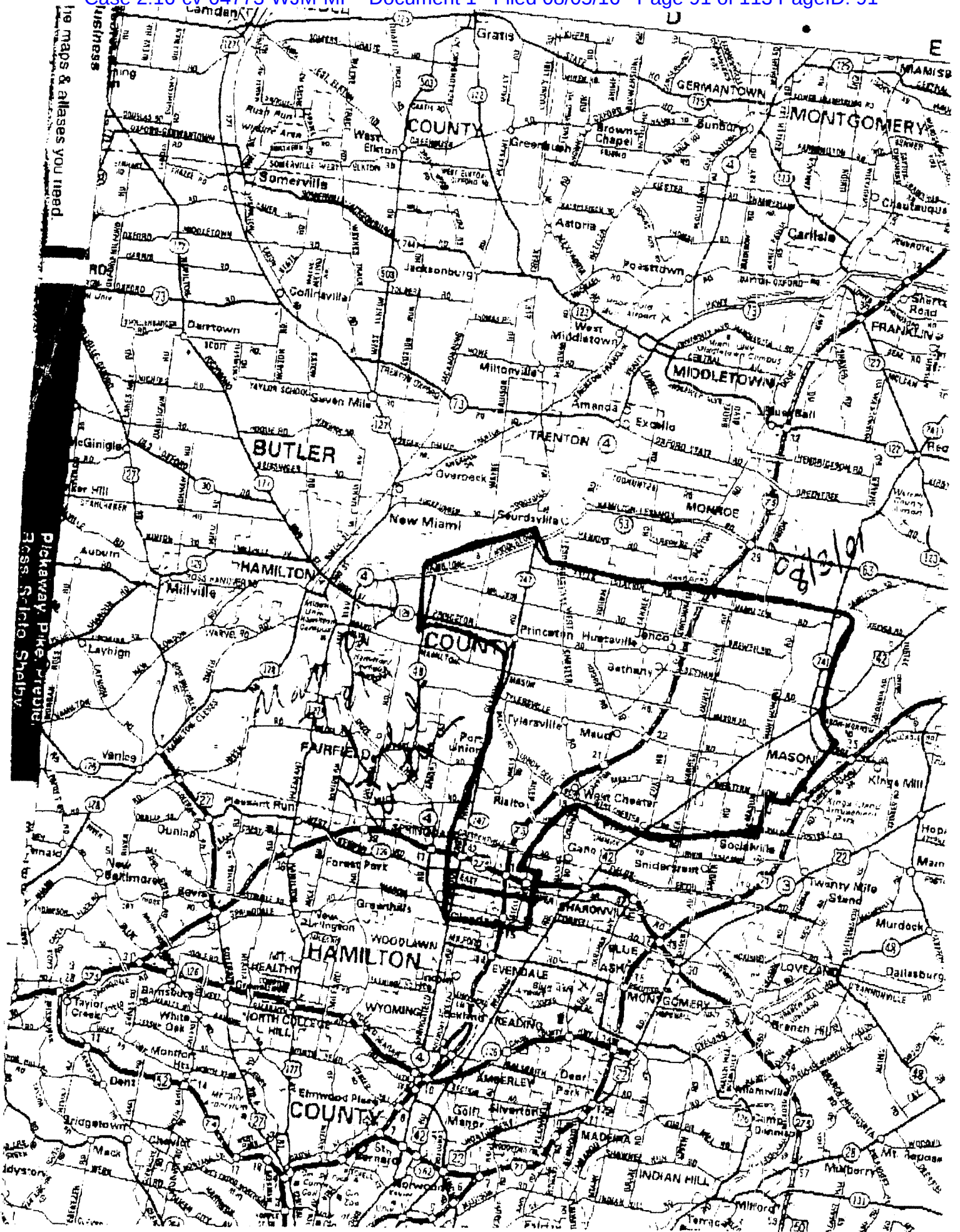
Protected Territory means **an area to include the following: ½ mile from the centerline beginning at the intersection of SR 747 and Kyles Station Road and traveling East until its name change to Hamilton Road then continuing West until its’ intersection with SR 741. Then heading Southeast along SR 741 to its intersection with I-71 but not including ½ mile of any corners of this intersection. Continuing South along I-71 to its intersection with Western Row Road but not including ¼ mile of any corner of this intersection. Continuing West on Western Road to its intersection and turning South at Mason Road then heading South on Mason until its intersection with West Chester Road until its intersection with I-75. Continuing South along I-75 until its intersection then heading West on Sharon Road to its intersection with Springfield Road. Commencing North along Springfield until its convergence with Glendale and continuing North along Glendale until its intersection with Princeton. Heading North and Northwest along Princeton until its’ intersection with 4B**

and traveling North until its intersection with 4, ending at the origination SR 747 and Kyles Station Road. Please see attached map.

Recurring Fees means the Royalties and System Assessment Fees as stated in Section 7.

Relicense Fee means the fee your transferee or you pay to us under Section 7 when a Transfer occurs.

Reservation System or "Central Reservation System" means the system for offering to interested parties, booking and communicating guest room reservations for Chain Facilities described in Section 4.2.



Rooms Addition Fee means the fee we charge you for adding guest rooms to the Facility.

Royalty means the monthly fee you pay to us for use of the System under Section 7.1. "Royalties" means the aggregate of all amounts owed as a Royalty.

Special Marketing Assessment means the fee you pay us under Section 7.1.3 and Schedule C for a frequent guest rewards program or other special marketing programs that we may create or undertake and require participation by Chain Facilities.

System means the comprehensive system for providing guest lodging facility services under the Marks as we specify, which at present includes only the following: (a) the Marks; (b) other intellectual property, including Confidential Information, System Standards Manual and know-how; (c) marketing, advertising, publicity and other promotional materials and programs; (d) System Standards; (e) training programs and materials; (f) quality assurance inspection and scoring programs; and (g) the Reservation System.

System Assessment Fee means the fee charged under Section 7.1.2 and Schedule C to pay for the cost of the System's marketing, advertising, public relations, Reservation System, training and other services.

System Standards means the standards for the participating in the Chain and using the System published in the System Standards Manual, including but not limited to Design Standards, FF&E Standards, Marks Standards, Operations Standards, Technology Standards and Maintenance Standards and any other standards, policies, rules and procedures we promulgate about System operation and usage.

System Standards Manual means the Standards of Operation and Design Manual and any other manual we publish or distribute specifying the System Standards.

Taxes means the amounts payable under Section 7.2 of this Agreement.

Technology Standards means standards specified in the System Standards Manual for local and long distance telephone communications services, telephone, telecopy and other communications systems, point of sale terminals and computer hardware and software for various applications, including, but not limited to, front desk, rooms management, records maintenance, marketing data, accounting, budgeting and interfaces with the Reservation System to be maintained at the Chain Facilities.

Term means the period of time during which this Agreement shall be in effect, as stated in Section 5.

Termination means a termination of the License under Sections 11.1 or 11.2 or your termination of the License or this Agreement.

Time means the period of time measured in months between the Effective Date and the Opening Date for the purpose of determining the amount of the Development Incentive. A month is equal to the period between the first day of the period and the same numbered day of the following month.

Transfer means (1) an Equity Transfer, (2) you assign, pledge, transfer, delegate or grant a security interest in all or any of your rights, benefits and obligations under this Agreement, as security or otherwise without our consent as specified in Section 9, (3) you assign (other than as collateral security for financing the Facility) your leasehold interest in (if any), lease or sublease all or any part of the Facility to any third party, (4) you engage in the sale, conveyance, transfer, or donation of your right, title and interest in and to the Facility, (5) your lender or secured party forecloses on or takes possession of your interest in the Facility, directly or indirectly, or (6) a receiver or trustee is appointed for the Facility or your assets, including the Facility. A Transfer does not occur when you pledge or encumber the Facility to finance its acquisition or improvement, you refinance it, or you engage in a Permitted Transferee transaction.

"You" and "Your" means and refers to the party named as franchisee identified in the first paragraph of this Agreement and its Permitted Transferees.

"We", "Our" and "Us" means and refers to Wingate Inns International, Inc., a Delaware corporation, its successors and assigns.

SCHEDULE A

(Legal Description of Facility)

SCHEDULE B*PART I: YOUR OWNERS*

<u>Name</u>	<u>Ownership Percentage</u>	<u>Type of Equity Interest</u>
Mathew Patel	100%	Individual

PART II: THE WINGATE INN FACILITY:

Number of approved guest rooms: **100**

Parking facilities (number of spaces, description): **100**

Other Amenities, services and facilities:

Meeting Room with minimum 40 places;

Board Room with approximately 12 places;

Indoor Whirlpool or Hot Tub;

Exercise Room with machines required by System Standards Manual;

Business Center with facsimile machine, copier with collating capability, personal computer, and personal computer printer capable of printing MS-DOS documents created under popular word processing and spreadsheet software.

Electronic lobby access doors

Multi-Systems, Inc. Property Management System; Telephone System with Lucent Guestworks or Comdial Concierge switch or another Approved Supplier.

LodgeNet Entertainment System for guest rooms.

OnLine by LodgeNet internet access system for meeting rooms, guest rooms, Business Center and back office.

Guest Rooms

All guest rooms will be equipped with the following, except as modified by changes in System Standards:

Two-line (2 unique station lines) touch tone telephone with data port, speaker and conference call features and separate cordless telephone;

25" color television with portable remote control, cable/satellite television programming with Cable News Network, sports channel, The Weather Channel or equivalent and at least one premium movie channel;

Coffee maker with two cups, regular and decaffeinated coffee and condiments;

Microwave/Refrigerator Combination Unit

Alarm clock/radio;

Individually controlled thermostat;

Keyed or programmable locking steel safe for valuables;

High-mounted, multi-stream shower in combination bathtub/shower;

Hair Dryer

Electronic guest room lock system, integrated with PMS.

WINGATE INNS INTERNATIONAL, INC.
SCHEDULE C
March 2001

System Assessment Fees and Other Fees

The System Assessment Fee is 4.00% of Gross Room Revenues.

The GDS Fee described in Section 7 is \$3.50 (\$4.00 effective February 15, 2001) per gross reservation communicated through the Global Distribution Systems. Internet-originated reservations carry fees of either (i) \$2.50 per gross reservation booked through the Chain's web site or other Internet sources, or (ii) \$7.00 per gross reservation booked over the TravelWeb.com Internet booking web site. Internet reservations may also carry travel agent commissions if the originator qualifies. If a reservation booked on the GDS, Chain web site or other Internet source, or TravelWeb.com, is canceled by the guest using the same source or web site as was used to make the reservation, you may not be charged the applicable fee. The travel agent commission described in Section 7 is 10% of the Gross Room Revenues generated by each reservation originated by a travel agent, plus our service charge of .75% of the commissionable revenue. The general sales agent commission (also known as international sales office commission) is 5% of the Gross Room Revenues generated by each reservation originated in an area served by a general sales agent/international sales office. We may charge a sales agent commission of up to 10% of the Gross Room Revenues generated from consumed reservations booked by members of affinity groups and organizations participating in our Member Benefits sales program, a portion of which we or an affiliate retains as a service fee.

We reserve the right to increase or modify the System Assessment Fee (subject to the limit imposed under Section 7.1.2) and any other fee and to add other fees and charges for new services, in our sole discretion as to amount or formula from time to time but with at least 60 days prior written notice, to reflect changes in the fully allocated costs of providing Reservation System services, to add, drop or modify the types of reservation services offered, and to provide the funds reasonably necessary or appropriate for the Chain's marketing, public relations and training programs.

Special Marketing Assessment

Effective June 1, 2000, Club Members staying at qualifying room rates at Chain Facilities earn points which are redeemable for free Wingate Inn stays and other travel and merchandise awards. Members earn one point per dollar spent for their guest room at qualifying rates (e.g., tax, incidentals, in-room movies are excluded). Every month each franchisee will be charged 5% of the Gross Room Revenues of all Members' qualifying stays at the Franchisee's Facility during the prior month. Franchisees must pay these fees when billed. For every free night certificate redeemed at a Franchisee's Facility, the Franchisee will be reimbursed at the following rates: 100% of the Facility's average daily rate for that night if the Facility is at least 90% occupied; 60% of the Facility's average daily rate for that night if the Facility is less than 90% occupied. Reimbursement will be in the form of a credit in the Franchisee's franchise account or in such other form as we may determine.

We may extend or modify this program.

GUARANTY

To induce Wingate Inns International, Inc., its successors and assigns ("you") to sign the Franchise Agreement (the "Agreement") with the party named as the "Franchisee," to which this Guaranty is attached, the undersigned, jointly and severally ("we, "our" or "us"), irrevocably and unconditionally (i) warrant to you that Franchisee's representations and warranties in the Agreement are true and correct as stated, and (ii) guaranty that Franchisee's obligations under the Agreement, including any amendments and any Development Incentive Note, will be punctually paid and performed.

Upon default by Franchisee and notice from you we will immediately make each payment and perform or cause Franchisee to perform, each unpaid or unperformed obligation of Franchisee under the Agreement. Without affecting our obligations under this Guaranty, you may without notice to us extend, modify or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee. We waive notice of amendment of the Agreement. We acknowledge that Section 17 of the Agreement, including Remedies, Venue, Dispute Resolution, and Waiver of Jury Trial, applies to this Guaranty.

Upon the death of an individual guarantor, the estate of the guarantor will be bound by this Guaranty for obligations of Franchisee to you existing at the time of death, and the obligations of all other guarantors will continue in full force and effect.

IN WITNESS WHEREOF, each of us has signed this Guaranty effective as of the date of the Agreement.

Witnesses:

PHOD.MOH

Guarantors:

Mathew Patel

Mathew Patel

EXHIBIT D

DEC-21-04 11:56AM FROM-cendant administration

+19734467570

T-436 P 002/002 F-842



BUILT FOR BUSINESS®

Franchise Administration

December 3, 2004

VIA AIRBORNE EXPRESS

Mr. Edward D. Lekson
Vistacon Management Company
7500 Tylers Place Blvd.
West Chester, OH 45069

Re: Franchise Agreement dated August 14, 2001, assigned October 4, 2002, between Wingate Inns International, Inc. ("we," "our" or "us") and Vistacon Management Company ("you" or "your") relating to Wingate® System Unit #30157-92802 located in West Chester, OH (the "Facility")

Dear Mr. Lekson:

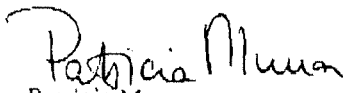
As you know, the total number of licensed guest rooms at the Facility, as defined in Schedule B of the Franchise Agreement is **100**. We have recently been advised that the Facility will now have **90** licensed guest rooms.

So that we may update our records and reflect the correct number of licensed guest rooms, kindly have one of the owners sign and acknowledge the bottom portion of this correspondence. Upon our receipt of the signed letter, we shall amend our system and Schedule B accordingly. Also, please note that the number of open and operating guest rooms at the Facility shall be decreased accordingly.

Please note that we will be unable to update our records until we receive a signed copy of this letter back from you.

Please feel free to contact me directly at 973-496-5210 if you have any questions.

Sincerely,



Patricia Murray
Manager of Contracts Administration
Franchise Administration

Agreed and acknowledged this 21 day of Dec., 2004

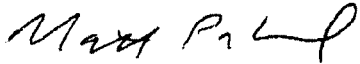
By: 



EXHIBIT E

GUARANTY

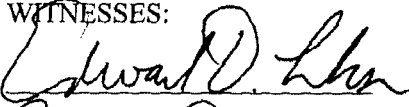
To induce Wingate Inns International, Inc., its successors and assigns ("you") to accept the Assignment and Assumption Agreement (the "Agreement", relating to the Franchise Agreement attached to the Assignment and Assumption Agreement) with the party named as the "Assignee," to which this Guaranty is attached, the undersigned, personally, jointly and severally ("we, "our" or "us"), irrevocably and unconditionally (i) warrant to you that Assignee's representations and warranties in the Agreement are true and correct as stated, and (ii) guaranty that Franchisee's obligations under the Agreement, including any amendments and any Development Incentive Note, will be punctually paid and performed, from and after the time Assignee becomes the Franchisee under the Franchise Agreement.

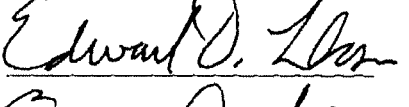
Upon default by Franchisee and notice from you we will immediately make each payment and perform or cause Franchisee to perform, each unpaid or unperformed obligation of Franchisee under the Agreement. Without affecting our obligations under this Guaranty, you may without notice to us extend, modify or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee. We waive notice of amendment of the Agreement and the underlying Franchise Agreement. We acknowledge that Section 17 of the Franchise Agreement, including Remedies, Venue and Dispute Resolution, and Waiver of Jury Trial, applies to this Guaranty.

Upon the death of an individual guarantor, the estate of the guarantor will be bound by this Guaranty for obligations of Franchisee to you existing at the time of death, and the obligations of all other guarantors will continue in full force and effect.

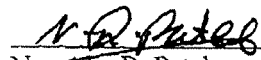
IN WITNESS WHEREOF, each of us has signed this Guaranty effective as of the date of the Agreement.

WITNESSES:

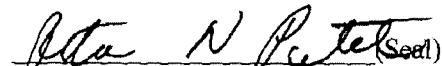


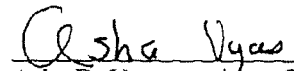




GUARANTORS:

 (Seal)
Narendra R. Patel

 (Seal)
Pushpa N. Patel

 (Seal)
Rita A. Patel

 (Seal)
Asha D. Vyas

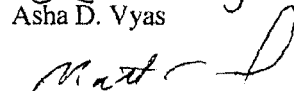
 (Seal)
Ajay N. Patel

EXHIBIT F

WYNDHAM

HOTEL GROUP

Compliance Department
22 Sylvan Way
Parsippany, New Jersey 07054
Ph (973) 753-6000 • fax (800) 880-9445

December 15, 2015

VIA 2 DAY DELIVERY METHOD

Mr. Richard M. Saltzman
Giambrone & Saltzman, LLC
710 US Highway 46 East
Suite 210
Fairfield, NJ 07004

RE: ACKNOWLEDGEMENT OF TERMINATION of the Franchise for Wingate® System Unit #30157-92802-01 located in West Chester, OH (the "Facility")

Dear Mr. Saltzman:

Wingate Inns International, Inc. ("we" or "us") received your letters dated October 20, 2015, and November 12, 2015, advising us that on November 12, 2015 (the "Termination Date"), Vistacon Management Company (the "Franchisee") would stop operating the Facility as a Wingate facility. Accordingly, we acknowledge that the Franchise Agreement, dated August 14, 2001, as assigned and assumed on October 4, 2002, and amended (the "Agreement"), has terminated.

Because the Agreement has terminated, Franchisee must pay us Liquidated Damages of \$326,297.63, as specified in Section 12.1 of the Agreement. Franchisee must also pay any outstanding Recurring Fees and any other fees and charges through the date Franchisee completes the de-identification of the Facility. We estimate that, as of December 15, 2015, Franchisee owes us \$57,851.72 in such fees and charges. Please have Franchisee pay us this amount within fourteen (14) days. Franchisee must also repay the outstanding Development Incentive or similar loan as of the Termination Date. This carries an outstanding balance of \$50,000.00 as of the date of this Notice. In addition, Franchisee will be responsible for payment of the outstanding balance of its sign lease, which as of November 12, 2015, is \$6,431.45. Please consider this letter to be a notice and demand for payment under any Guaranty of the Agreement, directed to Franchisee's Guarantors.

The Agreement also requires Franchisee to perform certain post-termination obligations. In addition to other obligations specified in the Agreement, by no later than ten (10) days from the delivery date of this letter, Franchisee must (a) remove all signage and other items bearing the Wingate Marks; (b) perform all post-termination obligations specified in the Systems Standards Manual; (c) change all signs, billboards, and listings in telephone directories, travel guides, hotel indexes and similar materials in which the Facility is identified as a Wingate facility; and (d) remove the Wingate Marks from any advertising or promotional activities on, around or directed towards the Facility, including any web sites, web pages or search engines. Franchisee must cooperate fully with us regarding any post-termination inspections by us to verify that the Facility has been properly de-identified. Franchisee must immediately return to us all training documents, operating manuals and other proprietary material.

DOLCE
HOTELS & RESORTS

WYNDHAM GRAND
HOTELS AND RESORTS

WYNDHAM
HOTELS AND RESORTS

WYNDHAM
GARDEN HOTELS

WYNDHAM
HOTELS

WINGATE
BY WYNDHAM

HAWTHORN
HOTELS BY WYNDHAM

MICROTEL
BY WYNDHAM

RAMADA
HOTELS

DAYMONT
HOTELS

Days Inn

8

Leeward Johnson

Travelodge

WYNDHAM

Mr. Richard M. Saltzman
December 15, 2015
Page Two

Please know that, because the Agreement has terminated, Franchisee has also lost the right to continue to use the seamless interface version of the property management system. Franchisee must now make arrangements with the software vendor for a new license to use the property management system. If the Facility has WynGuest system installed, please be advised that due to the termination Franchisee will have no functionality from the system. Should Franchisee wish to continue using an independent version of the software, please contact Sabre at 877-520-3646. If Franchisee's property is planning to migrate to another property management system, please contact Franchisee's provider to expedite the installation. If Franchisee would like to inquire about the data maintained in the system, please contact Hotel Technology Client Support at 506-646-2521 to obtain reporting of that data.

Should you or Franchisee have any questions regarding this matter, please contact Charlene Martin, Senior Manager of Settlements, at (973) 753-7602.

Sincerely,



Suzanne Fenimore
Senior Director
Contracts Compliance

Enclosure

cc: Curtis Slough (Site Principal) ~ 7500 Tylers Place Boulevard, West Chester, OH 45069
Narendra R. Patel (Guarantor)
Pushpa N. Patel (Guarantor)
Rita A. Patel (Guarantor)
Asha D. Vyas (Guarantor)
Ajay N. Patel (Guarantor)
Brian Krause
Charlene Martin
Joe Maida
Michael Piccola

ITEMIZED STATEMENT

Report Date: 15-Dec-2015

As of Date (DD-MMM-YYYY) : 12-Nov-2015
 Customer No : 30157-92802-01-WIN
 Category Set :
 Category Group :
 Group No :
 Bankruptcy : No Bankruptcy Sites
 Disputed : No
 Finance Charges Included : Yes
 Customer No : 30157-92802-01-WIN
 Address : 7500 TYLERS PLACE BLVD., WEST
 CHESTER, OH, 45069-6309, US
 As of Date : 12-Nov-2015



Mon-Year	Invoice No.	Invoice Date	Description	Accrued	Billing	Amount Tax	Finance Charges	Total
SEP-2015	1580561	09/21/2015	GDS & INTERNET BKGS		972.70	0.00	8.17	982.18
	28043154	09/21/2015	WYNREWARDS 5%		3,071.10	0.00	30.71	3,146.34
	28043194	09/21/2015	WYNREWARDS BONUS		175.00	0.00	1.75	179.29
	28043195	09/21/2015	WYNREWARDS BONUS		40.00	0.00	0.40	40.98
	28043569	09/21/2015	WR FREE ENROLLMENTS		-184.88	0.00	0.00	-184.88
	28043573	09/21/2015	WYNREWARDS GOFREECR		-519.75	0.00	0.00	-519.75
	31058601	09/17/2015	Rubicon Full Service Subscription		150.00	0.00	0.00	150.00
	31058602	09/17/2015	Rubicon Full Service Subscription		150.00	0.00	0.00	150.00
	31058603	09/17/2015	Rubicon Full Service Subscription		150.00	0.00	0.00	150.00
	31058604	09/17/2015	Rubicon Full Service Subscription		150.00	0.00	0.00	150.00
	31058686	09/17/2015	Rubicon Full Service Subscription		150.00	0.00	0.00	150.00
	31059708	09/17/2015	Rubicon Full Service Subscription		150.00	0.00	0.00	150.00
	31064415	09/28/2015	ONLINE LRNG LIBRARY		60.00	0.00	0.39	61.26
	31068177	09/29/2015	ResCentral Pilot		-50.00	0.00	0.00	-50.00
	35002981	09/21/2015	RES CENTRAL(CALL TRANSFER)		50.00	0.00	0.50	51.23
	43323201	09/29/2015	5718A-HughesNet VPN		100.00	6.50	0.64	108.66
	43324742	09/29/2015	5002A-OPERA XPRESS		677.88	0.00	4.07	691.58
	43325178	09/29/2015	5714A-FRANCHISE TIER 2 REVENUE		1,500.00	0.00	9.00	1,530.75
	43325483	09/29/2015	5076A-SIGNAGE CREDIT		-1,071.73	0.00	0.00	-1,071.73
	43350304	09/29/2015	Actual-1000A-ROYALTY FEE		7,648.34	0.00	45.89	7,805.13
	43350449	09/29/2015	Actual-1210A-MARKETING FEE		6,798.52	0.00	40.79	6,937.89
	TA0580561	09/21/2015	T/A COMMISSIONS		1,729.87	0.00	0.00	1,729.87
	TC0580561	09/21/2015	T/A COMM SERVICE CHG		210.02	0.00	2.10	215.17
	TM0580561	09/21/2015	MEMBER BENEFIT COMM		668.60	0.00	0.00	668.60
	TR0580561	09/21/2015	TMC / CONSORTIA		658.24	0.00	0.00	658.24
	TV0580561	09/21/2015	GOVERNMENT FEES		10.79	0.00	0.00	10.79
				Sub Total:	23,444.50	6.50	144.41	23,891.62
OCT-2015	1587184	10/18/2015	GDS & INTERNET BKGS		681.40	0.00	0.00	688.90
	28043926	10/21/2015	WYNREWARDS GOFREECR		-866.25	0.00	0.00	-866.25
	28044148	10/21/2015	WR FREE ENROLLMENTS		-309.12	0.00	0.00	-309.12
	28044149	10/21/2015	WYNREWARDS 5%		2,773.46	0.00	0.00	2,799.81
	28044168	10/21/2015	WYNREWARDS BONUS		65.00	0.00	0.00	65.62
	28044169	10/21/2015	WYNREWARDS BONUS		7.50	0.00	0.00	7.57

Mon-Year	Invoice No.	Invoice Date	Description	Accrued	Billing	Amount Tax	Finance Charges	Total
	28044539	10/21/2015	WYNREWARDS BONUS		80.00	0.00	0.00	80.76
	31072824	10/05/2015	2015 CO-OP DUES		1,080.00	0.00	0.00	1,080.00
	31077104	10/22/2015	8-15 Rubicon Full Service Subscription		150.00	0.00	0.00	151.35
	31077210	10/22/2015	7-15 Rubicon Full Service Subscription		150.00	0.00	0.00	151.35
	31077323	10/22/2015	9-15 Rubicon Full Service Subscription		150.00	0.00	0.00	151.35
	31078008	10/21/2015	ResCentral Pilot		-50.00	0.00	0.00	-50.00
	35003039	10/21/2015	RES CENTRAL(CALL TRANSFER)		50.00	0.00	0.00	50.48
	43352622	10/30/2015	5076A-SIGNAGE CREDIT		-1,071.73	0.00	0.00	-1,071.73
	43353145	10/30/2015	5718A-HughesNet VPN		100.00	6.50	0.00	107.03
	43353231	10/30/2015	5002A-OPERA XPRESS		677.88	0.00	0.00	681.07
	43353473	10/30/2015	5714A-FRANCHISE TIER 2 REVENUE		1,500.00	0.00	0.00	1,507.50
	43377005	10/30/2015	Actual-1000A-ROYALTY FEE		7,725.37	0.00	0.00	7,764.00
	43377006	10/30/2015	Actual-1210A-MARKETING FEE		6,887.00	0.00	0.00	6,901.34
	TA0587184	10/18/2015	T/A COMMISSIONS		625.82	0.00	0.00	632.70
	TC0587184	10/18/2015	T/A COMM SERVICE CHG		96.43	0.00	0.00	97.49
	TM0587184	10/18/2015	MEMBER BENEFIT COMM		538.54	0.00	0.00	544.57
	TR0587184	10/18/2015	TMC / CONSORTIA		330.61	0.00	0.00	334.25
	TV0587184	10/18/2015	GOVERNMENT FEES		8.09	0.00	0.00	8.18
			Sub Total:		21,359.90	6.50	0.00	21,508.22
NOV-2015	43378895	11/29/2015	5718A-HughesNet VPN		100.00	6.50	0.00	106.50
	43379082	11/29/2015	5714A-FRANCHISE TIER 2 REVENUE		1,500.00	0.00	0.00	1,500.00
	43379946	11/29/2015	5002A-OPERA XPRESS		677.88	0.00	0.00	677.88
	43404316	11/29/2015	Actual-1000A-ROYALTY FEE		5,691.56	0.00	0.00	5,382.90
	43404317	11/29/2015	Actual-1210A-MARKETING FEE		5,059.16	0.00	0.00	4,784.80
			Sub Total:		13,028.40	6.50	0.00	12,451.88
Grand Total:					57,832.80	19.50	144.41	57,851.72

Requested By: Patrick Yeu

* Please note the accruals on your account are estimates.
Make sure to promptly submit your actual gross room revenue and rooms sold.

EXHIBIT A

De-Identification Obligations

You shall perform each of the following de-identification obligations immediately:

1. Signage

All interior and exterior signage on the unit or referencing the unit that contain the Wingate trade name, trade marks and/or service marks ("Marks") will be removed and destroyed. These signs shall include, without limitation, any interior or exterior signs utilizing the "Built for Business" mark, a sign in the color of Pantone 3434 C or 874 C, or a sign utilizing the scalloped shape design feature and stylized gate, door number signs and directional signs. You will also cease using the Sabon and Helvetica fonts and green backgrounds on any signage.

2. Printed and Advertisement Material

You shall cease using any materials that refer to the Marks. You will also cease using the Sabon and Helvetica fonts and green background on any printed material. All stationery, in-room supplies bearing the Marks will be destroyed. All advertisements containing Marks or identifying the Unit as a Wingate that can be modified or cancelled immediately will be changed accordingly. Any advertisements containing the Marks will not be renewed. All on-line advertisements (including web pages and search engines) will no longer use the Marks beginning on the Termination Date. You shall use your best efforts to secure the timely cooperation of any third parties upon whom you intend to rely in order to perform its obligations under this Exhibit A.

3. Stylized Gate and Scalloped Shape Design De-Identification

Eliminate the Stylized gate and Scalloped shape design from all architectural features including but not limited to the gates, railing and trim as well as the arched portion of all roof parapets, including but not limited to the upper roof line and porte cochere. The trash enclosure gate that is shaped in a Mark will be either removed or modified to a regular rectangular gate and will be repainted. You will also repaint the entire building. You will not choose colors that would reasonably identify the Unit as a Wingate. You represent to Wingate Inns International, Inc. ("WII") that you intend to re-paint the Unit as part of its de-identification responsibilities as follows: (a) the base of the building; (b) the cornices of the building; (c) the color of the remainder of the exterior of the building and (d) the arched parapets at the upper roof line and porte cochere.

4. Window Wall System

Both the window wall system over the porte cochere and that at the end elevations shall be replaced or sufficiently modified as to eliminate the "window wall" effect. Individual windows should appear recessed and distinct from each other, similar to the rest of the exterior façade elevations.

5. Medallion Design Feature De-Identification

The “star” design element of the medallion feature shall be removed or modified as to be unrecognizable as a star to a reasonable viewer. The modified medallion feature will be painted so as to blend into the color of the building and not be reasonably conspicuous.

6. Wingate Green or Gold on the Interior and Exterior of the Building

The use of the Wingate Green – Pantone 3424 C or Gold Color – Pantone 874 C will not be used anywhere on the interior or exterior of the Unit.

You will cooperate fully with WII regarding any post-termination inspections by WII to verify that the Unit has been properly de-identified.

DE-IDENTIFICATION PROCEDURES

You must complete each of the following immediately:

1. Remove, replace or cover with an opaque cover the primary Facility signage.
2. Remove all interior signage that contains Wingate Marks.
3. Change advertising billboards to remove Wingate Marks.
4. Stop answering Facility telephone as Wingate guest lodging facility.
5. Remove Wingate name and Marks from any domain name, advertising and brochures.
6. Return to us all confidential operations and training manuals.
7. Remove the Wingate name and Marks from the following items:
 - Stationery, pads and pens
 - Directories and brochures
 - Business cards
 - Folios and registration cards
 - Do-not-disturb cards
 - Comment cards
 - Telephone plates
 - Telephone dialing instructions
 - TV channel ID plates
 - Rate/law cards
 - Door signage
 - Soap/shampoo
 - Key tags
 - Credit card imprinter
 - Laundry bags
 - Name tags/uniforms
 - Ice buckets/trays
 - Ashtrays/matches
 - Plaques
 - Guest checks/receipts
 - Menus
8. Paint over or remove any distinctive Wingate trade dress, paint schemes or architectural features.
9. It is prohibited to re-name the Facility with a confusingly similar name or color scheme as a Wingate facility.
10. Our quality assurance inspectors will visit the Facility at any time to verify that you have performed these de-identification obligations.

UPS CampusShip: Shipment Receipt

Page 1 of 1



Shipment Receipt

Transaction Date: 15 Dec 2015

Tracking Number:

1Z22445X0293304421

1 Address Information

Ship To:
Vistacon Management Company
Curtis Slough
7500 Tylers Place Boulevard
WEST CHESTER OH 450896309

Ship From:
Wyndham Hotel Group - 22 Sylvan
Patrick Yeu
22 Sylvan Way
Parsippany NJ 07054
Telephone:973-753-7831

Return Address:
Wyndham Hotel Group - 22 Sylvan
Patrick Yeu
22 Sylvan Way
Parsippany NJ 07054
Telephone:973-753-7831

2 Package Information

Weight	Dimensions / Packaging	Declared Value	Reference Numbers
1. Letter (Letter billable)	UPS Letter		Reference # 1 - 006-1696

3 UPS Shipping Service and Shipping Options

Service: UPS 2nd Day Air
Delivery Date: End of Day Thursday, Dec 17, 2015
Shipping Fees Subtotal: 16.15 USD
Transportation: 15.45 USD
Fuel Surcharge: 0.70 USD

4 Payment Information

Bill Shipping Charges to: Shipper's Account 22445X

Charges: 16.15 USD

A discount has been applied to the Daily rates for this shipment

Negotiated Charges: 6.90 USD

Total Charges: 6.90 USD

Note: Your invoice may vary from the displayed reference rates.

* For delivery and guarantee information, see the UPS Service Guide. To speak to a customer service representative, call 1-800-PICK-UPS for domestic services and 1-800-782-7892 for international services.

UPS CampusShip: Shipment Receipt

Page 1 of 1



Shipment Receipt

Transaction Date: 15 Dec 2015

Tracking Number:

1Z22445X0294930814

1 Address Information

Ship To:
Giambrone & Saltzman, LLC
Mr. Richard M. Saltzman
710 US Highway 46 E
Suite 210
FAIRFIELD NJ 070041572
Telephone:862-210-8137

Ship From:
Wyndham Hotel Group - 22 Sylvan
Patrick Yeu
22 Sylvan Way
Parsippany NJ 07054
Telephone:973-753-7831

Return Address:
Wyndham Hotel Group - 22 Sylvan
Patrick Yeu
22 Sylvan Way
Parsippany NJ 07054
Telephone:973-753-7831

2 Package Information

Weight	Dimensions / Packaging	Declared Value	Reference Numbers
1. Letter (Letter billable)	UPS Letter		Reference # 1 - 006-1696

3 UPS Shipping Service and Shipping Options

Service:	UPS 2nd Day Air
Shipping Fees Subtotal:	15.05 USD
Transportation	14.40 USD
Fuel Surcharge	0.65 USD

4 Payment Information

Bill Shipping Charges to:

Shipper's Account 22445X

Charges:	15.05 USD
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A discount has been applied to the Daily rates for this shipment

Negotiated Charges:	6.90 USD
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Total Charges:	6.90 USD
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Note: Your invoice may vary from the displayed reference rates.

* For delivery and guarantee information, see the UPS Service Guide. To speak to a customer service representative, call 1-800-PICK-UPS for domestic services and 1-800-782-7892 for international services.