



Choice Hotels International® Minority Incentive Programs



We'll see you there.

CHOICE HOTELS INTERNATIONAL®



Behind every pioneer is a great partner.

Choice Hotels International is committed to achieving greater diversity in the lodging industry. Increasing the number of under represented minority owners in our system is a key corporate initiative and we have dedicated personnel focused on this effort. Our minority incentive programs are designed to reduce upfront costs and provide additional operational support to new minority hotel developers.

This is a great opportunity for you to diversify your assets and become a pioneer in the lodging industry.

Our Minority Incentive Programs demonstrate our sincerity when we say we want to be your partner.

Choice Hotels Incentive Programs provide real benefits to promote African American, Hispanic and Native American ownership of our franchises that minimizes your upfront costs and offers additional operational support. You can receive per-room incentives, up to \$125,000 for a new or converted mid-scale brand hotel and up to \$50,000 for an economy brand hotel. And, we have an even more comprehensive program for our Sleep Inn brand - valued up to \$155,000.* Furthermore, if you purchase an existing Choice hotel, we'll give you a 50% discount on the affiliation fee.**

No matter which brand or program you select, you will be working with a partner backing you with all the resources you need. Our support efforts have made us one of the largest and most successful hotel franchisors in the world.



Each loan will be evidenced by a 10-year forgivable promissory note. We will pay the loan proceeds to you shortly after the opening of the hotel as a Choice-brand hotel.

Forgiveness of the note will be amortized over 10 years (beginning on the Opening Date of your hotel) using a straight-line method, so that the note will be completely forgiven if you do not commit certain defaults under your franchise agreement for 10 years after the Opening Date. You may use the proceeds of the note for any purpose related to the hotel. The note will not bear interest while you remain in good standing. If you default in payments due us under your franchise agreement, your franchise agreement is terminated, you sell the hotel, you die or you file for bankruptcy, the entire remaining unforgiven principal balance is immediately due along with interest (accruing on the remaining unforgiven balance only) from the original date of the note at an interest rate of prime plus 2%. The note is structured to provide for 1 payment at the end of 10 years; however, you do not have to make payments on the note if you remain in good standing (as listed above) under your franchise agreement. We do not require any security for this note, but we may require a personal guaranty. Under the note, you must waive demand, presentment for payment, protest, notice of dishonor and your right to a jury trial. On your default, you also must pay all reasonable expenses, costs and attorneys fees we incur in collecting the note.

Waiver of Unilateral Termination Rights

Neither you nor Choice may terminate the franchise agreement, without cause, until the 10th anniversary of the Opening Date. Accordingly, you and we must waive our rights to terminate the Franchise Agreement, without cause, on the 5th anniversary of the Opening Date.

* To be eligible for the Minority Incentive Program, an African American, Hispanic, or Native American developer must hold at least a 51% ownership stake in the franchise and meet Choice's current qualifications for new franchisees. Subject to certain terms and conditions, the Minority Incentive and a portion of the Sleep Inn Incentive are in the form of a forgivable loan that will be funded shortly after the hotel opens for business as a Choice-brand hotel. See full Terms and Conditions at www.choicehotelsfranchise.com

** Reduced Affiliation Fee Program for relicensed hotels cannot be combined with any other minority incentive program.



Minority Incentive Programs*:

At Choice Hotels®, we have three separate substantial incentive programs to help under represented minorities enter into the rewarding business of hotel franchising. By taking advantage of our incentives, you'll only just begin to understand how committed we are to diversifying our system.

1. Standard Incentive: For new or converted mid-scale and economy brand hotels. When you select your hotel brand, whether it's a CAMBRIA SUITES™, CLARION®, COMFORT INN®, COMFORT SUITES®, MAINSTAY SUITES®, SUBURBAN®, QUALITY INN® or SLEEP INN® hotel, you will receive \$1,500 per room up to \$125,000, and \$750 per room up to \$50,000 for Econo Lodge® and Rodeway Inn® properties.**

2. Sleep Inn Incentive: Sleep Inn & Suites® is our all-new construction brand that provides hotel developers with lower-construction costs, lower operational costs, and the ability to maximize real estate which helps to lower start-up costs. The Sleep Inn incentive, valued at \$155,000, was developed to allow an easier transition into the lodging market. Our incentive includes the following:

- a. **Feasibility Study Reimbursement:** Most lenders require hotel developers to provide a feasibility study prior to providing hotel construction financing. Choice Hotels recognizes this required expense and we'll reimburse up to **\$5,000** for the cost of your feasibility study.
- b. **A 50% Affiliation Fee Reduction:** Our standard affiliation fee is **\$40,000**, as part of the incentive program, we've reduced the fee to **\$20,000**.
- c. **Grand Opening Incentive:** **\$70,000** paid shortly after the grand opening of your hotel to be used for any hotel-related purpose.
- d. **Management Company Fee Contribution:** Choice Hotels will contribute up to **\$50,000** of the first year's cost for a professional management company. The reassurance of a professional management company may increase financing options for first-time hoteliers. It also enables you to learn best-practices operations quickly. Most importantly, it can help you align with your competitive set much faster.
- e. **Bonus Support Services & Training:** Being dedicated to your success means providing you with the tools to help get the job done. **Valued at \$7,500**, part of this incentive includes receiving the Choice Hotels property management system software. This Windows-based, state-of-the-art management functionality integrates with our central reservation system, meaning when guests call our toll-free number for reservations, your hotel will be part of that overall system.

Plus, you will receive three days of extra, customized performance-related training during your first year of operation, a benefit valued at **\$2,500**.

3. Re-licensing Incentive: You will receive a **50% reduction** of the affiliation fee if you purchase an existing Choice brand hotel.

* Programs can not be combined.

** Maximum of \$125,000 with a limit of one development loan under the Minority Developer Incentive per individual franchisee, franchisee entity or their affiliates.

At Choice Hotels, we're in this together.

With any franchising agreement, Choice Hotels welcomes owners into a wealth of knowledge, solutions and services all geared toward ease of franchise operation.

- **Services & Support** - An exceptional set of resources, services, training programs and property management systems that can help maximize your profitability and ensure efficient operations supported by one of the largest field service organizations in the industry.
- **Impressive Brand Awareness** - Our brands enjoy very high recognition and respect among their audience segments, including exceptionally high aided brand awareness for Comfort Inn: 98%, Quality Inn: 85%, Comfort Suites: 85%, Clarion: 75%.*.
- **Strong Reservation Delivery** - A strong reservation system brings guests to your door. Estimated year-end 2006, our system booked over \$1.9 billion in gross room revenue for our franchises.
- **Vast Consumer Reach** - In North America, we have an annual budget over \$50 million for a highly-visible, national multi-brand campaign, along with local co-op advertising and marketing programs that reinforce brand image and drive guests to your hotel.
- **Singular Focus** - We are a pure-play franchise company and do not own or manage hotels.** This means we are dedicated entirely to optimizing hotel performance for our franchisees.
- **Purchasing Power** - We have over 250 qualified vendors that can assist with lowering operating costs, by providing quality products and services to your hotel. All of the offerings from the vendors meet Choice brand standards, helping your hotel remain consistent with other properties worldwide.
- **Guest Loyalty Programs** - With over 5 million members, our guests take advantage of many bonus features and points by enrolling into the *Choice Privileges*® Rewards Program or by using their *Choice Privileges*® Visa® credit card.



choicehotelsfranchise.com/emerging_markets

800.560.9871

* Source: The Midscale and Economy Advertising Tracking Studies, 2005, conducted by the global research firm, Millward Brown.

** Although Choice Hotels owns three hotels as a result of a transaction with a previous affiliate at this time, we do not intend to develop, own or operate any other hotels. For New York: This advertisement is not an offering. An offering can only be made by a prospectus filed first with the Department of Law of the State of New York. Such filing does not constitute approval by the Department of Law. For Minnesota: Comfort Inn and Comfort Suites #F-3577; Quality Inn #F-48; Sleep Inn #F-1799; Clarion #F-1673; MainStay Suites #F-3269; Econo Lodge #F-3576; Rodeway Inn #F-2691; Cambria #F-4986; Suburban Extended Stay #F-5274. In South Carolina, Cambria S.S. Reg. No. 013.