KNIGHTS INN FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is between Knights Franchise Systems, Inc., a Delaware corporation (“we”, “our” or “us”), and _______________, the entity or person entered below as the Location and Facility owner or lessee (“you”). The definition of capitalized terms are found in Schedule A. In consideration of the following mutual promises, the parties agree as follows:

1. **The Franchise.** We grant to you and you accept from us a franchise and license of the distinctive “Knights System”, a business format franchise for transient lodging services, effective only at the Location, commencing on the Opening Date and ending on the earlier to occur of the Term’s expiration or a Termination, subject to your compliance with this Agreement and System Standards. You shall not affiliate or identify the Facility with another franchise system, reservation system, brand, cooperative or registered mark during the Term.

2. **Term & Windows.** The “Term” of this Agreement begins on the Effective Date stated below and continues for an initial Term ending on the last day of the month preceding the third anniversary of the Opening Date. The Term will renew at the end of the initial Term and each renewal Term for a renewal Term of three years unless either party gives notice of non-renewal to the other at least 90 days before the current Term’s expiration. Renewal is conditioned upon your payment of the Renewal Fee below, if required. We may modify the Fees in Section 3 and Schedule B to be effective upon renewal, provided that you will have 30 days to give us notice of non-renewal, effective when the current Term expires. Either party may terminate effective at the end of the first year of the initial term or any renewal term (a “Window”) on giving at least 60 days prior written notice. THERE ARE NO OTHER RENEWAL RIGHTS OR OPTIONS UNDER THIS AGREEMENT.

3. **Fees.** You agree to pay the Fees and charges listed in Schedule B, which is a material part of this Agreement.

4. **Protected Territory.** We agree not to own, operate, license, franchise or admit to membership any other Chain Facility in the Protected Territory specified in Schedule C during the Term. We may own, operate, lease, manage, franchise or license anyone to operate any Chain Facility outside the Protected Territory. We may grant Protected Territories for other Chain Facilities that overlap your Protected Territory. The restrictions in this section do not apply to any existing Chain Facility which we may renew, relicense, allow to expand or replace with a replacement Chain Facility.

5. **Operation.** You must either construct the Facility or renovate and improve it before opening if we so require in Schedule C. You will operate and maintain the Facility continuously after the Opening Date in compliance with System Standards on a year-round basis and offer transient guest lodging and other related services of the Facility to the public. You will keep the Facility in a clean, neat, and sanitary condition. You may lease or subcontract any service or portion of the Facility only with our prior written consent, which we will not unreasonably withhold or delay.

6. **Training.** You (or a person with executive authority) and the Facility’s general manager (or other representative who exercises day to day operational authority) will attend the training programs we specify in the Standards Manual as mandatory as and when required. You will train all Facility personnel as and when required by System Standards. All training is at your expense. We will provide the training specified in the Standards Manual. We may offer (directly or indirectly by subcontracting with an affiliate or a third party) general manager and owner orientation training, and other training, for fees and charges we determine, all as specified in the Standards Manual.

7. **Marketing & Reservation System.** You covenant with us to participate in System marketing programs, including the Directory, to obtain and maintain the computer and communications service and equipment we specify to participate in the Reservation System, to comply with our rules and standards for the Reservation System, marketing program participation and Internet marketing, and to honor reservations and commitments to guests and travel industry participants and the best available rate on the Internet guarantee or any successor program. You authorize us to offer and sell reservations for rooms and services at the Facility under the rules of program participation and System Standards. Any advertising materials you create or use must depict and 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, out-dated or misleading advertising materials if so requested. You may use the Internet to market the Facility subject to this Agreement and System Standards. You will modify to our satisfaction or discontinue any Internet marketing that conflict with Chain-wide Internet marketing activities. We may suspend the Facility’s participation in Internet marketing activity if you default under this Agreement. 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. You must make available through the Reservation System and the Chain website all rates you offer to the general public via Internet marketing arrangements with third parties. We will operate and maintain (directly or by subcontracting with an affiliate or third party) a Reservation System or such technological substitute(s) as we determine, in our discretion. We will provide you with support to access the Reservation System if you account with us is current and you comply with our Technology Standards. We have the right to provide reservation services to lodging facilities other than Chain Facilities or to other parties. We will use the System Assessment Fees, in our sole discretion, to promote public awareness and usage of Chain Facilities by implementing advertising and marketing programs, training programs, and related activities. We or an affiliate may be reimbursed from System Assessment Fees for the reasonable direct and indirect costs, overhead or other expenses of providing these services. We do not promise that the Facility or you will benefit directly or proportionately from marketing activities. We may assess you and all other franchisees a reasonable charge for the direct and indirect expenses (including overhead) of producing and delivering the Directories.

8. **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 taxes and other amounts, and will file when due all governmental returns, notices and other filings. You and the Facility will comply with all applicable federal, state and local laws, regulations and orders applicable to you and/or the Facility, including those combating terrorism such as the USA Patriot Act and Executive Order 13224.

9. Financial Books & Records; Audits. The Facility’s transactions must be timely and accurately recorded in accounting books and records. Upon our request, you will send us copies of financial statements, tax returns, and other records relating to the Facility for any accounting period. We may audit the books and records of the Facility at our expense upon reasonable advance notice to you. You will provide us with access to the books of original entry of the Facility as part of the audit. 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.

10. Inspections. You will permit our representatives to perform quality assurance inspections of the Facility at any time with or without advance notice, and cooperate with the inspector. If the Improvement Obligation is not timely completed, the Facility fails an inspection, you refuse to cooperate with our inspector or our inspection System Standards, then you will pay us when invoiced for any Reinspection Fee specified in the Standards Manual plus the reasonable travel, lodging and meal costs of our inspector. We may also conduct paper and electronic customer satisfaction surveys of your guests and include the results in your final quality assurance score. We may publish the results of quality assurance inspections and guest surveys. Our inspections are solely for the purposes of checking compliance with System Standards and should not be relied upon by you or any other party for any other purpose.

11. Insurance. You will obtain and maintain during the Term the insurance coverage required under the Standards Manual. Unless we instruct you otherwise, your liability insurance policies will name Knights Franchise Systems, Inc., Wyndham Hotel Group, LLC and Wyndham Worldwide Corporation, their current and former affiliates, successors and assigns as additional insureds.

12. Conferences. You (or your representative with executive authority if you are an entity) will attend each Chain conference and pay the Conference Fee we set for the Chain franchisees, if and when we determine to hold a Chain conference.

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

14. Good Will. You will use reasonable efforts to protect, maintain and promote the name “Knights 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 and acknowledge that such programs are important for the good will of the Chain and the Marks.

15. 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 not open to the public any material modification until we inspect it for compliance with System Standards.

16. Your Indemnification. 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 Indemninee 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 payment you make or fail to make to us, 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 or contractors 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 will respond promptly to any matter described above 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.

17. 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 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 Confidential Information, including the Standards Manual, “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.

18. The System. We will control 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 sole discretion, permit deviations from System Standards, based on local conditions and our assessment of the circumstances. We will specify System Standards in the Standards Manual, policy statements or other publications which we will lend or provide to you in tangible form or through our intranet website. You will not acquire any interest in or right to use the System or Marks except under this Agreement. You covenant not to 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. All present and future distinguishing characteristics, improvements and additions to or associated with the System by us, you or others, including the Marks 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 shall obtain no good will or proprietary interest in any secondary designator that you use.

19. Consultations and Standards Compliance. We will assist you to understand your obligations under System Standards by telephone, mail, on our intranet website, during quality assurance inspections, through the System Standards Manual, at training sessions and during conferences and meetings we conduct. We may offer optional architectural and design services for the Facility for a separate fee. We may limit or deny access to our intranet website while you are in default under this Agreement.

20. Our Indemnification. 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.

21. 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 and your owners may not 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. If a Transfer is to occur, you must comply with this Agreement. The License and this Agreement are 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. You are responsible for performing the post-termination obligations. You must notify us that you intend to transfer the Facility to a party that wants to continue affiliation with the Brand and then follow the procedures we provide to you to effect the transaction. If we approve your buyer, then a new Franchise Agreement with the buyer must be signed to replace this Agreement, which terminates when you convey the Facility. The buyer must pay our Transfer Fee then in effect. The Transfer Fee is waived if the buyer is a member of your family (spouse, offspring, sibling, parent). If we do not approve your buyer, and you complete the transaction, you remain liable for our Fees that would have accrued through the end of the Term, plus amounts you owe us under this Agreement.

22. Our Transfers. 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. We will have no obligations to you after you are notified that our transferee will complete the transaction, you remain liable for our Fees that would have accrued through the end of the Term, plus amounts you owe us under this Agreement.

23. Default & Termination. We may terminate this Agreement, 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 monetary default within 10 days after we send you a written notice of default, or you do not cure any other default within 30 days after we send you a written notice of default, (2) you discontinue operating the Facility as a “Knights Inn”, (3) you do, directly or indirectly, any act or failure to act that in our reasonable judgment materially injures or damages, or could materially injure or damage the goodwill associated with the System, or endangers the health or safety of the Facility’s guests, (4) you lose possession or the right to possession of the Facility, (5) a violation of Section 21 occurs, or (6) you or any of your owners contest our ownership or right to franchise or license any part of the System. This Agreement will also terminate if the Facility suffers a casualty or condemnation that affects the ability to perform this Agreement and meet System Standards that is not resolved within 30 days after the event occurs. We may suspend the Facility from the Reservation System for any default or failure to pay or perform under this Agreement 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 you notice of your non-performance, non-payment or default. All Combined Fees and Other Fees accrue during the suspension period. We may charge you, and you must pay as a condition precedent to restoration of reservation service, a Service Interruption Fee specified in Schedule B. 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 due under this Agreement without first issuing a default or termination notice. If this Agreement terminates except as a result of our material default and failure to cure, then you will pay to us Liquidated Damages equal to Combined Fees then in effect for the Facility multiplied by the lesser of 12 or the number of full calendar months remaining in the unexpired current Term at the date of termination. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR, AND EACH PARTY EXPRESSLY WAIVES ANY CLAIM WITH REGARD TO, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOST SAVINGS) RELATING TO THIS AGREEMENT, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF OR COULD HAVE FORESEEN SUCH DAMAGES. When the License or this Agreement terminates for any reason whatsoever, you will immediately stop using the System to operate and identify the Facility and will pay all amounts owed to us under this Agreement within 10 days after termination. You will remove all signage and other items bearing any Marks and follow the other steps detailed in the Standards Manual for changing the identification of the Facility. 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. The Facility will honor any advance reservations, including group bookings, made 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.
1. **Survival of Certain Provisions.** Sections 9, 16, 17, 20, 23, 24 and 28 survive termination of the License and this Agreement, whether termination is initiated by you or us, even if termination is wrongful.

23. **This Transaction.** You represent and warrant to us as follows: You and the persons signing this Agreement for you have been duly authorized, to enter into and perform your obligations under this Agreement. No executory franchise, license or affiliation agreement for the Facility exists other than this Agreement. Neither you nor the Facility is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar proceeding. To the best of your knowledge, neither you, your owners (if you are an entity), your officers, directors or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or is, a terrorist, a “Specially Designated National” or a “Blocked Person” under U.S. Executive Order 13224, in lists published by the U.S. Department of the Treasury’s Office of Foreign Assets Control, or otherwise. 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 does not omit any material fact necessary to make the information disclosed not misleading under the circumstances.

24. **No Implied Covenants.** There are no express or implied covenants or warranties, oral or written, between we and you except as expressly stated in this Agreement.

25. **Relationship of Parties.** 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. 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, disciplining, firing, compensation, and work rules of your employees. You will 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.

26. **Legal Matters.** 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, 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. 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 B when this Agreement so permits. Notices will be effective if in writing and delivered (i) by electronic mail or facsimile transmission with confirmation original sent by first class mail, postage prepaid, (ii) by delivery service, with proof of delivery, or (iii) by first class, prepaid certified or registered mail, return receipt requested, to the appropriate party at its address stated on the first page above or as it may otherwise designate by notice, or (y) by such other means as to result in actual or constructive receipt by the person or office holder designated below. You consent to receive electronic mail and facsimile transmissions from us. Notices shall be deemed given on the date delivered or date of attempted delivery, if refused. 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. 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. 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. 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. **THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL AND AGREE THAT NEITHER PARTY MAY INITIATE OR JOIN ANY CLASS ACTION OR ARBITRATION AGAINST THE OTHER PARTY IN ANY ACTION RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISOR, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.**

Your Signature & Information:

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<thead>
<tr>
<th>Location:</th>
<th>Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Owner Name:</td>
<td>Printed Name of Signer:</td>
</tr>
<tr>
<td>Address:</td>
<td>Title:</td>
</tr>
<tr>
<td>E-mail:</td>
<td>Hotel Owner Tax ID No.:</td>
</tr>
<tr>
<td>Hotel Phone No.:</td>
<td>Hotel Fax No:</td>
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For Knights Inns Use Only Agreement Executed By:

| Title: |

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Approved Plans means your plans and specifications for constructing or improving the Facility initially or after opening as approved by us in accordance with Schedule C.

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.

Combined Fee means the Royalty and System Assessment Fee stated in Schedule B.

Confidential Information means any trade secrets we own or protect and other proprietary information not generally known to the lodging industry including all Standards Manuals and documentation we impart to you. Effective Date means the date we insert below in this Agreement after you and 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 C, 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, structures, parking, amenities, fixtures, and related rights, privileges and properties on the Effective Date or thereafter.

FF&E means furniture, fixtures and equipment.

Gross Room Revenues means gross revenues attributable to 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 items, 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 or renovate the Facility, in accordance with the Approved Plans and System Standards, as described in Schedule C.

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.

Losses and Expenses means (x) 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; and (y) the “Returned Check Fee” we then specify in the Standards Manual ($20.00 on the Effective Date) if the drawee dishonors any check that you submit to us.

Marks means, collectively (i) the service marks associated with the System from time to time including, but not limited to, the name, design and logo for “Knights Inn” ; and (ii) trademarks, trade names, trade dress, logos and derivations, and associated good will and related intellectual property interests.

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

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

Standards Manual means the Manual(s) we publish or distribute specifying the System Standards in print or electronic media.

System means the comprehensive system for providing guest lodging facility that we specify from time to time, including, but not limited to the Marks, System Standards, Reservation System, advertising programs, training programs and materials, quality assurance programs and Confidential Information.

System Standards means the standards for participating in the Chain and using the System published in the Standards Manual and any other standards, policies, rules and procedures we promulgate about System operation and usage.

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, (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 transaction with a family member as permitted above.
A. Application, Initial, Renewal and Transfer Fees.

1. **Application Fee** - $1,000, payable when you submit your application.
2. **Initial Fee** - $5,000, payable when you sign and return this Agreement.
3. **Renewal Fee** - $2,000, payable 30 days before the each renewal term; waived if you are in good standing with no uncured notice of default during the last 60 days of the expiring term.
4. **Transfer Fee** - $2,000, payable when the transferee signs and returns the new Franchise Agreement.

B. Recurring Fees (Payable 10 days after the end of each month in arrears)

1. **Combined Fees** - (consisting of Royalty and System Assessment Fees for marketing, training, etc.) Either:
   a) **Flat Rate Formula**: $20.80 per guest room per month. The Combined Fee is prorated for the first month of the Initial Term and the month in which a Termination occurs based on the actual days the Facility is open under this Agreement;
   b) **Percentage Rate Formula**: 5% of Gross Room Revenues accruing during the calendar month.

   FORMULA YOU SELECT:  
   (a) ___________  
   (b) ___________

2. **Reservation Fees** - $4.00 per reservation (i.e. confirmation number) processed through our or an affiliate’s toll-free reservation number or Chain website, net of cancellations issued by the Central Reservation System

C. Other Fees

1. **Taxes** - You pay us when due any federal, state or local sales, gross receipts, use, value added, excise or similar taxes assessed against us on the Combined Fee by the jurisdictions where the Facility is located, but not including any tax based upon our income.
2. **Interest** - The lesser of 1.5% per month or the maximum rate permitted by law, payable, on receipt of our invoice, on any past due amount, from the due date until the amount is paid.
3. **Loyalty Program Assessment** - 5% of the Gross Room Revenues accruing from each qualifying stay under the TripRewards (or successor) program.
4. **Member Benefit Program** – Up to 10% of Gross Room Revenues on qualifying stays under the Member Benefit program.
5. **Service Interruption Fee** - $200.
6. **Transaction Fees** – You will reimburse us for the following fees we incur to place reservations at your Facility:
   a) **GDS Fees** - $5.15 per reservation;
   b) **Internet Booking Fee** - $4.14 per reservation booked on the Internet, excluding our Chain web site;
   c) **Agent Commissions** – Up to 15% of Gross Room Revenues plus our service charge of .75% of commissionable revenue.

D. **Fee Changes**. We may increase Transaction Fees, at any time, to reflect changes in our cost for providing the services. We reserve the right to add new 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.

E. **ACH Payment System**. We require that you pay Fees by means of the automated clearing house (“ACH”) funds transfer system under the ACH Addendum attached to this Agreement. You must complete and sign the Addendum when you sign this Agreement. On the tenth day of each month or the next banking day we will initiate an ACH payment against your account for the payment of Fees due that month under this Agreement and under agreements with us relating to computer hardware and software for which we have not received written notice contesting all or a portion of the invoice. You covenant with us to have sufficient funds on deposit to fund such transfer.
Your Equity Interest Owners:

<table>
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<tr>
<th>Name</th>
<th>Address</th>
<th>Percentage Owned</th>
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THE KNIGHTS INN FACILITY:
Primary designation of Facility: 
Number of approved guest rooms: 
Parking facilities (number of spaces, description): 
Other Amenities, services and facilities: 

Protected Territory means 

Location means the parcel of land situated at , as more fully described in the attached legal description.

(Attach Legal Description of Facility; If leased, attach copy of Lease or recorded Memorandum of Lease)

**Improvement Obligation.**
You selected and acquired the Location and the Facility without our assistance. You must renovate, equip and supply the Facility to meet System Standards. You must provide us with proof that you own or lease the Facility before or within 30 days after the Effective Date. You must begin renovation of the Facility no later than 30 days after the Effective Date. The deadline for completing the pre-opening phase of conversion and renovation is 90 days after the Effective Date. The Facility must complete the pre-opening renovation specified on the “Punch List” we attach to this Schedule C and be ready to open for business under the System by that date. Your renovations must comply with System Standards and any Punch List. You must continue renovation and improvement of the Facility after the Opening Date if the Punch List so requires. Time is of the essence for the Improvement Obligation. You must also pay the Reinspection Fee in Schedule B if you fail to complete any Improvement Obligation by the deadline established in the Punch List and our representatives must return to the Facility to inspect it. We may grant you one or more extensions of time to complete any phase of the Improvement obligation or any item on your Punch List in our sole discretion. The grant of an extension to perform your Improvement Obligation will not waive any other default existing at the time the extension is granted.
SCHEDULE C [FOR NEW CONSTRUCTION FACILITIES]  
FRANCHISEE’S OWNERS; THE FACILITY; PROTECTED TERRITORY;  
THE LOCATION; IMPROVEMENT OBLIGATION

Your Equity Interest Owners:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Percentage Owned</th>
</tr>
</thead>
</table>

THE KNIGHTS INN FACILITY:
Primary designation of Facility: 
Number of approved guest rooms: .

Parking facilities (number of spaces, description): 
Other Amenities, services and facilities: .

Protected Territory means .

Location means the parcel of land situated at , as more fully described in the attached legal description.

(Attach Legal Description of Facility; If leased, attach copy of Lease or recorded Memorandum of Lease)

Improvements Obligation. (a) You will select and acquire the Location and design, construct, equip and supply the Facility in accordance with Approved Plans, System Standards and this Schedule. You will provide proof that you own or lease the Location within 30 days after the Effective Date. You will begin construction of the Facility no later than __________ (___) * days after the Effective Date and complete construction and properly deliver the Certification as described in paragraph (b) below no later than _________ (__*) months from the Effective Date. 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. 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.

(b) Your architect and you will create construction documents (including a project manual and working drawings) for the Facility based upon the System Standards and this Agreement, and then submit them for our approval before starting improvement of the Location. We may, upon your request and subject to availability, provide your designated architect with a set of “Prototype Plans” for a Chain Facility. To receive the Prototype Plans, your architect must sign the Prototype Plans Agreement attached as Exhibit A. Your architect must certify to us and to you that the Facility’s plans and specifications 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 B. We will not unreasonably withhold or delay our approval, which is intended only 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, or compliance with federal, state or local laws, regulations or code requirements, for which your architect is responsible. 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 visitation to 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 visit the Facility and observe 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.

* * Dates are subject to modification to match the size of the Facility to be built. Generally, the following time periods will be allowed:

<table>
<thead>
<tr>
<th>No. Rooms</th>
<th>Days to Start</th>
<th>Months to Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 or less</td>
<td>60</td>
<td>6</td>
</tr>
<tr>
<td>61 - 100</td>
<td>75</td>
<td>9</td>
</tr>
<tr>
<td>101 or more</td>
<td>90</td>
<td>12</td>
</tr>
</tbody>
</table>

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2903528-000004 10/25/2006
(c) Before we authorize you to open the Facility, you must complete and submit the Certification of ADA Compliance in the form attached to Exhibit B (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, 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 Franchisee’s Certification of Compliance on the signature page of the Certification. 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 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) above, 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.