

EXPLANATION OF MONTHLY STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS

December 2017 – November 2018

2018

Updated: August 2018

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

Table of Contents

1.0 BASIC MEMBERSHIP FEES	4
1.1 MONTHLY FEES	4
1.2 ANNUAL DUES	5
1.3 ADVERTISING ASSESSMENT	6
1.4 SALES AND MARKETING ASSESSMENT	6
1.5 TECHNOLOGY ASSESSMENT	6
1.6 CO-OP FEES	6
1.7 CANCELLATION OR TERMINATION	7
1.8 MEMBER MARKET AREA YEARLY ASSESSMENT (MMA)	7
1.9 MEETING ATTENDANCE	8
1.10 TOOLS FOR SUCCESS	8
2.0 RESERVATION BOOKING FEES	8
2.1 GLOBAL DISTRIBUTION SYSTEMS (GDS)	8
2.2 INTERNET BOOKING FEES	9
2.3 MEMBER WEB BOOKING COMMISSIONS (formerly known as Property to Property Bookings) ..	9
2.4 RESERVATION CALL TRANSFER PROGRAM	10
3.0 FREQUENCY PROGRAM FEES/CREDITS	10
3.1 BEST WESTERN REWARDS (BWR)	10
3.2 BWR ENROLLMENT FEE REBATE	11
3.3 FREE NIGHT VOUCHERS	11
3.4 BWR MEMBER PROPERTY RECOGNITION PROGRAM	12
4.0 OTHER MARKETING PROGRAMS/FEES	12
4.1 CHAIN & CONSORTIA MARKETING PROGRAM	12
4.2 FLAT COMMISSION – BESTCHEQUE CONSORTIA MARKETING PROGRAM	12
4.3 BESTCHEQUE	13
4.4 COMMISSION JUNCTION	13
4.5 AAA/CAA OFFICIAL APPOINTMENT FEE (OA)	13
4.6 CENTRAL BILL	14
4.7 BEST WESTERN TRAVEL CARD	14
4.8 DIGITAL MARKETING CONSULTANTS (DMC)	14
4.9 GOOGLE PHOTOS	15
4.10 BESTREV	15

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

4.11	REVCASTER.....	15
4.12	PERFORMANCE BASED MARKETING (PBM) – DIGITAL OPPORTUNITIES	16
4.13	PERFORMANCE BASED MARKETING – REBATE.....	16
4.14	EXPEDIA MARKETING FUND ASSESSMENT	16
5.0	BEST WESTERN SUPPLY (BWS).....	16
5.1	BWS ORDERS.....	16
6.0	INFORMATION SERVICES PROGRAMS.....	17
6.1	HIGH SPEED INTERNET ADVOCACY (HSIA)	17
6.2	VERY SMALL APERTURE TERMINAL OR SATELLITE DISH (VSAT).....	17
6.3	HOTELS MANAGED SECURITY SERVICE (MSS).....	18
6.5	TWO-WAY MAINTENANCE &/OR INSTALLATION	18
6.6	CLEAR COMMERCE STORE FRONT SET-UP CHARGE.....	19
7.0	CUSTOMER CARE AND TRAINING FEES	19
7.1	ONLINE HOUSEKEEPING SUPERVISORY CERTIFICATION	19
7.2	ONLINE FRONT DESK TRAINING	20
7.4	CUSTOMER CARE - NON-RESPONSE FEE.....	20
7.5	CUSTOMER CARE - PER COMPLAINT FEE	20
7.6	CUSTOMER CARE - FIRST CONTACT RESOLUTION FEE.....	21
8.0	OTHER.....	21
8.1	PROPERTY REVENUE MANAGER PROGRAM (PRM)	21
8.2	REVENUE MANAGEMENT TRAINING AND SUPPORT (RMT)	22
8.3	ON-BOARDING PROGRAM – SERVICE & SUPPORT	23
8.4	BRAND ORIENTATION AND I CARE CULTURE ON-BOARDING TRAINING.....	23
8.5	RUNTRIZ FEES - MOBILE GUEST ENGAGEMENT PLATFORM.....	24
8.6	ACCOUNTS RECEIVABLE TERMS / SERVICE FEE.....	24
8.7	DELINQUENT ACCOUNTS	24

This document may not contain an explanation for all of the charges appearing on your statement. Occasionally, there are incentives, meetings, promotions, charities and other charges that are not included in this document. Unless specified otherwise, all fees in this document are in United States Dollars (USD). If you need further explanation of any charge on your monthly statements, please contact our Accounting team at 1-800-670-7234, unless otherwise indicated within each charge explanation.

1.0 BASIC MEMBERSHIP FEES

1.1 MONTHLY FEES

Pursuant to Best Western's Bylaws, there are two (2) different methods by which Monthly Fees are calculated: 1) a per room per day method ("Per Room Monthly Fee") or 2) a percentage of room revenue method ("Room Revenue Monthly Fee"). Which method applies to your Membership depends on when the Membership was approved by the Board of Directors and the make-up of the ownership structure of the property when approved by the Board.

Per Room Monthly Fee

The Per Room Monthly Fee consists of the annual Membership Fee and the Reservation Fee, which, in accordance with the following, are adjusted December 1st of each year and are payable in monthly installments by the 15th of each month:

Membership Fee

- \$1.63 per room per day for first 25 rooms plus;
- \$1.49 per room per day for 26 to 50 rooms;
- \$1.36 per room per day for 51 to 100 rooms;
- \$1.33 per room per day for 101 to 150 rooms;
- \$1.30 per room per day for 151 to 400 rooms; and
- \$1.30 per room per day for ten percent (10%) of rooms over 400.

Reservation Fee

For the first 12 months of activation, a new property will be charged \$0.15 per room per day up to and including 400 rooms and \$0.15 per room per day for 10% of rooms over 400. After 12 months of activation, the Reservation Fee will be based on the number of room nights booked through the reservations system for the previous 12 months.

The following memberships qualify for the Per Room Monthly Fee calculation of Monthly Fees:

- Memberships approved by the Board:
 - Prior to December 1, 2014; or
 - On or after December 1, 2014 but prior to July 1, 2016, that had an ownership structure consisting of a minimum of fifty percent (50%) Best Western Property owners in the Applicant Best Western Property at the time of the Board's application approval, and who elected to pay the Per Room Monthly Fee; or

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

- On or after July 1, 2016 but prior to January 1, 2018, that had an ownership structure consisting of Best Western Property owners who were Members as of July 1, 2016, who had a minimum of a fifty percent (50%) financial ownership interest in the Applicant Best Western Property at the time of the Board's application approval, and who elected to pay the Per Room Monthly Fee.
- All other memberships shall be subject to the Room Revenue Monthly Fee calculation of Monthly Fees described below.

Room Revenue Monthly Fee

Unless the Membership qualified for the Per Room Monthly Fee calculation of Monthly Fees described above, the Monthly Fee is a percentage of Property Room Revenue as set forth in your Membership Agreement.

For Memberships approved by the Board after January 1, 2018, that have an ownership structure consisting of Best Western Property owners who were Members as of July 1, 2016, and who collectively have a minimum of a fifty percent (50%) financial ownership interest in the Applicant Best Western Property at the time of the Board's application approval, the Applicant's Monthly Fees shall be three and one-half percent (3.5%) of Property Room Revenue.

Monthly Fees based on the Room Revenue Monthly Fee calculation are billed one (1) month in arrears, payable by the 15th of each month.

1.2 ANNUAL DUES

Annual Dues applies to the Best Western Membership year beginning December 1 and ending November 30. Annual Dues are nonrefundable on December 1 of the fiscal year, charged each fiscal year, and payable once per year at the time the Best Western affiliation is renewed. For applications accepted during the year, Annual Dues are prorated. New Member Conversion Properties will be assessed pro-rated Annual Dues starting with the date the property is activated on the Best Western reservations system. New construction properties will be assessed pro-rated Annual Dues starting with the date the property has commenced construction starting with the date the property is activated on the Best Western reservations system. If a Member resigns or is canceled/terminated, all fees, dues and charges become immediately due and payable as detailed in Best Western's Bylaws and Article II, Section 5(B).

In accordance with Best Western's Bylaws and the Consumer Price Index, the Board of Directors may authorize an Annual Dues increase for the new fiscal year. Annual Dues are billed on a Member's August 1 statement, payable by September 15. According to the Bylaws, Annual Dues must be paid by September 15 of each year. If Annual Dues are not remitted by September 15, a \$150 per month penalty fee will be charged for late payment.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

For Fiscal Year 2019, Annual Dues are \$1,888.00 for up to 20 rooms plus, \$63.47 per room for 21 to 50 rooms, \$24.68 per room for 51 to 400 rooms and \$2.47 per room for 401 or more rooms.

1.3 **ADVERTISING ASSESSMENT**

The Advertising Assessment is used to implement a fully integrated media plan, including television, print, digital advertising and more. The Board of Directors has the authority to increase the advertising assessment once each fiscal year, with no such annual increase exceeding the greater of:

- Two percent (2%) of the prior year's assessment; or
- The rate of inflation for the previous year as measured by the United States Bureau of Labor Statistics Consumer Price Index (all items for all urban areas). Effective December 1, 2017, the advertising assessment is \$12.80 per room, per month.

1.4 **SALES AND MARKETING ASSESSMENT**

Effective January 1, 2018, the Sales and Marketing Assessment shall be four-tenths of one percent (0.4%) of Gross Rooms Revenue. Effective January 1, 2020, the Sales and Marketing Assessment shall increase to five-tenths of one percent (0.5%) of Gross Rooms Revenue. Effective January 1, 2022, the Sales and Marketing Assessment shall increase to six-tenths of one percent (0.6%) of Gross Rooms Revenue. This assessment is billed one month in arrears based on a property's Gross Room Revenue less cancellations during a fiscal month period beginning on the 26th of a month and ending on the 25th of the following month.

1.5 **TECHNOLOGY ASSESSMENT**

The Technology Assessment funds technology projects to drive hotel revenue and to protect the assets of the company. The Technology Assessment is equal to five-tenths of one percent (0.5%) of Gross Room Revenue beginning January 1, 2018, billed one month in arrears based on a property's Gross Room Revenue less cancellations during a fiscal month period beginning on the 26th of a month and ending on the 25th of the following month.

1.6 **CO-OP FEES**

Co-ops are made up of Best Western Members located in various geographical areas (generally individual states or provinces), established to fund and carry out marketing efforts to benefit the properties within the Co-op's geographical area. The individual Co-ops are solely responsible for establishing their own marketing plans, fee schedules and budgets. Best Western International, Inc. helps provide recordkeeping and administrative support for Co-ops. Participation in a Co-op is mandatory if one is established in a Member's state (including the District of Columbia), Province, Territory or Country (including regions such as the Caribbean). Members are billed Co-op fees monthly. In most cases, the fee is based on a flat monthly fee plus a per room fee based on the number of rooms at

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

the property.

1.7 CANCELLATION OR TERMINATION

As further defined in Best Western Bylaws Article II, and as set forth in the applicable membership Agreement, Members and Members with Conditions that resign and are cancelled or terminated shall pay to Best Western:

- For applications approved by the Board prior to January 1, 2018:
 - All fees, dues and charges for the remainder of the applicable term; and
 - The cost of all goods and services provided by or ordered through Best Western for which payment has not yet been received. Additionally, an Extended-Length Member that received a Development Incentive shall pay to Best Western a pro-rata amount of the Development Incentive based upon the length of time remaining in the Extended- Length Term.
- For applications approved by the Board after January 1, 2018:
 - All fees, dues and charges as detailed in the Membership Agreement.
 - The cost of all goods and services provided by or ordered through Best Western for which payment has not yet been received. Additionally, an Extended-Length Member that received a Development Incentive shall pay to Best Western a pro-rata amount of the Development Incentive based upon the length of time remaining in the Extended- Length Term.

A contingently-approved Applicant that withdraws its application or is cancelled or terminated shall pay to Best Western:

- \$1,000 per room as described in the Applicant's Terms of Approval Letter; and
- The cost of all goods and services provided by or ordered through Best Western for which payment has not yet been received.

1.8 MEMBER MARKET AREA YEARLY ASSESSMENT (MMA)

In February 2000, Members approved a Bylaw establishing "Member Market Areas" to support high performance levels by Best Western hotels and allow expansion into underrepresented markets. The program is funded on a "cost-recovery basis" by fees specifically set to recover the program's costs including administrative, software and support costs. The MMA fee is billed once per year on the June 1 statement. Subsequently, new properties that satisfy their Terms of Approval for activation after June 1 are also billed the approved fee (no pro-ration of the present year's fee). The June 1, 2017 MMA fee was \$175 per hotel and is reviewed on an annual basis and subject to change June 1, 2018.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

1.9 **MEETING ATTENDANCE**

Annual Convention and District Meetings provide tremendous Member value through awareness of important brand updates, education sessions, networking opportunities and great deals at the supplier tradeshow. Rule 500.50 states that each property will be billed a registration fee for the Annual Convention and District Meeting the month prior to the meeting. The Annual Convention registration fee for one attendee is \$747 for Fiscal Year 2018. The District Meeting registration fee for one attendee is \$417 for the Fiscal Year 2018.

With regard to a District Meeting only, if a Voting Member represents more than one property in the same district, one property will be billed the full registration fee and the additional properties will receive a discount of \$150 off their registration fee. Additionally, a property that sends more than one attendee to the District Meeting will receive a \$150 discount for each additional attendee.

1.10 **TOOLS FOR SUCCESS**

Tools for Success are training resources provided to hotels to assist in the provision of training and learning. Each property pays a set fee per month, which is \$25.64 in 2018. Properties receive a series of learning tools in a range of formats.

- Some tools are sent directly to the properties and may include books, I CARE Logbook, support materials for the I CARE customer care program, and newsletters on topics such as: customer service, revenue management, how to maximizing front desk effectiveness, and how to improve housekeeping, maintenance and laundry efficiencies.
- Access to additional external resources include hospitalitylawyer.com a \$250 value at no additional cost, discounts to Rosetta Stone language learning software.
- Other learning tools are online on bwiuniversity.com with over 450 online training courses, which include videos, PDF documents, and links to external industry resources. Resources can also be found on mybestwestern.com in the Education & Training section.

For additional questions, please call Brian Nellesen at 602-502-3160.

2.0 RESERVATION BOOKING FEES

2.1 **GLOBAL DISTRIBUTION SYSTEMS (GDS)**

The Global Distribution Systems (GDS) are computer systems used by travel agents and internet travel sites for consumers to book accommodations via Best Western's reservation system. When a property receives a booking from a GDS, or via a GDS powered Internet site, the Fiscal Year 2018 GDS fee charged to a property is \$7.90 per booking (not per room night), net of cancellations through the GDS system. The GDS systems are: Sabre, Galileo, Worldspan and Amadeus.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

BWI is charged a fee by GDS companies for use of their systems regardless of whether the guest no-shows or cancels directly with the hotel. BWI's Central Reservation System (LYNX) does not have the capability of "closing" out the various GDS by promotion code. The GDS communicates directly with LYNX; therefore, if a hotel is available in LYNX (i.e. Central Reservation System), it is also available in each GDS. It is important to remember that there are over 45,000 travel agencies in North America and 150,000 worldwide that use approximately 900,000 terminals to book hotel reservations.

NOTE: GDS bookings cannot be canceled via your hotel Member Web, or Two-Way PMS. GDS reservations must be canceled via the originator of the booking in his/her GDS. There is only one way a GDS reservation can be canceled through Lync: if the hotel has received a duplicate booking through the GDS and the hotel can verify that the reservation is a duplicate (by referring to the guest's PNR (Passenger Name Record), or by calling the travel agent), the duplicate bookings can be canceled.

For additional questions, please call the BestCheque department at 800-772-7085.

2.2 INTERNET BOOKING FEES

Internet bookings come from multiple sources, such as the Bestwestern.com, an XML DirectConnect site or a 3rd party site such as Dhisco (Distribution Hospitality Intelligent Systems Company), HBSi (Hotel Booking Solutions, Inc.), Cangooroo or DerbySoft. When a hotel receives a booking from a 3rd party internet site, the hotel is charged a fee per booking (not per room night), net of cancellations, through the third party booking site. The hotel is not charged a booking fee for those bookings that come from Bestwestern.com or XML DirectConnect. If the guest no-shows or shows up late, and does not change the reservation through the third party booking site, the hotel will pay the booking fee based on the original reservation. Fiscal Year 2018 fees are as follows:

<u>Internet Reservations</u>	<u>Fee per Booking</u>	<u>Statement Description</u>
DHISCO	\$4.60	3 RD PTY INTERNET FEES
HBSi	\$4.60	3 RD PTY INTERNET FEES
CANGOOROO	\$4.60	3 RD PTY INTERNET FEES
DERBYSOFT	\$2.00	DERBYSOFT FEES

For additional questions, please call the BestCheque department at 800-772-7085.

2.3 MEMBER WEB BOOKING COMMISSIONS (formerly known as Property to Property Bookings)

Commissions are charged to your account for reservations your hotel receives from North American Best Western hotels and/or international Best Western hotels through Member Web as follows:

- 10% of room revenue for reservations from North American hotels and

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

- 5% of room revenue from international hotels

Commissions are credited to your account for reservations your hotel sends to North American Best Western hotels and/or international Best Western hotels through Member Web as follows:

- 10% of room revenue for reservations to North American hotels and
- 5% of room revenue to international hotels

For additional questions, please call the BestCheque department at 800-772-7085.

2.4 RESERVATION CALL TRANSFER PROGRAM

Hotels participating in the voluntary Reservation Call Transfer Program pay a fee of \$75 per month, and are charged an additional \$3 for each transferred call over 50 in a calendar month. Participating hotels are required to use a call prompter/voice menu service to qualify transferred telephone calls.

Hotels not participating in the Reservation Call Transfer Program are charged a fee of \$3 per call for each call they transfer to the Customer Reservations Office (CRO). All transferred calls will be answered with the Hotels name by the CRO agent.

For additional questions, please contact BestNet services at 800-237-8638.

3.0 FREQUENCY PROGRAM FEES/CREDITS

3.1 BEST WESTERN REWARDS (BWR)

Best Western Rewards (formerly Gold Crown Club International or GCCI) is Best Western's frequent guest program. For the Best Western Rewards program, your property pays only for the points issued by your property (regular and bonus points). For 2018, properties will be assessed \$0.0055 per point issued to Best Western Rewards Members (ten points issued for each dollar spent). Canadian properties are billed in Canadian dollars. All Best Western properties are required to issue Best Western Rewards points/partner rewards in accordance with Rules and Regulations 500.52.

All Best Western Rewards points/partner rewards must be posted within three (3) days of a guest completing his or her qualified stay.

Issuance/Partner Rewards - All issuance/airline partners participating in the program Issuance/Partner Rewards as of September 1, 2017: Aer Lingus-Avios (500 Avios), Aeroflot (500 miles), AeroMexico (800 km), Aeroplan, Air France, Air Miles (20 reward miles – Canada), Alaska Airlines, Alitalia Airlines (500 miles), American Airlines, Asia Miles, Asiana Airlines, Avianca, Avios (500 Avios), British Airways-Avios (500 Avios), Cathay Pacific-Asia Miles,

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

China Southern Airlines, Czech Airlines (500 miles), Hainan Airlines, Iberia Plus-Avios (500 Avios), KLM, LanChile, Multiplus, Lufthansa (500 miles), Meridiana Club-Avios (500 Avios), Payback Germany, Payback Italy (500 points), SAS (600 points), South African Airways (500 miles), Southwest Airlines (600 points), Turkish Airlines, United Airlines, Virgin Atlantic Airlines (500 miles), Vueling Club-Avios (500 Avios). All properties must participate in the issuance program. Best Western is affiliated with these airlines in order to offer airline miles as an incentive to stay at a Best Western hotel. Each hotel must award 250 miles per stay (500 miles for Air Berlin and Lufthansa, 20 AIR MILES reward miles, or 600 Southwest Rapid Rewards Points). Your hotel will be charged 5.5% of room revenue per 250 miles awarded (500 miles for Air Berlin and Lufthansa; 20 AIR MILES reward miles; 600 Southwest Rapid Rewards Points). All charges quoted are in US dollars. You are not obligated to offer both partner rewards and Best Western Rewards points to the same guest for the same stay, although you may do so at your discretion.

For additional questions, please call 877-735-1737 or email bwrpropertysupport@bestwestern.com.

3.2 BWR ENROLLMENT FEE REBATE

Effective January 2016, hotels are required to enroll in Best Western Rewards 1.0% per day of their total available room inventory during a rolling 12-month period. To incent properties to enroll new Best Western Rewards Members and meet these thresholds, the BWR Enrollment Fee Rebate program rebates the 5.5% fee imposed on properties when signing up and posting awards points or miles for a NEW Best Western Rewards Member. This rebate applies up to five (5) nights of the first stay for customers who are newly signed up to the program. It does not apply when an existing Best Western Rewards Member stays at your property and collects Best Western Rewards points. Properties will receive the full BWR Enrollment Fee Rebate only if a valid customer email address is collected. If a valid email address is not collected, the fee rebate is reduced to 2.75% of room revenue for newly enrolled Members.

For additional questions, please call 877-735-1737 or email bwrpropertysupport@bestwestern.com.

3.3 FREE NIGHT VOUCHERS

Free Night Vouchers credit is a reimbursement for Best Western Rewards Free Room Night Awards redeemed at the hotel. If the hotel is 95% occupied, the hotel will receive a credit of 90% ADR. If the hotel is less than 95% occupied, the hotel will receive a credit of \$30 or 30% of ADR (whichever is greater). If 300 free nights are consumed in a fiscal year, an additional credit of \$15 or 15% of ADR (whichever is greater) will be applied on all subsequent free night redemptions for the remainder of the fiscal year. To receive credit on your monthly statement you must redeem the free night award through Member Web. For any free night award redemption(s) occurring between the 26th through the 25th day of the following month, the credit for the free night award will appear on the second monthly billing statement following the date of redemption.

For additional questions, please call 877-735-1737 or email bwrpropertysupport@bestwestern.com.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

3.4 BWR MEMBER PROPERTY RECOGNITION PROGRAM

This is a fee for a BWR Customer Care agent in Phoenix to respond to and resolve a complaint related to BWR Elite Member recognition requirement on first contact. The fee is per occurrence and ranges from free to \$250 based on number of complaints per fiscal year and hotel size as follows:

Hotel Cost	Hotel Size 1-100 Room	Hotel Size 101-200 Rooms	Hotel Size 201+ Rooms
Free	First 4 Complaints	First 5 Complaints	First 6 Complaints
\$100 Each	5-10	6-10	7-10
\$250 Each	11+	11+	11+

For additional questions, please call 877-735-1737 or email bwrpropertysupport@bestwestern.com.

4.0 OTHER MARKETING PROGRAMS/FEEs
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4.1 CHAIN & CONSORTIA MARKETING PROGRAM

This is an annual fee that varies each year for the Travel Agent Chain and Consortia programs in which a hotel has chosen to participate. This fee does not include the Flat Commission – BestCheque Consortia Marketing Program (see section 4.2).

For additional questions, please call Sandy Taylor at 623-780-6845.

4.2 FLAT COMMISSION – BESTCHEQUE CONSORTIA MARKETING PROGRAM

A hotel is charged a flat commission of \$3 for each net room night reservation received from a Chain & Consortia partner, such as, American Express, BCD, Carlson Wagonlit Travel, SATO Government Travel, Radius, ABC Corporate Travel Services CCRA, Custom Travel Systems, THOR, TravelLeaders and TravelSavers. This Flat Commission is in addition to any other rate discount and/or any other standard commission amount payable. The Flat Commission will appear on your statement as a separate line item and will be included in the itemized backup as part of your regular BestCheque commission charges. This applies to North American Membership only.

For additional questions, please call Sandy Taylor at 623-780-6845.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

4.3 BESTCHEQUE

BestCheque is Best Western's centralized travel agent commissions program, which administers billing and payment of commissionable Onyx member travel agency, non-member travel agency and property direct travel agency bookings. A commission plus a \$0.71 per commissionable transaction fee is charged to all properties for travel agent commissions. Travel agent commission records are sent to hotels via the Member Web system for review. The cutoff date for processing travel agent transactions is the 25th day of each month by 5 pm Phoenix time. BWI funds monthly commission checks to travel agents (except for Rate 92 transactions for which commissions are retained by BWI for implementation of the Aeroplan marketing program) and then bills the hotel. When a hotel reports a record as non-commissionable due to a cancellation, no-show or net rate, no transaction fee applies.

For additional questions, please call Sandy Taylor at 623-780-6845.

4.4 COMMISSION JUNCTION

Commission Junction has a database of hundreds of thousands of publishers who find advertisers through their program. When Best Western banner ads are placed on the publisher's network, Best Western pays Commission Junction a 10% commission of revenue for each reservation associated with banner ads. Hotels are charged a standard commission for these bookings.

For additional questions, please email David Nance at david.nance@bestwestern.com.

4.5 AAA/CAA OFFICIAL APPOINTMENT FEE (OA)

All eligible Member hotels are required to participate in the AAA/CAA Official Appointment (OA) program. This is an annual fee for the OA Program, which provides hotels the licensing rights to the AAA logo or CAA logo for use on promotional materials, websites and signage (both on and off-site). Without the OA, a hotel's AAA rating cannot be advertised outside of the AAA/CAA Tour Book. This fee ranges from \$412 to \$1,175 based on the number of units at your hotel.

In order for a hotel to participate in the OA program and obtain an OA designation, it must:

- Become a AAA/CAA hotel by obtaining a AAA/CAA Diamond-rated designation (e.g. one Diamond, two Diamond, etc.),
- Pay all fees to AAA/CAA as associated with the hotel's OA status and/or ongoing participation in the OA program, and
- Make such improvements, modifications, or alterations to the hotel and/or its services, as required by AAA/CAA to maintain its AAA/CAA designation or OA designation.

For additional questions, please call Samantha Ewy at 623-780-6322.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

4.6 CENTRAL BILL

Central Bill Reservations booked by Tour Operators and Corporate Accounts, exclusively with their Best Western Central Bill account, through any of the electronic channels (bestwestern.com, direct connect, GDS etc.) or by calling central reservations. These bookings are identified by the guarantee field, which reads “CENTRAL BILL”, “Central Bill TTL RM/TX Booked Auto Reimbursed on BW Statement”. Your hotel is credited automatically each month for reservations made using Central Bill for the prior month’s activity. The month’s activity runs from 23rd to 22nd of each month, and any reservation with an arrival or departure date of the 23rd or later will be credited on the next monthly statement. Example 1: Check out January 5th, credit will be on the February statement. Example 2: Check out January 25th, credit will be on the March statement.

For additional questions, please email bwibilling@bestwestern.com or gfitprograminfo@bestwestern.com.

4.7 BEST WESTERN TRAVEL CARD

For Best Western Travel Cards (travel cards) redeemed by guests at your hotel, your hotel is credited in the net amount of the travel cards redeemed, less 10% commissions.

For travel cards sold or reloaded at your hotel, your hotel is charged in the net amount of the travel cards sold or reloaded, less 10% commissions (earned by your hotel).

All hotels must accept travel cards as a form of payment. The travel card cannot be used as a room guarantee. You may see billings on your statement for Customer Care complaints, which occurs when the Customer Care department has issued a travel card to a guest as compensation for an issue reported at your hotel.

For additional questions, please call the Travel Card Help Desk at 866-574-6470.

4.8 DIGITAL MARKETING CONSULTANTS (DMC)

This is an optional program with a renewable contract entered into at the election of the property for DMCs to provide digital marketing services (internet marketing). The program services may include email marketing, SEO, PPC, social media and managing online travel reviews by a BWI contracted agency.

For additional questions, please call Jamie Hansen at 623-780-6841.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

4.9 **GOOGLE PHOTOS**

This is a mandatory program to create still photos and panoramic tours for each hotel, which is used on Google.com. The cost of the program is \$950 per hotel plus the cost of any additional photos a hotel may choose to have taken outside of the standard package. Hotels are required to renew their photos every three years.

For additional questions, please call Rob Schaub at 623-780-6069.

4.10 **BESTREV**

There are no fees to use the BestRev system for North American hotels. Each hotel is required to have a minimum of one (1) person certified in the use of BestRev. The free certification program is located on BWI University and takes about four (4) hours to complete. BWI may also offer this certification periodically as a full day regional class. Cost of the full day regional class varies by location up to \$149. The non-compliance fee for this requirement is \$250 per month until the hotel has a certified user. Additionally, if the certified user leaves and there are no other certified users, the hotel has 60 days to certify a new user.

For additional questions, please call your Revenue Manager directly or call 800-766-9247.

4.11 **REVCASTER**

RevCaster is a competitive rate shopping service allowing you to shop up to eight (8) competitors and your hotel. Hotels are required to purchase a BestRev package from RevCaster to power the Price Optimizing portion of BestRev; our revenue management software. The required package is dependent on the hotels location type; tertiary, secondary or primary/destination markets and is determined by a BWI Revenue Manager. The packages are; 1) Tertiary Market Hotels receive one shop per week at a cost of \$21.25 per month, 2) Secondary Market Hotels receive 3 shops per week at a cost of \$57.91 per month, and 3) Primary or Destination Market Hotels receive daily shops Monday-Friday at a cost of \$94.58 per month. Hotels are billed monthly based upon the required level of service. A hotel may select to upgrade and purchase additional shops beyond those that are required for the BestRev package. If the hotel adds additional shops, those additional shops will be included on the monthly statement.

For questions regarding billing, please call Kathy Bravo at 623-780-6247.

For questions regarding the RevCaster shops designation, please call your Revenue Manager directly or 800-766-9247.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

4.12 **PERFORMANCE BASED MARKETING (PBM) – DIGITAL OPPORTUNITIES**

With regard to Digital Opportunities only, each Best Western hotel shall pay a ten percent (10%) commission on each consumed stay. Digital Opportunities include: Google Hotel Price Ads, Paid Search (e.g., sponsored advertisements on search engines such as Google, Bing, Yahoo, etc.), TripAdvisor Check Rates, TripAdvisor Business Listings Program, and future digital marketing channels and opportunities. This commission shall only apply to commissionable rates booked directly through a Digital Opportunity.

For additional questions, please email support.pbm@bestwestern.com.

4.13 **PERFORMANCE BASED MARKETING – REBATE**

Once a hotel's fiscal year total of Performance Based Marketing (PBM) commissions matches 100 percent (100%) of the hotel's total Advertising Assessment, the hotel will receive a 100 percent (100%) rebate for each subsequent PBM commissions paid to Best Western.

For additional questions, please email support.pbm@bestwestern.com.

4.14 **EXPEDIA MARKETING FUND ASSESSMENT**

As part of our Expedia partnership commitment, each Best Western hotel will be assessed a \$250 annual marketing fee per hotel. This Marketing Fund funds our advertising and marketing efforts for Expedia Brands. This product is a series of display advertising and micro site landing pages, which run at various times throughout the year. This Fund is matched dollar-for-dollar by Expedia and the campaigns are managed by BWI to maximize our revenue delivery. The \$250 Expedia Marketing Fund Assessment will appear during the first fiscal quarter on the monthly statement.

For additional questions, please email brian.ignacio@bestwestern.com.

5.0 BEST WESTERN SUPPLY (BWS)

5.1 **BWS ORDERS**

Supplies purchased through the Best Western Supply department are billed on the monthly statement at the same time the vendor bills Best Western, which is typically when the order ships. A supply invoice referencing the sales order number is provided as backup and sent with the statement. The invoice includes freight charges and tax, if applicable. If the purchase is paid for via credit card, the charge will appear on your statement and be offset with a credit in the amount of the credit card payment. If a prepayment check or wire transfer is submitted for payment, this amount will also appear as a credit when the order is billed.

For additional questions, please contact Delilah Dixon at 602-957-5776.

6.0 INFORMATION SERVICES PROGRAMS

6.1 HIGH SPEED INTERNET ADVOCACY (HSIA)

Hotels falling below the brand HSIA GSS threshold are placed in HSIA Advocacy program and will work with the HSIA team to improve GSS scores through system improvements. Hotels pay a one-time \$2,100 participation fee, which includes the following activities by the HSIA team:

- Assignment of a corporate HSIA advocate to the Hotel as a primary contact for the period the Hotel is in the program.
- Initial analysis of GSS scores and guest comments to identify opportunities for improvement of the HSIA amenity.
- Work with Best Western endorsed vendors on the creation of equipment/bandwidth framework(s) to improve the HSIA amenity (network design/engineering/review).
- Consultation with the Hotel upon the receipt of endorsed vendor framework(s) to help the Hotel in the solution selection process.
- During implementation, work with the Hotel and the Best Western endorsed vendor to ensure smooth transition to the solution.
- Post-implementation GSS score and guest comment review for a period of eighteen (18) months, to ensure the solution improves the guest experience and that the improvement is maintained.

Importantly, upon installing an endorsed HSIA vendor solution through the HSIA Advocacy program, in addition to improving guest experience, if the Hotel has not taken any action that compromises the effectiveness of the recommended solution as installed by the endorsed HSIA vendor, the Hotel's performance vis-à-vis the HSIA GSS threshold will not be measured until the first quarterly review that is at least eighteen (18) months after the installation is complete.

For additional questions, please contact the HSIA team at 888-773-3359.

6.2 VERY SMALL APERTURE TERMINAL OR SATELLITE DISH (VSAT)

VSAT is a system-wide, private, hotel-level network; it allows for sending and receiving secured LYNX reservation messages between Best Western's worldwide network and each North American Best Western hotel. It also provides Best Western Members immediate communication to the Operations Center and other Members. The fee is \$65 per month, per hotel, effective after the installation of the VSAT equipment at the hotel. This fee does not include taxes, which may be assessed according to the Member's taxing jurisdiction. The VSAT system is currently being replaced with the new Hotel MSS (Managed Security Service) solution, which is the new board approved reservation system. Details about Hotel MSS can be found in Section 6.3 below.

For additional questions on VSAT, please call Amy Cuda at 623-780-6735.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

6.3 HOTELS MANAGED SECURITY SERVICE (MSS)

Effective January 1, 2018, Best Western branded hotels in North America shall transition to an Internet-based solution through a Best Western endorsed vendor for sending and receiving hotel reservations (the “VSAT REPLACEMENT”). The hotel MSS will provide Best Western branded hotels with enhanced secure communications to BWI’s data centers as well as provide increased security between hotels and approved PMS providers. The solution will keep the property level network private and secure by using next generation firewall technology with managed services which enable our hotels to better meet Payment Card Industry (“PCI”) Data Security Standards, Europay, MasterCard and Visa (“EMV”) standards and requirements. The fee is \$130 per month, per hotel, upon installation of the hotel MSS solution. This fee does not include taxes, which may be assessed according to the Member’s taxing jurisdiction.

For additional questions, please call Amy Cuda at 623-780-6735

6.4 BESTNET ACTIVITY

BestNet offers voluntary programs to assist Members’ telecommunication needs. If your hotel participates in one or more of the BestNet voluntary programs, a charge for the BestNet activity will appear on your monthly statement. For example, BestNet offers AT&T domestic and international long distance service, and BestNet Call Accounting Monthly Maintenance and Support. The itemized call detail of the long distance charges are provided as backup with the monthly BestNet statement included in the Best Western Monthly Statement.

For additional questions, please call Amy Cuda at 623-780-6735.

6.5 TWO-WAY MAINTENANCE &/OR INSTALLATION

Monthly support fees

The Two-Way monthly support fee includes a hotel support fee and a certification fee. The certification fee is recalculated as of April 01 and October 01 for the following six (6) month billing period. Fees are described as follows:

- One-time installation fee of \$1,500 is required.
- Hotel support fee is \$38 per month regardless of the Property Management System (PMS) product used by the hotel.
- Certification fee is calculated as the annual total cost for ongoing certification, distributed evenly among the properties that make up the install base for each PMS product. The following chart lists the PMS product installations worldwide and the total monthly support fee per hotel as of April 1, 2018 (subject to update on October 1, 2018).

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

Vendors	Hotel Room Count	Monthly Support Cost Per Hotel
Visual Matrix by Image Technology Systems	1624	\$ 41.00
Opera by Oracle	342	\$ 51.00
HoistLocatel by Hoist Group	262	\$ 55.00
Protel SPE/MPE by Protel	187	\$ 62.00
CloudPM by Multi-Systems, Inc.	186	\$ 62.00
Rezlynx by GuestLine	168	\$ 65.00
NiteVision by Multi-Systems, Inc.	162	\$ 66.00
Amadeus Cloud (with PM Pro) by Amadeus/ Brilliant	129	\$ 73.00
Suite 8 by Oracle	97	\$ 84.00
WinPM by Multi-Systems, Inc.	91	\$ 87.00
AutoClerk by AutoClerk Inc.	69	\$ 103.00
Sihot by Gubse	47	\$ 132.00
Protel Air by Protel	43	\$ 141.00
HMS by Infor	28	\$ 196.00
Sanha IT Group	11	\$ 440.00
POSitive Hospitality by LSI	6	\$ 775.00

For additional questions, please call Kevin Velez at 623-780-6362.

6.6 CLEAR COMMERCE STORE FRONT SET-UP CHARGE

This is a one-time set-up fee for the hotel's Clear Commerce Store Front of \$149. Once the Store Front is completed, the hotel can manage settlement transactions in the Store Front. Settlement transactions only include advance payment and deposit (non-cancellable) reservations. Once the reservations are settled in the Store, funds are credited to the hotel.

If any questions, please call Mandy Delahaut at 602-957-5712.

7.0 CUSTOMER CARE AND TRAINING FEES

7.1 ONLINE HOUSEKEEPING SUPERVISORY CERTIFICATION

Members have the option to fulfill mandatory housekeeping training online. This fee is billed annually to a hotel on a cost recovery basis and covers the cost of software development, tools, hosting and on-going support. The fee is adjusted annually based upon the current costs of maintaining the program.

For additional questions, please call Brian Nellesen at 602-502-3160.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

7.2 **ONLINE FRONT DESK TRAINING**

The online Front Desk training costs are billed annually to each hotel on a cost recovery basis and cover the cost of software development, tools, hosting and on-going support. The fee is adjusted annually based upon the current costs of maintaining the program.

For additional questions, please call Brian Nellesen at 602-502-3160.

7.3 **PUBLIC RELATIONS (PR) REFUNDS**

It is the goal of the Customer Care department to resolve guest issues with individual Best Western locations or the reservation system in order to retain the person as a Best Western guest. Customer Care decisions are guided by fairness and the desire to protect the brand image and the Members' investment in the brand. Hotels are charged for compensation issued to guests when Customer Care does not receive a response from your hotel that indicates the resolution by your hotel occurred within the seven (7) days allowed. Compensation for First Contact Resolution (service and accommodation files) will not be billed back to the properties. However, when it is determined that compensation should be provided to the guest, the compensation could be in form of BWR points, BWR elite upgrade, travel card or a check issued by BWI to the guest.

For additional questions, please call James Cope at 623-780-6125

7.4 **CUSTOMER CARE - NON-RESPONSE FEE**

To ensure a timely acknowledgement from the Member to the guest, a \$75 fee is assessed if the Member does not acknowledge a billing or miscellaneous file with the guest within two (2) business days. Business days include holidays, but do not include weekends. The file must be updated in Member Web within two (2) business days documenting the interaction with the guest and the resolution of the issue.

For additional questions, please call James Cope at 623-780-6125.

7.5 **CUSTOMER CARE - PER COMPLAINT FEE**

BWI will assess a \$50 fee per occurrence for each guest complaint after any monitoring period in which the hotel received a number of complaints exceeding the permitted guest complaint ratio. The permitted complaint ratio is .17.

For additional questions, please call James Cope at 623-780-6125.

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

7.6 CUSTOMER CARE - FIRST CONTACT RESOLUTION FEE

First Contact Resolution authorizes Best Western Customer Care to respond and resolve certain customer complaints on the first contact. Customer Care will create and send a Member Web file to the hotel the same day of the complaint. This process eliminates the need for multiple contacts between the guest, hotel staff, and Customer Care, and is applicable for service and accommodations related issues only.

Properties are charged for those files resolved by Customer Care as follows:

Hotel Cost	Hotel Size 1-100 Room	Hotel Size 101-200 Rooms	Hotel Size 201+ Rooms
Free	First 4 Complaints	First 5 Complaints	First 6 Complaints
\$100 Each	5-10	6-10	7-10
\$250 Each	11+	11+	11+

For additional questions, please call James Cope at 623-780-6125.

8.0 OTHER

8.1 PROPERTY REVENUE MANAGER PROGRAM (PRM)

This is an optional twelve (12) month auto-renewing contract entered into with the hotel that provides weekly services by an experienced and certified (CHRM/CRME) BWI Revenue Manager. This service includes rate, inventory and restriction management by a BWI contracted employee in all channels. The fee is based on size of the hotel per month as follows:

	<u>2017</u>	<u>2018</u>
1-75 rooms	\$ 1,150.00	\$ 1,185.00
76-125 rooms	\$ 1,250.00	\$ 1,288.00
126-200 rooms	\$ 1,350.00	\$ 1,391.00
201-300 rooms	\$ 1,550.00	\$ 1,597.00
301-400 rooms	\$ 1,650.00	\$ 1,700.00
401 rooms or more	\$ 1,800.00	\$ 1,854.00

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

It is critical that brand channels display rates that are equal to or better than rates available in other distribution channels. Hotels which repeatedly violate rate parity are subject to administrative fees which vary depending on the number of violation in the calendar year. If you receive a parity notice, please direct any questions to the contact information listed in the notice.

<u>Violation Number</u>	<u>Penalty</u>
First violation within a calendar year	Written notification of the violation and potential consequences for future violations
Second violation within a calendar year	Written notification of the violation and potential consequences for future violations
Third violation within a calendar year	USD \$1,000 Administrative Fee
Fourth violation within a calendar year	USD \$2,000 Administrative Fee
Fifth violation within a calendar year	USD \$4,000 Administrative Fee

For additional questions or to request more information or introductory package, please call Rebecca Bigalow or Kathy Bravo at 623-780-6247.

8.2 REVENUE MANAGEMENT TRAINING AND SUPPORT (RMT) – AUTO TRANSFER, REAFFILIATION AND NEW MEMBER

All new properties must meet one of the following Revenue Management training requirements:

- For a minimum of twelve (12) weeks, the hotel must participate in the Best Western Revenue Management Training Program which consists of a weekly teleconference facilitated by a Senior Revenue Manager to train designated hotel staff on a variety of Revenue Management tools and techniques including but not limited to competitive analysis, STAR and Revcaster reports and BestRev. The training is provided at a cost of \$4,000, billed on the monthly statement over six months.

If three (3) or more of the required weekly Revenue Management meetings are missed or not rescheduled with the required 48-hour notice, a RMT time cost recovery fee (currently \$500 per meeting) will be charged to your Best Western account for each meeting missed.

- For a minimum of twelve (12) months, the hotel must utilize the full-service annual Property Revenue Management (PRM) program at the fee established above for the hotel's size and location, complying with all requirements of that fee-based program. The twelve (12) month program includes a weekly teleconference

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

with the hotel (using WebMeeting software). The PRM utilizes a 120 day forecast, pace report and industry reports and tools to determine the best price and promotions for the hotel, as well as, assisting with implementing approved strategies. Costs for this program vary dependent on the size of the hotel, and start at \$1,150 per month. This is an annual auto-renewing contract with a minimum term of one year.

For additional questions, call Michael Toon at 623-780-6246.

8.3 ON-BOARDING PROGRAM – SERVICE & SUPPORT

New properties participate in and receive a variety of training and other on-boarding services and support from Best Western to help facilitate a smooth transition into the Best Western system. These services include assistance from a New Member Development Manager, Worldwide Sales, Marketing, Design, Public Relations and other miscellaneous services. The Sales On-Boarding Training Program fee is \$4,000, billed in twelve (12) equal monthly installments of \$333.33, on the monthly statement. All new build and conversion hotels that have signed their terms of approval letter after July 2014 must have a dedicated Sales Manager who is required to complete a 4-day training program, in Phoenix, followed by a 12-week virtual training program, with a dedicated sales trainer. All AutoTransfers must complete one of the following:

- **Track One:** Complete a virtual, customized online training program working with a dedicated sales trainer to review brand programs, Worldwide Sales tools and resources, and a marketing & sales overview. The program will be conducted over a 1-year period, and includes the following training requirements:
 - 12 weeks of remote training, including a 2-hour call each week for 12 consecutive weeks,
 - Up to 12 additional weeks of training to be determined by the GM and Director of Hotel Sales Optimization, and
 - 2 quarterly follow up calls of approximately 2 hours each.
- **Track Two:** Onsite training at your hotel. If you have a dedicated sales manager or individual that you designate to receive training, who has a minimum of 1 year of sales experience, your hotel can qualify for onsite training. A sales trainer will visit your hotel and spend 4-5 consecutive days at the hotel working with this designated individual.

For additional questions, please call Abby Huntington 623-780-6423.

8.4 BRAND ORIENTATION AND I CARE CULTURE ON-BOARDING TRAINING

New hotels entering the brand (new construction and conversion) need an effective, consistent, brand focused orientation program for all staff during the on-boarding process to enable them to effectively integrate, transition and exemplify the Best Western brand. The need for brand orientation and *ICare* Culture training is paramount for

BEST WESTERN INTERNATIONAL, INC.
EXPLANATION OF STATEMENT CHARGES FOR NORTH AMERICAN MEMBERS – FISCAL YEAR 2018

new hotels. Training for the line level staff of the hotel introduce staff to the vision statement, mission statement, history, service level expectations and core values of the Best Western brand and will assist staff in delivering on the brands service promise.

All new hotels (new construction and conversion) are required to participate in 3-day on-boarding orientation and / Care Culture training for all staff members. This training will be provided on property by the Best Western Education & Training department. Training shall preferably occur prior to activation, but in no event shall it occur later than sixty (60) days post-activation. The onsite training will be provided on a cost recovery basis (currently \$4,000) which offsets the trainer cost, travel, lodging (if the hotel is not yet open), meals, materials and follow-up training. If the hotel is open, lodging shall be provided at no cost.

For additional questions, please call Brian Nellesen at 602-502-3160.

8.5 RUNTRIZ FEES - MOBILE GUEST ENGAGEMENT PLATFORM

The Mobile Guest Engagement Platform, Runtriz, is a web-based solution that provides communications pre-arrival, while on property and at check out. This platform is available without having to download an application. For additional information on this platform please see our resource page at guestengagement.bestwestern.com. The cost for the platform is \$75 a month with an annual commitment paid in full at time of sign-up. Participation is voluntary and changes to the monthly fee must be approved by Member vote.

For additional questions, please call Kerry Laughlin at 623-780-6500.

8.6 ACCOUNTS RECEIVABLE TERMS / SERVICE FEE

If a property's account is not paid within 45 days of the statement date, a service fee of one and one half percent (1.5%) of the 45 day-aged balance is charged.

8.7 DELINQUENT ACCOUNTS

Accounts 60 days past due are restricted from ordering on credit through the BW Supply Division and a certified letter will be sent to the Voting Member notifying them that the account is 60 days past due. The letter requests that the account be brought current by the end of the month.

If the account is not brought current by the end of the month, the Voting Member will receive a second certified letter requesting payment within two (2) business days of receipt of the letter, and the hotel will be assessed a \$750 reinstatement fee. If the account is not paid within these two (2) days, the hotel's access to the Customer Reservation System (CRS) will be restricted. In addition, the membership may be terminated by the Board of Directors.