

We have not sold, assigned or discounted commercial paper to anyone, nor do we intend to (although permitted to do so).

ITEM 11

FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you.

PRE-OPENING ASSISTANCE. Before you open your hotel, we will:

CONSTRUCTION

If new construction, review and comment on whether your preliminary drawings, final working drawings and building plans for the hotel meet our Rules and Regulations. (Franchise Agreement, §6(r))

You must submit your preliminary drawings for our approval within 3 months and final working drawings for our approval within 6 months of signing the franchise agreement. (Franchise Agreement, §6(r))

You must begin construction of your hotel within 8 months after the date of the franchise agreement, and, within 5 days after Construction Start, notify us that the Construction Start has occurred (Franchise Agreement, §6(r)(2)), continue construction of the hotel, in accordance with the plans without interruption, until the hotel is ready for our inspection and complete construction of the hotel, including furnishing, equipping and preparing for opening, within 12 months of Construction Start. (Franchise Agreement, §6(r)(3))

RULES & REGULATIONS

You may view the current Rules and Regulations at www.choicecentral.com. (Franchise Agreement, §5(a)) We may periodically revise, add to or update operations standards through issuing revisions of the Rules & Regulations and other manuals that we may publish.

TRAINING

We will provide training, as described below (Franchise Agreement, §6(e)):

TOTAL LODGING by CHOICE ORIENTATION PROGRAM (Note 1)
(Effective April 1, 2007)

SUBJECT	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING (Note 2)	TEAM LEADER (Note 3)
Welcome to Choice	None	0.5	Facilitator
Review Competition and Marketing	Handouts, videos	2	Marketing Staff

SUBJECT	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING (Note 2)	TEAM LEADER (Note 3)
Brand Management – strategy operating standards, marketing and awards	Same	.75-1	Brand Managers
New Construction and Conversion Support	Same	.5	Building and Construction Staff
Staffing Management Team	Same	3	Human Resources Staff
Marketing Plan	Same	3	Marketing Staff
HOG Database	Same	2	Facilitator
Budgeting Hotel	Same	2-3	Facilitator
Property System Training	Same	3	Facilitator
Training	Same	.5-1	Training Department
Business Case Study	Same	20	Facilitator
Wrap-up	None	.25	Facilitator

Note 1: This training is mandatory for all owners and general managers of new properties, conversions and transfers to new owners.

Note 2: We do not provide on-the-job training.

Note 3: The Total Lodging by Choice instructors' experience ranges from 3 years to 29 years.

The owner must attend Total Lodging by Choice within 90 days of signing the franchise agreement and the general manager must attend Total Lodging by Choice within 60 days before opening or upon hire. The cost of the training classes shall not exceed \$1,500 each for the owner and the general manager plus travel, lodging and meals while attending the Orientation Program. Instructional materials are included. Attendance at the Orientation Program is open to other members of your staff at a cost not to exceed \$500 each plus travel, lodging and meals while attending the program. The Brand Performance Consultant may require attendance of an owner or operator, at this orientation program, at anytime, based on less than expected results at an open and operating hotel.

Attendance at TLC is mandatory. Failure to attend within the prescribed time frame may result in formal default, and failure to cure the formal default could result in the termination of your franchise agreement.

We will provide Certified General Manager (CGM) training, as described below:

CHOICE HOTELS' CERTIFIED GENERAL MANAGER TRAINING PROGRAM (Notes 1,2 and 3)
(Effective April 1, 2007)

Day	Hours of Training	Content	Interactive
Monday	9:00am – 5:00pm	<ul style="list-style-type: none"> • Local sales & marketing • Human resources 	Group projects, workbook exercises and mini-lectures
Tuesday	9:00am – 5:00pm	<ul style="list-style-type: none"> • Effective guest service 	Group projects, workbook exercises and mini-lectures
Wednesday	9:00am – 5:00pm	<ul style="list-style-type: none"> • Revenue Management 	Group projects, workbook exercises and interactive learning
Thursday	9:00am – 5:00pm	<ul style="list-style-type: none"> • Leadership • Brand-specific information 	Group projects, workbook exercises and mini-lectures
Friday	9:00am – noon	<ul style="list-style-type: none"> • Safety and Security 	Group projects, workbook exercises video learning

Note 1: This training is mandatory for all general managers.

Note 2: Instructors have an average of 15 years hospitality experience.

Note 3: We do not provide on-the-job training.

The General Manager must attend the Certified General Manager Program class within 90 days after the opening of the property. Attendance requirements are considered completed if the general manager has previously attended Choice Hotels' General Manager Training Program. Attendance requirements will also be considered completed if the general manager achieves a passing score on the certification test-out exam before attending the 5-day class. The cost of pre-attendance testing is \$399. Any supplemental or replacement general manager must also complete the program by achieving a passing score or attending the 5-day class no more than 90 days after assuming his or her duties. The cost of the training class will not exceed \$1,000, plus the general manager's travel, lodging and meals to attend the 5-day training class. Instructional materials are included. Attendance at the Certified General Manager Program is open to other members of your staff. The training will be offered throughout the year at the Silver Spring, Maryland or Phoenix, Arizona locations.

You must also participate in the Educational Resources Program. The cost of the Educational Resources Program is \$50 per quarter plus any applicable state tax.

choiceADVANTAGE TRAINING (Note 1 and 2)
(Effective April 1, 2007)

Subject	Instructional Materials	Hours of on-site training	Instructor
Day one - Trainer arrives and checks equipment	None	2-3	Choice Trainer
Day two – Training on choiceADVANTAGE, selling over the phone, rate resistance and fade rates, demand seasons, User Admin and Rates and Inventory.	Training workbook	7-9	Same
Day three – Additional training on choiceADVANTAGE, customer service, Customer Relations Response, Property Information Manager and sales & marketing efforts.	Training workbook	7-9	Same
Day four – Training on handling guest complaints, night audit, emergency procedures and groups.	Training workbook	7-9	Same
Day five – Training on work orders, Invoice Review, and a skills check. GM training also provided, covering A/R, security, ChoiceCentral, revenue management and training.	Training workbook, GM training guide	8-12	Same
Day six – Live on-site support for the system. Trainer also reviews training delivered with GM.	Training workbook	8	Same
Day seven -- Trainer departs	None	0	Same

Note 1: This training is mandatory for all general managers, assistance general managers and front office managers.

Note 2: The experience of Choice's Performance Trainers ranges from 5 years to 15 years experience.

The General Manager, Assistant General Manager and Front Office Manager must attend the choiceADVANTAGE training sessions. Any supplemental or replacement general manager must also complete the program, preferably before assuming his or her duties, but no later than 6 months after. Instructional materials are included. Attendance at choiceADVANTAGE training sessions is open to (and encouraged for) other members of your staff. The initial training will be held at your hotel.

RE-LICENSED HOTEL ON-SITE TRAINING
(Effective April 1, 2007)

Two days of on-site, customizable training	Available training topics (Hotel will select topics most relevant to their specific training needs)
Day One	<ul style="list-style-type: none"> • choiceADVANTAGE (beginner and advanced information) • ChoiceCentral.com (beginner and advanced information) • Effective Use of RevPAR Maximizer (RPM) • Customer service techniques • Understanding and using reports • Electronic Distribution (Internet) tips
Day Two	<ul style="list-style-type: none"> • Revenue building tips and techniques • Selling at the front desk • Creative sales and marketing efforts • Employee motivation and retention plans • Utilizing Choice resources • Other topics also available (visiting trainer will discuss options)

Every time a Choice property changes owners and the new owners sign a franchise agreement with Choice (known as a "re-licensing"), the property is required to have a two-day on-site visit from a Choice trainer. During the on-site visit, the new owner and hotel staff will receive detailed information and training on critical elements of operating a Choice property, including training on Choice's property management systems, ChoiceCentral, guest service and other important topics. The on-site visit must take place within 6 months after the hotel has changed owners. The fee for the re-licensing training is \$1,900. For re-licensed properties where either the owner or the general manager already have at least three years experience operating a Choice property, a test-out is available. Upon successful completion of the test-out exam, the re-licensing training requirement will be waived.

We also offer many optional training programs throughout the year. Included in these programs is the Choice Training Days regional workshop program. In these educational workshops, you and your staff can gain valuable knowledge on a wide variety of topics to help your hotel become more effective, profitable and efficient. Attendance for Choice Training Days is less than \$50 per person per workshop.

SITE SELECTION

We approve the site you select. We take into account the location, market and revenue potential as factors for selection and approval. The Franchise Committee will review your application within 30 days of submission. If a site cannot be agreed on and we reject your application, your affiliation fee will be refunded and no franchise agreement will be signed. The "typical" length of time between the signing of a Franchise Agreement and the opening of a newly constructed hotel is between 12 and 18 months. For an existing property to be converted, the time table varies dependent on your ability to obtain any necessary financing, the amount of renovation required to meet our specifications and the process required to obtain all the necessary permits, license and approvals from various government agencies.

POST-OPENING ASSISTANCE. During the operation of the hotel, we will:

NEW HOTEL SALES SUPPORT

The New Hotel Sales Support Department will assist you with analyzing competition, identifying and calling on prospective accounts, developing promotional materials and direct mail collateral, considering advertising opportunities, scheduling AAA property inspections, participating in Choice marketing programs and developing a sales action plan for ongoing efforts by your hotel's management team.

QUALITY ASSURANCE

We will administer a quality assurance program that may include periodic visits to your Hotel (by us or our authorized representative) and guest satisfaction surveys to evaluate your compliance with the Franchise Agreement and the Rules and Regulations. If necessary, we will advise you on changes that you must make to the Hotel or its operations to comply with the Franchise Agreement and/or the Rules and Regulations (Franchise Agreement, §5(b))

MARKETING

Using a portion of the System Fee that is designated for the purpose, provide national, international and regional advertising, promotion, publicity, marketing research, System programs and related programs as we reasonably determine to be appropriate for the system. These services may be combined with other hotel systems that our affiliates or we operate in our sole discretion. We will also periodically publish and distribute to the traveling public a directory of all hotels in good standing. (Franchise Agreement, §5(c))

Advertising is primarily disseminated via direct sales efforts, newspapers, consumer and trade publications, directories and other collateral materials. National advertising and promotion agencies are primarily used to create and place advertisements with the participation and supervision of our in-house marketing department. Funding for the advertising program comes from a national marketing fund (the "Fund") into which a portion of each Quality, Comfort, Clarion, Sleep and MainStay franchisee's monthly Marketing Fees are deposited. We do not use any of the marketing fund to solicit new franchisees. See Item 6.

We administer the Fund, although recommendations by the Choice Hotels Owners Council, the association of Clarion, Quality, Sleep, MainStay and Comfort hotel franchisees, (the "CHOC") are considered. Audited financial statements for the Fund are prepared each year and provided to the CHOC. They are provided to you on request. Any monies that remain in the Fund at the end of the fiscal year generally are carried over for use in the following year unless there is a deficit from a preceding year. In that case, the monies will be applied to pay down the deficit and any remaining funds will be carried over. We do not receive any payment for providing goods or services to the Fund with the exception of nominal administrative costs. The unaudited results indicate that in calendar year 2006, 44% of the Fund was spent on media and print advertising, 36% on the Choice Privileges Frequency Program, 18% on marketing and consumer sales programs and 2% on general and administrative expenses.

You may conduct your own local marketing program provided that all materials comply with system standards, including proper mark usage and are approved in writing by us typically within 30 days. We do not have to use any portion of the Fund for advertising in your area. You are not required to participate in any local or regional advertising cooperatives. You will not establish a web site on the Internet using any domain name containing the Marks (or any other Choice Marks) or any portion of the names of our proprietary management or reservations systems or anything similar to these words. Any third party web site created for your hotel must follow the brand approved template. We retain the right to pre-approve your use of linking and framing between your Internet web pages (or other networks) and all other web sites.

RESERVATIONS

Using a portion of the System Fee that is designated for the purpose, we will provide an advance reservation system for your hotel and other hotels that belong to the system (and, if we choose to do so, for other hotel brands that we or our affiliates operate). (Franchise Agreement, §5(c))

COMPUTER HARDWARE AND SOFTWARE

You will provide broadband computer-to-computer communication between your hotel's equipment (as described below) and our reservations system, using the choiceADVANTAGE property management system, to electronically update your hotel's information in the Choice advance reservations system; receive reservations from our advance reservations system; collect data on reservations made by travel agents; and collect daily revenue and occupancy figures.

You must purchase the hardware we specify that meets or exceeds the minimum specifications to connect to the choiceADVANTAGE property management system. The major components of the specifications are an operating system Windows 2000, Windows XP or above, 512 MB of memory and a processor operating in excess of 2.8GHz. Choice franchisees have used hardware manufactured and sold by Dell since 1996. The choiceADVANTAGE property management system will allow you to manage your front desk operations; collect data on reservations made by travel agencies; and collect revenue and occupancy figures. Periodically, you may be required to upgrade your computer equipment to comply with minimum configurations.

We will also provide the following:

- Ongoing remote support relating to maintenance of the software, 24 hours a day, 7 days a week.
- Any and all enhancements or modifications to the choiceADVANTAGE software.
- Configuration and installation services for the choiceADVANTAGE software at no additional cost to you.
- Training relating to the use of the choiceADVANTAGE software.
- The choiceADVANTAGE software.

CHANGE IN SLEEPING ROOM COUNT

We will review and, where appropriate, approve requests to add (or remove) guestrooms to your hotel after receipt of your expansion fee (if applicable) and construction plans. (Franchise Agreement, §8)

ITEM 12

TERRITORY

We grant franchises for specific sites only. You are not given an exclusive area or territory within which we would not operate a hotel, grant additional franchises or limit the number of franchises. We may, depending on local market conditions or other factors, such as your prior history with us (if any) and number of hotels franchised with us, grant territories in which no other Comfort hotel properties will be franchised or operated, for a period of time that we determine. The geographic boundaries are determined by negotiation. Our grant of an exclusive territory is usually terminated when a franchisee defaults under the franchise agreement, including failure to maintain Quality Assurance scores and failure to pay franchise fees on a timely basis.

We expressly reserve the right to grant franchises or open company owned hotels at any location under any brand name other than the location specified in the Franchise Agreement. We may open company-owned hotels under any brand and offer hotel franchises for budget, mid-priced and luxury hotels under our other Marks.

If you wish to relocate or establish additional facilities, you must follow our usual application procedures and sign additional franchise agreements. Franchisees are not customarily granted options, rights of first refusal or similar rights to acquire additional franchises.

ITEM 13

TRADEMARKS

You will receive in the Franchise Agreement a limited license and obligation to use the trademark and trade name COMFORT together with the related logo(s), including designs, stylized letters and colors that we permit you to use at your hotel and in advertising for your hotel, and any other additional or substituted trademarks, trade names, service marks or logos (collectively "Marks") that we later adopt and authorize you in writing to use.

We own and license Comfort Inn hotel franchisees to use some of the following service marks and trademarks registered on the Principal Register with the U.S. Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
COMFORT	1,788,677	August 17, 1993
COMFORT INN	1,315,180	January 15, 1985
COMFORT & Design	3,050,364	January 24, 2006
COMFORT INN & Design – Color	3,050,866	January 24, 2006
COMFORT INN & Design	3,050,363	January 24, 2006

We own and license Comfort Inn & Suites hotel franchisees to use some of the following service marks and trademarks registered on the Principal Register with the U.S. Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
COMFORT INN & SUITES & Design	3,050,868	January 24, 2006
COMFORT INN & SUITES	3,050,883	January 24, 2006

We own and license Comfort Suites hotel franchisees to use some of the following service marks and trademarks registered on the Principal Register with the U.S. Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
COMFORT SUITES	1,712,482	September 1, 1992
CS COMFORT SUITES & Design	2,665,525	December 24, 2002