



DEPARTMENT OF CORPORATIONS
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APR 19 2012

FRANCHISE DISCLOSURE DOCUMENT

Coast Hotels USA, LLC
a Washington limited liability company
2003 Western Avenue
Suite 500
Seattle, Washington 98121
(206) 826-2700
coasthotels.com

The franchisee will operate a hotel under the "Coast" brand and franchisee will participate in the advertising, marketing, reservation system, and quality standards designed and implemented by Coast Hotels USA, LLC. You will not be required to pay an initial franchise fee. The initial investment is estimated to be between \$12,500 to \$261,000. This sum does not include the purchase or lease of a hotel.

This disclosure document ("Disclosure Document") summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. NOTE, HOWEVER, THAT NO GOVERNMENTAL AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THIS DOCUMENT.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call the California Department of Corporations, 1515 K Street, Suite 200, Sacramento, CA 95814-4052 or visit your public library for other sources of information on franchising.

There may also be laws on franchising in California. Ask your state agencies about them.

This franchise disclosure document was issued on _____, 2012.

COAST PROVIDES NO INITIAL TRAINING TO FRANCHISEES AND ONLY LIMITED SALES AND MARKETING TRAINING ON AN ANNUAL BASIS.

Please consider the following RISK FACTORS before you buy this franchise.

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US ONLY IN THE STATE OF WASHINGTON OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN THE STATE OF WASHINGTON THAN IN CALIFORNIA

2 THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THERE MAY BE OTHER RISK FACTORS CONCERNING THIS FRANCHISE

Information comparing franchises is available Call the state administrators listed in Exhibit C or your public library for sources of information

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Disclosure Document If you learn that anything in the Disclosure Document is untrue, contact the Federal Trade Commission and the Department of Corporations, 1515 K Street, Suite 200, Sacramento, CA 95814-4052

Effective date _____

1. THE FRANCHISOR AND ITS AFFILIATES.

To simplify the language in this Disclosure Document “Coast” means Coast Hotels USA, LLC, the franchisor “You” means the person or legal entity, including your owners who buys the Franchise, the franchisee Coast’s principal business address is 2003 Western Avenue, Seattle, Washington 98121 Coast was formed on August 26, 2002, as a limited liability company It has no predecessors or affiliates Coast is the exclusive licensee for Coast Hotels Limited which is a Canadian corporation As the exclusive licensee, only Coast can grant franchisees the right to use the “Coast” name, symbols and marks as detailed in Item 13

Coast will do business as Coast Hotels USA, LLC Coast’s agent for service of process is the California Corporations Commissioner

Coast franchises the right to operate a hotel under the Coast brand You will participate in a system designed by Coast that includes advertising and marketing of hotel accommodations, a central reservation system and for assurance of uniform quality standards of these hotels (the “Coast System”) You must include “Coast” in the franchised hotel’s name

The business in which you as a Coast franchisee will participate is highly competitive Your competitors are regional, national and international hotel management and marketing companies Some of your competitors focus on particular types of hotel properties or hotel locations Other competitors focus on providing a combination of management and joint marketing services to hotel properties Currently, your principal market is for mid-sized, first-class hotel properties located in the western United States and Canada There are no regulations exclusively specific to hotel operations

Coast began offering franchises in Washington State in 2002 Coast has not offered franchises in other lines of business and has no other business activities Coast does not own or operate hotels itself

2. BUSINESS EXPERIENCE.

David Cottler – Chief Executive Officer

Mr Cottler joined WestCoast Hotels in Seattle, Washington in 1990 as the Vice President – CFO Mr Cottler joined Paramount Hotels in Seattle, Washington in 2000 also as the Vice President - CFO Mr Cottler has also been the Vice President – CFO of Coast since its inception in 2002 On January 1, 2010, Mr Cottler was appointed Chief Executive Officer of Coast

Douglas Rigoni – Chief Operating Officer

Mr Rigoni joined WestCoast Hotels in 1992, he served as General Manager at a number of WestCoast Hotels in Seattle, Washington properties before being promoted to Vice President Development in 1998 Mr Rigoni joined Paramount Hotels, in Seattle, Washington in 2000 as Vice President Development, a role he continues to hold Mr Rigoni accepted the position as Vice President of Development of Coast in 2002 On January 1, 2010, Mr Rigoni was appointed Chief Operating Officer of Coast

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