



Choice Hotels Canada Inc.
5090 Explorer Drive, Suite 500
Mississauga Ontario L4W 4T9
Tel: 905.206.7316
franchising@choicehotels.ca

Franchise Application Instructions

Choice Hotels Canada Inc. (hereinafter "Choice") welcomes the opportunity to consider your application for our Ascend Collection™ affiliation program.

In order to expedite the processing procedure, please read these instructions carefully. All items must be answered completely and accurately. If an item does not apply, please mark as not applicable (N/A).

Please supply all requested attachments for your entity and property

When you have finished preparing your franchise application, please forward it to our office, along with all supporting documents.

Please send to:

Joanne Falsetti
Executive Administrative Assistant
Choice Hotels Canada Inc.
5090 Explorer Drive, Suite 500
Mississauga, Ontario L4W 4T9

Telephone: 905.206.7316
Fax: 905.206.7318
Email: joanne_falsetti@choicehotels.ca

Choice reserves the right to approve or deny this Franchise Application. You have not yet been granted a franchise to operate the above-referenced franchise and there is no binding obligation on either party unless and until both Choice and you have signed a Franchise Agreement. Any expenses you incur in construction, renovating or operating the hotel are at your sole risk.

ITEMS TO BE SUBMITTED WITH THIS APPLICATION

Please submit the following items with this application. This will ensure a quick turnaround time, and will provide Choice Hotels Canada the information needed to evaluate this transaction.

- Current Financial Statements (*see page 6*)
- Copy of Purchase Agreement (re-license application only)
- Application Fee of \$2500 (not applicable in Ontario)
- Copy of Purchase Agreement for the land (new build application only) if not already owned by the Applicant
- Information on future renovation plans for hotel
- Copy of business plans or feasibility studies that have been completed for the project
- Any other information you wish us to consider

**Choice Hotels Canada Inc.
Franchise Application**

A. PROSPECTIVE HOTEL

Brand Applying for: _____

Number of Rooms: _____

Location _____ City: _____ Province: _____

Expected Date to Open as Choice Hotel: _____

New-Build Construction

Conversion of Existing Hotel

Re-License Choice Property Code

Re-Position (from one Choice brand to another Choice brand)

Current Hotel Name: _____

Street Address: _____

City: _____ Province: _____ Postal Code: _____

Phone: _____ Fax: _____

B. APPLICANT'S REPRESENTATIVE

You authorize the following individual to be your Designated Representative for this Application and for the Franchise Agreement, if granted.

Name (Mr./Mrs./Ms.) First: _____ Middle: _____ Last: _____

Title: _____

Company Name: _____

Street Address: _____

City: _____ Province: _____ Postal Code: _____

Business Phone: _____ Fax: _____

Home Address: _____

City: _____ Province: _____ Postal Code: _____

Home Phone: _____

Email Address: _____ @ _____

Current Occupation: _____

How did you hear about Choice (check one)

- I am an existing Choice franchisee
- A friend or business associate referred me.
- I saw your advertisement in _____
- I was contacted by Choice Hotels Canada
- Other (specify) _____

C. PROPOSED FRANCHISEE (please select one)

- Corporation *Please complete Subsection 1,2 and 3 Below*
- General Partnership *Please complete Subsection 1,2 and 3 Below*
- Limited Partnership *Please complete Subsection 1,2 and 3 Below*
- Sole Proprietor *Please complete Subsection 3 Below*
- Multiple Individuals *Please complete Subsection 3 Below*
- Other- Please Specify: *Please complete Subsection 1,2 and 3 Below*

1. Entity

(Under no circumstances can the name Clarion, Quality, Comfort, Sleep, Rodeway, Econo Lodge, Choice or any variation thereof be in the Franchises entity name.)

Name of Entity: _____

Formed in Province of: _____

Date Formed: _____

Business Address: _____

City: _____ Province: _____ Postal Code: _____

Business Phone: _____ Fax: _____

Please submit a copy of the following documents with your application:

- Formation Document(s) (This is the document that you filed federally or with the province. Examples include: Articles of Incorporation, Certificate of Incorporation, Certificate of Partnership, Articles of Organization, etc.)
- Governing Document(s) (Examples include: Bylaws, Shareholders Agreement, Partnership Agreement, Operating Agreement, etc.)

2. Entity Management Structure

Please list all Officers (May include: President, Treasurer, Secretary, General Partners, Managing Partners or Managing Members.) If a general partner, managing partner or managing member is a corporation or other entity, the name and title of the individual signing for the corporation or entity also must be listed. (Attach additional pages if necessary.)

- a. Name (Mr./Mrs./Ms.) First: _____ Last: _____
Corporation Name: _____
Title: _____ Phone: _____
Mailing Address: _____
City: _____ Province: _____ Postal Code: _____
- b. Name (Mr./Mrs./Ms.) First: _____ Last: _____
Corporation Name: _____
Title: _____ Phone: _____
Mailing Address: _____
City: _____ Province: _____ Postal Code: _____
- c. Name (Mr./Mrs./Ms.) First: _____ Last: _____
Corporation Name: _____
Title: _____ Phone: _____
Mailing Address: _____
City: _____ Province: _____ Postal Code: _____
- d. Name (Mr./Mrs./Ms.) First: _____ Last: _____
Corporation Name: _____
Title: _____ Phone: _____
Mailing Address: _____
City: _____ Province: _____ Postal Code: _____

Please list all shareholders, general partners, limited partners, joint venturers, members or individual owners. Attach additional pages if necessary.

- a.** Name (Mr./Mrs./Ms.) First: _____ Last: _____
% Owned: _____
Mailing Address: _____
City: _____ Province: _____ Postal Code: _____
Business Phone: _____ Home Phone: _____
Email Address: _____ @ _____
- b.** Name (Mr./Mrs./Ms.) First: _____ Last: _____
% Owned: _____
Mailing Address: _____
City: _____ Province: _____ Postal Code: _____
Business Phone: _____ Home Phone: _____
Email Address: _____ @ _____
- c.** Name (Mr./Mrs./Ms.) First: _____ Last: _____
% Owned: _____
Mailing Address: _____
City: _____ Province: _____ Postal Code: _____
Business Phone: _____ Home Phone: _____
Email Address: _____ @ _____
- d.** Name (Mr./Mrs./Ms.) First: _____ Last: _____
% Owned: _____
Mailing Address: _____
City: _____ Province: _____ Postal Code: _____
Business Phone: _____ Home Phone: _____
Email Address: _____ @ _____

D. FINANCIAL INFORMATION

1. Financial Statement

Please submit a current financial statement (tax returns not acceptable) for the ownership entity in accordance with the following:

a. Corporation / General Partnership / Limited Partnership

- Entity Balance Sheet (most recent year)
- Personal Financial Statements for all general partners, joint venturers, members or shareholders

b. Sole Proprietorship or Individual Property

- Current resume if available
- Personal Financial Statement(s)

2. Mortgages on subject property

First Mortgage

Mortgage holder: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Interest Rate per Annum: _____ % Amount of Loan: \$ _____

Maturity Date: _____ Annual Principal + Interest: \$ _____

Contact Name: _____ Phone: _____

Second Mortgage

Mortgage holder: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Interest Rate per Annum: _____ % Amount of Loan: \$ _____

Maturity Date: _____ Annual Principal + Interest: \$ _____

Contact Name: _____

Phone: _____

Chattel Mortgages, Conditional Sales, and Other Loan Obligations:

Type of Loan or Obligation: _____

Creditor/Agreement With: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Interest Rate per Annum: _____ % Amount of Loan: \$ _____

Maturity Date: _____ Annual Principal + Interest: \$ _____

Security for the loan or obligation: _____

Contact Name: _____ Phone: _____

3. Business References

a. Company Name: _____

Contact: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Phone: _____

Account Name: _____ Account #: _____

b. Company Name: _____

Contact: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Phone: _____

Account Name: _____ Account #: _____

4. Bank References:

a. Name of Bank: _____

Contact: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Phone: _____

Account in Name of: _____

Account #: _____

Type of Account: Chequing Savings Loan

b. Name of Bank: _____

Contact: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Phone: _____

Account in Name of: _____

Account #: _____

Type of Account: Chequing Savings Loan

5. Insurance Agent:

Company Name: _____

Contact: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Phone: _____

E. FRANCHISING AND HOTEL EXPERIENCE

1. Do any of the individuals/entities listed under ownership **currently** own any **Choice or non-Choice** motel(s), hotel(s) and/or resort(s)?

Yes No

If “**yes**” please complete the section below.

Attach additional pages if necessary.

| Individual/Entity | Property Name | Choice Property Code (if applicable) | City/Province | % Owned |
|-------------------|---------------|--------------------------------------|---------------|---------|
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2. Have any of the individuals/entities listed under ownership **previously (but no longer)** owned any motel(s), hotel(s) or resort(s) (**Choice or non-Choice**)?

Yes No If “**yes**” please complete the section below. Attach additional pages if necessary.

| Individual/Entity | Property Name | Choice Property Code (if applicable) | City/Province | % Owned |
|-------------------|---------------|--------------------------------------|---------------|---------|
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3. For any of the individuals/entities listed under ownership, please identify the **total number of years** of hotel ownership and/or hotel management experience.

| Individual/Entity | # of years of Hotel Ownership Experience | Current Number of Hotels Under Ownership | # of Years of Hotel Management Experience | Current Number of Hotels Under Management |
|-------------------|--|--|---|---|
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4. Do any of the individuals/entities listed under ownership own other **non-hotel franchises**?

Yes No If “**yes**” please complete the section below. Attach additional pages if necessary.

(Types of non-hotel franchises may include: Fast food, restaurant, convenience store, real estate, gas station, services, etc.)

| Individual/Entity | Type of Non-Hotel Franchise | Brand Name | City/Province | %Owned |
|-------------------|-----------------------------|------------|---------------|--------|
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5. Do any of the individuals/entities listed under ownership own and/or hold an officer position at a **non-hotel business(es)**?

Yes No If “**yes**” please complete the section below. Attach additional pages if necessary.

(Types of businesses may include: Automobile sales, convenience stores, construction, energy, entertainment, finance, home décor, law, medical, pharmaceutical, real estate, restaurants, retail, shopping centers/malls, technology, travel and transportation, etc.)

(Title/Office may include: President, Vice President, Chief Executive Officer, Chief Financial Officer, Director, Chairman, Partner, etc.)

| Individual/Entity | Type of Business | Business Name | City/Province | % Owned | Title/Office |
|-------------------|------------------|---------------|---------------|---------|--------------|
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F. BACKGROUND INFORMATION

For purposes of this section, "Applicant" includes anyone owning a direct or indirect interest in the proposed franchise.

1. Is any Applicant now, or has any Applicant ever been a defendant in any lawsuit?

Yes No

2. Has any Applicant ever filed for bankruptcy?

Yes No

3. Has any Applicant ever been convicted of a crime other than minor traffic violations?

Yes No

4. Is any Applicant a "Specially Designated National" or a "Blocked Person" (as defined below)?

Yes No

If "yes" has been indicated for any of questions 1-4, please identify the person, court, case number and outcome below.

| Person | Court | Case Number | Outcome |
|--------|-------|-------------|---------|
| | | | |
| | | | |

"Specially Designated National" or "Blocked Person" means (I) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as such status, (II) a person described in Section 1 of U.S. Executive Order 13224, issued September 23, 2001, or (III) a person otherwise identified by government or legal authority as a person with whom Choice or its affiliates are prohibited from transacting business. A list of such designations and the text of the Executive Order are published under the Internet web site address www.ustreas.gov/office/enforcement/ofac.

G. OPERATIONAL DATA *(For operating hotels only)*

Please list by month the Occupancy, Average Daily Rate (ADR) and Gross Room Revenue for each calendar month during the previous year.

| Month/Year | Occupancy | ADR | Gross Receipts |
|------------|-----------|-----|----------------|
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| Totals | | | |

Competitive Set

| Property Name | Rating | # Rooms | Distance | Direction | Rate Range |
|---------------|--------|---------|----------|-----------|------------|
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H. FACILITY DESCRIPTION

1. Year Built (expected date of ground break) _____

2. Year(s) Renovated: _____

3. Number of Guest Rooms: _____

4. Number of Floors: _____

5. Number of Parking Spaces: _____

6. Number of Meeting Rooms: _____ Seating Capacity of Each: _____

7. Is continental breakfast served on hotel premises? Yes No

9. Food and Beverage Outlets:

a. Name: _____

Food / Alcohol Split:

Food _____ %

Alcohol _____ %

On Premises or Distance from hotel: _____

Meals of Operation: Breakfast Lunch Dinner 24 Hr.

Number of Seats: _____

b. Name: _____

Food / Alcohol Split:

Food _____ %

Alcohol _____ %

On Premises or Distance from hotel: _____

Meals of Operation: Breakfast Lunch Dinner 24 Hr.

Number of Seats: _____

10. Recreational Facilities (indoor/outdoor pool, hot tub, spa, exercise rooms, etc.):

11. Is hotel building leased or to be leased by you? Yes No

12. Is ground leased or to be leased by you? Yes No

(If "yes" has been indicated for question 11 or 12, please complete the following.)

Landlord Name: _____ Phone: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

13. Is hotel owned or to be owned by you? Yes No

If "yes", please list the ownership name as it appears or will appear on the deed or purchase agreement: _____

14. Is ground owned or to be owned by you? Yes No

15. When did you obtain possession of the hotel, whether by lease or purchase?

OTHER INFORMATION

1. What positions do you anticipate the management structure of the hotel will consist of, who will be its key management?

2. Who will have responsibility for

Day to day hotel management _____

Sales _____

Marketing _____

3. What types of activities would you anticipate hotel management would be involved in to generate sales revenue?

4. Have you engaged the services of any consulting companies to assist in the development and/or operation of the hotel. If yes what firms & in what capacity

Yes No

5. What benefits do you hope to achieve by being a part of the Choice Hotels Canada system?

6. What support/ assistance from Choice Hotels Canada is most important to you and why?

The Undersigned certifies that, to the best of their knowledge, the information provided in this application is complete and accurate.

The Undersigned acknowledges that this Application does not constitute an agreement on the part of Choice, is not a Franchise Agreement, and is not an offer by Choice to grant a Franchise to the Applicant. Choice reserves the absolute right to approve or deny this Franchise Application. The Applicant further acknowledges that any and all rights in respect of any such Franchise shall come into existence only upon the execution by all necessary parties of the Franchise Agreement and other ancillary documents referred to herein and, further, the rights of the Applicant in respect of any Franchise shall only be as set out in the Franchise Agreement and such other ancillary documents.

The Undersigned accepts this Application as notice in writing of and consent to the obtaining (by Choice or persons authorized by Choice) from any credit reporting agency, bank, credit grantor or any other party with which the applicant has financial relations (including those set out below), such information concerning the Applicant or its principal officer / director as Choice may require at any time in connection with the Franchise hereby applied for. The Undersigned authorizes CAA to release to Choice the hotel CAA Ratings and deficiency reports; and authorizes Choice to take whatever actions as it may consider necessary to confirm and verify the information contained in this Application or any accompanying documents.

The Undersigned agrees that notwithstanding any prior acceptance of the Applicant by Choice, if at any time prior to the execution of a Franchise Agreement by Choice, Choice acting in good faith concludes that the Applicant is unsuitable or lacks the ability, for any reason, to successfully manage and/or operate the Franchise, Choice may, in its discretion, forthwith cease all negotiations with the Applicant and not proceed further with such negotiations. The Applicant further acknowledges that the acceptance of the Applicant by Choice is subject to the Applicant satisfying and continuing to satisfy Choice's reasonable financial, business experience, reputation, training and other requirements and that if, in Choice's opinion; such requirements are not satisfied or the Applicant is otherwise not suited to be a Franchisee of Choice, Choice may in its discretion refuse to negotiate further with the Applicant or to enter into a Franchise Agreement with the Applicant and thereafter Choice shall have no further obligation or liability whatsoever to the Applicant.

| | | |
|--------------------|-----------------------------|---------------|
| _____ Signature | _____ Print or Type Name | _____ Date |
| _____ Signature | _____ Print or Type Name | _____ Date |
| _____ Signature | _____ Print or Type Name | _____ Date |
| _____ Signature | _____ Print or Type Name | _____ Date |