

FRANCHISE DISCLOSURE DOCUMENT

Hospitality International, Inc.

1726 Montreal Circle

Tucker, Georgia 30084-6809

(770) 270-1180



As a Franchisee, you will operate a motel or hotel under the trade name Scottish Inns, Scottish Suites, Scottish Inns & Suites, , Red Carpet Inn, Red Carpet Suites, Red Carpet Inn & Suites, Master Hosts Inns, Master Hosts Resort, Passport Inn, Passport Inn & Suites, Downtowner Inns, or Downtowner Inns & Suites.

The total investment necessary to begin operation of the franchised motel or hotel ranges from \$133,600.00 to \$2,602,000.00, not including the cost of real estate, depending on the type of motel or hotel. This includes \$6,000.00 to \$16,000.00 depending on the type of motel or hotel, that must be paid to the Franchisor or its affiliate(s).

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 government 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, contact the Franchise Administration Department at 1726 Montreal Circle, Tucker, Georgia 30084-6809, (770) 270-1180.

The terms of your contract 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: April 5, 2018 for all states other than those states listed in Exhibit A.

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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 DISCLOSURE DOCUMENT.

Call the state 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. EXCEPT AS OTHERWISE PROVIDED IN THE STATE ADDENDUM FOR YOUR STATE, IF ANY, WHICH IS ATTACHED AS PART OF EXHIBIT “H” TO THIS DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT REQUIRES THE FRANCHISEE TO SUE THE FRANCHISOR AND CERTAIN COMPANIES AFFILIATED WITH THE FRANCHISOR ONLY IN GEORGIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE THE FRANCHISOR OR CERTAIN COMPANIES AFFILIATED WITH FRANCHISOR IN GEORGIA THAN IN YOUR HOME STATE.

2. EXCEPT AS OTHERWISE PROVIDED IN THE STATE ADDENDUM FOR YOUR STATE, IF ANY, WHICH IS ATTACHED AS PART OF EXHIBIT “H” TO THIS DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT STATES THAT GEORGIA 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 RISKS CONCERNING THIS FRANCHISE.

We 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 make sure you do your own investigation of the franchise.

Effective Date: April 5, 2018 for all states other than those states listed on the following page.

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EFFECTIVE DATES

| STATE | EFFECTIVE DATE |
|------------------|----------------|
| California | |
| Florida | |
| Illinois | |
| Indiana | |
| Kentucky | 1/1996 |
| Maryland | |
| Michigan | |
| Minnesota | |
| New York | |
| North Dakota | |
| Rhode Island | |
| South Dakota | |
| Texas | Effective |
| Utah (Exemption) | |
| Virginia | |
| Washington | |
| Wisconsin | |

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