

## FRANCHISE DISCLOSURE DOCUMENT



GuestHouse

**Red Lion Hotels Franchising, Inc.,  
a Washington Corporation  
1550 Market Street, Suite 350  
Denver, Colorado 80202  
Telephone Number: (509) 459-6100  
www.redlion.com**

The franchise offered in this disclosure document is for the right to operate a GuestHouse branded hotel.

The total investment necessary to convert an existing hotel into a 70-room GuestHouse Hotel is \$114,000 to \$831,000 and the total investment necessary for a newly constructed 70-room GuestHouse Hotel is \$2,886,500 to \$5,853,000, excluding the cost of purchasing or leasing land or any real estate taxes. These amounts include \$20,000 to \$21,000 that must be paid to us.

This 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.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact the Franchise Development Department at Red Lion Hotels Franchising, Inc., 201 W. North River Drive, Spokane, Washington 99201; at (509) 777-6643; or at [development@rlhco.com](mailto:development@rlhco.com).

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 this 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date: March 28, 2019**

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## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN COLORADO. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN COLORADO THAN IN YOUR HOME STATE.

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

3. THE SPOUSE(S) OF ANY INDIVIDUALS OWNING 20% OR GREATER LEGAL OR BENEFICIAL INTEREST IN THE FRANCHISE ARE REQUIRED TO SIGN THE ACKNOWLEDGMENT AND CONSENT TO THE GUARANTY AND ASSUMPTION OF OBLIGATIONS IN ORDER TO BIND THE MARITAL ASSETS OF OWNERS AND SPOUSES. AS A RESULT, ANY SUCH SPOUSE IS JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS AND SPOUSES AT RISK.

4. YOU MUST MAKE MINIMUM BRAND FEE OR ADVERTISING FUND PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

5. DURING THE LAST 3 YEARS, A HIGH PERCENTAGE OF FRANCHISED OUTLETS (MORE THAN 35%) WERE TERMINATED, NOT RENEWED, RE-ACQUIRED, OR CEASED OPERATIONS FOR OTHER REASONS. THIS FRANCHISE COULD BE A HIGHER RISK INVESTMENT THAN A FRANCHISE SYSTEM WITH A LOWER TURNOVER RATE.

6. THE TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.

7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

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## STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California effective date: \_\_\_\_\_, 2019

Hawaii effective date: *pending*

Illinois effective date: *exempt*

Indiana effective date: \_\_\_\_\_, 2019

Maryland effective date: \_\_\_\_\_, 2019

Michigan effective date: March 28, 2019

Minnesota effective date: \_\_\_\_\_, 2019

New York effective date: *exempt*

North Dakota effective date: \_\_\_\_\_, 2019

Rhode Island effective date: \_\_\_\_\_, 2019

South Dakota effective date: \_\_\_\_\_, 2019

Virginia effective date: \_\_\_\_\_, 2019

Washington effective date: \_\_\_\_\_, 2019

Wisconsin effective date: \_\_\_\_\_, 2019

In all other states that do not require registration, the effective date of this disclosure document is the issuance date of March 28, 2019.

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