

Standards of Operation

1:02

Standards of Operations

Policy Statement

All Franchisees must operate their properties in accordance with the Standards of Operations as set by Hospitality International, Inc.

Failure to comply with these standards, including Quality Assurance Standards, could result in a Quality Assurance failure or possible default of the Franchise Agreement

Hospitality International requires these high standards of all Franchisees under the terms of the Franchise Agreement.

Quality Assurance

- ❖ An AMP Director is authorized to review the entire operations of the property to determine if it is being operated in conformity with Hospitality International's standards and in compliance with the terms of the Franchise Agreement.
- ❖ The inspection may include a total inspection of the property, on-site management and its sales and operations programs.
- ❖ Deficiencies should be rectified within 30 days of occurrence, but in some cases, cure dates may be granted for a longer period of time. Hospitality International may require proof of cured deficiencies through a re-inspection, submission of photographs or invoices.
- ❖ A copy of the Quality Assurance Report appears on the following pages.
- ❖ A complimentary guest room must be provided, if requested, to the AMP Director either the evening prior to, or on the day of the inspection, based on the needs of AMP Director.

Quality Assurance Evaluation Report Scores

- ❖ The Quality Assurance Report may contain items/amenities that your hotel does not have. The point value of these items is deducted from the total points available. (points vary)
- ❖ Your score will be calculated from a total of 100 points.
 - A perfect score of 100 is comprised of the following breakdown:
 - Public Spaces Final Score Contribution - 40%
 - Guest Rooms Final Score Contribution - 40%
 - Brand Requirements/Safety & Security Final Score Contribution - 20%

Quality Assurance Evaluation Report Scores cont'd

- ❖ Each question consists of either a “Yes/No” or “Good, Minor, Severe or *N/A” answer. The following table shows the point value for each

Points Lost Per Indication

	Good	Minor	Severe	Yes	No
Public	0	2	4	0	4
Guest Room	0	2	4	0	4
Brand Standards /Life Safety	0	4	8	0	8

**Questions answered N/A reduce the overall total points available.*

To obtain the final score, the total number of questions for each section are multiplied by the greatest possible number of points lost for each question (e.g. 1). Then the total number of points lost are divided into the total number of points available to get a percentage (e.g. 2). That percentage is applied to that section to determine the total number of points earned toward the final score (e.g. 3).

**Note: Guest Room Points lost are multiplied by 2.5*

Example: Public Space Calculation (actual totals will vary on individual inspections)

1. Total Public Space Questions 75
Maximum number of points per question 4
Total Number of points 300 (75 X 4 = 300)
2. Total Number of Public Space points lost * 100
Total Number of Public Space points 300
Percentage 33% (100 ÷ 300 = .33)
**Note: Guest Room Points lost are multiplied by 2.5*
3. Public Space Final Score Contribution potential 40 Points
Percentage Lost 33% of contribution potential
Public Space Final Score 26.8 Points (100%-33%=67% *40 = 26.8)

The final step involves taking the Final Score for each section (Public, Guest Room and Safety & Security) and adding them together.

Quality Assurance Score Letter Grades

- A. 90 - 100 Excellent
- B. 80 - 89 Good
- C. 70 - 79 Fair
- D. 65 - 69 Unsatisfactory
- F. 64 and under Failing

Properties with Failing Scores

❖ Initial Failure

- Each property that receives a failing score is subject to a re-inspection after 60 days
- The Franchisee will be considered in violation of Hospitality international's Standards of Operation and in default of its Franchise Agreement
- A notice of default and a Punch List will be prepared for the Franchisee with legal notice to rectify the deficiencies listed on the Punch List
- Hospitality International may suspend all services (including Reservation Services) to the Hotel

❖ Second Consecutive Failure

- ❖ The property will be subject to a final inspection any time after 30 days of failing the second inspection. Franchisee will be responsible for a \$750 Reinspection Fee.
- ❖ If requested, the Franchisee will attend a meeting to discuss the actions necessary to rectify all deficiencies that have been identified as violations and defaults of the Franchise Agreement.
- ❖ If all of the deficiencies listed on the Punch List have not been corrected by the date of the Final Inspection, or if, when requested, the Franchisee fails to attend any required meeting with Hospitality International, Hospitality International may exercise any of its rights, including, but not limited to, terminating the Franchisee's Franchise Agreement and all of the Franchisee's rights thereunder and/or suspending services to the Franchisee as permitted by the Franchisee's Franchise Agreement

QA Report

- ❖ A summary of our Quality Assurance Inspection is found on the following page. A full version of our QA Inspection is located in Appendix B.

Quality Assurance

HI ID Code	
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Property Details

Hotel Name	
Address	
City	
State	
Zip code	
Total Rooms	
Franchised Rooms	
Franchisees of Record	
AMP Director	
Inspection Date	
Type of Inspection	

Report Calculations/ Inspection Overview Page

Total Guest Room Condition Points Lost	
Total Guest Room Cleanliness Points Lost	
Total Guest Room Cleanliness/Condition Count	
Total Guest Room Brand Requirement Points Lost	
Total Guest Room Brand Requirement Count	
Total Public Condition Points Lost	
Total Public Cleanliness Points Lost	
Total Public Cleanliness/Condition Count	
Total Public Brand Requirement Points Lost	
Total Public Brand Requirement Count	
Total Public Cleanliness/Condition Score	
Total Guest Room Cleanliness/Condition Score	
Total Brand Requirement Score	
Total Score	

Signature Section

Acknowledgement	I acknowledge that by signing this inspection report, it is simply stating that the Hospitality International Representative has visited the above stated property and has completed the inspection.
Authorized Hotel Representative	