

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C 20549

FORM D

1182132

OMB Approval	
OMB Number:	3235-0076
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02050862

NOTICE OF SALE OF SECURITIES
PURSUANT TO REGULATION D,
SECTION 4(6), AND/OR
UNIFORM LIMITED OFFERING EXEMPTION

SEC USE ONLY	
Prefix	Serial
DATE RECEIVED	

Name of Offering (check if this is an amendment and name has changed, and indicate change.)

INN OF INDY, L.L.C.

Filing Under (Check box(es) that apply): Rule 504 Rule 505 Rule 506 Section 4(6) ULOE

PROCESSED

Type of Filing: New Filing Amendment

A. BASIC IDENTIFICATION DATA

AUG 29 2002

I. Enter the information requested about the issuer

Name of Issuer (check if this is an amendment and name has changed, and indicate change.)

INN OF INDY, L.L.C.

**THOMSON
FINANCIAL**

Address of Executive Offices (Number and Street, City, State, Zip Code)

630 ABBOTT RD, EAST LANSING, MI 48823

Telephone Number (Including Area Code)

517-337-8900

Address of Principal Business Operations (Number and Street, City, State, Zip Code)
(if different from Executive Offices)

Telephone Number (Including Area Code)

Brief Description of Business

CONSTRUCTION & OPERATION OF HOTEL

Type of Business Organization

- corporation
- limited partnership, already formed
- business trust
- limited partnership, to be formed

RECEIVED
AUG 19 2002
OTHER (PLEASE SPECIFY):
LIMITED LIABILITY CO.

Actual or Estimated Date of Incorporation or Organization:

Month: **10** Year: **01** Actual Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State;

CN for Canada; FN for other foreign jurisdiction) **MI**

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where to File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

A. BASIC IDENTIFICATION DATA

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer;
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., TERRY L. HALL, MEMBER

Business or Residence Address (Number and Street, City, State, Zip Code)

630 ABBOTT RD., EAST LANSING, MI 48823

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., JOE A ROMKEMA, MEMBER

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Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., CATHY J. MATUSZAK, MEMBER

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B. INFORMATION ABOUT OFFERING

1. Has the issuer sold or does the issuer intend to sell, to non-accredited investors in this offering?

Yes No

Answer also in Appendix, Column 2, if filing under ULOE.

2. What is the minimum investment that will be accepted from any individual?

\$ 100,000⁰⁰

3. Does the offering permit joint ownership of a single unit?

Yes No

4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only.

Full Name (Last name first, if individual)

N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) All States

[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

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[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

(Use blank sheet, or copy and use additional copies of this sheet, as necessary)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero". If the transaction is an exchange offering, check this box and indicate in the column below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt.	\$ _____	\$ _____
Equity.	\$ <u>2,150,000</u>	\$ <u>—</u>
<input type="checkbox"/> Common <input type="checkbox"/> Preferred		
Convertible Securities (including warrants).....	\$ _____	\$ _____
Partnership Interests.....	\$ _____	\$ _____
Other (Specify _____).....	\$ _____	\$ _____
Total.....	\$ <u>2,150,000</u>	\$ <u>—</u>

Answer also in Appendix, Column 3, if filing under ULOE

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors.....	_____	\$ _____
Non-accredited Investors.....	_____	\$ _____
Total (for filings under Rule 504 only).....	<u>N/A</u>	\$ <u>N/A</u>

Answer also in Appendix, Column 4, if filing under ULOE

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C-Question 1.

Type of offering	Type of Security	Dollar Amount Sold
Rule 505.....	_____	\$ _____
Regulation A.....	_____	\$ _____
Rule 504.....	_____	\$ _____
Total.....	<u>N/A</u>	\$ <u>N/A</u>

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees.....	<input type="checkbox"/>	\$ _____
Printing and Engraving Costs.....	<input type="checkbox"/>	\$ _____
Legal Fees.....	<input type="checkbox"/>	\$ _____
Accounting Fees.....	<input type="checkbox"/>	\$ _____
Engineering Fees.....	<input type="checkbox"/>	\$ _____
Sales Commissions (Specify finder's fees separately).....	<input type="checkbox"/>	\$ _____
Other Expenses (identify) _____	<input type="checkbox"/>	\$ _____
Total.....	<input type="checkbox"/>	\$ _____

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

b. Enter the difference between the aggregate offering price given in response to Part C-Question 1 and total expenses furnished in response to Part C-Question 4.a. This difference is the "adjusted gross proceeds to the issuer."

\$2,150,000

5. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C-Question 4.b. above.

	Payments to Officers, Directors, & Affiliates	Payments To Others
Salaries and fees <input type="checkbox"/>	\$ _____	\$ _____
Purchase of real estate <input type="checkbox"/>	\$ _____	\$ 542,000
Purchase, rental or leasing and installation of machinery and equipment <input type="checkbox"/>	\$ _____	\$ _____
Construction or leasing of plant buildings and facilities <input type="checkbox"/>	\$ _____ <input checked="" type="checkbox"/>	\$ 5,325,000
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger) <input type="checkbox"/>	\$ _____	\$ _____
Repayment of indebtedness <input type="checkbox"/>	\$ _____	\$ _____
Working capital <input type="checkbox"/>	\$ _____ <input checked="" type="checkbox"/>	\$ 433,000
Other (specify) _____ <input type="checkbox"/>	\$ _____	\$ _____
_____ <input type="checkbox"/>	\$ _____	\$ _____
Column Totals <input type="checkbox"/>	\$ NONE	\$ 6,300,000
Total Payments Listed (column totals added) <input type="checkbox"/>		<input checked="" type="checkbox"/> \$ 6,300,000

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b) (2) of Rule 502.

Issuer (Print or Type) INN OF INDY, L.L.C.	Signature <i>Terry L. Hall</i>	Date 8-12-02
Name of Signer (Print or Type) HRC PROPERTIES, L.L.C. TERRY L. HALL, MEMBER	Title of Signer (Print or Type) MANAGER MEMBER	

ATTENTION

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.252 (c), (d), (e) or (f) presently subject to any of the disqualification provisions of such rule? Yes No

See Appendix, Column 5, for state response.

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed, a notice on Form D (17 CFR 239.500) at such times as required by state law.
3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.
4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform Limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) <i>INN OF INDY, L.L.C.</i>	Signature <i>Terry J. Hall</i>	Date <i>8-12-02</i>
Name of Signer (Print or Type) <i>HRC PROPERTIES, L.L.C. TERRY L. HALL, MEMBER</i>	Title of Signer (Print or Type) <i>MANAGER MEMBER</i>	

Instruction:

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Nonaccredited Investors	Amount	Yes	No
AL		X	0	0	0	0	0		X
AK		X	0	0	0	0	0		X
AZ		X	0	0	0	0	0		X
AR		X	0	0	0	0	0		X
CA		X	0	0	0	0	0		X
CO		X	0	0	0	0	0		X
CT		X	0	0	0	0	0		X
DE		X	0	0	0	0	0		X
DC		X	0	0	0	0	0		X
FL		X	0	0	0	0	0		X
GA		X	0	0	0	0	0		X
HI		X	0	0	0	0	0		X
ID		X	0	0	0	0	0		X
IL		X	Equity \$2,150,000	0	0	0	0		X
IN		X	Equity \$2,150,000	0	0	0	0		X
IA		X	0	0	0	0	0		X
KS		X	0	0	0	0	0		X
KY		X	0	0	0	0	0		X
LA		X	0	0	0	0	0		X
ME		X	0	0	0	0	0		X
MD		X	0	0	0	0	0		X
MA		X	0	0	0	0	0		X
MI		X	Equity \$2,150,000	0	0	0	0		X
MN		X	0	0	0	0	0		X
MS		X	0	0	0	0	0		X
MO		X	0	0	0	0	0		X

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Nonaccredited Investors	Amount	Yes	No
MT		X	0	0	0	0	0		X
NE		X	0	0	0	0	0		X
NV		X	0	0	0	0	0		X
NH		X	0	0	0	0	0		X
NJ		X	0	0	0	0	0		X
NM		X	0	0	0	0	0		X
NY		X	0	0	0	0	0		X
NC		X	0	0	0	0	0		X
ND		X	0	0	0	0	0		X
OH		X	0	0	0	0	0		X
OK		X	0	0	0	0	0		X
OR		X	0	0	0	0	0		X
PA		X	0	0	0	0	0		X
RI		X	0	0	0	0	0		X
SC		X	0	0	0	0	0		X
SD		X	0	0	0	0	0		X
TN		X	0	0	0	0	0		X
TX		X	0	0	0	0	0		X
UT		X	0	0	0	0	0		X
VT		X	0	0	0	0	0		X
VA		X	0	0	0	0	0		X
WA		X	0	0	0	0	0		X
WV		X	0	0	0	0	0		X
WI		X	0	0	0	0	0		X
WY		X	0	0	0	0	0		X
PR		X	0	0	0	0	0		X

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM D

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Type of Filing: New Filing Amendment

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630 Abbott Rd, East Lansing, MI 48823

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Brief Description of Business

Construction & Operation of Hotel

Type of Business Organization

- corporation
- limited partnership, already formed
- other (please specify): **Limited Liability Co.**
- business trust
- limited partnership, to be formed

Actual or Estimated Date of Incorporation or Organization:

Month: **10** Year: **01** Actual Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State;

CN for Canada; FN for other foreign jurisdiction)

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B. INFORMATION ABOUT OFFERING

1. Has the issuer sold or does the issuer intend to sell, to non-accredited investors in this offering? Yes No
[] [x]

Answer also in Appendix, Column 2, if filing under ULOE.

2. What is the minimum investment that will be accepted from any individual? \$ 100,000

3. Does the offering permit joint ownership of a single unit? Yes No
[x] []

4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering.

Full Name (Last name first, if individual)

N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers (Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID] [IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO] [MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA] [RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

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Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers (Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID] [IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO] [MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA] [RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers (Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID] [IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO] [MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA] [RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero". If the transaction is an exchange offering, check this box and indicate in the column below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt.	\$ _____	\$ _____
Equity.	\$ <u>2,150,000</u>	\$ <u>—</u>
<input type="checkbox"/> Common <input type="checkbox"/> Preferred		
Convertible Securities (including warrants).....	\$ _____	\$ _____
Partnership Interests.....	\$ _____	\$ _____
Other (Specify _____).....	\$ _____	\$ _____
Total.....	\$ <u>2,150,000</u>	\$ <u>—</u>

Answer also in Appendix, Column 3, if filing under ULOE

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors.....	_____	\$ _____
Non-accredited Investors.....	_____	\$ _____
Total (for filings under Rule 504 only).....	<u>N/A</u>	\$ <u>N/A</u>

Answer also in Appendix, Column 4, if filing under ULOE

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C-Question 1.

Type of offering	Type of Security	Dollar Amount Sold
Rule 505.....	_____	\$ _____
Regulation A.....	_____	\$ _____
Rule 504.....	_____	\$ _____
Total.....	<u>N/A</u>	\$ <u>N/A</u>

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees.....	<input type="checkbox"/>	\$ _____
Printing and Engraving Costs.....	<input type="checkbox"/>	\$ _____
Legal Fees.....	<input type="checkbox"/>	\$ _____
Accounting Fees.....	<input type="checkbox"/>	\$ _____
Engineering Fees.....	<input type="checkbox"/>	\$ _____
Sales Commissions (Specify finder's fees separately).....	<input type="checkbox"/>	\$ _____
Other Expenses (identify) _____	<input type="checkbox"/>	\$ _____
Total.....	<input type="checkbox"/>	\$ _____

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

b. Enter the difference between the aggregate offering price given in response to Part C-Question 1 and total expenses furnished in response to Part C-Question 4.a. This difference is the "adjusted gross proceeds to the issuer."

\$2,150,000

5. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C-Question 4.b. above.

	Payments to Officers, Directors, & Affiliates	Payments To Others
Salaries and fees	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Purchase of real estate	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ 542,000
Purchase, rental or leasing and installation of machinery and equipment	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Construction or leasing of plant buildings and facilities	<input type="checkbox"/> \$ _____	<input checked="" type="checkbox"/> \$ 5,325,000
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger)	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Repayment of indebtedness	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Working capital	<input type="checkbox"/> \$ _____	<input checked="" type="checkbox"/> \$ 433,000
Other (specify) _____	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
_____	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Column Totals	<input type="checkbox"/> \$ NONE	<input type="checkbox"/> \$ 6,300,000
Total Payments Listed (column totals added)	<input checked="" type="checkbox"/> \$ 6,300,000	

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b) (2) of Rule 502.

Issuer (Print or Type) INN OF INDY, L.L.C.	Signature <i>Terry J. Hall</i>	Date 8-12-02
Name of Signer (Print or Type) HRC Properties, L.L.C. TERRY L. HALL, MEMBER	Title of Signer (Print or Type) MANAGER MEMBER	

ATTENTION

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.252 (c), (d), (e) or (f) presently subject to any of the disqualification provisions of such rule? Yes No

See Appendix, Column 5, for state response.

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed, a notice on Form D (17 CFR 239.500) at such times as required by state law.
3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.
4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform Limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) <i>INN OF INDY, L.L.C.</i>	Signature 	Date <i>8-12-02</i>
Name of Signer (Print or Type) <i>HRC PROPERTIES, L.L.C.</i> <i>TERRY L. HALL, MEMBER</i>	Title of Signer (Print or Type) <i>MANAGER</i> <i>MEMBER</i>	

Instruction:

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Nonaccredited Investors	Amount	Yes	No
AL		X	0	0	0	0	0		X
AK		X	0	0	0	0	0		X
AZ		X	0	0	0	0	0		X
AR		X	0	0	0	0	0		X
CA		X	0	0	0	0	0		X
CO		X	0	0	0	0	0		X
CT		X	0	0	0	0	0		X
DE		X	0	0	0	0	0		X
DC		X	0	0	0	0	0		X
FL		X	0	0	0	0	0		X
GA		X	0	0	0	0	0		X
HI		X	0	0	0	0	0		X
ID		X	0	0	0	0	0		X
IL		X	Equity \$ 2,150,000	0	0	0	0		X
IN		X	Equity \$ 2,150,000	0	0	0	0		X
IA		X	0	0	0	0	0		X
KS		X	0	0	0	0	0		X
KY		X	0	0	0	0	0		X
LA		X	0	0	0	0	0		X
ME		X	0	0	0	0	0		X
MD		X	0	0	0	0	0		X
MA		X	0	0	0	0	0		X
MI		X	Equity \$ 2,150,000	0	0	0	0		X
MN		X	0	0	0	0	0		X
MS		X	0	0	0	0	0		X
MO		X	0	0	0	0	0		X

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Nonaccredited Investors	Amount	Yes	No
MT		X	0	0	0	0	0		X
NE		X	0	0	0	0	0		X
NV		X	0	0	0	0	0		X
NH		X	0	0	0	0	0		X
NJ		X	0	0	0	0	0		X
NM		X	0	0	0	0	0		X
NY		X	0	0	0	0	0		X
NC		X	0	0	0	0	0		X
ND		X	0	0	0	0	0		X
OH		X	0	0	0	0	0		X
OK		X	0	0	0	0	0		X
OR		X	0	0	0	0	0		X
PA		X	0	0	0	0	0		X
RI		X	0	0	0	0	0		X
SC		X	0	0	0	0	0		X
SD		X	0	0	0	0	0		X
TN		X	0	0	0	0	0		X
TX		X	0	0	0	0	0		X
UT		X	0	0	0	0	0		X
VT		X	0	0	0	0	0		X
VA		X	0	0	0	0	0		X
WA		X	0	0	0	0	0		X
WV		X	0	0	0	0	0		X
WI		X	0	0	0	0	0		X
WY		X	0	0	0	0	0		X
PR		X	0	0	0	0	0		X



UNIFORM CONSENT TO SERVICE OF PROCESS

State Form 40845R/Form U-2

INDIANA SECURITIES DIVISION

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, INN OF INDY, L.L.C.
L.L.C.
 (a corporation organized under the laws of the State of MICHIGAN)
 (a partnership) (an individual) (other _____) for the purpose of complying with

the laws of the State of Indiana relating to either the registration or sale of securities, hereby irrevocably appoints the Secretary of State of Indiana and the successors in such office, its attorney in the State of Indiana upon whom may be served any notice, process, or pleading in any action or proceeding against it arising out of or in connection with the sale of securities or out of violation of the aforesaid laws of said state; and the undersigned does hereby consent that any such action, or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within said state by service of process upon said officer with the same effect as if the undersigned was organized or created under the laws of said state and had lawfully been served with process in said state.

Copies of any notice, process, or pleading served hereunder should be mailed to:

Name <u>INN OF INDY, L.L.C.</u>	
Address (Street, City and State) <u>630 ABBOTT RD, EAST LANSING, MI</u>	Zip <u>48823</u>

Applicant's Name <u>TERRY L. HALL, MEMBER</u>	Date <u>8-12-02</u>
--	------------------------

By: Signature <u>Terry L. Hall</u>
Title <u>MEMBER</u>
Signature
Title

(Seal)

This form is issued under Act 265, PA 1964, as amended. You must complete this form if you wish to claim exemption under Rule 803.7

MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU
SECURITIES DIVISION

UNIFORM LIMITED OFFERING EXEMPTION
Consent to Service of Process and Undertaking

KNOW ALL MEN BY THESE PRESENTS:

That INN OF INDY, L.L.C. a/an Limited Liability Company
(Issuer) (designate whether Issuer is an individual or an organization)
of 630 ABBOTT RD., EAST LANSING, MI 48823
(number, street, city, state and zip code)

for the purpose of complying with the laws of the state of Michigan, hereby irrevocably appoints the Administrator of the Corporation, Securities and Land Development Bureau of the Michigan Department of Consumer and Industry Services, or the Administrator's successor in office, to be the applicant's attorney to receive service of any lawful process in any noncriminal suit, action or proceeding against applicant, its successor, executor or administrator, which may arise under the Michigan Uniform Securities Act (being Act 265 of the Public Acts of 1964, as amended) or any rule or order thereunder after the filing hereof: and the applicant does hereby consent that any such suit, action or proceeding against applicant may be commenced in any court of competent jurisdiction and proper venue within the State of Michigan by service of process upon the said Administrator with the same force and validity as if served upon the applicant by service personally on its president or other chief officer, if a corporation, or one of its members if a limited liability company, or on one of its partners, if a partnership, or on one of its trustees, if a trust, or on the individual, if an individual.

Pursuant to the provisions of Michigan Securities Rule 803.7 (R 451.803.7) INN OF
(Issuer)
INDY, L.L.C. hereby agrees that upon written request of the Administrator, it will furnish to the Administrator the information furnished by the Issuer to offerees.

Signature	Title	Date
<u>Terry J. Hall</u>	<u>MEMBER</u>	<u>8-12-02</u>

State of Michigan

County of Ingham

Subscribed and sworn to before me this 12 day of August A.D. 2002

Susan Y. Kapp Notary Public

County of Ingham State of Michigan

SUSAN KAPP
Notary Public, Ingham Co., MI
My Comm. Expires Nov. 21, 2004

IF CORPORATION, EXECUTE RESOLUTION AUTHORIZING
CONSENT TO SERVICE OF PROCESS ON BACK

UNIFORM FORM OF CORPORATE RESOLUTION OF

INN of INDY, L.L.C.
(Name of Corporation)

RESOLVED, that it is desirable and in the best interest of this Corporation that its securities be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or an Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of this Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of this Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states and rules thereunder, and in connection therewith to execute and file all requisite papers and documents including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; undertakings; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matter shall conclusively establish their authority therefor from this Corporation and the approval and ratification by this Corporation of the papers and documents so executed and the action so taken.

CERTIFICATE

The undersigned hereby certifies that he/she is the TERRY L. HALL ^{Member}~~Secretary~~ of INN of INDY, L.L.C. ^{L.L.C.}, a corporation organized and existing under the laws of the State of MICHIGAN; that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said corporation held on the 12th day of AUGUST, 2002, at which meeting a quorum was at all times present and acting; that the passage of said resolution was in all respects legal; and that said resolution is in full force and effect.

Signature of Secretary ^{Member} <u>Terry J. Hall, Member</u>	Date <u>8-12-02</u>
---	------------------------

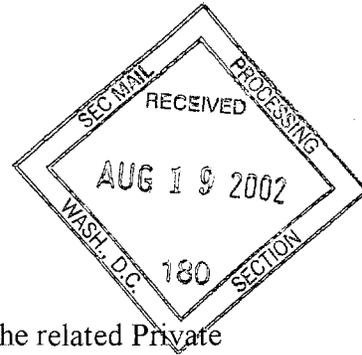
(Corporate Seal)

HRC PROPERTIES, L.L.C.

August 12, 2002

U.S. Securities & Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Inn of Indy, L.L.C.
Form D



Dear Sir/Madam:

Enclosed are five signed and notarized copies of Form D and the related Private Placement Memorandum to be issued by the Inn of Indy, L.L.C.

If you have any questions, please call me.

Sincerely,

HRC Properties, L.L.C.


Terry L. Hall, Member

Enclosures

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C 20549

FORM D

OMB Approval	
OMB Number:	3235-0076
Expires:	November 30, 2001
Estimated average burden hours per response	... 16.00

NOTICE OF SALE OF SECURITIES
PURSUANT TO REGULATION D,
SECTION 4(6), AND/OR
UNIFORM LIMITED OFFERING EXEMPTION

SEC USE ONLY	
Prefix	Serial
DATE RECEIVED	

Name of Offering (check if this is an amendment and name has changed, and indicate change.)

INN OF INDY, L.L.C.

Filing Under (Check box(es) that apply): Rule 504 Rule 505 Rule 506 Section 4(6) ULOE

Type of Filing: New Filing Amendment

A. BASIC IDENTIFICATION DATA

1. Enter the information requested about the issuer

Name of Issuer (check if this is an amendment and name has changed, and indicate change.)

INN OF INDY, L.L.C.

Address of Executive Offices (Number and Street, City, State, Zip Code)

630 ABBOTT RD., EAST LANSING, MI 48823

Telephone Number (Including Area Code)

517-337-8900

Address of Principal Business Operations (Number and Street, City, State, Zip Code) (if different from Executive Offices)

Telephone Number (Including Area Code)

Brief Description of Business

CONSTRUCTION & OPERATION OF HOTEL

Type of Business Organization

- corporation limited partnership, already formed other (please specify): **LIMITED LIABILITY CO.**
 business trust limited partnership, to be formed

Actual or Estimated Date of Incorporation or Organization:

Month: **10** Year: **01** Actual Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State;

CN for Canada; FN for other foreign jurisdiction)

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where to File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

A. BASIC IDENTIFICATION DATA

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer;
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., TERRY L. HALL, MEMBER

Business or Residence Address (Number and Street, City, State, Zip Code)

630 ABBOTT RD., EAST LANSING, MI 48823

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., JOE A ROMKEMA, MEMBER

Business or Residence Address (Number and Street, City, State, Zip Code)

630 ABBOTT RD., EAST LANSING, MI 48823

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., CATHY J. MATUSZAK, MEMBER

Business or Residence Address (Number and Street, City, State, Zip Code)

630 ABBOTT RD., EAST LANSING, MI 48823

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

B. INFORMATION ABOUT OFFERING

1. Has the issuer sold or does the issuer intend to sell, to non-accredited investors in this offering?

Yes No
[] [x]

Answer also in Appendix, Column 2, if filing under ULOE.

2. What is the minimum investment that will be accepted from any individual?

\$ 100,000

3. Does the offering permit joint ownership of a single unit?

Yes No
[x] []

4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only.

Full Name (Last name first, if individual)

N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

(Use blank sheet, or copy and use additional copies of this sheet, as necessary)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero". If the transaction is an exchange offering, check this box and indicate in the column below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt.	\$ _____	\$ _____
Equity.	\$ <u>2,150,000</u>	\$ <u>—</u>
<input type="checkbox"/> Common <input type="checkbox"/> Preferred		
Convertible Securities (including warrants).....	\$ _____	\$ _____
Partnership Interests.....	\$ _____	\$ _____
Other (Specify _____).....	\$ _____	\$ _____
Total.....	\$ <u>2,150,000</u>	\$ <u>—</u>

Answer also in Appendix, Column 3, if filing under ULOE

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors.....	_____	\$ _____
Non-accredited Investors.....	_____	\$ _____
Total (for filings under Rule 504 only).....	<u>N/A</u>	<u>\$ N/A</u>

Answer also in Appendix, Column 4, if filing under ULOE

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C-Question 1.

Type of offering	Type of Security	Dollar Amount Sold
Rule 505.....	_____	\$ _____
Regulation A.....	_____	\$ _____
Rule 504.....	_____	\$ _____
Total.....	<u>N/A</u>	<u>\$ N/A</u>

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees.....	<input type="checkbox"/>	\$ _____
Printing and Engraving Costs.....	<input type="checkbox"/>	\$ _____
Legal Fees.....	<input type="checkbox"/>	\$ _____
Accounting Fees.....	<input type="checkbox"/>	\$ _____
Engineering Fees.....	<input type="checkbox"/>	\$ _____
Sales Commissions (Specify finder's fees separately).....	<input type="checkbox"/>	\$ _____
Other Expenses (identify) _____	<input type="checkbox"/>	\$ _____
Total.....	<input type="checkbox"/>	\$ _____

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

b. Enter the difference between the aggregate offering price given in response to Part C-Question 1 and total expenses furnished in response to Part C-Question 4.a. This difference is the "adjusted gross proceeds to the issuer."

\$2,150,000

5. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C-Question 4.b. above.

		Payments to Officers, Directors, & Affiliates	Payments To Others
Salaries and fees	<input type="checkbox"/>	\$ _____	\$ _____
Purchase of real estate.	<input type="checkbox"/>	\$ _____	\$ <u>542,000</u>
Purchase, rental or leasing and installation of machinery and equipment.	<input type="checkbox"/>	\$ _____	\$ _____
Construction or leasing of plant buildings and facilities.	<input type="checkbox"/>	\$ _____	\$ <u>5,325,000</u>
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger.	<input type="checkbox"/>	\$ _____	\$ _____
Repayment of indebtedness.	<input type="checkbox"/>	\$ _____	\$ _____
Working capital.	<input type="checkbox"/>	\$ _____	\$ <u>433,000</u>
Other (specify) _____	<input type="checkbox"/>	\$ _____	\$ _____
_____	<input type="checkbox"/>	\$ _____	\$ _____
Column Totals.	<input type="checkbox"/>	\$ <u>NONE</u>	\$ <u>6,300,000</u>
Total Payments Listed (column totals added)			\$ <u>6,300,000</u>

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b) (2) of Rule 502.

Issuer (Print or Type) INN OF INDY, L.L.C.	Signature <i>Terry F. Hall</i>	Date 8-12-02
Name of Signer (Print or Type) HRC PROPERTIES, L.L.C. TERRY L. HALL, MEMBER	Title of Signer (Print or Type) MANAGER MEMBER	

ATTENTION

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.252 (c), (d), (e) or (f) presently subject to any of the disqualification provisions of such rule? Yes No

See Appendix, Column 5, for state response.

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed, a notice on Form D (17 CFR 239.500) at such times as required by state law.
3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.
4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform Limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) <i>INN OF INDIANAPOLIS, L.L.C.</i>	Signature <i>Terry J. Hall</i>	Date <i>8-12-02</i>
Name of Signer (Print or Type) <i>HRC PROPERTIES, L.L.C. TERRY J. HALL, MEMBER</i>	Title of Signer (Print or Type) <i>MANAGER MEMBER</i>	

Instruction:

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Nonaccredited Investors	Amount	Yes	No
AL		X	0	0	0	0	0		X
AK		X	0	0	0	0	0		X
AZ		X	0	0	0	0	0		X
AR		X	0	0	0	0	0		X
CA		X	0	0	0	0	0		X
CO		X	0	0	0	0	0		X
CT		X	0	0	0	0	0		X
DE		X	0	0	0	0	0		X
DC		X	0	0	0	0	0		X
FL		X	0	0	0	0	0		X
GA		X	0	0	0	0	0		X
HI		X	0	0	0	0	0		X
ID		X	0	0	0	0	0		X
IL		X	Equity \$ 2,150,000	0	0	0	0		X
IN		X	Equity \$ 2,150,000	0	0	0	0		X
IA		X	0	0	0	0	0		X
KS		X	0	0	0	0	0		X
KY		X	0	0	0	0	0		X
LA		X	0	0	0	0	0		X
ME		X	0	0	0	0	0		X
MD		X	0	0	0	0	0		X
MA		X	0	0	0	0	0		X
MI		X	Equity \$ 2,150,000	0	0	0	0		X
MN		X	0	0	0	0	0		X
MS		X	0	0	0	0	0		X
MO		X	0	0	0	0	0		X

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Nonaccredited Investors	Amount	Yes	No
MT		X	0	0	0	0	0		X
NE		X	0	0	0	0	0		X
NV		X	0	0	0	0	0		X
NH		X	0	0	0	0	0		X
NJ		X	0	0	0	0	0		X
NM		X	0	0	0	0	0		X
NY		X	0	0	0	0	0		X
NC		X	0	0	0	0	0		X
ND		X	0	0	0	0	0		X
OH		X	0	0	0	0	0		X
OK		X	0	0	0	0	0		X
OR		X	0	0	0	0	0		X
PA		X	0	0	0	0	0		X
RI		X	0	0	0	0	0		X
SC		X	0	0	0	0	0		X
SD		X	0	0	0	0	0		X
TN		X	0	0	0	0	0		X
TX		X	0	0	0	0	0		X
UT		X	0	0	0	0	0		X
VT		X	0	0	0	0	0		X
VA		X	0	0	0	0	0		X
WA		X	0	0	0	0	0		X
WV		X	0	0	0	0	0		X
WI		X	0	0	0	0	0		X
WY		X	0	0	0	0	0		X
PR		X	0	0	0	0	0		X



UNIFORM CONSENT TO SERVICE OF PROCESS

State Form 40845R/Form U-2

INDIANA SECURITIES DIVISION

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, INN OF INDY, L.L.C.
L.L.C.
 (a corporation organized under the laws of the State of MICHIGAN)
 (a partnership) (an individual) (other _____) for the purpose of complying with

the laws of the State of Indiana relating to either the registration or sale of securities, hereby irrevocably appoints the Secretary of State of Indiana and the successors in such office, its attorney in the State of Indiana upon whom may be served any notice, process, or pleading in any action or proceeding against it arising out of or in connection with the sale of securities or out of violation of the aforesaid laws of said state; and the undersigned does hereby consent that any such action, or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within said state by service of process upon said officer with the same effect as if the undersigned was organized or created under the laws of said state and had lawfully been served with process in said state.

Copies of any notice, process, or pleading served hereunder should be mailed to:

Name <u>INN OF INDY, L.L.C.</u>	
Address (Street, City and State) <u>630 ABBOTT RD., EAST LANSING, MI</u>	Zip <u>48823</u>

Applicant's Name <u>TERRY L. HALL, MEMBER</u>	Date <u>8-12-02</u>
--	------------------------

By: Signature <u>Terry L. Hall</u>
Title <u>MEMBER</u>
Signature
Title

(Seal)

MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU
SECURITIES DIVISION

UNIFORM LIMITED OFFERING EXEMPTION
Consent to Service of Process and Undertaking

KNOW ALL MEN BY THESE PRESENTS:

That INN OF INDY, L.L.C. a/an LIMITED LIABILITY COMPANY
(Issuer) (designate whether Issuer is an individual or an organization)
of 630 ABBOTT RD., EAST LANSING, MI 48823
(number, street, city, state and zip code)

for the purpose of complying with the laws of the state of Michigan, hereby irrevocably appoints the Administrator of the Corporation, Securities and Land Development Bureau of the Michigan Department of Consumer and Industry Services, or the Administrator's successor in office, to be the applicant's attorney to receive service of any lawful process in any noncriminal suit, action or proceeding against applicant, its successor, executor or administrator, which may arise under the Michigan Uniform Securities Act (being Act 265 of the Public Acts of 1964, as amended) or any rule or order thereunder after the filing hereof: and the applicant does hereby consent that any such suit, action or proceeding against applicant may be commenced in any court of competent jurisdiction and proper venue within the State of Michigan by service of process upon the said Administrator with the same force and validity as if served upon the applicant by service personally on its president or other chief officer, if a corporation, or one of its members if a limited liability company, or on one of its partners, if a partnership, or on one of its trustees, if a trust, or on the individual, if an individual.

Pursuant to the provisions of Michigan Securities Rule 803.7 (R 451.803.7) INN OF
(Issuer)
INDY, L.L.C. hereby agrees that upon written request of the Administrator, it will furnish to the Administrator the information furnished by the Issuer to offerees.

Signature <u>Terry J. Hall</u>	Title <u>MEMBER</u>	Date <u>8-12-02</u>
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State of Michigan

County of Ingham

Subscribed and sworn to before me this 12 day of August A.D. 2002

Susan Y. Kapp Notary Public

County of Ingham State of Michigan

SUSAN KAPP
Notary Public, Ingham Co., MI
My Comm. Expires Nov. 21, 2004

IF CORPORATION, EXECUTE RESOLUTION AUTHORIZING
CONSENT TO SERVICE OF PROCESS ON BACK

UNIFORM FORM OF CORPORATE RESOLUTION OF

INN of INDY, L.L.C.

(Name of Corporation)

RESOLVED, that it is desirable and in the best interest of this Corporation that its securities be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or an Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of this Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of this Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states and rules thereunder, and in connection therewith to execute and file all requisite papers and documents including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; undertakings; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matter shall conclusively establish their authority therefor from this Corporation and the approval and ratification by this Corporation of the papers and documents so executed and the action so taken.

CERTIFICATE

The undersigned hereby certifies that he/she is the TERRY L. HALL ^{MEMBER} ~~Secretary~~ of INN of INDY, L.L.C. ^{L.L.C.} a corporation organized and existing under the laws of the State of MICHIGAN; that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said corporation held on the 12th day of AUGUST, 2002, at which meeting a quorum was at all times present and acting; that the passage of said resolution was in all respects legal; and that said resolution is in full force and effect.

Signature of ~~Secretary~~ ^{MEMBER} Terry J. Hall, MEMBER Date 8-12-02

(Corporate Seal)



UNIFORM CONSENT TO SERVICE OF PROCESS

State Form 40845R/Form U-2

INDIANA SECURITIES DIVISION

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, INN OF INDY, L.L.C.
L.L.C.
(a corporation organized under the laws of the State of MICHIGAN)
(a partnership) (an individual) (other _____) for the purpose of complying with

the laws of the State of Indiana relating to either the registration or sale of securities, hereby irrevocably appoints the Secretary of State of Indiana and the successors in such office, its attorney in the State of Indiana upon whom may be served any notice, process, or pleading in any action or proceeding against it arising out of or in connection with the sale of securities or out of violation of the aforesaid laws of said state; and the undersigned does hereby consent that any such action, or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within said state by service of process upon said officer with the same effect as if the undersigned was organized or created under the laws of said state and had lawfully been served with process in said state.

Copies of any notice, process, or pleading served hereunder should be mailed to:

Name	<u>INN OF INDY, L.L.C.</u>	
Address (Street, City and State)	<u>630 Abbott Rd, EAST LANSING, MI</u>	Zip <u>48823</u>

Applicant's Name	<u>TERRY L. HALL, MEMBER</u>	Date <u>8-12-07</u>
------------------	------------------------------	------------------------

By:	Signature <u>Terry L. Hall</u>
	Title <u>MEMBER</u>
	Signature
	Title

(Seal)

This form is issued under Act 265, PA 1964, as amended. You must complete this form if you wish to claim exemption under Rule 803.7

MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU
SECURITIES DIVISION

UNIFORM LIMITED OFFERING EXEMPTION
Consent to Service of Process and Undertaking

KNOW ALL MEN BY THESE PRESENTS:

That INN OF INDY, L.L.C. a/an Limited Liability Company
(Issuer) (designate whether Issuer is an individual or an organization)
of 630 Abbott Rd., East Lansing, MI 48823
(number, street, city, state and zip code)

for the purpose of complying with the laws of the state of Michigan, hereby irrevocably appoints the Administrator of the Corporation, Securities and Land Development Bureau of the Michigan Department of Consumer and Industry Services, or the Administrator's successor in office, to be the applicant's attorney to receive service of any lawful process in any noncriminal suit, action or proceeding against applicant, its successor, executor or administrator, which may arise under the Michigan Uniform Securities Act (being Act 265 of the Public Acts of 1964, as amended) or any rule or order thereunder after the filing hereof: and the applicant does hereby consent that any such suit, action or proceeding against applicant may be commenced in any court of competent jurisdiction and proper venue within the State of Michigan by service of process upon the said Administrator with the same force and validity as if served upon the applicant by service personally on its president or other chief officer, if a corporation, or one of its members if a limited liability company, or on one of its partners, if a partnership, or on one of its trustees, if a trust, or on the individual, if an individual.

Pursuant to the provisions of Michigan Securities Rule 803.7 (R 451.803.7) INN OF
(Issuer)

INDY, L.L.C. hereby agrees that upon written request of the Administrator, it will furnish to the Administrator the information furnished by the Issuer to offerees.

Signature	Title	Date
<u>Terry J. Hall</u>	<u>MEMBER</u>	<u>8-12-02</u>

State of Michigan

County of Ingham

Subscribed and sworn to before me this 12 day of August A.D. 2002

Susan Y. Kapp Notary Public

SUSAN KAPP
Notary Public, Ingham Co., MI
My Comm. Expires Nov. 21, 2004

County of Ingham State of Michigan

IF CORPORATION, EXECUTE RESOLUTION AUTHORIZING
CONSENT TO SERVICE OF PROCESS ON BACK

UNIFORM FORM OF CORPORATE RESOLUTION OF

INN of INDY, L.L.C.

(Name of Corporation)

RESOLVED, that it is desirable and in the best interest of this Corporation that its securities be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or an Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of this Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of this Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states and rules thereunder, and in connection therewith to execute and file all requisite papers and documents including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; undertakings; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matter shall conclusively establish their authority therefor from this Corporation and the approval and ratification by this Corporation of the papers and documents so executed and the action so taken.

CERTIFICATE

The undersigned hereby certifies that he/she is the TERRY L. HALL ^{MEMBER}_{Secretary} of INN of INDY, L.L.C., a ^{L.L.C.} corporation organized and existing under the laws of the State of MICHIGAN; that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said corporation held on the 12th day of AUGUST, 2002, at which meeting a quorum was at all times present and acting; that the passage of said resolution was in all respects legal; and that said resolution is in full force and effect.

Signature of ~~Secretary~~ ^{MEMBER} Terry J. Hall, MEMBER Date 8-12-02

(Corporate Seal)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C 20549

FORM D

OMB Approval	
OMB Number:	3235-0076
Expires:	November 30, 2001
Estimated average burden hours per response . . .	16.00

NOTICE OF SALE OF SECURITIES
PURSUANT TO REGULATION D,
SECTION 4(6), AND/OR
UNIFORM LIMITED OFFERING EXEMPTION

SEC USE ONLY	
Prefix	Serial
DATE RECEIVED	

Name of Offering (check if this is an amendment and name has changed, and indicate change.)

INN OF INDY, L.L.C.

Filing Under (Check box(es) that apply): Rule 504 Rule 505 Rule 506 Section 4(6) ULOE

Type of Filing: New Filing Amendment

A. BASIC IDENTIFICATION DATA

1. Enter the information requested about the issuer

Name of Issuer (check if this is an amendment and name has changed, and indicate change.)

INN OF INDY, L.L.C.

Address of Executive Offices (Number and Street, City, State, Zip Code)

630 Abbott Rd., EAST LANSING, MI 48823

Telephone Number (Including Area Code)

517-337-8900

Address of Principal Business Operations (Number and Street, City, State, Zip Code)
(if different from Executive Offices)

Telephone Number (Including Area Code)

Brief Description of Business

CONSTRUCTION & OPERATION OF HOTEL

Type of Business Organization

- corporation
- limited partnership, already formed
- other (please specify): **LIMITED LIABILITY CO.**
- business trust
- limited partnership, to be formed

Actual or Estimated Date of Incorporation or Organization:

Month: **10** Year: **01** Actual Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State;

CN for Canada; FN for other foreign jurisdiction)

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where to File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

A. BASIC IDENTIFICATION DATA

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer;
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., TERRY L. HALL, MEMBER

Business or Residence Address (Number and Street, City, State, Zip Code)

630 ABBOTT RD., EAST LANSING, MI 48823

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., JOE A ROMKEMA, MEMBER

Business or Residence Address (Number and Street, City, State, Zip Code)

630 ABBOTT RD., EAST LANSING, MI 48823

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

HRC PROPERTIES, L.L.C. A MICHIGAN L.L.C., CATHY J. MATUSZAK, MEMBER

Business or Residence Address (Number and Street, City, State, Zip Code)

630 ABBOTT RD., EAST LANSING, MI 48823

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

B. INFORMATION ABOUT OFFERING

1. Has the issuer sold or does the issuer intend to sell, to non-accredited investors in this offering? Yes No
[] [X]

Answer also in Appendix, Column 2, if filing under ULOE.

2. What is the minimum investment that will be accepted from any individual? \$ 100,000

3. Does the offering permit joint ownership of a single unit? Yes No
[X] []

4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only.

Full Name (Last name first, if individual)
N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers
(Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)
N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers
(Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)
N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers
(Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

(Use blank sheet, or copy and use additional copies of this sheet, as necessary)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero". If the transaction is an exchange offering, check this box and indicate in the column below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt.....	\$ _____	\$ _____
Equity.....	\$ <u>2,150,000</u>	\$ _____
<input type="checkbox"/> Common <input type="checkbox"/> Preferred		
Convertible Securities (including warrants).....	\$ _____	\$ _____
Partnership Interests.....	\$ _____	\$ _____
Other (Specify _____).....	\$ _____	\$ _____
Total.....	\$ <u>2,150,000</u>	\$ _____

Answer also in Appendix, Column 3, if filing under ULOE

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors.....	_____	\$ _____
Non-accredited Investors.....	_____	\$ _____
Total (for filings under Rule 504 only).....	<u>N/A</u>	\$ <u>N/A</u>

Answer also in Appendix, Column 4, if filing under ULOE

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C-Question 1.

Type of offering	Type of Security	Dollar Amount Sold
Rule 505.....	_____	\$ _____
Regulation A.....	_____	\$ _____
Rule 504.....	_____	\$ _____
Total.....	<u>N/A</u>	\$ <u>N/A</u>

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees.....	<input type="checkbox"/>	\$ _____
Printing and Engraving Costs.....	<input type="checkbox"/>	\$ _____
Legal Fees.....	<input type="checkbox"/>	\$ _____
Accounting Fees.....	<input type="checkbox"/>	\$ _____
Engineering Fees.....	<input type="checkbox"/>	\$ _____
Sales Commissions (Specify finder's fees separately).....	<input type="checkbox"/>	\$ _____
Other Expenses (identify).....	<input type="checkbox"/>	\$ _____
Total.....	<input type="checkbox"/>	\$ _____

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

b. Enter the difference between the aggregate offering price given in response to Part C-Question 1 and total expenses furnished in response to Part C-Question 4.a. This difference is the "adjusted gross proceeds to the issuer."

\$2,150,000

5. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C-Question 4.b. above.

	Payments to Officers, Directors, & Affiliates	Payments To Others
Salaries and fees	\$ _____	\$ _____
Purchase of real estate	\$ _____	\$ <u>542,000</u>
Purchase, rental or leasing and installation of machinery and equipment	\$ _____	\$ _____
Construction or leasing of plant buildings and facilities	\$ _____	\$ <u>5,325,000</u>
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger)	\$ _____	\$ _____
Repayment of indebtedness	\$ _____	\$ _____
Working capital	\$ _____	\$ <u>433,000</u>
Other (specify) _____	\$ _____	\$ _____
_____	\$ _____	\$ _____
Column Totals	\$ <u>NONE</u>	\$ <u>6,300,000</u>
Total Payments Listed (column totals added)		\$ <u>6,300,000</u>

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b) (2) of Rule 502.

Issuer (Print or Type) <u>INN OF INDY, L.L.C.</u>	Signature <u>Terry L. Hall</u>	Date <u>8-12-02</u>
Name of Signer (Print or Type) <u>HRC Properties, L.L.C.</u> <u>TERRY L. HALL, MEMBER</u>	Title of Signer (Print or Type) <u>MANAGER</u> <u>MEMBER</u>	

ATTENTION

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.252 (c), (d), (e) or (f) presently subject to any of the disqualification provisions of such rule? Yes No

See Appendix, Column 5, for state response.

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed, a notice on Form D (17 CFR 239.500) at such times as required by state law.
3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.
4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform Limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) <i>INN OF INDY, L.L.C.</i>	Signature 	Date <i>8-12-02</i>
Name of Signer (Print or Type) <i>HRC PROPERTIES, L.L.C. TERRY J. HALL, MEMBER</i>	Title of Signer (Print or Type) <i>MANAGER MEMBER</i>	

Instruction:

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Nonaccredited Investors	Amount	Yes	No
AL		X	0	0	0	0	0		X
AK		X	0	0	0	0	0		X
AZ		X	0	0	0	0	0		X
AR		X	0	0	0	0	0		X
CA		X	0	0	0	0	0		X
CO		X	0	0	0	0	0		X
CT		X	0	0	0	0	0		X
DE		X	0	0	0	0	0		X
DC		X	0	0	0	0	0		X
FL		X	0	0	0	0	0		X
GA		X	0	0	0	0	0		X
HI		X	0	0	0	0	0		X
ID		X	0	0	0	0	0		X
IL		X	Equity \$2,150,000	0	0	0	0		X
IN		X	Equity \$2,150,000	0	0	0	0		X
IA		X	0	0	0	0	0		X
KS		X	0	0	0	0	0		X
KY		X	0	0	0	0	0		X
LA		X	0	0	0	0	0		X
ME		X	0	0	0	0	0		X
MD		X	0	0	0	0	0		X
MA		X	0	0	0	0	0		X
MI		X	Equity \$2,150,000	0	0	0	0		X
MN		X	0	0	0	0	0		X
MS		X	0	0	0	0	0		X
MO		X	0	0	0	0	0		X

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Nonaccredited Investors	Amount	Yes	No
MT		X	0	0	0	0	0		X
NE		X	0	0	0	0	0		X
NV		X	0	0	0	0	0		X
NH		X	0	0	0	0	0		X
NJ		X	0	0	0	0	0		X
NM		X	0	0	0	0	0		X
NY		X	0	0	0	0	0		X
NC		X	0	0	0	0	0		X
ND		X	0	0	0	0	0		X
OH		X	0	0	0	0	0		X
OK		X	0	0	0	0	0		X
OR		X	0	0	0	0	0		X
PA		X	0	0	0	0	0		X
RI		X	0	0	0	0	0		X
SC		X	0	0	0	0	0		X
SD		X	0	0	0	0	0		X
TN		X	0	0	0	0	0		X
TX		X	0	0	0	0	0		X
UT		X	0	0	0	0	0		X
VT		X	0	0	0	0	0		X
VA		X	0	0	0	0	0		X
WA		X	0	0	0	0	0		X
WV		X	0	0	0	0	0		X
WI		X	0	0	0	0	0		X
WY		X	0	0	0	0	0		X
PR		X	0	0	0	0	0		X



UNIFORM CONSENT TO SERVICE OF PROCESS

State Form 40845R/Form U-2

INDIANA SECURITIES DIVISION

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, INN OF INDY, L.L.C.
L.L.C.
 (a corporation organized under the laws of the State of MICHIGAN)
 (a partnership) (an individual) (other _____) for the purpose of complying with

the laws of the State of Indiana relating to either the registration or sale of securities, hereby irrevocably appoints the Secretary of State of Indiana and the successors in such office, its attorney in the State of Indiana upon whom may be served any notice, process, or pleading in any action or proceeding against it arising out of or in connection with the sale of securities or out of violation of the aforesaid laws of said state; and the undersigned does hereby consent that any such action, or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within said state by service of process upon said officer with the same effect as if the undersigned was organized or created under the laws of said state and had lawfully been served with process in said state.

Copies of any notice, process, or pleading served hereunder should be mailed to:

Name <u>INN OF INDY, L.L.C.</u>	
Address (Street, City and State) <u>630 Abbott Rd, EAST LANSING, MI</u>	Zip <u>48823</u>

Applicant's Name <u>TERRY L. HALL, MEMBER</u>	Date <u>8-12-02</u>
--	------------------------

By: Signature <u>Terry L. Hall</u>
Title <u>MEMBER</u>
Signature
Title

(Seal)

MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU
SECURITIES DIVISION

UNIFORM LIMITED OFFERING EXEMPTION
Consent to Service of Process and Undertaking

KNOW ALL MEN BY THESE PRESENTS:

That INN OF INDY, L.L.C. a/an Limited Liability Company
(Issuer) (designate whether Issuer is an individual or an organization)
of 630 Abbott Rd., East Lansing, MI 48823
(number, street, city, state and zip code)

for the purpose of complying with the laws of the state of Michigan, hereby irrevocably appoints the Administrator of the Corporation, Securities and Land Development Bureau of the Michigan Department of Consumer and Industry Services, or the Administrator's successor in office, to be the applicant's attorney to receive service of any lawful process in any noncriminal suit, action or proceeding against applicant, its successor, executor or administrator, which may arise under the Michigan Uniform Securities Act (being Act 265 of the Public Acts of 1964, as amended) or any rule or order thereunder after the filing hereof: and the applicant does hereby consent that any such suit, action or proceeding against applicant may be commenced in any court of competent jurisdiction and proper venue within the State of Michigan by service of process upon the said Administrator with the same force and validity as if served upon the applicant by service personally on its president or other chief officer, if a corporation, or one of its members if a limited liability company, or on one of its partners, if a partnership, or on one of its trustees, if a trust, or on the individual, if an individual.

Pursuant to the provisions of Michigan Securities Rule 803.7 (R 451.803.7) INN OF
(Issuer)
INDY, L.L.C. hereby agrees that upon written request of the Administrator, it will furnish to the Administrator the information furnished by the Issuer to offerees.

Signature <u>Terry J. Hall</u>	Title <u>MEMBER</u>	Date <u>8-12-02</u>
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State of Michigan

County of Ingham

Subscribed and sworn to before me this 12 day of August A.D. 2002

Susan Y. Kapp Notary Public

County of Ingham State of Michigan

SUSAN KAPP
Notary Public, Ingham Co., MI
My Comm. Expires Nov. 21, 2004

IF CORPORATION, EXECUTE RESOLUTION AUTHORIZING
CONSENT TO SERVICE OF PROCESS ON BACK

UNIFORM FORM OF CORPORATE RESOLUTION OF

INN OF INDY, L.L.C.

(Name of Corporation)

RESOLVED, that it is desirable and in the best interest of this Corporation that its securities be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or an Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of this Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of this Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states and rules thereunder, and in connection therewith to execute and file all requisite papers and documents including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; undertakings; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matter shall conclusively establish their authority therefor from this Corporation and the approval and ratification by this Corporation of the papers and documents so executed and the action so taken.

CERTIFICATE

The undersigned hereby certifies that he/she is the TERRY L. HALL ^{MEMBER}~~Secretary~~ of INN OF INDY, L.L.C. ^{L.L.C.}, a corporation organized and existing under the laws of the State of MICHIGAN; that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said corporation held on the 12TH day of AUGUST, 2002, at which meeting a quorum was at all times present and acting; that the passage of said resolution was in all respects legal; and that said resolution is in full force and effect.

Signature of ~~Secretary~~ ^{MEMBER} Terry J. Hall, MEMBER Date 8-12-02

(Corporate Seal)

INN OF INDY, L.L.C.
A MICHIGAN LIMITED LIABILITY COMPANY

Re: Plainfield, Indiana Homewood Suites Hotel

Homewood Suites is a registered trademark of Hilton Hotels Corporation of 755 Crossover Lane, Memphis, Tennessee. Hilton Hotels Corporation is not affiliated with and has not participated in the preparation of this Confidential Private Offering Circular.

CONFIDENTIAL PRIVATE OFFERING CIRCULAR

This Confidential Private Offering Circular (the "Circular") for Inn of Indy, L.L.C., a Michigan Limited Liability Company ("the Company") is being furnished on a confidential basis solely for the purpose of considering the investment described herein. The information contained in this Circular has been provided by HRC Properties, L.L.C., a Michigan Corporation, the Promoter of the Company ("HRC" and/or "the Promoter") and other sources as noted. The estimates and projections contained herein have been prepared by the Management of HRC in good faith and on a basis believed reasonable; such estimates and projections involve significant elements of subjective judgment and analysis and no representations are made as to their attainability. No representation or warranty, expressed or implied, is made as to the accuracy or completeness of such information, and nothing contained in this Circular is or shall be relied upon as a promise or representation as to the past or the future. This Circular is submitted in connection with the private placement of \$2,150,000, of Member Interests to be sold in 21 1/2 units of \$100,000 each as described herein (the "Units"), and may not be reproduced or used, in whole or in part, for any other purpose.

Memorandum # 4

INN OF INDY, L.L.C. (The "Company")

A Michigan Limited Liability Company
43,000 Member Interests

630 Abbott Road
East Lansing, Michigan 48823
(517) 337-8900

**PRIVATE OFFERING CIRCULAR
AND DISCLOSURE MATERIALS**

Offering Date: August 8, 2002
Offeree: U.S. Securities Exchange
Circular Number: #4
Sales to Commence: August 8, 2002
Termination Date: August 8, 2003

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION"), THE MICHIGAN CORPORATION SECURITIES AND LAND DEVELOPMENT BUREAU (THE "BUREAU") DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES, NOR ANY OTHER STATE REGULATORY AUTHORITY HAS PASSED UPON THE MERITS OF OR GIVEN ITS APPROVAL TO ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR HAVE THEY PASSED ON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR, OTHER SELLING LITERATURE OR THIS PRIVATE OFFERING CIRCULAR. THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE COMMISSION AND THE BUREAU; HOWEVER, NEITHER THE COMMISSION NOR THE BUREAU HAS MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREUNDER ARE EXEMPT FROM REGISTRATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Distribution Spread

	<u>Offering Price</u>	<u>Discounts and Commissions</u>	<u>To Issuer</u>
Per Member Interest	\$ 50	-0-	\$ 50
Per Unit 1	\$ 100,000	-0-	\$ 100,000
Total 2	\$ 2,150,000	-0-	\$ 2,150,000

1 - Each unit shall consist of 2,000 Member Interests. The Company intends to sell 21.5 units to investors; sales of partial units shall be allowed in the sole discretion of the Company but only to accredited investors.

2 - Inn of Indy, L.L.C. will have 57,334 total Member Interests outstanding of which 13,334 Member Interests shall be issued to HRC Properties, L.L.C., a Michigan Limited Liability Company and 1,000 Member Interests shall be issued to M-D Investments Land Management, L.L.C. (See "Risk Factors" and Dilution").

THESE SECURITIES ARE OFFERED BY THE OFFEROR THROUGH A PROMOTER (SEE "PROMOTER'S, INTEREST AND REMUNERATION") AND NOT BY UNDERWRITERS ON A BEST EFFORTS ALL OR NOTHING BASIS (SEE "USE OF PROCEEDS AND PLAN OF FINANCE," "RISK FACTORS") ALL FUNDS INVESTED WILL BE USED IN THE PROJECT BY THE OFFEROR (SEE "USE OF PROCEEDS AND PLAN OF FINANCE"). THE OFFERING PRICE OF THE MEMBERS' INTERESTS TO WHICH THIS CIRCULAR RELATES HAS NOT BEEN DETERMINED BY ANY NEGOTIATIONS BETWEEN THE COMPANY AND HRC AND DOES NOT NECESSARILY BEAR ANY RELATIONSHIP TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

THE MEMBER INTERESTS OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY THE INFORMATION SET FORTH IN THIS PRIVATE PLACEMENT CIRCULAR, INCLUDING THE "RISK FACTORS." THE MEMBER INTERESTS OFFERED HEREBY SHALL ONLY BE OFFERED TO ACCREDITED INVESTORS, AS DEFINED HEREIN (SEE "WHO MAY INVEST") AND NOT TO NONACCREDITED INVESTORS.

THERE IS CURRENTLY NO PUBLIC MARKET FOR ANY OF THE MEMBER INTERESTS OF THE INN OF INDY, L.L.C. (THE "COMPANY"). THE COMPANY HAS NO CURRENT INTENT TO HAVE ITS MEMBER INTERESTS LISTED ON ANY EXCHANGE OR OPEN FOR TRADING IN THE OVER-THE-COUNTER MARKET PLACE. AS A RESULT, HOLDERS OF MEMBER INTERESTS MAY NOT BE ABLE TO LIQUIDATE THEIR INVESTMENTS IN THE EVENT OF AN EMERGENCY OR FOR ANY OTHER REASON.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933 ("THE 1933 ACT"), AS AMENDED, AND THE APPLICABLE STATES' SECURITIES LAWS, PURSUANT TO REGISTRATION UNDER THE 1933 ACT OR EXEMPTION THEREFROM. IN ADDITION TO THIS LIMITATION, ANY TRANSFER OR REDEMPTION OF MEMBER INTERESTS MUST BE APPROVED BY THE MANAGER, WHICH MAY DENY APPROVAL FOR ANY REASON. FURTHER, THE RESTRICTIONS ON TRANSFERABILITY ARE CONTAINED IN THE SUBSCRIPTION AGREEMENT. INVESTORS SHOULD BE AWARE THAT THEY WOULD BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFER INCLUDING THE MERITS AND RISKS INVOLVED.

THIS PRIVATE OFFERING CIRCULAR HAS BEEN PREPARED FOR DISTRIBUTION TO A LIMITED NUMBER OF INVESTORS TO ASSIST THEM IN EVALUATING A PROPOSED INVESTMENT IN THE COMPANY. THIS PRIVATE OFFERING CIRCULAR CONSTITUTES AN OFFER TO THE PERSON NAMED ON THE FIRST PAGE, WHO AGREES TO RETURN THIS CONFIDENTIAL PRIVATE OFFERING CIRCULAR TO THE COMPANY IF SUCH OFFEREE DOES NOT PURCHASE ANY OF THE MEMBER INTERESTS OFFERED HEREBY. NO PERSON MAY PURCHASE THE MEMBER INTERESTS OFFERED HEREBY EXCEPT PURSUANT TO THE TERMS SET FORTH IN THIS PRIVATE OFFERING CIRCULAR AND SUBJECT TO APPROVAL BY THE COMPANY.

THE COMPANY IS OFFERING THE MEMBER INTERESTS DESCRIBED HEREIN SUBJECT TO PRIOR SALE, TO WITHDRAWAL, CANCELLATION OR MODIFICATION WITHOUT NOTICE, AND TO APPROVAL OF CERTAIN LEGAL MATTERS BY COUNSEL TO THE COMPANY. THE COMPANY MAY REFUSE TO SELL MEMBER INTERESTS TO ANY PERSON OR PERSONS FOR ANY REASONS WHATSOEVER AND RESERVES THE RIGHT TO ACCEPT OR REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART. THE COMPANY WILL PROMPTLY NOTIFY EACH PURCHASER OF SAID ACCEPTANCE OR REJECTION. PROSPECTIVE INVESTORS WHO ARE NOT ACCEPTED WILL PROMPTLY RECEIVE A RETURN OF THEIR SUBSCRIPTION PAYMENTS. THE COMPANY AND HRC SHALL HAVE NO LIABILITY WHATSOEVER TO ANY OFFEREE AND/OR INVESTOR IN THE EVENT THAT ANY OF THE FOREGOING SHALL OCCUR. NO ASSURANCE IS GIVEN THAT THE COMPANY WILL SELL ANY OR ALL MEMBER INTERESTS OFFERED HEREBY.

AN INTERESTED INVESTOR HAS THE OPPORTUNITY TO ASK THE COMPANY QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING. THE COMPANY WILL PROVIDE ADDITIONAL INFORMATION THAT IT POSSESSES OR THAT IT CAN ACQUIRE WITH REASONABLE EFFORT OR EXPENSE NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION FURNISHED IN THIS PRIVATE OFFERING CIRCULAR.

THIS CIRCULAR INCLUDES FORWARD-LOOKING STATEMENTS AND INFORMATION, WHICH ARE BASED ON ASSUMPTIONS AS TO FUTURE EVENTS THAT ARE INHERENTLY UNCERTAIN AND SUBJECTIVE. THE COMPANY MAKES NO REPRESENTATION OR WARRANTY AS TO THE ATTAINABILITY OF SUCH ASSUMPTIONS OR AS TO WHETHER FUTURE RESULTS WILL OCCUR AS PROJECTED. IT MUST BE RECOGNIZED THAT THE STATEMENTS AS TO THE COMPANY'S FUTURE PERFORMANCE ARE NECESSARILY SUBJECT TO A HIGH DEGREE OF UNCERTAINTY, THAT ACTUAL RESULTS CAN BE EXPECTED TO VARY FROM THE RESULTS PROJECTED AND THAT SUCH VARIANCES MAY BE MATERIAL AND ADVERSE. PROSPECTIVE INVESTORS ARE EXPECTED TO CONDUCT THEIR OWN INVESTIGATION WITH REGARD TO THE COMPANY AND ITS PROSPECTS.

NEITHER THE DELIVERY OF THIS CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCE, ANY IMPLICATION THAT THERE HAVE NOT BEEN ANY CHANGES IN THE AFFAIRS OF THE COMPANY AND/OR THE PROMOTER AND OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS CIRCULAR OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM OR WITH THE COMPANY, OR ANY PROFESSIONAL ASSOCIATED WITH THE OFFERING, AS LEGAL OR PROFESSIONAL TAX ADVICE. THE OFFEREE AUTHORIZED TO RECEIVE THIS CIRCULAR SHOULD CONSULT HIS OWN COUNSEL, ACCOUNTANT OR BUSINESS ADVISOR, RESPECTIVELY, AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING PURCHASE OF THE UNITS OF MEMBER INTERESTS.

CERTAIN PROVISIONS OF VARIOUS AGREEMENTS OR OTHER DOCUMENTS ARE SUMMARIZED IN THIS CIRCULAR, BUT PROSPECTIVE INVESTORS SHOULD NOT ASSUME THAT THE SUMMARIES ARE COMPLETE. A PROSPECTIVE INVESTOR SHOULD REVIEW THE LICENSE, MANAGEMENT AND AGENCY AND LOAN AGREEMENTS INCLUDED AS EXHIBITS TO THIS CIRCULAR.

MATUSZAK OR HRC PROPERTIES, L.L.C., 630 ABBOTT ROAD, EAST LANSING, MICHIGAN, (517) 337-8900.

THIS PRIVATE OFFERING CIRCULAR CONTAINS INFORMATION THAT IS CONFIDENTIAL TO THE COMPANY. NO OFFEREE, OFFEREE REPRESENTATIVE, ATTORNEY, ACCOUNTANT OR OTHER AGENT OF AN OFFEREE MAY DIVULGE OR DISCLOSE DIRECTLY OR INDIRECTLY, FOR ANY PURPOSE WHATSOEVER, ANY INFORMATION CONTAINED IN OR DISCLOSED TO SUCH PERSON AS A RESULT OF READING THIS CONFIDENTIAL PRIVATE OFFERING CIRCULAR OR DISCUSSING THE MATERIAL CONTAINED HEREIN WITH THE COMPANY, ITS REPRESENTATIVES AND AGENTS OR ANY OTHER PARTY TO THE OFFERING.

ANY REPRODUCTION OR DISTRIBUTION OF THIS PRIVATE OFFERING CIRCULAR IN WHOLE OR IN PART OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY, IS PROHIBITED. ANY SUCH REPRODUCTION, DISTRIBUTION OR DIVULGENCE MAY RESULT IN IRREPARABLE DAMAGE TO THE COMPANY. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OR STATEMENT NOT CONTAINED IN THIS PRIVATE OFFERING CIRCULAR OR IN ANY AGREEMENT CONTEMPLATED HEREBY. NARRATIVE AND CERTAIN FINANCIAL STATEMENTS ARE CONTAINED IN THIS PRIVATE OFFERING CIRCULAR. ANY WRITTEN OR ORAL STATEMENTS REGARDING THE FUTURE OPERATING RESULTS OF THE COMPANY WHICH DO NOT CONFORM TO THOSE CONTAINED IN THIS PRIVATE OFFERING CIRCULAR ARE NOT AUTHORIZED AND SHOULD NOT BE RELIED UPON. NOTHING IN THIS PRIVATE OFFERING CIRCULAR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO THE OFFEREE.

IN ADDITION TO OTHER RISK FACTORS, THE COMPANY HAS PREVIOUSLY ISSUED THIRTEEN THOUSAND THREE HUNDRED THIRTY-FOUR (13,334) MEMBER INTERESTS TO HRC PROPERTIES, L.L.C., A MICHIGAN LIMITED LIABILITY COMPANY ("PROMOTER") OWNED BY CATHY MATUSZAK (50%), TERRY HALL (32.5%) AND JOE ROMKEMA (17.5%) AND ONE THOUSAND (1,000) MEMBER INTERESTS TO M-D INVESTMENTS LAND MANAGEMENT, L.L.C., A MICHIGAN LIMITED LIABILITY COMPANY ("PROMOTER") OWNED BY MICHAEL POFF, WHICH ARE ACTING AS THE PROMOTERS OF THIS OFFERING. (SEE "DILUTION").

THIS PRIVATE OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO PURCHASE IN ANY STATE OR OTHER JURISDICTION IN, WHICH SUCH OFFER, OR SOLICITATION IS UNLAWFUL OR NOT AUTHORIZED.

COMPANY ("PROMOTER") OWNED BY MICHAEL POFF, WHICH ARE ACTING AS THE PROMOTERS OF THIS OFFERING. (SEE "DILUTION").

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STATE SECURITIES REGULATION
STATEMENTS AND DISCLAIMERS

MEMBER INTERESTS MAY ONLY BE SOLD TO RESIDENTS OF THE STATES OF MICHIGAN, INDIANA AND ILLINOIS.

NOTICE TO RESIDENTS OF ILLINOIS

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS, NOR HAS THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE OFFERING CIRCULAR AND REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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I. SUMMARY INFORMATION

Inn of Indy, L.L.C., a Michigan Limited Liability Company ("Company") was organized effective October 29, 2001 by Terry L. Hall, CPA who filed articles of organization with the Michigan Department of Consumer and Industry Services; Corporation, Securities and Land Development Bureau on October 29, 2001. (Exhibit A). The initial Member of the Company is HRC Properties, L.L.C., a Michigan Limited Liability Company owned by Terry Hall (32.5%), Joe Romkema (17.5%) and Cathy Matuszak (50%). HRC Properties, L.L.C. ("Promoter", "HRC") is also the Manager of the Company (see Operating Agreement, Exhibit A). Based on information contained in this Offering Circular, the Company proposes to sell 43,000 Member Interests to investors who meet the definition of accredited investor contained in Rule 501(a) of Regulation D of the 1933 Securities Act ("33 Act"). The Interests are offered at the price of \$50 per Interest with a required purchase of 2,000 Member Interests per unit. The offering price of each unit is \$100,000. The Promoter intends to procure investments from investing Members in the amount of \$2,150,000. The Promoter may allow investment in a partial unit of Member Interests.

The Company has entered into an agreement to acquire 3.2 acres of land located in Guilford Township, Hendricks County, Indiana, commonly known as Plainfield Park. (See Exhibit C – Land Purchase Agreements. (See "Description of Business and Property").

The Company intends to enter into a Franchise/License Agreement with the Hilton Hotels Corporation ("Licensor/Franchiser") for the operation of a Homewood Suites Hotel by the Licensee, the Company. The Company further intends to enter into a Management and Agency Agreement with Good Hospitality Services, Inc. (See Exhibit B- "Good Hospitality Services, Inc. Management and Agency Agreement") for the management and operation of the Homewood Suites Hotel on behalf of the Company. In order to finance the acquisition of the Land and the construction of the Hotel, the Company plans to invest the funds raised from this offering plus approximately \$4,150,000 from bank financing. A preliminary commitment for debt financing has been provided by Mercantile Bank, ("the Bank"). The Company intends to enter into a Loan Agreement with the Bank based on the Bank's preliminary commitment to loan the Company \$4,150,000 for the construction of the Hotel. Total assets to be applied to the investment are contemplated to be \$6,300,000. Assets required to obtain the land of \$542,000; satisfy construction costs of \$5,325,000; and additional fees, costs and working capital of \$433,000 (See "Source and Use of Initial Assets and Plan of Finance") constitute Project financing needs contemplated by HRC Properties, L.L.C.

The Company has issued 13,334 Member Interests to the Initial Members, HRC Properties, L.L.C., (See "Promoters Interest and Remuneration") ("Dilution") and the Company intends to sell 43,000 Member Interests to qualified accredited investors (see "Who May Invest") to provide the resources to acquire the land, construct the hotel and provide initial working capital (See "Source and Use of Initial Assets and Plan of Finance"). Member Interests offered by the Company may only be purchased by residents of the

States of Michigan, Indiana and Illinois. The securities are offered under the private offering exemption provisions of Rules 501 and 506 of Regulation D to Section 4 (2) of the 33 Act. (See "Description of Offeror and Securities"). An additional 1,000 Member Interests has been issued to M-D Investments Land Management, L.L.C.

HRC Properties, L.L.C. will loan the Company approximately \$100,000 of certain start-up funds, legal fees and other expenses incurred in the formation of the Company and the preparation of this Circular used in offering Member Interest to investors. These advances will be repaid from the \$2,150,000 contributed to the capital of the Company by the investors.

The principals of HRC Properties, L.L.C. are Terry L. Hall, CPA, Joe A. Romkema, CPA and Cathy J. Matuszak, a real estate investor.

The proposed hotel, an 82 Room Homewood Suites Hotel, will be located in Plainfield, Indiana. The Hotel will feature a business meeting room, a whirlpool, an indoor full-size pool, an exercise room and guest laundry facilities. The Hotel will also offer a complimentary breakfast bar. Each hotel room will have its own refrigerator, microwave, desk and Internet access. Some of the hotel rooms will be furnished with ovens and stoves to accommodate the longer-term guests.

The Hotel will be located 15 minutes from Indianapolis and 5 minutes from the Indianapolis Airport. This location is within the 12th largest metropolitan city in the United States and a major transportation hub for passenger travel and cargo shipments.

Indianapolis International Airport is currently in a high growth cycle. Expansion and industrial/commercial development is surrounding the airport vicinity. Facility enhancements were instigated by the expansion of both the Federal Express and U.S. Post Office shipping hubs located at the airport. An abundance of agricultural land within a 5-mile radius of the airport has fueled industrial, commercial and residential developments.

Plainfield is easily connected to this economic activity via US highway 40 and Interstate 70. The city's downtown business district is situated along Highway 40 while the newer concentration of development is 3 miles south of town at I-70 and State Route 267. This appears to be the optimum location for new lodging development.

The proposed site of the hotel, I-70/Highway 267 interchange is the newest commercial district in Plainfield and all of Hendricks County. This location is a center of national brand restaurants, hotels and other retail and service establishments. Almost every conceivable fast food restaurant plus Cracker Barrel, Perkins, Bob Evans and others are positioned along this intersection.

The hotel will be located within 5 minutes of the rapidly growing Ameriplex development near the airport. Ameriplex is the largest industrial park in Indiana with more than 1,500 acres. Companies in this park include Quaker Oats' (Gatorade), Duracell, S.C. Johnson, American Freightways and General Motors. In addition to this complex, the airport is also home to Federal Express and US Postal Service distribution centers and numerous other companies and governmental agencies.

The rapid growth of the commercial corridor between Plainfield and Indianapolis has also created strong demand for residential development. Plainfield and Hendricks County have experienced some of the largest population increases of the metro region.

Please refer to Section G "Market Analysis" for a more comprehensive analysis of the market for the hotel and the competition located in the hotel's market place.

The Hotel, a Homewood Suites by Hilton, is an extended stay hotel and is considered a mid-price range hotel. The Homewood brand was developed by the Hilton Hotels Corporation to accommodate the extended stay market. As part of the Hilton Brands, the Homewood Suites enjoys all of the benefits of being part of the Hilton System. The Hilton System includes the Hilton Reservations System, advertising, marketing and the Hilton Honors System.

The hotels located at this interchange include the Merinos Inn with 60 rooms; the Comfort Inn with 66 rooms; the Days Inn with 64 rooms; the Hampton Inn with 79 rooms; the Holiday Inn Express with 76 rooms; the Lee's Inn with 81 rooms and the Super 8 with 72 rooms.

II. RISK FACTORS (ALSO REFER TO THE MARKET ANALYSIS EXHIBIT F)

AN INVESTMENT IN THE MEMBERS INTERESTS OFFERED BY THE COMPANY INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD GIVE CAREFUL CONSIDERATION, AMONG OTHER ITEMS, TO THE FOLLOWING FACTORS IN ANALYZING THIS OFFER.

Ability to continue as a going concern. The Company is in the formation stages and does not have an operating history. The Company will be relying upon Good Hospitality Services, Inc. to operate and manage the Hotel. Although Good Hospitality Services, Inc. owns or manages approximately 600 hotel rooms; there is no assurance that Good Hospitality Services, Inc. or its principal will remain in business for the term of this Agreement. The Principal of Good Hospitality Services, Inc. has expressed an interest in becoming an investing member of the Inn of Indy, L.L.C. The Management and Agency Agreement provides that Good Hospitality Services, Inc. or the Company may terminate the Management and Agency Agreement at any time on 90 days written notice after five (5) years. Good Hospitality Services, Inc. will be compensated first, on a monthly basis, out of any net operating income derived from the operation of the Hotel and the compensation is calculated based on a percentage of the Hotel's net operating income. To the extent that the Hotel does not have net operating income, the Company will be required to provide additional funds required to preserve the going concern status of the Company. There is no additional requirement for investors to make capital contributions to the Company and there is no assurance the Promoter will be able to raise additional funds for this purpose.

The Company's operations will be solely contingent on the success of the travel and tourist business. Any changes in economic and local conditions such as an over-supply and under-demand of hotel accommodations could negatively impact the operations of the hotel. The Promoter has no experience in the operation or management of a hotel and is wholly reliant upon the ability and loyalty of others, the Homewood Franchise/License and the competencies of Good Hospitality Services, Inc. to successfully manage the Hotel and providing an acceptable return on investment to the Members.

Financial Matters

The ultimate value of the Property will be affected by the conditions, which affect the value of real estate and hotels in general. Factors such as economic conditions, interest rates, financial market liquidity for this type of real estate product and other conditions could have an ultimate adverse impact on the ability to successfully operate, sell, or refinance the Property. The Company has received a preliminary commitment from Mercantile Bank, for a loan of \$4,150,000. The loan will be secured by a first lien on the Property and a general lien on the assets of the Company both granted to the Bank. The Company's ability to close on the acquisition of the Property is directly contingent on its ability to close on this loan and raise the capital required from the sale of Member Interests offered by this Circular.

This circular includes financial projections prepared by the Promoter. The projections being furnished speculate on room rate increases, inflationary trends and other forms of projection that illustrate economic activity in future years, beyond the stabilized occupancy reflected in the projections. No projection is being made as to the time of occupancy stabilization or how long such stabilization will take to occur. The success of the hotel depends on many factors outside the control of the Company including, but not limited to, overall economic conditions, competition from other hotels in the surrounding areas, interest rates, travel or trends, the success or lack of success of certain other marketing programs offered and administered by and through the Hilton Hotels Corporation, future and unforeseen environmental problems, labor strikes, change in laws, and other factors.

Environmental Hazards

New and changing laws pose constant threat to the ownership of real estate and could affect the ownership and potential sale or refinance of the hotel. Private owners are required to take full responsibility, in certain circumstances, for all clean-up and remediation of toxic and other environmental problems that occur or have been discovered to be in existence prior to the Company's ownership of the property for which no funds would be available to the Company.

Arbitrary Offer and Price of Member Interests

The offer price for the Member Interests granted to HRC Properties, L.L.C. have all been arbitrarily determined by the Company and are arbitrary in that they do not necessarily bear any relationship to the Project's fair market value, potential earnings of the Company or to any other recognized criteria of valuation.

Limited Transferability of Member Interests; Lack of Trading Market

Purchasers of the Members' Interests offered hereby must be aware of the long-term nature of their investment and be able to bear the economic risks of their investment for an indefinite period of time. No trading market exists for the Member Interests and only a limited market with regard to repurchase of it by the Company. The Member Interests have not been registered under the 33 Act or the securities laws of any state. The right of any purchaser to sell, transfer, pledge or otherwise dispose of any Member Interests will be limited by the 33 Act and the state securities laws and regulations promulgated thereunder.

Conflicts of Interest

Both the Promoter and Good Hospitality Services, Inc. are engaged in other businesses and business ventures aside from the management of the Company and the management and operation of the Hotel. There is no assurance that other businesses and business ventures may not require a disproportionate amount of time and effort on the part

of the Promoter and Good Hospitality Services, Inc. that would otherwise be spent on management of the Company and management and operation of the Hotel.

ERISA Issues

The Promoter will allow qualified retirement plans subject to the Employee Retirement Income Security Act of 1974 to invest in Member Interests, and will not allow such investments in excess of 25% of the total amount invested in Member Interests.

III. DESCRIPTION OF OFFEROR AND SECURITIES

The Offeror, Inn of Indy, L.L.C., a Michigan Limited Liability Company was organized by Terry L. Hall and its initial Member and Manager is HRC Properties, L.L.C., a Michigan Limited Liability Company, owned by Terry L. Hall, Joe A. Romkema and Cathy Matuszak. The equity of the Company is designated in the form of Members Interests. The Company has issued 13,334 Member Interests to HRC Properties, L.L.C. in exchange for services in forming this Company and 1,000 Member interests to M-D Investments Land Management, L.L.C.

By this offering, the Company seeks to sell 43,000 Member Interests at a total offering price to be paid by investors of \$2,150,000 or \$50 per Member Interest. The Member Interests are to be sold in units of 2,000 Member Interests each or an offering price of \$100,000 per unit. The Company will only sell the 43,000 units to accredited investors. In the discretion of the Manager of the Company, it may sell partial units but only to accredited investors.

The Articles of Organization of the Company provide that Managers shall manage the Company. The initial Manager has been designated as HRC Properties, L.L.C., which will receive a base fee of \$1,367 per month for managing the Company, which can increase if the average daily room rate increases. Refer to Section Eight, Promoters' Interest and Remuneration for a more complete discussion. Due to the new and unique nature of the Limited Liability Company form, the investor is encouraged to review the contents of this Circular in general and the Articles of Organization and Operation Agreement of the Company in particular with their legal advisor.

The Company was formed for the purpose of constructing, financing, owning and operating the assets constituting the 82 room Homewood Suites Hotel, to be located at the I-70 Highway 267 interchange, Hendricks County, Plainfield, Indiana.

The initial Member and Manager is HRC Properties, L.L.C. The Company Operating Agreement provides that the Manager may be replaced by a two-thirds vote of the Members' Interests. The Manager has extensive powers in the operation and management of the affairs of the Company. The Manager is required to perform its duties, as it reasonably believes to be in the best interests of the Company with the same care as an ordinarily prudent person in a like position would use under similar circumstances. The Manager may be indemnified for any actions taken on behalf of the Company in its role as Manager, with the exception of those acts resulting in unjust enrichment to the Manager, acts in violation of law or of the Operating Agreement, or acts that are grossly negligent or represent willful misconduct. The Manager is not required to manage the Company as its sole and exclusive function and it is contemplated the Managers shall have other business interests and engage in other activities in addition to those relating to the Company.

Members of the Company have no right to manage the Company's affairs. The Member also has no liability for any of the debts of the Company over and beyond the Member's obligation to make the capital contributions subscribed for to the Company. The Operating Agreement specifically limits the capital contribution required of Members to the amount originally subscribed. Members have the right to vote on a sale of substantially all of the Company's assets, to inspect its books and records upon reasonable request and to receive a list of the names and addresses of the Members of the Company. The Company has agreed that it will not distribute proceeds from the sale of substantially all of the Company assets until each investing Member has received a return of their investment, either through periodic or liquidating distributions (see Section 9.03 of the operating agreement of the Company). The Company will also provide an annual statement of the information required for the Member to prepare their federal and state income tax returns.

The Company will not hold an annual meeting of its Members unless 20% of the Sharing Ratios of all Members requests a special meeting. If a meeting is requested, the Company shall deliver or mail written notice stating the date; time, place and purposes of any meeting to each Member entitled to vote at the meeting. Such notice shall be given not less than ten (10) and not more than sixty (60) days written notice. Members vote by Member Interests and a vote of 51% of the Members Interests is required to take Member action.

Accounting for Company equity is the same as accounting for equity in a partnership. The Company will maintain the capital accounts for each of its Members who will be charged and credited with Company income and distributions. There is no market for Company Member Interests so that if a Member wished to sell their Member Interests, the Manager of the Company must approve the transfer and the Member must satisfy the Company that the transfer will not violate state and federal securities laws by providing an opinion of the Member's counsel to the Company to this affect.

The Operating Agreement provides a detailed outline of crediting and charging Member accounts for various activities of the Company. The Company will prepare and file IRS Form 1065 being taxed as a partnership for federal and state income tax purposes. Each Member shall receive a Schedule K-1 setting forth that Member's pro-rata share of income tax items reported on the Form 1065 filed by the Company.

The Company shall provide Members with an annual estimation of fair market value of Member Interests if required by Member's qualified retirement plan.

The Company may be dissolved upon majority written agreement of the Members or if the Company no longer has Members. Upon dissolution and the winding up of the affairs of the Company, after payment of all liabilities and obligations of the Company, any remaining net assets will be distributed to the Members (see Section 9.03 of the operating agreement of the Company).

IV. WHO MAY INVEST

Sale of Units of Members' Interests is restricted to persons 1) who meet the requirements and make the representations set forth in the Purchaser Questionnaire and Subscription Agreement and who provide, in full and complete detail, the information required by those forms; 2) who are determined by the Manager to be qualified to invest in the Members Interests, including and limited to such persons qualifying as "accredited investors" as defined by the Securities and Exchange Commission, as more fully described in this Section; and 3) whose subscriptions are accepted by the Manager. The Manager reserves the right, in its sole discretion, to declare any prospective Investor ineligible to purchase Members' Interests based on such information or on any other information which may become known or available to the Manager concerning the suitability of such prospective Investor, or otherwise to reject the subscription of any prospective Investor, in whole or in part, for any reason. For purposes of this section, "persons" includes individuals, corporations, partnerships, trusts and other legal entities.

An investment in the Member Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in their investments. An investment in the Member Interests should be considered a long-term investment as the Member Interests will not be freely transferable, and there may never be a public market for the Members Interests.

It is intended that this Offering will be made in accordance with the requirements of Rule 501 and 506 of Regulation D promulgated under Sections 3(b) and 4(2) of the Securities Act and the provisions of certain state securities laws. Prospective Investors will be required to represent the ability to bear the economic risk of the investment and that they are purchasing the Members' Interests solely for their account for investment only and not with a view to resale or distribution.

The sale of Members' Interests is restricted to persons who are accredited investors, as defined below, and who, in the opinion of the Manager, are eligible to purchase Members Interests under applicable state and federal law.

Accredited Investors

The Company will sell Members Interests only to persons who qualify as accredited investors as defined by Rule 501 of Regulation D. The following generally describes the criteria of Rule 501 for accredited investor status. Investors may be subject to more stringent requirements for participating in the Offering based upon laws of their states of residence.

An individual Investor meeting one or both of the following standards is an "accredited investor":

1. Had individual income (exclusive of any income attributable to their spouse) of more than \$200,000.00 per year in each of the preceding two (2) years and reasonably expects to have individual income in excess of \$200,000.00 in the current year, or had joint income with their spouse of more than \$300,000.00 per year in each of the preceding two years and reasonably expects to have joint income of more than \$300,000.00 in the current year.

2. Has an individual net worth, or together with their spouse has a combined net worth in excess of \$1,000,000.00.

The following also are accredited investors:

1. Banks as defined in Section 3(a)(2) of the 33 Act, or savings and loan associations or other institutions as defined in Section 3(a)(5)(A) of the 33 Act whether acting in an individual or fiduciary capacity, brokers or dealers registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance companies as defined in Section 2(13) of the 33 Act; investment companies registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(A)(48) of that Act; and Small Business Investment Companies licensed by the U.S. Small Business Administration Under Section 301 (c) or (d) of the Small Business Investment Act of 1958;

2. Private business development companies as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;

3. Organizations described in Section 501(c)(3) of the Internal Revenue Code, corporations or similar business trusts or partnerships, not formed for the specific purpose of acquiring Member Interests, with total assets in excess of \$5,000,000.00;

4. Trusts with total assets in excess of \$5,000,000.00, not formed for the specific purpose of acquiring Member Interests, whose purchase is directed by a sophisticated person who has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Member Interests; and

5. Entities in which all of the equity owners are accredited investors (beneficiaries of a trust or estate do not constitute "equity owners" for this purpose).

A retirement plan will qualify as an "accredited investor" if at least one of the following requirements is satisfied:

1. The Plan is a Self-Directed plan, which is an employee benefit plan within the meaning of ERISA which is a self-directed plan (which means that the beneficiaries of the plan may direct the investment of the funds being held for their accounts) provided that the investment decision is made solely by persons who are accredited investors (which means

that the beneficiary directing the plan to invest funds must qualify individually as an accredited investor); or

2. Investment decisions are made by a bank or savings and loan association acting as plan trustee or fiduciary; or

3. The plan was established or is maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees if such plan has assets in excess of \$5,000,000.00; or

4. The plan is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA") and: 1) the investment decision is made by a plan fiduciary as defined in Section 3(21) of ERISA, which is a bank, savings and loan association, insurance company or registered investment advisor; or 2) the plan has assets in excess of \$5,000,000.00; (Note - For purposes of the Department of Labor permissible plan investments in private placement securities, the Promoter has determined the Company is a Real Estate Operating Company as defined at Section 2510.3 - 101(e) of 29 CFR 2510.3-101. Further, the Promoter will cause the Company to provide the Plan fiduciary with a fair market valuation of the Member Interests of the Company by December 31 of each year); or

5. The plan is a trust with total assets in excess of \$5,000,000.00; the trust's investment in the Company is directed by a sophisticated person who has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Member Interests; or

6. The plan is a corporation with assets in excess of \$5,000,000.00 and was not formed for the specific purpose of investing in the Member Interests.

Additionally, all investors must certify they are residents of Michigan, Indiana or Illinois.

The Manager reserves the right to reject a subscription for Member Interests, both in the Offering and in any substitution of a Member after the Offering is complete, for any reason in its sole discretion. The Manager intends to exercise this right to the extent necessary to comply with certain provisions of ERISA, tax and securities laws. The Manager also may, in its sole discretion, allow the purchase of less than one Unit of Member Interests.

V. SOURCE AND USE OF INITIAL ASSETS AND PLAN OF FINANCE

The Company has entered into an agreement to acquire 3.2 acres of land located in Guildford Township, Hendricks County, Indiana. The Company intends to have constructed an 80 room Hawthorn Suites Ltd. Hotel, which is the subject matter of the offering of Member Interests in the Company to investors. The "turn-key-cost" of the hotel project is projected to be \$6,300,000.

The Company has contracted with Good Hospitality Services, Inc. (See Exhibit B - "Management and Agency Agreement") for the purpose of the management and operation of the Hotel. The Company will be relying upon Good Hospitality Services, Inc. to advise the Company as to all matters pertaining to the operation of the Hotel and compliance with the Homewood Suites License Agreement.

Mercantile Bank has given the Company a preliminary commitment for a \$4,150,000 mortgage loan for the construction of the Hotel. The Mortgage Commitment is for a loan priced at a number of points over the U.S. Treasury Securities rate, which will be the "fixed" interest rate for a 5-year term with a 20-year amortization.

A first real estate mortgage on the Property and a general lien on all of the assets of the Company will secure the Bank. The Company will agree to maintain a minimum debt coverage ratio of 1.3 to 1.0. Debt coverage ratio is defined as net operating income before depreciation expense and interest divided by the annual debt service of the loan.

Finally, the Company will provide the Bank with quarterly financial statements and a copy of its annual IRS Form 1065.

The preliminary budget based on the best estimates available to the Company on preparation of this Circular are as follows:

**HOMEWOOD SUITES HOTEL
PLAINFIELD, INDIANA
USE OF PROCEEDS**

Source of Initial Assets:

Equity Investment of Cash	\$ 2,150,000
Bank Loan	<u>4,150,000</u>
TOTAL SOURCE OF INITIAL ASSETS	<u>\$ 6,300,000</u>

Use of Initial Assets:

Land	\$ 542,000
Construction Period Interest	40,000
Construction of Hotel	5,325,000
Closing Costs	40,000
Franchise Fee	50,000
Pre-Opening Costs	150,000
Working Capital	<u>153,000</u>
TOTAL USE OF FUNDS	<u>\$ 6,300,000</u>

Any surplus or deficit in funds will be accounted for by an adjustment to working capital.

The following pro forma income statement represents projected results of operations of the hotel for a 12-month period based on best estimate assumptions:

**HOMEWOOD SUITES HOTEL
PLAINFIELD, INDIANA
PRO FORMA INCOME STATEMENT**

Occupancy:	65.0%
Rooms:	82
Daily Rate:	\$ 97.00
ROOM SALES/YEAR	19,455
<u>REVENUE</u>	
Rooms	\$ 1,887,135
Other	38,513
TOTAL REVENUE	1,925,648
<u>EXPENSES</u>	
Rooms	442,899
Administrative	105,911
Marketing	38,513
Utilities	77,026
Repairs & Maintenance	57,769
Franchise Fees	154,052
Supervisory Fees	16,368
Management Fees	63,546
Telecommunications	14,442
Property Taxes	98,208
Insurance	28,885
Capital Reserve	57,769
TOTAL EXPENSES	1,155,389
Net Income Before Depreciation, Interest and Debt Service	<u>770,259</u>
Estimated Debt Service 20 YR. 7.25% \$4,150,000	<u>394,000</u>
NET CASH FLOW AFTER DEBT SERVICE	<u><u>\$ 376,259</u></u>

VI. DESCRIPTION OF BUSINESS AND PROPERTY

The Company intends to construct an 82-room Homewood Suites Hotel in Plainfield, Indiana. The Homewood Suites is an extended stay hotel by the Hilton Hotels Corporation.

The Hotel site is located in Plainfield, Indiana, which is 15 minutes from Indianapolis and 5 minutes from the Indianapolis International Airport.

The immediate goal of the Company will be to aggressively market the Hotel to the general public and to the business community located in the Plainfield and Indianapolis area.

Strategically located billboards will be constructed that will announce the construction of the Hotel and will be used for long-term advertisement of the hotel.

The Hilton Hotels Corporation has granted a franchise license for the Plainfield, Indiana Homewood Suites Hotel to the Inn of Indy, L.L.C.

The Management and Agency Agreement with Good Hospitality Services, Inc. commences on the date of closing of the purchase and runs for a period of five (5) years and continues thereafter until either party gives the other at least 90 days written notice of their desire for termination.

VII. DESCRIPTION OF PROMOTERS, PRINCIPALS AND PROFESSIONALS

The initial Member and Manager of Inn of Indy, L.L.C. is HRC Properties, L.L.C., a Michigan Corporation, owned by Terry L. Hall (32.5%), Joe A. Romkema (17.5%) and Cathy J. Matuszak (50%). These people have structured the Company, negotiated the acquisition of the land, arranged for the construction of the hotel, arranged for financing and brought the various parties and agreements together in formulating the opportunity presented by the investment in the Company Member Interests.

Terry L. Hall, CPA is a stockholder in the Certified Public Accounting Firm of Hall & Romkema, P.C. located in East Lansing, Michigan. Terry has practiced public accounting for over 30 years and specialized in the areas of Taxation and Business Consulting. Terry is a member of the American Certified Public Accountants and the Michigan Association of Certified Public Accountants.

Joe A. Romkema, CPA is a stockholder in the Certified Public Accounting Firm of Hall & Romkema, P.C. located in East Lansing, Michigan. Joe has practiced public accounting for over 18 years and specializes in the areas of Taxation and Business Consulting. Terry Hall and Joe Romkema have practiced public accounting together since 1982.

Cathy J. Matuszak has been a Real Estate investor for over 16 years. Previously she participated in the management of a family business and worked as Purchasing Manager of a large bank located in southwestern Michigan.

Good Hospitality Services, Inc. has been selected to provide management services for the hotel property and to be the builder of the hotel. Good Hospitality Services, Inc., is a hotel development and management company located at 360 Indiana Avenue, Valparaiso, Indiana. Jeffrey Good is the President of Good Hospitality Services, Inc. Good Hospitality Services, Inc. has constructed thirty hotels and as result, has the ability to construct a quality hotel within the construction budget.

Jeffrey Good, President: Jeff grew up in the construction and real estate business and received his real estate license at the age of eighteen. Jeff graduated from Purdue University with a Bachelors Degree in Restaurant Hotel Management in 1986. Jeff worked for Taco Bell in the real estate division for one year. Jeff also worked for Focus Group, Inc. for eight years, in their hotel division as Vice President of Operations and Development. Jeff ran an independent chain of hotels called Carlton Lodge as well as other limited service hotel franchises owned by Focus. In 1995, Jeff formed Good Hospitality Services, Inc.

Bryan Moore, Director of Operations: Bryan is a graduate of Grand Valley State University located in Allendale, Michigan with a Bachelors Degree in Hospitality Management. Bryan's previous experience includes General Manager of a 60-room Comfort Inn, 119-room full service Quality Inn, and a 50-room full service private conference center for the Whirlpool Corporation. Bryan was hired by Good Hospitality Services, Inc. in 1997 as Director of Operations.

Robert Selva CPA, Controllor: Robert graduated from Western Michigan University located in Kalamazoo, Michigan in 1964, majoring in accounting. Bob worked at Inland Steel Co. in East Chicago, Indiana, for two years in the Accounting Department and then was drafted into the U.S. Army for two years. After eight years in Public Accounting, during which he became a CPA in 1970, Bob entered the Construction Industry as the CFO of Correct Construction in 1976. Subsequently, he has developed an expertise in accounting aspects of construction while working for contractors specializing in different trades. Bob is responsible for all construction and management accounting for Good Hospitality Services, Inc.

The Company has engaged Architectural Group III, a prominent Architect firm with an excellent reputation in the Hotel industry.

Good Hospitality Services, Inc. will perform the building construction and Jeffrey Good will personally supervise our project.

Alan Enderle, Esquire has been engaged to provide legal services to the Company. Mr. Enderle is a Senior Partner with the Law Firm Kreis, Enderle, Callander & Hudgins, One Moorsbridge, P.O. Box 4010, Kalamazoo, MI 49003.

VIII. PROMOTERS' INTEREST AND REMUNERATION

As a Member in the Company, the Promoter will be entitled to a share of all periodic distributions to members, based on its' then existing percentage of its' Member Interest as shown on Exhibit B of the Operating Agreement. The Promoter's will be entitled to distributions on Member Interests as provided in the Operating Agreement, equal to 25% for it's development interest. In addition, the Promoter will be entitled to the normal distribution for any interest purchased by HRC Properties, L.L.C., with investment funds.

In addition, for the management of the Company's affairs, HRC Properties, L.L.C., acting as Manager of the Company is entitled to a Management Fee in the amount of \$1,367 per month payable from the commencement of construction. Construction shall be considered to be started upon completion of the soil borings by the engineer. The Management fee shall be adjusted every December 31st from the date of this agreement, in an amount equal to the percentage increase in the average daily rate for the Plainfield, Indiana Homewood Suites Hotel.

IX. DILUTION

Each Investor in the Company will receive one (1) Member Interest for an offering price of \$50 per Interest. The subscription amount established by the Promoters of 2,000 Member Interests per unit equals a subscription amount of \$100,000 per unit. The total subscription amount, if all 21.5 units were purchased, would be \$2,150,000. The Company has issued 13,334 Member Interests to HRC Properties, L.L.C. for services in establishing and promoting the Offering selecting and acquiring the construction site and supervising the construction of the hotel through the opening phase. One Thousand (1,000) Member Interests have been issued to M-D Investment Land Management, L.L.C. Consequently, once the Company is completely capitalized in accordance with the Offering, it will have 57,334 Member Interests outstanding with total Member capital contributions of \$2,150,000 with a dilution of Investor Member Interests from \$50 per Member Interest to \$37.50 per Member Interest.

X. EXHIBITS

EXHIBIT A

Articles of Organization and Operating Agreement of the Company

MICHIGAN DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
BUREAU OF COMMERCIAL SERVICES

FILED

lc

Date Received	(FOR BUREAU USE ONLY)
	OCT 29 2001
	Administrator BUREAU OF COMMERCIAL SERVICES Tran:1 3752664-1 10/24/01 Chk#: 1139 450.00 ID: HRC PROPERTIES, INC.

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name INN OF INDY, L.L.C.		
Address 630 ABBOTT ROAD		
City EAST LANSING, MI	State MI	Zip Code 48823

EFFECTIVE DATE: 10/15/01

Document will be returned to the name and address you enter above.
If left blank document will be mailed to the registered office.

ARTICLES OF ORGANIZATION

For use by Domestic Limited Liability Companies

(Please read information and instructions on the last page)

B 77-96C

Pursuant to the provisions of Act 23, Public Acts of 1993, the undersigned execute the following Articles:

ARTICLE I

The name of the limited liability company is: INN OF INDY, L.L.C.

ARTICLE II

The purpose or purposes for which the limited liability company is formed is to engage in any activity within the purposes for which a limited liability company may be formed under the Limited Liability Company Act of Michigan.

ARTICLE III

The duration of the limited liability company if other than perpetual is: _____

ARTICLE IV

1. The street address of the registered office is:
630 ABBOTT ROAD EAST LANSING, Michigan 48823
(Street Address) (City) (Zip Code)

2. The mailing address of the registered office if different than above:
_____, Michigan _____
(Street Address or P. O. Box) (City) (Zip Code)

3. The name of the resident agent at the registered office is: TERRY L HALL

ARTICLE V (Insert any desired additional provision authorized by the Act; attach additional pages if needed.)

Signed this 9th day of OCTOBER, 2001

By Terry L Hall
(Signature)

TERRY L HALL
(Type or Print Name)

KM

OPERATING AGREEMENT

OF

INN OF INDY, L.L.C.

A MICHIGAN LIMITED LIABILITY COMPANY

EFFECTIVE AS OF OCTOBER 29, 2001

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ARTICLE I

DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless otherwise expressly provide herein);

(a) "Articles of Organization" shall mean the Articles of Organization of INN OF INDY, L.L.C. as filed with the Corporation, Securities and Land Development Bureau, Department of Consumer and Industry Services, State of Michigan, as the same may be amended from time to time.

(b) "Capital Account" as of any given date shall mean the total Capital Contributions to the Company by a Member as adjusted up to the date in question pursuant to Article VIII.

(c) "Capital Contribution" shall mean any contribution to the capital of the Company in cash, property, or services by a Member whenever made. "Initial Capital Contribution" shall mean the initial contribution to the capital of the Company pursuant to this Operating Agreement.

(d) "Capital Interest" shall mean the proportion that a Member's positive Capital Account bears to the aggregate positive Capital Accounts of all Members whose Capital Accounts have positive balances as may be adjusted from time to time.

(e) "Code" shall mean the Internal Revenue Code of 1986 or corresponding provisions of subsequent superseding federal revenue laws. References to the Code contained in this Agreement are referenced by endnote Index to this Agreement.

(f) "Michigan Act" shall mean the Michigan Limited Liability Company Act as amended.

(g) "Company" shall refer to INN OF INDY, L.L.C.

(h) "Deficit Capital Account" shall mean with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the taxable year after giving effect to the following adjustments:

(i) credit to such Capital Account any amount which Member is obligated to restore under Code Treasury Regulations¹; after taking into account thereunder any changes during such year in Membership minimum gain² and in the minimum gain attributable to any Member nonrecourse debt³; and

(ii) debit to such Capital Account the items described in the Treasury Regulations⁴.

(i) "Distributable Cash" means all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all cash expenditures incurred incident to the normal operation of the Company's business; (iii) such Reserves as the Managers deem reasonably necessary to the proper operation of the Company's business.

(j) "Entity" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

(k) "Fiscal Year" shall mean the Company's fiscal year, which shall be the calendar year.

(l) "Gifting Member" shall mean any Member who gifts, bequeaths or otherwise transfers for no consideration (by operation of law or otherwise, except with respect to bankruptcy) all or any part of its Member's Interests. No Member shall transfer a Member Interest prior to approval of such by the Managers who shall prescribe specific requirements for any such transfer.

(m) "Majority Interest" shall mean one or more Interests of Members which taken together exceed fifty percent (50%) of the aggregate of all Member Interests.

(n) "Manager" shall mean one or more managers. Specifically, "Manager" shall mean HRC Properties, L.L.C., which is owned by Terry Hall, Joe Romkema and Cathy Matuszak, or any other person or persons that succeed them in that capacity. References to the Manager in the singular or as him, her, it, itself, or other like references shall also, where the context so requires, be deemed to include the plural or the masculine or feminine reference, as the case may be.

(o) "Member" shall mean each of the parties who execute a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become Members.

For an assignee of a Member's Interest to become a Member such assignee shall become a Member only upon the unanimous vote of the Managers.

(p) "Members' Interests" shall mean a Member's rights in the Limited Liability Company, including, but not limited to, the right to receive distributions to the Limited Liability Company's assets and any right to vote. Member's Interest may be

stated by class or series to reflect the differing capital contributions, distribution rights or other differences between Members' Interests pertaining to each.

(q) "Net Profits" and "Net Losses" shall mean the income, gain, loss, deduction and credits of the Company in the aggregate or separately stated, as appropriate, determined in accordance with accounting principles employed under the chosen method of accounting at the close of each fiscal year on the Company's information tax return filed for federal income tax purposes.

(r) "Operating Agreement" shall mean this Operating Agreement as originally executed and as amended from time to time.

(s) "Persons" shall mean any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

(t) "Reserves" shall mean, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in amounts deemed sufficient by those managing the Company for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business.

(u) "Selling Member" shall mean any assignor of a Member's Interest which sells, assigns, pledges, hypothecates, or otherwise transfers for consideration all or any portion of its assigned Member's Interest; provided, an assignee of a Member's Interest shall only be entitled to receive the economic distributions to which the assignor was entitled and not the right to vote unless and until admitted as a Member of the Company. No Member shall sell a Member's Interests without the prior consult of the Managers who shall prescribe specific requirements for any such sale.

(v) "Transferring Member" shall collectively mean a Selling Member and a Gifting Member.

(w) "Treasury Regulations" (T.R.) shall include proposed, temporary, and final regulations promulgated under the Code in effect as of the date of filing the Articles of Organization and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations. Treasury Regulations cited herein are indexed by endnote at the conclusion of this Agreement.

ARTICLE II

FORMATION OF COMPANY

2.01 Formation. On October 29, 2001 Terry L. Hall organized a Michigan Limited Liability Company by executing and delivering Articles of Organization. The Company shall be effective as provided under the Michigan Act upon filing of the Articles of Organization with the Michigan Corporation, Securities and Land Development Bureau in accordance with and pursuant to the Michigan Act.

2.02 Name. The name of the Company is Inn of Indy, L.L.C

2.03 Principal Place of Business. The principal place of business of the Company within the State of Michigan shall be 630 Abbott Road, East Lansing, Michigan, 48823. The Company may locate its places of business and registered office at any other place or places as the Manager, or Managers may from time to time deem advisable.

2.04 Registered Office and Resident Agent. The Company's initial registered office shall be at 630 Abbott Road, East Lansing, Michigan, 48823, and the name of its initial resident agent as such address shall be Terry L. Hall. The registered office and resident agent may be changed from time to time by filing the address of the new registered office and/or name of the new resident agent with the Michigan Corporation, Securities and Land Development Bureau, Department of Consumer and Industry Services, State of Michigan, pursuant to the Michigan Act.

2.05 Term. The term of the Company shall be perpetual.

ARTICLE III

BUSINESS OF COMPANY

3.01 Permitted Businesses. The business of the Company shall be:

(a) To accomplish any lawful affairs, business or other activity for which limited liability companies may be formed, or which shall at any time appear conducive to or expedient for the protection or benefit of the Company and its assets.

(b) To exercise all other powers necessary to or reasonably connected with the Company's business, which may be legally exercised by limited liability companies under the Michigan Act.

(c) To engage in all activities necessary, customary, convenient, or incident to any of the foregoing.

(d) To provide an entity for the preservation, financing, protection continued ownership and operation of certain assets constituting a Homewood Suites Hotel located in Plainfield, Indiana.

ARTICLE IV

NAMES AND ADDRESSES OF MEMBERS

The names and addresses of the Members are as follows:

<u>NAME</u>	<u>ADDRESS</u>
HRC Properties, L.L.C.	630 Abbott Road, East Lansing, MI 48823

The Managers shall admit additional Members as accepted by the Managers upon subscription and execution of this Agreement.

ARTICLE V

RIGHTS AND DUTIES OF MANAGERS

5.01 Management. The business and affairs of the Company shall be managed by its Managers. The Managers shall direct, manage and control the business of the Company to the best of their ability. The Managers shall have sole authority to authorize and transfer of a Member's Interest in the Company and to admit new Members to the Company. Except for situations in which the approval of the Members is expressly required by this Operating Agreement or by nonwaivable provisions of applicable law, the Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. At anytime when there is more than one Manager, any one Manager may take any action permitted to be taken by the Managers, unless the approval of more than one of the Managers is expressly required pursuant to this Operating Agreement or the Act.

5.02 Number, Tenure and Qualifications. The Company shall have one or more Managers. The initial Manager shall be HRC Properties, L.L.C., a Michigan Corporation, which is owned by Terry L. Hall, Member, Cathy Matuszak, Member, and Joe Romkema, Member, who shall serve until replaced by a two-thirds vote of the Members Interests, per Section 5.09 of this agreement. Thereafter, the number of Managers of the Company shall be fixed from time to time by the affirmative vote of Members holding at least two-thirds of all Members' Interests, but in no instance shall there be less than one Manager. Each Manager after Terry L. Hall, Joe Romkema and Cathy Matuszak shall hold office until the next annual meeting of Members or until his or her successor shall have been elected and qualified. Managers shall be elected by the affirmative vote of Members holding at least two-thirds of Members' Interests. Managers need not be residents of the State of Michigan or Members of the Company.

5.03 Certain Powers of Manager. Without limiting the generality of Section 5.01, the Managers shall have power and authority, on behalf of the Company:

(a) To acquire property from any Person or Entity as the Managers may determine. The fact that a Manager or a Member is directly or indirectly affiliated or connected with any such Person or Entity shall not prohibit the Managers from dealing with that Person or Entity;

(b) To borrow money for the Company from banks, other lending institutions, individuals or other Companies, the Managers, Members, or affiliates of the Managers or Members on such terms as the Managers deem appropriate, and in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Managers, or to the extent permitted under the Michigan Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Managers;

(c) To purchase liability and other insurance to protect the Company's property and business;

(d) To sell or otherwise dispose of all or substantially all of the assets of the Company as part of a single transaction or plan so long as such disposition is not in violation of or a cause of a default under any other agreement to which the Company may be bound;

(e) To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; assignments; bills of sale; leases; partnership agreements, operating

agreements of other limited liability companies; and any other instruments or documents necessary, in the opinion of the Managers, to the business of the Company;

(f) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds;

(g) To enter into any and all other agreements on behalf of the Company, with any other person for any purpose, in such forms as the Managers may approve;

(h) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business; and

(i) To authorize the transfer of a Member's Interest in the Company or admit a new Member to the Company.

Unless authorized to do so by this Operating Agreement or by a Manager or Managers of the Company, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniarily for any purpose. No Member shall have any power or authority to bind the Company unless the Member has been authorized by the Managers to act as an agent of the Company in accordance with the previous sentence.

5.04 Liability for Certain Acts. Each Manager shall perform his or her duties as Manager in good faith, in a manner they reasonably believe to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager who so performs the duties as Manager shall not have any liability, except as specifically provided in the Michigan Act, by reason of being or having been a Manager of the Company. The Manager does not, in any way, guarantee the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. The Manager shall not be liable to the Company or to any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, willful misconduct, a wrongful taking by the Manager, or a violation of the Managers' obligations as otherwise set forth in the Michigan Act.

5.05 Managers Have No Exclusive Duty to Company. The Manager shall not be required to manage the Company as his or her sole and exclusive function and they (or any Manager) may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of the Manager or to the income or proceeds derived therefrom. The Manager shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

5.06 Bank Accounts. The Manager may from time to time open bank accounts in the name of the Company, and the Manager shall be the sole signatory thereon, unless the Manager determines otherwise.

5.07 Indemnity of the Managers, Employees and Other Agents. To the maximum extent permitted under Section 408 of the Michigan Act, the Company shall advance and/or pay expenses incurred by, and indemnify the Managers of the Company. In the discretion of the Managers, the Company may purchase insurance to insure against any such liability. The Company shall indemnify its employees and other agents who are not Managers to the fullest extent permitted by law, provided that such indemnification in any given situation is approved by the Managers.

5.08 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.09 Removal. At a meeting called expressly for that purpose, all or any lesser number of Managers may be removed at any time, without cause, by the affirmative vote of Members holding at least two-thirds of the Member's Interests. The initial Manager, through its Officers, may have issued guarantees on a portion or all of the Company debt. The initial Manager cannot be removed under this Section until these guarantees have been appropriately extinguished. The removal of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the company may be filled by the affirmative vote of a majority of the remaining Managers then in office, provided that if there are no remaining Managers, the vacancy(ies) shall be filled by the affirmative vote of Members holding a Majority of Members' Interests. Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled by the affirmative vote of a majority of the Managers then in office or by an election at an annual meeting or at a special meeting of Members called for that purpose or by the Members' unanimous written consent. A Manager elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and shall hold office until the expiration of such term and until his or her successor shall be elected and shall qualify or until his or her earlier death, resignation or removal. A Manager chosen to fill a position resulting from an increase in the number of Managers shall hold office until the next annual meeting of Members and until his or her successor shall be elected and shall qualify, or until his or her earlier death, resignation or removal.

5.11 Salaries. Management fees paid for the management of the Homewood Suites Hotel to be operated by the Company shall not be deemed salaries under the terms of this Agreement. The Manager, HRC Properties, L.L.C., shall receive a base management fee of \$1,366.67 per month to manage the business of the Company starting from the date of construction of the Homewood Suites Hotel in Plainfield, Indiana. Construction shall be considered started upon the completion of the soil borings by the Engineer. The management fee shall be adjusted every third December 31st from the date of this agreement, in an amount equal to the percentage increase in the average daily rate for the Plainfield, Indiana Homewood Suites Hotel.

ARTICLE VI

RIGHTS AND OBLIGATIONS OF MEMBERS

6.01 Limitation of Liability. Each Member's liability shall be limited as set forth in this Operating Agreement, the Michigan Act and other applicable law.

6.02 Company Debt Liability. No Member will be personally liable for any debts or losses of the Company beyond their respective Capital Contributions and any obligation of the Members under Section 8.01 or 8.02 to make Capital Contributions, except as provided in Section 6.07 herein or as otherwise required by law.

6.03 List of Members. Each Member shall be provided by the appropriate person maintaining the same, upon written request, a list showing the names, addresses and Members' Interests and the value of capital contributions of all Members.

6.04 Approval of Sale of All Assets. The Managers shall have the right, by to approve the sale, exchange or other disposition of all, or substantially all, of the Company's assets. The Members do not have the right to vote on the sale, exchange or other disposition of all, or substantially all, of the Company's assets.

6.05 Company Books. In accordance with Section 9.09 herein, all accounts, books, and other relevant Company documents shall be maintained and preserved for a period of five (5) years or longer as appropriate. Upon reasonable request, each Member shall have the right, during ordinary business hours, to inspect and copy such Company documents at the requesting Member's expense.

6.06 Priority and Return of Capital. Except as may be expressly provided in Article IX, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to net profits, net losses or distributions; provided that this Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.07 Liability of a Member to the Company.

(a) A Member who rightfully receives the return in whole or in part of their contribution (as defined in Section 509 of the Michigan Act) is nevertheless liable to the Company to the extent now or hereafter provided by the Michigan Act.

(b) A Member who receives a distribution made by the Company:

(i) which is either in violation of this Operating Agreement, or

(ii) which is in violation of Section 307 of the Michigan Act shall nevertheless be subject to an enforceable against the Company in accordance with the provisions of that Section of the Michigan Act.

Otherwise, said Member is liable to the Company for repayment of the portion of the distribution in violation of Section 307 of the Act for a period of two years after such distribution.

ARTICLE VII

MEETINGS OF MEMBERS

An annual meeting of Members for the transaction of such business as may properly come before the Meeting, may be held at such place, on such date and at such time as the Members shall determine. However, an annual meeting is not required. Special meetings of Members, for any proper purpose or purposes, may be called at any time, by the holders of at least twenty-percent (20%) of the Sharing Ratios of all Members. The Company shall deliver or mail written notice stating the date; time, place and purposes of any meeting to each Member entitled to vote at the meeting. Such notice shall be given not less than ten (10) and no more than sixty (60) days before the date of the meeting. All meetings of Members shall be presided over by a Chairperson, for the purpose of that meeting only, who shall be so designated by those holding a majority of the Membership Interests present at the meeting.

ARTICLE VIII

CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

8.01 Members' Capital Contributions. Each Member shall contribute such amount as is set forth in Exhibit A hereto as their Initial Capital Contribution. Exhibit A will be amended, as appropriate, to reflect all Capital Contributions once the Company is fully capitalized.

8.02 Additional Contributions. Except as set forth in Section 8.01, no Member shall be required to make any additional Capital Contributions. To the extent unanimously approved by the Manager, from time to time, the Members may be permitted to make additional Capital Contributions if and to the extent they so desire, and if the Manager determines that such additional Capital Contributions are necessary or appropriate in connection with the conduct of the affairs of the Company. In such event, the Members shall have the opportunity (but not the obligation) to participate in such additional Capital Contributions on a pro rata basis in accordance with their interests.

8.03 Capital Accounts.

(a) A separate Capital Account will be maintained for each Member. Each Member's Capital Account will be increased by (1) the amount of money contributed by or on such Member's behalf to the Company; (2) the fair market value of property contributed by or on such Member's behalf to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under the Code⁵); (3) allocations to such Member of Net Profits and Net Losses; and (4) allocations to such Member of income described in the Code⁶. Each Member's Capital Account will be decreased by (1) the amount of money distributed to such Member by the Company; (2) the fair market value of property distributed to such Member by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under the Code⁷); (3) allocations to such Member of expenditures described in the Code⁸; and (4) allocations to the account of such Member of Company loss and deduction as set forth in such Regulations, taking into account adjustment to reflect book value.

(b) In the event of a permitted sale or exchange of a Member's Interest in the Company, the Capital Account of the transferor shall become the Capital Account of the transferee to the extent it relates to the transferred Member's Interest in accordance with the Treasury Regulations⁹. The Company and the Members shall be afforded the opportunity to make any and all elections at any proper time as provided for in Section 754 of the Code.

(c) The manner in which Capital Accounts are to be maintained pursuant to this Section 8.03 is intended to comply with the requirements of the Code and the Treasury Regulations promulgated thereunder¹⁰. If, in the opinion of the Company's accountants, the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section 8.03 should be modified in order to

comply with the Code and the Treasury Regulations thereunder¹¹, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 8.03, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members.

(d) Upon liquidation of the Company, liquidating distributions will be made as provided under the terms of Section 9.03 and illustrated in Exhibit D. Liquidation proceeds will be paid within sixty (60) days of the end of the taxable year (or, if later, within one hundred twenty (120) days after the date of the liquidation). The Company may offset damages for breach of this Operating Agreement by a Member whose Interest is liquidated (either upon the withdrawal of the Member or the liquidation of the Company) against the amount otherwise distributable to such Member.

(e) Except as otherwise required in the Michigan Act (and subject to Section 8.01 and 8.02), no Member shall have any liability to restore all or any portion of a deficit balance in such Member's Capital Account.

8.04 Withdrawal or Reduction of Members' Contributions to Capital.

(a) A Member shall not receive out of the Company's property any part of its Capital Contribution until all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company sufficient to pay them.

(b) A Member, irrespective of the nature of its Capital Contributions, has only the right to demand and receive cash in return for its Capital Contribution. No Member shall have a right to liquidate their Interest in the Company or to receive any liquidating distribution except upon a complete liquidation of the Company.

(c) Except as otherwise provided in this article, all distributions to Members and all Net Income, Net Loss, and tax credits allocable to the Members shall be distributed or allocated, as the case may be, to each Member entitled to such distribution or allocation in the ratio that the Member's Interest held by such Member bears to the total Members' Interest held by all Members, as set forth in Exhibit B.

(d) Upon the sale of substantially all of the assets of the Company, each Member shall be entitled to receive a return of the amount contributed to the Capital of the Company, and as yet unrecovered through periodic distributions, as set forth in Exhibit A. If Members' original contributions have not been returned through periodic distributions, and if net proceeds are insufficient to return any remainder of such capital contributions, then they shall be distributed pro rata based on the ratio that each Members' contributed capital bears to the total contributed capital as set forth in Exhibit A.

ARTICLE IX

ALLOCATION, INCOME TAX, DISTRIBUTIONS, ELECTIONS AND REPORTS

9.01 Allocations of Profits and Losses. The Net Profits and Net Losses of the Company for each fiscal year will be allocated, to each Member in the ratio that the Member's Interest held by such Member bears to the total Member's Interests held by all Members, as set forth in Exhibit B attached.

9.02 Special Allocations to Capital Accounts. Notwithstanding, Section 9.01 hereof.

(a) No allocations of loss, deduction and/or expenditures described in the Code¹² shall be charged to the Capital Accounts of any Member if such allocation would cause such Member to have a Deficit Capital Account. The amount of the loss, deduction and/or Code Section expenditure¹³ which would have caused a Member to have a Deficit Capital Account shall instead be charged to the Capital Account of any Members which would not have a Deficit Capital Account as a result of the allocation, in proportion to their respective Capital Contributions, or, if no such Member exist, then to the Members in accordance with their interest in Company profits pursuant to Section 9.01.

(b) In the event any Member unexpectedly receives any adjustments, allocation, or distributions described in the Treasury Regulations¹⁴, which create or increase a Deficit Capital Account of such Member, then items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year and, if necessary, for subsequent years) shall be specifically credited to the Capital Account of such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Deficit Capital Account so created as quickly as possible. It is the intent that this Section 9.02(b) be interpreted to comply with the alternate test for economic effect set forth in the Treasury Regulations¹⁵.

(c) In the event any Member would have a Deficit Capital Account at the end of any Company taxable year which is in excess of the sum of any amount that such Member is obligated to restore to the Company under Treasury Regulations¹⁶ and such Member's share of minimum gain as defined in the Treasury Regulations¹⁷, the Capital Account of such Member shall be specially credited with items of Member's income (including gross income) and gain in the amount of such excess as quickly as possible.

(d) Notwithstanding any other provision of this Section 9.02, if there is a net decrease in the Company's minimum gain as defined in the Treasury Regulations¹⁸ during a taxable year of the Company, then, the Capital Accounts of each

Member shall be allocated items of income (including gross income) and gain for such year (and if necessary for subsequent years) equal to that Member's share of the net decrease in Company minimum gain. This Section 9.02(d) is intended to comply with the minimum gain charge-back requirements of the Treasury Regulations¹⁹ and shall be interpreted consistently therewith. If in any taxable year that the Company has a net decrease in the Company's minimum gain, if the minimum gain charge-back requirement would cause a distortion in the economic arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Managers may in their discretion (and shall, if requested to do so by a Member) seek to have the Internal Revenue Service waive the minimum gain charge-back requirement in accordance with the Treasury Regulations²⁰.

(e) Items of Company loss, deduction and expenditures described in the Code²¹ which are attributable to any nonrecourse debt of the Company and are characterized as partner (Member) nonrecourse deductions under the Treasury Regulations²² shall be allocated to the Members' Capital Accounts in accordance with the Treasury Regulations²³.

(f) Beginning in the first taxable year, in which there are allocations of "nonrecourse deductions," as described in the Treasury Regulations²⁴, such deductions shall be allocated to the Members in accordance with and as a part of, the allocations of Company profit or loss for such period.

(g) In accordance with the Code²⁵ and the Treasury Regulations²⁶, if a Member contributes property with a fair market value that differs from its adjusted basis at the time of contribution, income, gain, loss and deductions with respect to the property shall, solely for federal income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company and its fair market value at the time of contribution.

(h) Pursuant to the Code²⁷, if any contributed property is distributed by the Company other than to the contributing Member within seven years of being contributed, then, except as provided in the Code²⁸, the contributing Member shall be treated as recognizing gain or loss from the sale of such property in an amount equal to the gain or loss that would have been allocated to such Member under the Code²⁹ if the property had been sold at its fair market value at the time of the distribution.

(i) In the case of any distribution by the Company to a Member, such Member shall be treated as recognizing gain in an amount equal to the lesser of:

(i) the excess (if any) of (A) the fair market value of the property (other than money) received in the distribution over (B) the adjusted basis of such Member's Interest in the Company immediately before the distribution reduced (but not below zero) by the amount of money received in the distribution, or

(ii) the Net Precontribution Gain (as defined in the Code³⁰) of the Member. The Net Precontribution Gain means the net gain (if any) which would have been recognized by the distributee Member under the Code³¹ of all property which (1) had been contributed to the Company within seven years of the distribution, and (2) is held by the Company immediately before the distribution, had been distributed by the Company to another Member. If any portion of the property distributed consists of property, which had been contributed by the distributee Member to the Company to another Member. If any portion of the property distributed consists of property had been contributed by the distributee Member to the Company, then such property shall not be taken into account under this Section 9.02(i) and shall not be taken into account in determining the amount of the Net Precontribution Gain. If the property distributed consists of an interest in an entity, the preceding sentence shall not apply to the extent that the value of such interest is attributable to the property contributed to such entity after such interest had been contributed to the Company.

(j) In connection with a Capital Contribution of money or other property (other than a de minimis amount) by a new or existing Member as consideration for a Member's Interest, or in connection with the liquidation of the Company, the Capital Accounts of the Members shall be adjusted to reflect a revaluation of Company property (including intangible assets) in accordance with Treasury Regulations³². If under the Treasury Regulations³³, Company property that has been revalued is properly reflected in the Capital Accounts and on the books of the Company property, then depreciation, depletion, amortization and gain or loss with respect to such property shall be shared among the Members in a manner as variations between the adjusted tax basis and fair market value of property contributed to the Company are taken into account in determining the Members' shares of tax items under the Code³⁴.

(k) All recapture of income tax deductions resulting from sale or disposition of Company property shall be allocated to the Member of Members to whom the deduction that gave rise to such recapture was allocated hereunder to the extent that such Member is allocated any gain from the sale or other disposition of such property.

(l) Any credit or charge to the Capital Accounts of the Members pursuant to Sections 9.02(b), (c), and/or (d), hereof shall be taken into account in computing subsequent allocations of profits and losses pursuant to Section 9.01, so that the net amount of any items charged or credited to Capital Accounts pursuant to Sections 9.01 and 9.02 shall to the extent possible, be equal to the net amount that would have been allocated to the Capital Account of each Member pursuant to the provisions of this Article IX if the special allocations required by Sections 9.02(b), (c), and/or (d), hereof had not occurred.

9.03 Distributions. Notwithstanding anything herein to the contrary, all distributions of Cash Available for Distribution or other property, including distributions arising from the sale of substantially all of the Company's assets shall be made to the Members at the discretion of the Managers taking into account the reasonable business and financial needs of the Company as follows:

Periodic Distributions

Periodic Distributions will be allocated to each Member in the ratio that the Member's Interest, held by such Member, bears to the total Members' Interest held by all Members, as set forth in Exhibit B on the record date of such distributions. Except as provided in Section 9.04, the Manager shall from time to time at least on an annual basis make a determination of the amount of other property or cash available for distribution to be distributed to Members.

Liquidating Distributions

Upon sale of the Hotel and/or liquidation of the Company, liquidating distributions will be allocated as follows:

First, each Member will receive a distribution equal to their initial capital contribution as set forth in Schedule A, reduced by all periodic distributions the respective Member previously received. This applies to the existing Members, on the record date of such distribution.

Second, the remainder of assets available for distribution will be allocated to each Member, in the ratio that the Member's Interests, held by such Member, bears to the total Members' Interest held by all Members, as set forth in Exhibit B on the record date of such distribution.

See Exhibit D for an example of this liquidating distribution allocation.

All amounts withheld pursuant to the Code or any provisions of state or local tax law with respect to any payment or distribution to the Members from the Company shall be treated as amounts distributed to the relevant Member or Members pursuant to this Section 9.03.

9.04 Limitation Upon Distributions. No distribution otherwise permissible under this Agreement shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Members on account of their contributions, or unless the Distribution satisfies the provisions of Section 307 of the Michigan Act.

9.05 Accounting Principles. The profits and losses of the Company shall be determined in accordance with accounting principles applied on a consistent basis using the accrual method of accounting.

9.06 Interest On and Return of Capital Contributions. No Member shall be entitled to interest on its Capital Contribution or to return of its Capital Contribution, except as otherwise specifically provided for herein.

9.07 Loans to Company. Nothing in this Operating Agreement shall prevent any Member from making secured or unsecured loans to the Company by agreement with the Company.

9.08 Accounting Period. The Company's accounting period shall be the calendar year.

9.09 Records, Audits and Reports. At the expense of the Company, the Manager shall not cause the financial statements of the Company to be audited annually unless required by a regulatory or financing entity but shall maintain records and accounts of all operations and expenditures of the Company. At a minimum the Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last know business, residence, or mailing address of each Member and Manager, both past and present; and the valuation of each Member's Contribution and Distribution right.

(b) A copy of the Articles of Organization of the Company and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

(c) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the four most recent years.

(d) Copies of the Company's currently effective written Operating Agreement, copies of any writings permitted or required with respect to a Member's obligation to contribute cash, property or services and copies of any financial statements of the Company for the three most recent years;

(e) Minutes of every annual, special meeting and court-ordered meeting;

(f) Any written consents obtained from Members for actions taken by Members without a meeting.

9.10 Returns and Other Elections. The Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the

Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

All elections permitted to be made by the Company under federal or state laws shall be made by the Manger in his or her sole discretion.

ARTICLE X

TRANSFERABILITY

10.01 General. No Member Interest shall be sold or transferred without the approval of the Managers, which shall be subject to specific requirements to which each Member shall be advised. Except as otherwise specifically provided herein no Member shall have the right to:

(a) sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration, (collectively, "sell"), or

(b) gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy),

all or any part of its Member's Interest, without the unanimous consent of the Managers. The prohibition as to a proposed sale of a Member's Interest without the Manager's consent applies to an attempted sale of any economic interest represented by a Member's Interest.

(c) In the event of a transfer of a Member's Interest in the Company to a third party, and as a condition to recognizing the effectiveness and binding nature of any such transfer by sale or gift and substitution of a new Member to the Company, the Managers shall require the Selling Member or Gifting Member and the proposed purchaser, donee or successor-in-interest, as the case may be to execute, acknowledge and deliver to the Company such instruments of transfer, assignment and assumption and such other certificates, representations and documents, and to perform all such other acts which the Managers may deem necessary or desirable to:

(i) constitute such purchaser, donee or successor-in-interest as a Member;

(ii) confirm that the person desiring to acquire an Interest or Interests in the Company, or to be admitted as a Member, has accepted, assumed and agreed to be subject and bound by all of the terms, obligations and

conditions of the Operating Agreement, as the same may have been further amended;

(iii) preserve the Company after the completion of such sale, transfer, assignment, or substitution under the laws of each jurisdiction in which the Company is qualified, organized or does business;

(iv) maintain the status of the Company as a partnership for federal tax purposes; and

(v) assure compliance with any applicable state and federal laws including securities laws and regulations.

(d) Any sale or gift of a Member's Interest or any economic incidents thereof or admission of a Member in compliance with this Article X shall be deemed effective as of the last day of the calendar month in which the Managers' consent thereto was given, then on such date that the donee or successor in interest complies with the requirement of Article X. The Selling Member agrees, upon request of the Managers, to execute such certificates or other documents and perform such other acts as may be reasonably requested by the Managers from time to time in connection with such sale, transfer, assignment, or substitution. The Selling Member hereby indemnifies the Company, the remaining Members, and the Managers against any and all loss, damage, or expense (including, without limitation, tax liabilities or loss of tax benefits) arising directly or indirectly as a result of any transfer or purported transfer in violation of this Article X.

10.02 Transferee Not Member in Absence of Managers Consent.

If the Managers do not approve by unanimous written consent of the proposed sale or gift of a Transferring Member's Interest or the economic incidents of a member's Interest to a transferee or donee which is not a Member immediately prior to the sale or gift, then the proposed transferee or donee shall not become a Member of the Company and the proposed transfer of economic incidents shall not be recognized by the Company.

ARTICLE XI

ADDITIONAL MEMBERS

From the date of formation of the Company and subject to securities law provisions applicable thereto, any Person or Entity acceptable to the Managers by their unanimous vote thereof may become a Member in this Company either by the issuance by the Company of Members' Interests for such consideration as the Managers by their unanimous votes shall determine, or as a transferee of a Member's Interest or any

portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Manager or Manager(s) may, at his or their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of the Code³⁵ and the Treasury Regulations promulgated thereunder.

ARTICLE XII

DISSOLUTION AND TERMINATION

12.01 Dissolution.

(a) The Company shall be dissolved upon the occurrence of any of the following events:

(i) When the period fixed for the duration of the Company shall expire pursuant to Section 2.05 hereof;

(ii) by the agreement of the majority of all Members based on their Member Interest as set forth in Exhibit B; or

(ii) if the Company no longer has Members.

(b) As soon as possible following the occurrence of any of the events specified in this Section 12.01 effecting the dissolution of the Company, the appropriate representative of the Company shall execute a statement of intent to dissolve in such form as shall be prescribed by the Corporation, Securities and Land Development Bureau, Michigan Department of Consumer and Industry Services and file same with the Corporation, Securities and Land Development Bureau, Michigan Department of Consumer and Industry Services.

(c) If a Member who is an individual dies or a court of competent jurisdiction adjudges him to be incompetent to manage his person or his property, the Member's executor, administrator, guardian, conservator, or other legal representative may exercise all of the Member's rights for the purpose of settling his estate or administering his property.

(d) Except as expressly permitted in this Operating Agreement, a Member shall not voluntarily resign or take any other voluntary action which directly causes a termination of the Company for federal income tax purposes. Unless otherwise approved by the Managers, a Member who resigns (a "Resigning Member") or whose Member's Interest is otherwise terminated for any reason shall not be entitled to receive any distributions to which such Member would have been entitled had such Member remained a Member. A retiring Member shall be paid in cash such Member's pro rata interest in the net assets of the Company upon liquidation. Damages for breach of this Section 12.01(d) shall be monetary damages only (and not specific performance), and such damages may be offset against distributions by the Company to which said Member would otherwise be entitled.

12.02 Effect of Filing of Dissolving Statement. Upon the filing with the Corporation, Securities and Land Development Bureau, Michigan Department of Consumer and Industry Services, of a statement of Intent to Dissolve, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until a Certificate of Dissolution has been issued by the Corporation, Securities and Land Development Bureau, Michigan Department of Consumer and Industry Services, or until a decree dissolving the Company has been entered by a court of competent jurisdiction.

12.03 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager(s) shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Manager(s) shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Manager(s) may determine to distribute any assets to the Members in kind),

(ii) Allocate any profit or loss resulting from such sales to the Members' Capital Accounts in accordance with Article IX hereof,

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such Reserves as may be reasonable necessary to provide for contingent or liabilities of the Company (for purposes of determining the Capital Accounts of the Members, the amounts of such Reserves shall be deemed to be an expense of the Company.

(iv) Distribute the remaining assets in accordance with Article IX, Section 9.03.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of the Treasury Regulations³⁷, if any Member has a Deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Manager(s) shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of assets.

12.04 Articles of Dissolution. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Members, Articles of Dissolution shall be executed in duplicate and verified by the person signing the articles, which articles shall set forth the information required by the Michigan Act. Duplicate originals of such articles of dissolution shall be delivered to the Corporation, Securities and Land Development Bureau, Michigan Department of Consumer and Industry Services.

12.05 Certificate of Dissolution. Upon the issuance of the Certificate of Dissolution, the existence of the Company shall cease, except for the purpose of suits, other proceedings and appropriate action as provided in the Michigan Act. The Manager shall have authority to distribute any Company property discovered after dissolution, convey real estate and take such other action as may be necessary on behalf of and in the name of the Company.

12.06 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of its Capital Contribution. If the Company property remaining after the payment of discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against any other Member.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.01 Notices. Any notice, demand, or communication required or permitted to be given by any provision of this Operating Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party or to an executive officer of the party to whom the same is directed or, if sent by registered or certified mail, postage and charges prepaid, addressed to the Member's and/or Company's address, as appropriate, which is set forth in this Operating Agreement. Except as otherwise provided herein, any such notice shall be deemed to be given three business days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid.

13.02 Books of Account and Records. Proper and complete records and books of account shall be kept or shall be caused to be kept by the Managers in which shall be entered fully and accurately all transactions and other matters relating to the Company's business in such detail and completeness as is customary and usual for businesses of the type engaged in by the Company. Such books and records at all times shall be maintained at the principal executive office of the Company and shall be open to the reasonable inspection and examination of the Members or their duly authorized representatives during reasonable business hours.

13.03 Application of Michigan Law. This Operating Agreement and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Michigan, and specifically the Michigan Act.

13.04 Waiver of Action for Partition. Each Member irrevocably waives during the term of the Company any right that it may have to maintain any action for partition with respect to the property of the Company.

13.05 Amendments. This Operating Agreement may not be amended except by the unanimous written agreement of all of the Members and Managers.

13.06 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

13.07 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

13.08 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

13.09 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

13.10 Right and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

13.11 Severability. If any provision of this Operating Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

13.12 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

13.13 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

13.14 Counterparts. This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

13.15 Rule Against Perpetuities. The parties hereto intend that the Rule against Perpetuities (and any other similar rule of law) not be applicable to any provisions of this Operating Agreement. However, notwithstanding anything to the contrary in this Operating Agreement, if any provision in this Operating Agreement would be invalid or unenforceable because of the Rule against Perpetuities or any similar rule of law but for this Section 13.15, the parties hereto hereby agree that any future interest which is created pursuant to said provision shall cease if it is not vested within fifty years of the date of this Agreement.

13.16 Investment Representations. The undersigned Members, if any, understand (1) that the Members' Interest evidenced by this Operating Agreement have not been registered under the Securities Act of 1933, the Michigan Securities Act or any

other state securities laws ("the Securities Acts") because the Company is issuing these Members' Interest with belief of the Managers that they are issued in reliance upon the exemptions from the registrations requirements of the Securities Acts providing for issuance of securities not involving a public offering, (2) that the Company has relied upon the fact that the Members' Interests are to be held by each Member for investment, and (3) that exemption from registrations under the Securities Acts would not be available if the Members' Interests were acquired by a Member with a view to distribution.

Accordingly, each Member hereby confirms to the Company that such Member is acquiring the Members' Interests for such own Member's account, for investment and not with a view to the resale or distribution thereof. Each Member agrees not to transfer, sell or offer for sale any of portion of the Members' Interests unless there is an effective registration or other qualification relating thereto under the Securities Act of 1933 and under any applicable state securities laws or unless the holder of Members' Interests delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification under such Act and applicable state securities laws or unless the holder of Members' Interests delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification under such Act and applicable state securities laws is not required in connection with such transfer, offer or sale. Each Member understands that the Company is under no obligation to register the Members' Interests or to assist such Member in complying with any exemption from registration under the acts if such Member should at a later date, wish to dispose of the Members' Interest. Furthermore, each Member realizes that the Members' Interests are unlikely to qualify for disposition under Rule 144 of the Securities and Exchange Commission unless such Member is not an "affiliate" of the Company and the Members' Interest has been beneficially owned and fully paid for by such Member for at least three years.

Prior to acquiring the Members' Interests, each Member has made an investigation of the Company and its purposes and has had made available to each such Member all information with respect thereto which such Member needed to make an informed decision to acquire the Members' Interest. Each Member considers himself or itself to be a person possessing experience and sophistication as an investor, which are adequate for the evaluation of the merits and risks of such Member's investment in the Members' Interest.

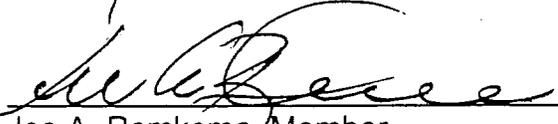
CERTIFICATE

The undersigned hereby agree, acknowledge and certify that the foregoing Operating Agreement, consisting of 26 pages, excluding the Table of Contents and attached Exhibits, constitutes the Operating Agreement of Inn of Indy, L.L.C. adopted by the members of the Company as of October 29, 2001.

MEMBERS:

HRC PROPERTIES, L.L.C.

By: 
Terry L. Hall, Member

By: 
Joe A. Romkema, Member

By: 
Cathy J. Matuszak, Member

EXHIBIT A

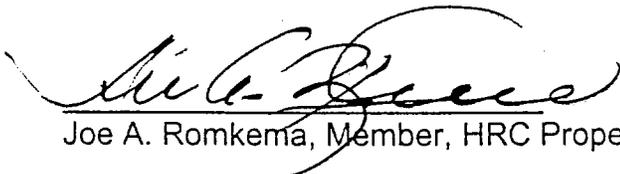
SCHEDULE OF INITIAL CAPITAL CONTRIBUTION

<u>Initial Member Contributions</u>	<u>Initial Capital Contribution</u>	<u>Share of Total Capital</u>
HRC Properties, L.L.C.	\$100	100%

Dated: 7-29-02



Terry L. Hall, Member, HRC Properties, L.L.C.



Joe A. Romkema, Member, HRC Properties, L.L.C.



Cathy J. Matuszak, Member, HRC Properties, L.L.C.

EXHIBIT B

SCHEDULE OF MEMBER INTERESTS

<u>Member</u>	<u>Allocation</u>
HRC Properties, L.L.C.	100%

Dated: 7-29-02


Terry L. Hall, Member, HRC Properties, L.L.C.


Joe A. Romkema, Member, HRC Properties, L.L.C.


Cathy J. Matuszak, Member, HRC Properties, L.L.C.

EXHIBIT C

INTERNAL REVENUE CODE AND TREASURY REGULATION INDEX

1. Section 1.704-1(b)(2)(ii)(c) T.R.
2. Section 1.704-2(d) T.R.
3. Section 1.704-2(i)(3) T.R.
4. Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)
5. Section 752 I.R.C.
6. Section 705(a)(1)(B)
7. Section 752 I.R.C.
8. Section 705(a)(2)(B) I.R.C.
9. Section 1.704-1(b)(2)(iv) T.R.
10. Section 704(b) I.R.C.
11. Section 704(b) I.R.C.
12. Section 705(a)(2)(B)
13. Section 705(a)(2)(B)
14. Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6) T.R.
15. Section 1.704-1(b)(2)(ii)(d) T.R.
16. Section 1.704-1(b)(2)(ii)(c)
17. Section 1.704-1(b)(2)(ii)(d)
18. Section 1.704-2(d) T.R.
19. Section 1.704-2 T.R.
20. Section 1.704-2(f)(4) T.R.

21. Section 705(a)(2)(B)
22. Section 1.704-2(i) T.R.
23. Section 1.704-2(i) T.R.
24. Section 1.704-2(b) T.R.
25. Section 704(c)(1)(A)
26. Section 1.704-1(b)(2)(l)(iv) T.R.
27. Section 704(c)(1)(B)
28. Section 704(c)(2)
29. Section 704(c)(1)(A)
30. Section 737(b)
31. Section 704(c)(1)(B)
32. Section 1.704-1(b)(2)(iv)(f) T.R.
33. Section 1.704-1(b)(2)(iv)(f) T.R.
34. Section 704(c)
35. Section 706(d)
36. Section 1.704-1(b)(2)(ii)(b)(2) T.R.
37. Section 1.704-1(b)(2)(ii)(g) T.R.

EXHIBIT D

EXAMPLE OF LIQUIDATING DISTRIBUTION ALLOCATION

Funds Available for Distribution as Part of Final Liquidation	\$ 3,200,000
Original Investing Members Contributions	2,150,000
Less: Prior Periodic Distributions to Investing Members from Operations	<u>(1,750,000)</u>
Balance of Original Contributions to be Returned As Liquidating Distributions	<u>400,000</u>
Balance of Funds Available for Final Liquidation To All Members	<u>\$ 2,800,000</u>
Investing Members Final Liquidating Distributions	\$ 2,240,000
Promoter Member Final Liquidating Distribution	<u>560,000</u>
Balance of Funds Available for Final Liquidation To All Members	<u>\$ 2,800,000</u>

SUMMARY OF INVESTING MEMBERS DISTRIBUTIONS

Periodic Distributions from Operations	\$ 1,750,000
Balance of Investment Returned from Liquidation	400,000
Remainder of Liquidating Distributions	<u>2,240,000</u>
Total Distributions to Investing Members	<u>\$ 4,390,000</u>

This exhibit is for illustrative purposes only, to show how distributions will be allocated to Members upon liquidation. This exhibit is based upon assumptions as to future events that are inherently uncertain and subjective. The Company makes no representation or warranty as to the attainability of such assumptions or as to whether future results will occur as projected. It must be recognized that the statements as to the Company's future performance are necessarily subject to a high degree of uncertainty, that actual results can be expected to vary from the results projected and that such variances may be material and adverse.

EXHIBIT B

Good Hospitality Services, Inc. Management and Agency Agreement

MANAGEMENT AND AGENCY AGREEMENT

THIS AGREEMENT made as of this 8th day of August 2002, by and between Inn of Indy, L.L.C., as "OWNER", and Good Hospitality Services, Inc., a Indiana Limited Liability Company, with its principle address at 360 Indiana Avenue, Valparasio, Indiana, 46385, as "AGENT".

WITNESSETH:

WHEREAS, Owner anticipates the construction of the Plainfield, Indiana Homewood Suites Hotel (herein called the "HOTEL"); and

WHEREAS, Agent is experienced in the management of hotels and motels; and

WHEREAS, Owner is desirous of hiring Agent to manage Hotel and Agent is desirous of managing it.

NOW, THEREFORE, the parties agree as follows:

1. Definitions.

- a. "Gross Operating Income" shall mean all income derived on behalf of Owner from the operation of the Hotel, including without limitation, income from room sales, meeting room and banquet room sales, food and beverage sales, concessions, leases, telephones, vending machines, gift shops and newspaper stands. Gross Operating Income shall be calculated on an accrual basis without adjustment for bad and uncollectible accounts. Gross Operating Income shall not include tips to employees, benefits resulting from reductions in property taxes, room or other deposits which are returned to the depositor, insurance proceeds and condemnation awards, taxes collected for the benefit of taxing authorities (state, county, city and federal) or refunds for overpayment of taxes or assessments paid in connection with the ownership, operation or maintenance of the Hotel, or any income or proceeds from the sale or transfer of capital assets of the Hotel.
- b. "Fixed Expenses" shall mean:

1. All lease, mortgage, conditional sale or other periodic payments on Owner's behalf for the rental or financing of the Hotel, the ground underlying the Hotel or any Hotel appurtenances or equipment, appliances, furniture, vehicles or carpeting located therein or used in connection with the operation thereof.
 2. Real and personal property taxes on the Hotel and the personal property, equipment and fixtures located thereon or used in connection with the operation thereof.
 3. All insurance (including, without limitation, hazard, liability, automobile and workmen's compensation insurance) premiums in connection with the Hotel.
- c. "Operating Expenses" shall mean all expenses of operating the Hotel, except the Fixed Expenses and except as stated below, including, without limitation, employees' salaries and FICA and withholding taxes; water, sewer, electric, oil, coal, gas, and telephone bills; supplies; janitorial services; garbage removal; extermination; repairs, alterations, maintenance and improvements, not classifiable as capital expenditures; recurring national license or franchise fees; collection costs and credit card company charges; losses from employee dishonesty; and any reimbursements in connection with the operation of the Hotel pursuant to this agreement to Agent provided for in this agreement, Operating Expenses shall include the base monthly compensation to Agent hereunder but not the annual percentage of additional Net Operating Income and shall not include payments or accounting entries to any reserve accounts or for depreciation or any expenditures for capital improvements. For purposes of determining whether an outlay is to be deemed an expense or a capital expenditure, the uniform system of accounts accepted by the America Hotel shall not include any overhead or any fees, dividends or principal, paid to Owner or affiliates of Owner, by Owner or from income from the Hotel.
- d. "Net Operating Income" shall mean Gross Operating Income minus Operating Expenses.

2. Designation and Appointment. Owner hereby designates and appoints Agent as the sole and exclusive management agent of the Hotel and Agent hereby accepts such designation and appointment.

3. Term.

a. The term of this agreement shall commence upon completion of the construction of the Hotel. The term shall continue until and including five (5) years from the above date of acquisition and shall continue thereafter until such time as either party gives at least ninety (90) days written notice of termination to the other.

b. This agreement may be terminated prior to expiration of the term set forth in paragraph (a) above upon the closing of a sale by the owner to a third party purchaser.

c. This agreement may be terminated prior to expiration of the term set forth in Paragraph (a) above in the event a petition in bankruptcy is filed by or against either Owner or Agent or in the event that either shall make an assignment for the benefit of creditors or take assignment for the benefit of creditors or take advantage of an insolvency act, or in the event a receiver, trustee or liquidator is appointed to take possession or charge of the business or assets of either party.

d. Except as stated to the contrary in Paragraphs 3 (a) and 3 (b), and except for a material breach of this agreement, this agreement may not be terminated by either party for any reason.

e. Upon any termination of this agreement, Owner shall pay to Agent all compensation due to Agent hereunder to the date of such termination, together with any other sums owed by Owner to Agent hereunder. Agent shall turn over to Owner all funds of Owner held by Agent, Less any sums due Agent under the first sentence of this Paragraph 3 (d) and Agent shall deliver to Owner a full and final accounting of the operations of the Hotel.

f. It is further agreed by and between the parties as follows:

1. Agent agrees to accept, abide by and be subject to all rules, regulations, inspections and requirements of the franchiser.

2. If the franchise commitment or license issued thereunder pertaining to the Hotel shall terminate; the Agent shall cease operating the Hotel under said franchise.

3. If there is any conflict between the terms of this Management Agreement and the terms of the commitment or license between the franchise and Owner pertaining to the Hotel, the terms of the commitment or license shall govern and control.

4. Notwithstanding the consent of the franchiser to this Management Agreement, Owner and all guarantors shall remain liable to the

franchiser under the terms of the commitment or license issued thereunder pertaining to the Hotel.

4. Agent's Authority, Powers and Duties. Agent shall take over the full management of the Hotel with full power to do any and all acts, in its own name or in Owner's name, as if Agent were, itself, the Owner and at Owner's expense. The authority, powers and duties which Agent shall exercise or perform include, but are not limited to, the following:

- a. To advertise for occupancy and let rooms in the Hotel to desirable transients on a daily, seasonal or other basis and at such rates as Agent may, in its discretion, determine as long as such basis is consistent with the operation of a hotel in the general geographical area.
- b. To collect and account to Owner for all room, food and beverage, concession and other charges at the Hotel and to maintain bank accounts for the Hotel's operations in accordance with Paragraph 11.
- c. To negotiate and enter into written or oral contracts for utility, maintenance, extermination and other services and for such other purposes in furtherance of the operation of the Hotel as Agent may deem appropriate.
- d. To keep and maintain the Hotel in good condition and repair, and to make such purchases and expenditures on Owner's behalf, as Agent deems appropriate in connection therewith, excluding capital improvements.
- e. To pay on behalf of Owner out of monies collected or other funds made available by Owner to cover such items, all Operating Expenses.
- f. To supervise the work of and to hire and discharge employees, it being expressly understood, however, that all employees are in the employ of Owner solely and not in the employ of Agent and that Agent is in no wise liable to employees for their wages or compensation nor to Owner or others for any act or omission on the part of such employees.
- g. To execute and file all returns and other instruments and do and perform all acts required of Owner as an employer with respect to the Hotel under the Federal Insurance contributions Acts, the Federal Unemployment Tax Act and Subtitle C of the Internal Revenue Code of 1954 with respect to wages paid by Agent on behalf of Owner and under any similar Federal or State law now or hereafter in force (and in connection therewith Owner

agrees upon request to promptly execute and deliver to Agent all necessary powers of attorney, notices appointment and the like), it being expressly understood, however, that Agent is in no way liable to any employees of Owner for their wages or compensation or to governmental agencies for payroll or withholding taxes, unemployment compensation or similar payroll costs of employees.

- h. To submit monthly income and expense reports to Owner or Owner's designees and to submit written recommendations to the aforementioned parties regarding the operation of the Hotel to the extent deemed necessary by Agent or upon Owner's reasonable request.
- i. To hire collection agencies and to institute any and all legal actions or proceedings for the collection of bills for room or other charges at the Hotel and to oust or eject guests from the Hotel in the name of Owner and to assert innkeeper's liens in Owner's name where deemed appropriate.
- j. To enter into agreements, subject to the limitations set forth in Paragraph 5 (a), with any third parties in settlement of any actual threatened or alleged claim in any way affecting or relating to the Hotel (except as to real and personal property tax assessment matters, insurance claims and condemnation awards which shall be the responsibility of Owner, although Agent shall render any assistance in connection therewith requested by Owner) and to hire local counsel in connection therewith or in connection with any lawsuits affecting or relating to the Hotel, provided, however, that Agent is expressly prohibited from taking any action which Agent knows or should have known, will in any way jeopardize any insurance coverage maintained by Owner.
- k. To obtain fidelity bonds, as, when and in amounts, which Agent in its discretion may determine for the Agent and/or all employees at the Hotel who handle money.
- l. To enter into any concession agreements on Owner's behalf in connection with food and beverage operations of the Hotel and to enter into concession agreement relating to coin-vending machines and telephones.
- m. To arrange at Agent's discretion for transportation services of guests of the Hotel to and from local airports and other mass transportation centers and to and from local shopping centers and points of interest.
- n. To establish accounting and bookkeeping systems to be followed by employees of the Hotel and to coordinate all accounting matters.

- o. To enter into any other lease, license or concession arrangements as Agent deems desirable in order to offer a full and attractive line of services to guests of the Hotel.

5. Scope of Agent's Authority and Power. Anything in Paragraph 4 hereof to the contrary notwithstanding:

- a. Agent is authorized to expend all funds necessary for any one contract, item or repair or alteration, advertising or legal fee or any other item of expense or capital improvement without consulting with Owner; provided, however, that no single alteration or repair (excluding work performed pursuant to an elevator, air conditioning, pool or similar type of maintenance contract which work is not charged for over and above the normal contract payment) or capital expenditure in excess of \$5,000.00 shall be made by Agent without Owner's prior approval. However, in the event of a situation, which Agent reasonably assesses as an emergency situation, Agent may expend up to \$10,000.00 without first notifying Owner, as long as Agent simultaneously or as soon as possible notifies Owner.
- b. Agent does not assume and is given no responsibility for compliance of any building or any equipment therein with the requirements of any statute, ordinance, law or regulation of any governmental body or public authority having jurisdiction over Owner or the Hotel, except to notify Owner promptly of any complaints, warnings, notices or summonses received by Agent in connection with such matters, and upon Owner's authorization and at Owner's expense, to take action necessary to cure any defaults.
- c. Except as stated to the contrary in this agreement, Agent is clothed with such general authority and powers as may be necessary or advisable to carry out the spirit and intent of this agreement and Agent may and shall perform all acts or functions necessary or deemed advisable by Agent in order to manage, operate and preserve the premises in the ordinary course of business.

6. Covenant of Diligence. Agent agrees to perform all functions and to exercise all authority, powers and duties hereunder in a professional and diligent manner and to use its best judgment and efforts to operate the Hotel as efficiently and profitable as possible. Agent warrants that all funds handled or controlled by it and its employees and agents will be

accurately accounted for and Agent hereby agrees to indemnify Owner for any loss of funds collected by Agent and directly attributable to the negligence of Agent. Agent shall not be liable for loss of funds handled by Owner's employees unless directly attributable to Agent's negligence or malfeasance. Agent shall be responsible for the hotel's compliance with the terms of the franchise and licensing agreement that affects it, but Agent shall not be liable for lack of such compliance when the failure is the result of issues within the control of the Owner.

7. Compensation. As compensation for Agent's services hereunder, Owner shall pay to Agent a sum equal to seven percent (7.0%) of the Net Operating Income, payable at the times and in the manner specified in Paragraph 11.

8. Allocation of Expenses.

- a. Owner shall bear each and every debt, charge, cost, fee, expense, premium, assessment and tax incurred in connection with or arising out of the leasing, acquisition, construction and operation of the Hotel (except for salaries to employees of Agent) although same may be paid by Agent on Owner's behalf. It is expressly agreed that although Agent is to make certain payments on behalf of Owner in connection with the operation of the Hotel, the liability for such payments rests solely with Owner and Agent shall have no liability to any third parties on account thereof.
- b. Agent shall bear all of its own general overhead costs and expenses, including the expense of preparing reports and accounting to Owner hereunder, except as provided in Paragraph 11, below. Agent shall bear the costs incurred in connection with travel of Agent's employees in pursuance of this agreement to and from the Hotel; provided, however, that Owner shall reimburse Agent for travel and out-of-pocket expenses incurred by Agent outside the scope of operating the Hotel and provided further that there will be no charge for Agent's employees' food and accommodations at the Hotel when such charges are incurred in connection with a trip within the scope of Agent's duties hereunder.

9. Owner's Indemnification. Owner agrees:

- a. To indemnify, defend and hold and save Agent free and harmless from damages or injuries to person or property by reason of any cause whatsoever either in and about the Hotel or elsewhere when Agent is carrying out the provisions of this agreement or acting under the express or implied directions of Owner.
- b. To indemnify, defend and save Agent free and harmless from any and all costs and expenses arising out of or in connection with, the defense of, any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against Agent or Owner and Agent jointly and severally, affected or due to the condition or use of the premises, or acts or omissions of Agent or employees of (Owner or Agent) arising out of or based upon an alleged violation of any constitution, law, regulation, requirement, contract or award relating to the hours of employment, working conditions, wages and/or compensation of employees or former employees of owner or otherwise, except where agent is determined liable by reason of gross negligence or willful misconduct.
- c. To defend promptly and diligently, at Owner's sole expense, any claim, action or proceeding brought against Agent or Agent and Owner jointly and severally, arising out of or in connection with any of the foregoing, and to hold harmless and fully indemnify Agent from any judgment, loss or settlement on account thereof. It is expressly understood and agreed that the foregoing provisions of this Paragraph 9 shall survive the termination of this agreement, but this shall not be construed to mean that Owner's liability does not survive as to other provisions of this agreement. Nothing contained in subparagraph (a) and (b) of the Paragraph 9 shall relieve Agent from responsibility to Owner for gross negligence or willful misconduct.
- d. In furtherance of the Owner's covenants under this Paragraph 9, Owner shall carry, at its expense, public liability, elevator liability (if the Hotel has an elevator), liquor liability (if the Hotel sells or distributes liquor from the premises) and workmen's compensation insurance with respect to the Hotel naming Owner and Agent as insured in amounts, and in form and substance and written by companies reasonably satisfactory to Agent. Owner shall furnish certificates evidencing such insurance to Agent. Such insurance shall not be cancelable without at least thirty- (30) day's prior notice to Agent. In the event such insurance is not in effect at any time, Agent may purchase it and pay the premiums out of the Gross Operating Income.

10. Agent's Indemnification. Agent agrees:

- a. To indemnify, defend and hold and save Owner free and harmless from damages or injuries to person or property if the same is caused by the negligence of said Agent or its employees.
- b. To indemnify, defend and save Owner free and harmless from any and all costs and expenses arising out of or in connection with, the defense of, any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against Agent or Owner and Agent jointly and severally, where Agent is determined liable by reason of gross negligence or willful misconduct.
- c. To hold harmless and fully indemnify Owner from any judgment, lawsuit or settlement on account thereof, for any action where the Agent is determined to be liable by reason of gross negligence or willful misconduct.

11. Collections, Payments and Accounting.

- a. Agent shall cause all income from the Hotel to be collected and deposited in a separate checking account (with such financial institution as the Owner shall direct) relating to the Hotel's operations so that no funds collected on behalf of Owner are commingled with any other funds under Agent's control. From this account, Agent will make the following disbursements each month in the following order of priority;
 1. The compensation to Agent specified in Paragraph 7. This compensation shall be disbursed to Agent once each month, on the basis of seven percent (7.0%) of the prior months Net Operating Income made by Owner or any predecessor of Owner for that calendar month. An adjustment shall be made at the end of each quarter to reflect the actual Net Operating Income for the quarter. Any additional compensation shall be paid to Agent within a reasonable time and any excess shall be used to reduce the next month or months compensation due Agent.
 2. All Operating Expenses.
 3. On the last day of each month, or as soon thereafter as possible, Agent shall render to Owner a complete accounting of receipts and disbursements, showing a total balance to be remitted to Owner or deficiency to be paid by Owner, both for the then current month and on a cumulative year to date basis. Any balance shown to be due Owner shall be remitted with the statement, unless there is a net deficiency from prior months which has not been cured, in which case the balance shall be applied to reduction of the said

deficiency with the then remaining balance, if any, to be remitted to Owner. Owner agrees to pay to Agent any deficiency within a reasonable time after receipt of each monthly statement from Agent. However, Agent reserves the right at any time by serving notice to demand payment of any deficiency within ten (10) days. Nothing contained herein shall oblige Agent to advance any of its funds on Owner's account. Owner agrees to pay, when due, the Fixed Expenses out of the proceeds remitted by Agent and to supply verification to Agent of such payments as made.

- b. Agent agrees to keep accurate records and books of account of the operation of the Hotel and to keep said records and books of account available for inspection at any reasonable time and upon prior notice by owner or its designee. Agent shall receive no additional compensation for doing all accounting functions. Agent shall contract for payroll services. Agent shall receive as compensation for handling payroll duties under the contracted agreement \$1.25 per check issued to employees of Hotel. The monthly accounting to be submitted to Owner pursuant to subparagraph (a) above shall include a monthly profit and loss statement, trial balance and check register. Owner may at any time and at Owner's expense have Agent's records and books of account examined by an independent certified public accountant of Owner's choosing. In the event as a result of said examination, material omissions or inaccuracies are disclosed, then Agent shall pay for the cost of the audit as opposed to the Owner. It is hereby agreed that the definition of materiality is a variance of five percent (5.0%) or more in overall results (i.e., profits or losses) that is adverse to the Owner.

12. Agreement nonexclusive as to Agent. Agent shall only be required to devote such time as is reasonably necessary to accomplish the purposes of this agreement, and nothing herein contained shall require Agent to devote its full time thereto or prevent Agent from engaging in other business activities, including, with limitation, the management of other hotels and motels. The above notwithstanding, the Agent shall not manage a hotel which is competitive with the Hotel within a five (5) mile radius of said Hotel except such existing properties as the Agent shall presently manage or such hotels which the owner shall consent to, which consent shall not be unreasonably withheld.

13. Notices. Any notices to be given by one party to the other shall be delivered in person or by depositing same in the United States mail, postage prepaid, registered or certified,

- g. In the event of the invalidity under applicable law of any provisions of this agreement, the offending provisions shall be deemed stricken and this agreement shall be treated as if it had been written without such invalid provision, unless the effect of the deletion of the provision is to lessen the amount of compensation to which Agent would otherwise be entitled. In such case, Agent shall have the option of terminating this agreement.
- h. This agreement shall be binding upon the parties and upon their successors, heirs, executors, administrators, personal representatives and assigns, provided, however, that Agent may not assign this agreement without Owner's prior written consent.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

By: _____
JEFFREY J. GOOD, PRESIDENT
GOOD HOSPITALITY SERVICES, INC.

By: _____
TERRY L. HALL, MEMBER
INN OF INDY, L.L.C.

EXHIBIT C

Purchase Agreement for Hotel Construction Site

Date: May 9, 2001

Listing Broker (Co.) Jeffrey Hubley Co. () By Jeffrey A. Hubley ()
office code individual code
as (Seller's agent) (Limited agent)

Selling Broker (Co.) Fuller Property Co. () By Mark B. Fuller ()
office code individual code
as (Buyer's agent) (Seller's subagent) (Limited agent)

PURCHASE AGREEMENT
COMMERCIAL-INDUSTRIAL REAL ESTATE

A. PARTIES: WMC Corporation ("Seller")

agrees to sell and convey to HRC Properties, Inc. or its assignee ("Buyer")

and Buyer agrees to buy from Seller the following property for the consideration and subject to the following:

B. PROPERTY: The property is commonly known as Outlot #14

in Guilford Township, Hendricks County, Plainfield, Indiana, 46168, including all buildings and permanent improvements and fixtures attached; all privileges, easements and appurtenances pertaining thereto including any right, title and interest of Seller in and to adjacent streets, alleys, rights-of-way, leases, rents, security deposits, licenses and permits with respect to the property, trade name, and warranties or guaranties relating to the property being sold, and any personal property specified herein; all of the above referred to as the "Property," the legal description of which is (attached as Exhibit "A") (~~described as follows~~):

_____ subject to exact determination by survey pursuant to Paragraph J.
The following items of personal property are INCLUDED in the sale: _____

All other personal property and the following additional items are EXCLUDED from the sale: _____

C. PRICE: The purchase price shall be two hundred ninety thousand Dollars (\$ 290,000.00), payable (in cash at closing) (in accordance with the terms and conditions in this Agreement).

D. EARNEST MONEY: Buyer submits \$ 3,000.00 as Earnest Money to be held by Lawyers Title Company as Escrow Agent, upon execution of this Agreement by both parties. The Earnest Money shall be applied to the purchase price at closing unless returned to Buyer, released to Seller, or otherwise disbursed in accordance with this Agreement. The Escrow Agent is not a party to this Agreement and does not assume or have any liability for performance or non-performance of any party. Before the Escrow Agent has any obligation to disburse the Earnest Money in the event of dispute, Escrow Agent has the right to require from all parties a written release of liability of the Escrow Agent, termination of the Agreement and authorization or court order to disburse the Earnest Money.

E. ADDITIONAL PROVISIONS: ~~The closing shall be contingent on: (a) approval of all zoning and planning commission requirements by the Buyer, (b) the Buyer obtaining suitable financing to build the hotel, (c) the Buyers approval of a third party market study showing demand for this hotel in the Buyer sole discretion, (d) the Buyer acquisition of the adjacent 1.7 acre parcel, (e) Seller to pay the cost of a current ALTA Survey.~~

- Included in this Agreement are the following addenda: (Place an "X" on the appropriate line or lines)
- | | |
|---|--|
| <input type="checkbox"/> Financing Addendum | <input type="checkbox"/> Feasibility Study Addendum |
| <input type="checkbox"/> Apartment/Multi-Tenant Property Addendum | <input type="checkbox"/> Exchange Addendum |
| <input type="checkbox"/> Zoning/Governmental Approval Addendum | <input type="checkbox"/> Representations & Warranties of Seller Addendum |
| <input type="checkbox"/> Arbitration Addendum | <input type="checkbox"/> Lead-Based Paint Disclosure Addendum |

F. CLOSING: The closing of the sale shall take place at (the Title Company) (_____) on or before _____, 19____, or within 120 days after acceptance _____, whichever is later, (the "Closing Date") or this Agreement shall terminate unless the Closing Date is changed in writing by Seller and Buyer, or otherwise extended pursuant to this Agreement.

G. POSSESSION: The possession of the Property shall be delivered to Buyer, subject to the rights of tenants in possession, if any, in its present condition, ordinary wear and tear excepted, at closing. Seller shall maintain the Property, including fixtures, equipment and any included personal property until possession is delivered to Buyer.

environmental condition is unsatisfactory, Seller shall have a reasonable period of time, not to exceed _____ days, to remediate the condition to Buyer's satisfaction and the Closing Date shall be extended, if necessary. If Seller fails or refuses to remediate, Buyer may either terminate this Agreement and receive a refund of the Earnest Money or waive its objection and close the transaction.

(B) **Physical Inspections:** Promptly upon acceptance of this Agreement, all physical inspections shall be ordered at ~~(Seller's)~~ (Buyer's) expense. Inspections shall be made by qualified inspectors or contractors, selected or approved by Buyer, with written reports delivered to Seller and Buyer. Inspections may include but are not limited to the following: heating, cooling, electrical, plumbing, roof, walls, ceilings, floors, foundation, basement, crawl space, water, storm and waste sewer, well/septic, geotechnical, other: _____. If Buyer, in its reasonable discretion, believes that an inspection report reveals a major defect in or with the Property, Buyer shall report such defect in writing to Seller within 10 days of the finding/report. If Buyer does not make a written objection to any problem(s) revealed in the report(s) within such time period, the Property shall be deemed acceptable to Buyer. Seller shall have a reasonable period of time, not to exceed 60 days, to repair any such major defect to Buyer's reasonable satisfaction and the Closing Date shall be extended, if necessary. If Seller fails or refuses to repair, Buyer may either terminate this Agreement and receive a refund of the Earnest Money or waive its objection and close the transaction.

(C) **Waiver of Inspections:** BUYER HAS BEEN MADE AWARE THAT INDEPENDENT INSPECTIONS DISCLOSING THE CONDITION OF THE PROPERTY ARE AVAILABLE, AND BUYER HAS BEEN AFFORDED THE OPPORTUNITY TO REQUIRE SUCH INSPECTIONS AS A CONDITION OF THIS AGREEMENT. HOWEVER, BUYER WAIVES THE RIGHT TO OBTAIN INSPECTIONS AND RELIES UPON THE CONDITION OF THE PROPERTY BASED UPON BUYER'S OWN EXAMINATION AND RELEASES SELLER AND LISTING AND SELLING BROKER(S) FROM ANY AND ALL LIABILITY RELATING TO ANY PROBLEM, DEFECT OR DEFICIENCY AFFECTING THE PROPERTY, WHICH RELEASE SHALL SURVIVE THE CLOSING.

Buyer and its agents shall have the right to enter upon the Property upon reasonable advance notice and make all inspections provided for herein. Buyer shall restore any damage to the Property resulting from the entry of Buyer or its agents and shall indemnify, defend and hold harmless Seller as to any injury to persons or damage to their property resulting from the negligence of Buyer or its agents in conducting their activities on the Property.

K. **PRORATIONS AND SPECIAL ASSESSMENTS:** Interest on any debt assumed or taken subject to, any rents, all other income and ordinary operating expenses of the Property, including but not limited to, public utility charges, shall be prorated as of the day prior to the Closing Date. Any special assessments applicable to the Property for municipal improvements made to benefit the Property prior to the date of acceptance of this Agreement shall be paid by Seller at or before closing. At closing, Buyer will assume and agree to pay all special assessments for municipal improvements which are completed after acceptance of this Agreement.

L. **SALES EXPENSES:** All sales expenses are to be paid in cash prior to or at the closing.

1. **Seller's Expenses:** Seller shall pay all costs of releasing existing loans and recording the releases, one-half (1/2) of any closing fee, preparation of Deed and Vendor's Affidavit, Indiana Gross Income Tax, and other expenses stipulated to be paid by Seller under other provisions of this Agreement.

2. **Buyer's Expenses:** Buyer shall pay all expenses incident to any new or assumed loan, one-half (1/2) of any closing fee, and expenses stipulated to be paid by Buyer under other provisions of this Agreement.

M. **DEFAULT:** If Buyer breaches this Agreement, Seller may seek any remedy provided by law or equity, or terminate this Agreement and receive the Earnest Money as liquidated damages. If Seller breaches this Agreement, Buyer may terminate this Agreement and receive a refund of the Earnest Money, or Buyer may seek specific performance or any other remedy provided by law or equity. In the event of Seller default, Seller shall immediately be obligated to pay all brokerage commissions that would have been paid had this transaction closed. In the event of Buyer default, commissions may also be due and payable pursuant to the terms of the applicable brokerage agreements.

N. **DUTIES OF BUYER AND SELLER AT CLOSING:**

1. At the closing, Seller shall deliver to Buyer, at Seller's sole cost and expense, the following:

(A) A duly executed and acknowledged Warranty Deed conveying marketable title in fee simple to all of the Property, free and clear of any and all liens, encumbrances, conditions, easements, assessments, reservations and restrictions, except Permitted Exception(s);

(B) An Owner's Policy of Title Insurance (the "Title Policy") issued by the Title Company in the amount of the purchase price, dated as of closing, insuring Buyer's fee simple title to the Property to be marketable subject only to the Permitted Exception(s), and deleting the standard printed exceptions contained in the usual form of the Title Policy;

(C) An executed Vendor's Affidavit in form acceptable to the Title Company;

(D) A Bill of Sale, duly executed by Seller, containing warranties of title, conveying title, free and clear of all liens, to any personal property specified in Paragraph B;

(E) An assignment, duly executed by Seller, of leases, prepaid rents, security deposits, and trade name, and to the extent assignable, licenses and permits, warranties or guarantees, and to the extent agreed to be assumed by Buyer, all service, maintenance, management or other contracts relating to the ownership or operation of the Property. Such assignment shall include an indemnity from Seller in favor of Buyer with respect to all claims and obligations arising under such leases and contracts prior to the Closing Date. If Buyer does not agree to assume any such contract, then Seller shall deliver evidence of termination of such contract at closing and shall indemnify Buyer as to all claims and obligations thereunder;

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- 71 (F) A current rent roll duly certified by Seller and any security or tenant deposits, if applicable;
 72 (G) Evidence of its capacity and authority for the closing of this transaction;
 73 (H) Certification establishing that no federal income tax is required to be withheld under the Foreign Investment and Real
 74 Property Tax Act, or consent to withhold tax from the proceeds of sale as required, unless it is established that the
 75 transaction is exempt;
 76 (I) All other executed documents necessary to close this transaction.

77 2. At the closing, Buyer shall perform, at Buyer's sole cost and expense, the following:

- 78 (A) Pay the cash portion of the purchase price in the form of a cashier's check or other immediately available funds;
 79 (B) Execute any note(s) and mortgage(s) and cause the funds to be made available to the closing agent for disbursement;
 80 (C) Provide evidence of its capacity and authority for the closing of this transaction;
 81 (D) Provide to Buyer's lender any title policy as required by the holder(s) of the mortgage(s);
 82 (E) An assumption agreement by Buyer (which may be included in Seller's assignment pursuant to Paragraph N.1(E) above)
 83 with respect to leases assigned to Buyer and contracts, if any, which Buyer has agreed to assume. Such assumption
 84 agreement shall include an indemnity from Buyer in favor of Seller as to claims and obligations arising under such leases
 85 and contracts assumed by Buyer from and after the Closing Date;

86 (F) Execute all other documents necessary to close this transaction.

- 87 O. CONDEMNATION: Seller shall promptly notify Buyer in writing of the commencement of any condemnation proceedings
 88 against any portion of the Property. If such condemnation proceedings are commenced, Buyer, at its option, may (1) terminate
 89 this Agreement by written notice to Seller within 30 days after Buyer is advised of the commencement of
 90 condemnation proceedings, or (2) appear and defend in any condemnation proceedings, and any award shall, at Buyer's
 91 election, (a) become the property of Seller and reduce the purchase price by the same amount or (b) shall become the
 92 property of Buyer and the purchase price shall not be reduced.

93 P. RESPONSIBLE PROPERTY TRANSFER LAW:

- 94 1. Seller is not required to provide Buyer with a Disclosure Statement pursuant to I.C. Section 13-25-3-1 et seq., Indiana's
 95 Responsible Property Transfer Law ("IRPTL"), because, to the best of Seller's knowledge, the Property is exempt from the
 96 provisions of the law or (a) the Property does not contain any hazardous chemical or material; (b) the Property does not
 97 contain any underground storage tanks which are or have been utilized to hold petroleum or other regulated substances;
 98 and (c) the Property is not listed on the Comprehensive Environmental Response, Compensation and Liability Information
 99 System.
 100 2. If Seller learns that the Property comes within the terms of IRPTL after execution of this Agreement, then Seller shall
 101 provide to Buyer the required disclosure document and comply with all other parts of this law.

102 Q. MISCELLANEOUS:

- 103 1. Any notice required or permitted to be delivered shall be deemed received when personally delivered or when confirmed
 104 as received by facsimile, express courier or United States mail (postage prepaid, certified and return receipt requested)
 105 addressed to Seller or Buyer or their designee at the address set forth below the signature of each party.
 106 2. This Agreement shall be construed in accordance with the laws of the State of Indiana.
 107 3. Time is of the essence. Time periods specified in this Agreement and any addenda are calendar days and shall expire at
 108 midnight of the date stated unless the parties agree otherwise in writing.
 109 4. This Agreement is binding upon and for the benefit of the parties' respective heirs, administrators, executors, legal
 110 representatives, successors, and assigns. No assignment of this Agreement shall release a party from liability for its
 111 obligations hereunder.
 112 5. If any provision contained in this Agreement is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality,
 113 or unenforceability shall not affect any other provision.
 114 6. This Agreement constitutes the entire agreement of the parties and cannot be changed except by their written consent.
 115 7. By signing below, the parties to this transaction acknowledge receipt of a copy of this Agreement and give their
 116 permission to a Multiple Listing Service or other advertising media, if any, to publish information regarding this transaction.
 117 8. Broker(s) may refer Buyer or Seller to other professionals, service providers or product vendors, including lenders, loan
 118 brokers, title insurers, escrow companies, inspectors, surveyors, engineers, consultants, environmental inspectors and
 119 contractors. Broker(s) has no responsibility for the performance of any service provider and/or inspector. Buyer and
 120 Seller are free to select providers/inspectors other than those referred or recommended to them by Broker(s).
 121 9. Buyer discloses to Seller that Buyer is licensed and holds License # _____ Seller discloses to
 122 Buyer that Seller is licensed and holds License # _____
 123 10. Where the word "Broker" appears, it shall include any salesperson associated with the Broker's firm.
 124 11. Any party who is the prevailing party against any other party in any legal or equitable proceeding relating to this
 125 Agreement shall be entitled to recover court costs and reasonable attorney fees from the non-prevailing party.
 126 12. The parties agree that this Agreement may be transmitted between them by facsimile machine. The parties intend that
 127 faxed signatures constitute original signatures and are binding on the parties. The original document shall be promptly
 128 executed and/or delivered, if requested. This Agreement may be executed simultaneously or in two or more counterparts,
 129 each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
 130 13. Each person executing this Agreement on behalf of a party represents and warrants that he or she has been authorized
 131 by all necessary action to execute and deliver this Agreement on behalf of such party.

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- R. CONSULT YOUR ADVISORS: Buyer and Seller acknowledge they have been advised that, prior to signing this document, they should seek the advice of an attorney for the legal or tax consequences of this document and the transaction to which it relates. In any real estate transaction, it is recommended that you consult with a professional, such as a civil engineer, environmental engineer, or other person, with experience in evaluating the condition of the property, including the possible presence of asbestos, hazardous and/or toxic materials and underground storage tanks.
- S. CONFIRMATION OF AGENCY RELATIONSHIPS: Buyer and Seller acknowledge that each has received agency disclosure forms, has had agency options explained and now confirm their agency relationships. Buyer and Seller further acknowledge that they understand and accept agency relationships involved in this transaction.
- T. TERMINATION OF OFFER: Unless accepted by Seller and delivered to Buyer by 12:00 Noon (A.M.) (P.M.) (Noon), the 16 day of May, 2001, this Purchase Agreement shall be null and void and all parties shall be released of any and all liability or obligations.

BUYER'S SIGNATURE _____ DATE _____
Terry Hall
 PRINTED _____

BUYER'S SIGNATURE _____ DATE _____
 PRINTED _____

BUYER'S SOCIAL SECURITY #/FEDERAL ID # _____
 (517) 337-8900 Phone
 (517) 337-8906 Fax
 (AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____
630 Abbott Road East Lansing, MI 48823
 BUYER'S ADDRESS FOR NOTICE PURPOSES _____

BUYER'S SOCIAL SECURITY #/FEDERAL ID # _____
 (AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

ACCEPTANCE OF PURCHASE AGREEMENT

Seller accepts the offer made by Buyer as set forth above, without change or condition at _____ (A.M.) (P.M.) (Noon) on the _____ day of _____, 19_____.

SELLER'S SIGNATURE _____
 PRINTED _____

SELLER'S SIGNATURE _____
 PRINTED _____

(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

SELLER'S SOCIAL SECURITY #/FEDERAL ID.# _____

SELLER'S SOCIAL SECURITY #/FEDERAL ID.# _____

SELLER'S ADDRESS FOR NOTICE PURPOSES _____



Approved by and restricted to use by members of the Indiana Association of REALTORS, Inc. This is a legally binding contract, seek legal advice if not understood. Form # F05. Copyright IAR 1997



Date: May 9, 2001

Listing Broker (Co.) Jeffrey Hubley Co. () By Jeffrey A. Hubley ()
office code individual code
as (Seller's agent) (~~Limited agent~~)

Selling Broker (Co.) Fuller Property Co. () By Mark B. Fuller ()
office code individual code
as (Buyer's agent) (~~Seller's subagent~~) (~~Limited agent~~)

PURCHASE AGREEMENT
COMMERCIAL-INDUSTRIAL REAL ESTATE

1 A. PARTIES: Plainfield Place, LLC ("Seller")

2 agrees to sell and convey to JIRC Properties, Inc. or its assignee ("Buyer")

3 and Buyer agrees to buy from Seller the following property for the consideration and subject to the following:

4 B. PROPERTY: The property is commonly known as see Exhibit (1.7 acre parcel)

5 in Guilford Township, Hendricks County, Plainfield Indiana, 46168,
6 including all buildings and permanent improvements and fixtures attached; all privileges, easements and appurtenances
7 pertaining thereto including any right, title and interest of Seller in and to adjacent streets, alleys, rights-of-way, leases, rents,
8 security deposits, licenses and permits with respect to the property, trade name, and warranties or guaranties relating to the
9 property being sold, and any personal property specified herein; all of the above referred to as the "Property," the legal
10 description of which is (~~attached as Exhibit "A"~~) (~~described as follows~~):

11 _____; subject to exact determination by survey pursuant to Paragraph J.
12 The following items of personal property are INCLUDED in the sale: _____

13 All other personal property and the following additional items are EXCLUDED from the sale: _____

14 C. PRICE: The purchase price shall be two hundred thirty - five thousand Dollars
15 (\$235,000.00), payable (in cash at closing)(in accordance with the terms and conditions in this Agreement).

16 D. EARNEST MONEY: Buyer submits \$ 2,000.00 as Earnest Money to be held by Lawyers
17 Title Insurance Company as Escrow Agent, upon execution of this Agreement by
18 both parties. The Earnest Money shall be applied to the purchase price at closing unless returned to Buyer, released to Seller,
19 or otherwise disbursed in accordance with this Agreement. The Escrow Agent is not a party to this Agreement and does not
20 assume or have any liability for performance or non-performance of any party. Before the Escrow Agent has any obligation to
21 disburse the Earnest Money in the event of dispute, Escrow Agent has the right to require from all parties a written release of
22 liability of the Escrow Agent, termination of the Agreement and authorization or court order to disburse the Earnest Money.

23 E. ADDITIONAL PROVISIONS: The closing shall be contingent on: (a) approval of
24 all zoning and planning commission requirements by the Buyer (b) the
25 Buyer obtaining suitable financing to build the hotel (c) the Buyers
26 approval of a third party market study showing demand for this hotel
27 in the Buyer sole discretion (d) the Buyer closing on the sale of the
28 adjacent parcel. (e) Seller pay the cost of a current ALTA Survey.

- 29 Included in this Agreement are the following addenda: (Place an "X" on the appropriate line or lines)
- | | |
|---|---|
| 30 _____ Financing Addendum | _____ Feasibility Study Addendum |
| 31 _____ Apartment/Multi-Tenant Property Addendum | _____ Exchange Addendum |
| 32 _____ Zoning/Governmental Approval Addendum | _____ Representations & Warranties of Seller Addendum |
| 33 _____ Arbitration Addendum | _____ Lead-Based Paint Disclosure Addendum |

34 F. CLOSING: The closing of the sale shall take place at (the Title Company) (_____)
35 _____) on or before _____, 19____, or within 120 days after
36 acceptance _____, whichever is later, (the "Closing Date") or this
37 Agreement shall terminate unless the Closing Date is changed in writing by Seller and Buyer, or otherwise extended pursuant
38 to this Agreement.

39 G. POSSESSION: The possession of the Property shall be delivered to Buyer, subject to the rights of tenants in possession, if
40 any, in its present condition, ordinary wear and tear excepted, at closing
41 Seller shall maintain the Property, including fixtures, equipment and any included personal property until possession is
42 delivered to Buyer.

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49 H. REAL ESTATE TAXES: (Circle paragraph 1, 2, or 3 below)

- 50 1. **Installment Basis:** Buyer will assume and pay all taxes on the Property beginning with the tax installment due and
 51 payable on _____, 19_____, and all taxes due thereafter. Seller shall pay all taxes for the Property
 52 due and payable before the Closing Date, and any subsequent tax installment(s) not assumed by Buyer.
 53 2. **Prior Year (Cash Basis) Proration:** The taxes assessed for the year prior to closing, due and payable during the year of
 54 closing, shall be prorated between Seller and Buyer on a calendar year basis as of the day immediately prior to the
 55 Closing Date. Buyer shall be responsible for all taxes assessed for the current year due and payable in the year following
 56 closing.
 57 3. **Current Year (Lien Basis) Proration:** The taxes assessed for the current year, due and payable in the year following
 58 closing, shall be prorated between Seller and Buyer on a calendar year basis as of the day immediately prior to the
 59 Closing Date. All taxes assessed for any prior calendar year and remaining unpaid shall also be paid by Seller.

60 For Purposes of 1, 2, and 3 above:

- 61 (A) If the tax rate or assessment for taxes assessed or payable in the year of closing has not been determined as of the
 62 Closing Date, the assessment or rate shall be assumed to be the same as the most recent assessment or rate.
 63 (B) Taxes which are Seller's responsibility and not yet due as of the Closing Date shall be credited against the purchase
 64 price or cash portion thereof payable by Buyer at closing, and Seller shall have no further liability for such taxes.
 65 (C) All taxes due and payable on or prior to the Closing Date shall be paid at or before closing and charged at closing to
 66 the responsible party.
 67 (NOTE: The succeeding year's tax bill for recently constructed buildings or following reassessment periods may
 68 greatly exceed the last tax bill available to the closing agent.)

- 69 I. **INSURANCE AND RISK OF LOSS:** Seller shall maintain replacement cost (if available) or actual cash value "all risk"
 70 insurance on the Property through the Closing Date. Seller's insurance shall be canceled as of the Closing Date and Buyer
 71 shall provide its own insurance thereafter. Risk of loss by damage or destruction to the Property prior to the closing shall be
 72 borne by Seller. In the event any damage or destruction is not fully repaired prior to closing, Buyer, at its option, may either
 73 terminate this Agreement or elect to close the transaction, in which event Seller's right to all insurance proceeds not yet
 74 applied to repair of the damage or destruction shall be assigned in writing by Seller to Buyer at closing.

- 75 J. **CONDITIONS TO CLOSING:** Buyer's obligations under this Agreement are conditioned upon satisfaction of each of the
 76 following items which are for the Buyer's benefit and may be waived by Buyer at Buyer's sole discretion.

- 77 1. **Title Commitment:** A commitment for title insurance (the "Commitment") issued by a reputable title insurance company
 78 selected or approved by Buyer (the "Title Company") showing marketable title in Seller's name shall be ordered by
 79 (Seller) ~~(Buyer)~~ promptly upon acceptance of this Agreement and shall be delivered to Buyer within 20 days
 80 after acceptance. At Buyer's request, legible copies of all recorded instruments
 81 affecting the Property or recited as exceptions in the Commitment shall also be delivered.
 82 2. **Survey:** A survey shall be ordered promptly upon acceptance of this Agreement and shall be furnished at (Seller's)
 83 ~~(Buyer's)~~ expense within 5 days after acceptance. It shall be prepared by a
 84 licensed Indiana surveyor selected or approved by Buyer, shall comply with Minimum Standard Detail Requirements for
 85 Indiana Land Title Surveys, including optional requirements, shall reflect whether the Property is located in a designated
 86 flood zone area and shall be certified to Buyer, the Title Company and Buyer's lender.
 87 3. **Title and Survey Approval:** If Buyer has an objection to items disclosed in the Commitment or the survey, Buyer shall
 88 make written objections to Seller within 10 days after receipt of both the Commitment and survey. Upon the
 89 expiration of such period, any item not objected to by Buyer or subsequently approved by Buyer in writing shall be
 90 deemed a permitted exception ("Permitted Exception"). If Buyer makes objections, Seller shall have thirty (30) days from
 91 the date the objections are made to cure the same, and the Closing Date shall be extended, if necessary. Seller agrees
 92 to utilize its best efforts and reasonable diligence to cure any objections, but only to the extent necessary to convey
 93 marketable title. If the objections are not satisfied within the time period, Buyer may either terminate this Agreement and
 94 receive a refund of the Earnest Money or waive the unsatisfied objections and close the transaction.
 95 4. **Inspections:** (Circle paragraph (A) and/or (B) or paragraph (C) below) Unless Buyer waives inspections under
 96 paragraph (C), Buyer shall have determined that the Property has no unacceptable, adverse environmental or physical
 97 condition as provided below.

- 98 (A) **Environmental Assessment:** A Phase I environmental site assessment ("Phase I") on the Property shall be ordered
 99 promptly upon acceptance of this Agreement at (Seller's) ~~(Buyer's)~~ expense from a reputable, qualified engineer,
 100 acceptable to Buyer. The Phase I shall be conducted in accordance with ASTM standards unless otherwise agreed
 101 and may also include at Buyer's option the following matters:

- 102 (1) an investigation for the presence of asbestos, radon, lead or polychlorinated biphenyls (PCBs) on the Property;
 103 and/or
 104 (2) an investigation to determine if the Property is located in any regulated or protected area under the jurisdiction of
 105 the U.S. Army Corps of Engineers, the U.S. Environmental Protection Agency, the Indiana Department of
 106 Environmental Management, the Indiana Department of Natural Resources, the U.S. Fish and Wildlife Service or
 107 any other federal, state or local agency.

108 If Buyer does not make a written objection to any problem(s) revealed in the report within 10 days of
 109 acceptance, the Property shall be deemed to be acceptable. If Buyer determines that the

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environmental condition is unsatisfactory. Seller shall have a reasonable period of time, not to exceed _____ days, to remediate the condition to Buyer's satisfaction and the Closing Date shall be extended, if necessary. If Seller fails or refuses to remediate, Buyer may either terminate this Agreement and receive a refund of the Earnest Money or waive its objection and close the transaction.

(B) **Physical Inspections:** Promptly upon acceptance of this Agreement, all physical inspections shall be ordered at ~~(Seller's)~~ (Buyer's) expense. Inspections shall be made by qualified inspectors or contractors, selected or approved by Buyer, with written reports delivered to Seller and Buyer. Inspections may include but are not limited to the following: heating, cooling, electrical, plumbing, roof, walls, ceilings, floors, foundation, basement, crawl space, water, storm and waste sewer, well/septic, geotechnical, other: _____. If Buyer, in its reasonable discretion, believes that an inspection report reveals a major defect in or with the Property, Buyer shall report such defect in writing to Seller within 10 days of the finding/report. If Buyer does not make a written objection to any problem(s) revealed in the report(s) within such time period, the Property shall be deemed acceptable to Buyer. Seller shall have a reasonable period of time, not to exceed 60 days, to repair any such major defect to Buyer's reasonable satisfaction and the Closing Date shall be extended, if necessary. If Seller fails or refuses to repair, Buyer may either terminate this Agreement and receive a refund of the Earnest Money or waive its objection and close the transaction.

(C) **Waiver of Inspections:** BUYER HAS BEEN MADE AWARE THAT INDEPENDENT INSPECTIONS DISCLOSING THE CONDITION OF THE PROPERTY ARE AVAILABLE, AND BUYER HAS BEEN AFFORDED THE OPPORTUNITY TO REQUIRE SUCH INSPECTIONS AS A CONDITION OF THIS AGREEMENT. HOWEVER, BUYER WAIVES THE RIGHT TO OBTAIN INSPECTIONS AND RELIES UPON THE CONDITION OF THE PROPERTY BASED UPON BUYER'S OWN EXAMINATION AND RELEASES SELLER AND LISTING AND SELLING BROKER(S) FROM ANY AND ALL LIABILITY RELATING TO ANY PROBLEM, DEFECT OR DEFICIENCY AFFECTING THE PROPERTY, WHICH RELEASE SHALL SURVIVE THE CLOSING.

Buyer and its agents shall have the right to enter upon the Property upon reasonable advance notice and make all inspections provided for herein. Buyer shall restore any damage to the Property resulting from the entry of Buyer or its agents and shall indemnify, defend and hold harmless Seller as to any injury to persons or damage to their property resulting from the negligence of Buyer or its agents in conducting their activities on the Property.

K. **PRORATIONS AND SPECIAL ASSESSMENTS:** Interest on any debt assumed or taken subject to, any rents, all other income and ordinary operating expenses of the Property, including but not limited to, public utility charges, shall be prorated as of the day prior to the Closing Date. Any special assessments applicable to the Property for municipal improvements made to benefit the Property prior to the date of acceptance of this Agreement shall be paid by Seller at or before closing. At closing, Buyer will assume and agree to pay all special assessments for municipal improvements which are completed after acceptance of this Agreement.

L. **SALES EXPENSES:** All sales expenses are to be paid in cash prior to or at the closing.

1. **Seller's Expenses:** Seller shall pay all costs of releasing existing loans and recording the releases, one-half (1/2) of any closing fee, preparation of Deed and Vendor's Affidavit, Indiana Gross Income Tax, and other expenses stipulated to be paid by Seller under other provisions of this Agreement.
2. **Buyer's Expenses:** Buyer shall pay all expenses incident to any new or assumed loan, one-half (1/2) of any closing fee, and expenses stipulated to be paid by Buyer under other provisions of this Agreement.

M. **DEFAULT:** If Buyer breaches this Agreement, Seller may seek any remedy provided by law or equity, or terminate this Agreement and receive the Earnest Money as liquidated damages. If Seller breaches this Agreement, Buyer may terminate this Agreement and receive a refund of the Earnest Money, or Buyer may seek specific performance or any other remedy provided by law or equity. In the event of Seller default, Seller shall immediately be obligated to pay all brokerage commissions that would have been paid had this transaction closed. In the event of Buyer default, commissions may also be due and payable pursuant to the terms of the applicable brokerage agreements.

N. **DUTIES OF BUYER AND SELLER AT CLOSING:**

1. At the closing, Seller shall deliver to Buyer, at Seller's sole cost and expense, the following:

- (A) A duly executed and acknowledged Warranty Deed conveying marketable title in fee simple to all of the Property, free and clear of any and all liens, encumbrances, conditions, easements, assessments, reservations and restrictions, except Permitted Exception(s);
- (B) An Owner's Policy of Title Insurance (the "Title Policy") issued by the Title Company in the amount of the purchase price, dated as of closing, insuring Buyer's fee simple title to the Property to be marketable subject only to the Permitted Exception(s), and deleting the standard printed exceptions contained in the usual form of the Title Policy;
- (C) An executed Vendor's Affidavit in form acceptable to the Title Company;
- (D) A Bill of Sale, duly executed by Seller, containing warranties of title, conveying title, free and clear of all liens, to any personal property specified in Paragraph B;
- (E) An assignment, duly executed by Seller, of leases, prepaid rents, security deposits, and trade name, and to the extent assignable, licenses and permits, warranties or guarantees, and to the extent agreed to be assumed by Buyer, all service, maintenance, management or other contracts relating to the ownership or operation of the Property. Such assignment shall include an indemnity from Seller in favor of Buyer with respect to all claims and obligations arising under such leases and contracts prior to the Closing Date. If Buyer does not agree to assume any such contract, then Seller shall deliver evidence of termination of such contract at closing and shall indemnify Buyer as to all claims and obligations thereunder;

(office use only)

- 171 (F) A current rent roll duly certified by Seller and any security or tenant deposits, if applicable;
 172 (G) Evidence of its capacity and authority for the closing of this transaction;
 173 (H) Certification establishing that no federal income tax is required to be withheld under the Foreign Investment and Real
 174 Property Tax Act, or consent to withhold tax from the proceeds of sale as required, unless it is established that the
 175 transaction is exempt;
 176 (I) All other executed documents necessary to close this transaction.
 177 2. At the closing, Buyer shall perform, at Buyer's sole cost and expense, the following:
 178 (A) Pay the cash portion of the purchase price in the form of a cashier's check or other immediately available funds;
 179 (B) Execute any note(s) and mortgage(s) and cause the funds to be made available to the closing agent for disbursement;
 180 (C) Provide evidence of its capacity and authority for the closing of this transaction;
 181 (D) Provide to Buyer's lender any title policy as required by the holder(s) of the mortgage(s);
 182 (E) An assumption agreement by Buyer (which may be included in Seller's assignment pursuant to Paragraph N.1(E) above)
 183 with respect to leases assigned to Buyer and contracts, if any, which Buyer has agreed to assume. Such assumption
 184 agreement shall include an indemnity from Buyer in favor of Seller as to claims and obligations arising under such leases
 185 and contracts assumed by Buyer from and after the Closing Date;
 186 (F) Execute all other documents necessary to close this transaction.

187 O. **CONDEMNATION:** Seller shall promptly notify Buyer in writing of the commencement of any condemnation proceedings
 188 against any portion of the Property. If such condemnation proceedings are commenced, Buyer, at its option, may (1) terminate
 189 this Agreement by written notice to Seller within 30 days after Buyer is advised of the commencement of
 190 condemnation proceedings, or (2) appear and defend in any condemnation proceedings, and any award shall, at Buyer's
 191 election, (a) become the property of Seller and reduce the purchase price by the same amount or (b) shall become the
 192 property of Buyer and the purchase price shall not be reduced.

193 P. **RESPONSIBLE PROPERTY TRANSFER LAW:**

- 194 1. Seller is not required to provide Buyer with a Disclosure Statement pursuant to I.C. Section 13-25-3-1 et seq., Indiana's
 195 Responsible Property Transfer Law ("IRPTL"), because, to the best of Seller's knowledge, the Property is exempt from the
 196 provisions of the law or (a) the Property does not contain any hazardous chemical or material; (b) the Property does not
 197 contain any underground storage tanks which are or have been utilized to hold petroleum or other regulated substances;
 198 and (c) the Property is not listed on the Comprehensive Environmental Response, Compensation and Liability Information
 199 System.
 200 2. If Seller learns that the Property comes within the terms of IRPTL after execution of this Agreement, then Seller shall
 201 provide to Buyer the required disclosure document and comply with all other parts of this law.

202 Q. **MISCELLANEOUS:**

- 203 1. Any notice required or permitted to be delivered shall be deemed received when personally delivered or when confirmed
 204 as received by facsimile, express courier or United States mail (postage prepaid, certified and return receipt requested)
 205 addressed to Seller or Buyer or their designee at the address set forth below the signature of each party.
 206 2. This Agreement shall be construed in accordance with the laws of the State of Indiana.
 207 3. Time is of the essence. Time periods specified in this Agreement and any addenda are calendar days and shall expire at
 208 midnight of the date stated unless the parties agree otherwise in writing.
 209 4. This Agreement is binding upon and for the benefit of the parties' respective heirs, administrators, executors, legal
 210 representatives, successors, and assigns. No assignment of this Agreement shall release a party from liability for its
 211 obligations hereunder.
 212 5. If any provision contained in this Agreement is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality,
 213 or unenforceability shall not affect any other provision.
 214 6. This Agreement constitutes the entire agreement of the parties and cannot be changed except by their written consent.
 215 7. By signing below, the parties to this transaction acknowledge receipt of a copy of this Agreement and give their
 216 permission to a Multiple Listing Service or other advertising media, if any, to publish information regarding this transaction.
 217 8. Broker(s) may refer Buyer or Seller to other professionals, service providers or product vendors, including lenders, loan
 218 brokers, title insurers, escrow companies, inspectors, surveyors, engineers, consultants, environmental inspectors and
 219 contractors. Broker(s) has no responsibility for the performance of any service provider and/or inspector. Buyer and
 220 Seller are free to select providers/inspectors other than those referred or recommended to them by Broker(s).
 221 9. Buyer discloses to Seller that Buyer is licensed and holds License # _____ . Seller discloses to
 222 Buyer that Seller is licensed and holds License # _____ .
 223 10. Where the word "Broker" appears, it shall include any salesperson associated with the Broker's firm.
 224 11. Any party who is the prevailing party against any other party in any legal or equitable proceeding relating to this
 225 Agreement shall be entitled to recover court costs and reasonable attorney fees from the non-prevailing party.
 226 12. The parties agree that this Agreement may be transmitted between them by facsimile machine. The parties intend that
 227 faxed signatures constitute original signatures and are binding on the parties. The original document shall be promptly
 228 executed and/or delivered, if requested. This Agreement may be executed simultaneously or in two or more counterparts,
 229 each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
 230 13. Each person executing this Agreement on behalf of a party represents and warrants that he or she has been authorized
 231 by all necessary action to execute and deliver this Agreement on behalf of such party

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- R. **CONSULT YOUR ADVISORS:** Buyer and Seller acknowledge they have been advised that, prior to signing this document, they should seek the advice of an attorney for the legal or tax consequences of this document and the transaction to which it relates. In any real estate transaction, it is recommended that you consult with a professional, such as a civil engineer, environmental engineer, or other person, with experience in evaluating the condition of the property, including the possible presence of asbestos, hazardous and/or toxic materials and underground storage tanks.
- S. **CONFIRMATION OF AGENCY RELATIONSHIPS:** Buyer and Seller acknowledge that each has received agency disclosure forms, has had agency options explained and now confirm their agency relationships. Buyer and Seller further acknowledge that they understand and accept agency relationships involved in this transaction.
- T. **TERMINATION OF OFFER:** Unless accepted by Seller and delivered to Buyer by 12:00 Noon (A.M.) (P.M.) (Noon), the 16 day of May, 2001, this Purchase Agreement shall be null and void and all parties shall be released of any and all liability or obligations.

BUYER'S SIGNATURE _____ DATE _____

BUYER'S SIGNATURE _____ DATE _____

Terry Hall

PRINTED _____

PRINTED _____

BUYER'S SOCIAL SECURITY #/FEDERAL ID # _____

BUYER'S SOCIAL SECURITY #/FEDERAL ID # _____

(517) 337-8900 Phone

(517) 337-8906 Fax

(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

630 Abbott Road East Lansing, MI 48823

BUYER'S ADDRESS FOR NOTICE PURPOSES _____

ACCEPTANCE OF PURCHASE AGREEMENT

Seller accepts the offer made by Buyer as set forth above, without change or condition at _____ (A.M.) (P.M.) (Noon) on the _____ day of _____, 19_____

SELLER'S SIGNATURE _____

SELLER'S SIGNATURE _____

PRINTED _____

PRINTED _____

(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

(AREA CODE) TELEPHONE NUMBER/FAX NUMBER _____

SELLER'S SOCIAL SECURITY #/FEDERAL ID # _____

SELLER'S SOCIAL SECURITY #/FEDERAL ID # _____

SELLER'S ADDRESS FOR NOTICE PURPOSES _____



Approved by and restricted to use by members of the Indiana Association of REALTORS, Inc. This is a legally binding contract, seek legal advice if not understood Form # FDS, Copyright IAR 1997



(office use only)

EXHIBIT D

Subscription Materials

INN OF INDY, L.L.C.
HRC PROPERTIES, LLC., MANAGER

Mr. Terry L. Hall, Member
630 Abbott Road
East Lansing, MI 48823

SUBSCRIPTION AGREEMENT

Dear Mr. Hall:

1. I acknowledge receipt of a copy of the Private Placement Offering Circular ("the Circular") dated August 8, 2002 offering 21.5 investment units consisting of 2,000 Member Interests each in INN OF INDY, L.L.C. I have been given the opportunity to review this Circular prior to my investment in the units offered hereby. After receiving notice of the effective date of the Private Placement Offering Circular, I am delivering to the Managing Member of the INN OF INDY, L.L.C. a executed Subscription Agreement and available funds made payable to the INN OF INDY, L.L.C., in the amount of \$_____. The subscription agreement and funds related thereto shall be initially accepted and held in escrow until the amount to be subscribed (43,000 member interests and \$2,150,000 gross proceeds) as defined in the Circular is received by INN OF INDY, L.L.C. Upon receipt of the amount noted in the preceding sentence, this Agreement shall be amended to provide funds shall be paid to INN OF INDY, L.L.C. after the appropriate waiting periods required of any federal or state security laws or regulations.

2. I hereby agree to purchase and hereby subscribe for, on the terms and conditions set forth herein, the number of Member Interest shown on the last page hereof.

3. I understand that the Member Interests are suitable only for sophisticated investors classified as accredited investors (the "Accredited Investor") and are being so pursuant to an exemption from registration by Regulation D promulgated under the Securities Act of 1933, as amended, for private offerings. I make the following representations, declarations and warranties with the intent that the same shall be relied upon by the Company in determining my suitability as an Accredited Investor in the securities that the Company offered by the aforementioned Circular.

(A) I am at least (21) years of age, have adequate means for providing for my current needs and personal contingencies and have no requirement for liquidity in this investment.

(B) I am an Accredited Investor as that term is used in Regulation D, as promulgated by the Securities and Exchange Commission, and I make the following declarations, warranties and representations about myself and my spouse (if spouse is a co-investor):

Please check one (1).

- () (i) My income exceeded \$200,000.00 in each of the last two (2) federal Income tax years (2000 and 1999) or my joint income with my spouse exceeded \$300,000.00 in each of those years, and is expected to do so again in the current (2001) year;
- () (ii) My net worth, or joint net worth with my spouse exceeds \$1,000,000.00; or

- () (iii) I am a private business development company, as defined in Section 202(a)(22) of the Investment Advisors Act of 1940; or
- () (iv) I am an organization described in Section 501(c)(3), of the Internal Revenue Code, Corporation, Massachusetts Trust or similar business trust, or partnership, not formed for the specific purpose of acquiring the Member Interests, with the total assets in excess of \$5,000,000.00; or
- () (v) I am a trust with total assets in excess of \$5,000,000.00, not formed for the specific purpose of acquiring the Member Interests, whose purchases are directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of investment in the Member Interests; or
- () (vi) I am an entity in which all of the equity owners are Accredited Investors under any category under this paragraph (2)(c); or
- () (vii) I am a bank as defined in Section 3(a)(2) of the Securities Act of 1933 (whether acting in an individual or fiduciary capacity); a broker or dealer registered under Section 15 of the Securities and Exchange Act of 1934; an insurance company, as defined in Section 2(13) of the Securities Act of 1933, as amended; an investment company registered under the Investment Company Act of 1940, or a business development company as defined in Section 2(a)(48) of that Act; a small business investment company, licensed by the Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a bank, savings and loan association, insurance company, or registered investment advisor making the investment decision as a plan fiduciary (as defined in Section

3(21) of the Employee Retirement Security Act of 1974) of an employee benefit plan within the meaning of Title I of that Act; such an employee benefit plan which has total assets in excess of \$5,000,000.00 or such an employee benefit plan which is self-directed with investment decisions made solely by a person or persons who are Accredited Investors under any category within this paragraph 2. I agree that I have satisfied myself and the person directing such investment decisions that an investment in the Member Interests is appropriate for the Plan and will not result in a breach of any statutory, regulatory or other plan provision against each investment.

(C) By reason of my business and financial experience or the business and financial experience of those persons I have retained to advise me with respect to my investment in the Member Interests, I am capable of evaluating the merits and risks of an investment in the Member Interests and have the capacity to protect my own interests in investments of this nature. I have made my own examination of the investment, accounting and tax aspects of this transaction and will depend on the advice of my own counsel and accountants. I agree that you have no responsibility with respect to such matters or such advice.

(D) I acknowledge that the Company, its Managers, Representatives or Agents have made no representations or assurances that the capital raised by the Company through this offering will be sufficient for the Company to continue in business indefinitely without the need to raise additional capital which could serve to dilute my future ownership interest in the Company.

(E) I understand that I am purchasing Member Interests in the Company without being furnished any offering literature or prospectus except the Circular and that this transaction has not been scrutinized by the Securities and Exchange Commission or any states securities regulatory department with respect to fairness or adequacy of disclosure because of the small number of persons solicited, the private aspects of the offering and the Company's reliance as issuer of the Member Interests on an exemption from registration under the Securities Act of 1933 as amended (the 33 Act) and comparable exemptions under various state securities laws.

(F) I have carefully reviewed the Circular and relied solely upon it and any independent investigations made by me or my representatives and advisors in making my decision to purchase the Member Interests hereby subscribed for, and I consider myself to have a full understanding and appreciation of the risks described in the Circular.

(G) I acknowledge and represent that I have had a full and complete opportunity to ask all questions and receive answers from representatives of the Company concerning the Company and its proposed business and operations enabling a proper evaluation of the risks and merits of the investment. All questions on matters outside the Circular have been asked by me in writing and have been answered in writing to my full and complete satisfaction.

(H) The Member Interests hereby subscribed for are being acquired by me in good faith for my own personal account, for investment purposes only and not with a view towards or for resale in connection with, any distribution of securities within the meaning of 33 Act. No one else has any beneficial interest or ownership in the member Interests. The undersigned is aware that the rights to transfer the Member Interests are restricted by the 33 Act and applicable states securities laws, under the provisions of the Operating

Agreement of the Company, and the absence of a market for the Member Interests and the undersigned shall not offer for sale, sell or otherwise transfer the member Interests without complying with the provisions of the 33 Act, applicable states securities laws and the provisions of the Operating Agreement of the Company. Further, the undersigned is aware that the Company may require that any investor wishing to transfer Member Interest deliver to the Company and opinion of counsel to the affect that the transfer shall not violate or cause a violation of state or federal securities laws and such investor shall then be responsible for paying counsel's fees for the opinion.

(I) If I am purchasing the Member Interests in a representative or fiduciary capacity, I represent, warrant and individually agree coincidentally with the execution of this Agreement to furnish documentary evidence that I have the full power and authority to purchase investment Member Interests, enter into, be bound by and perform pursuant to this Subscription Agreement on behalf of the subscribing individual, ward, partnership, trust, estate, corporation or other entity for whom I am purchasing Member Interests, and that such individual, ward, partnership, trust, estate, corporation or other entity has full right and power to purchase such Member Interests, enter into, be bound by and perform according to the Subscription Agreement and that either the fiduciary account or the donor who directly or indirectly supplies the funds for the purchase of the Member Interests meets the conditions described in Paragraph 3(b) above.

(J) I certify, under penalties of perjury,

- (i) That the taxpayer identification number shown on the Subscription Agreement signature page is true, correct and complete and
- (ii) That the purchaser of these Member Interest is not subject to backup withholding either because he has not been notified that he is subject

to backup withholding as a result of a failure report all interests and dividends or the Internal Revenue Service has notified him that he is no longer subject to backup withholding.

4. The Company shall have the right to accept or reject the subscription in whole or in part for any reason whatsoever, in its sole and absolute discretion. This subscription is irrevocable after its receipt by the Company and throughout the term of the offering. I understand that, if this subscription is not accepted for any reason, the subscription payment which accompanies this Subscription Agreement will be returned to be promptly, without interest. Other than this right to return of such subscription payment, I agree that I shall have no rights with respect to the Company unless and until my subscription is accepted by the Company either at the initial closing or a subsequent closing.

5. I shall indemnify the Company and hold the Company harmless from and against any and all loss, damage, liability or expense including costs and reasonable attorneys' fees to which they may be put or which they may incur by reason of or in connection with any misrepresentation made by me or any breach of any of my warranties under the Subscription Agreement. This Subscription Agreement and the representations and warranties contained herein shall be binding upon my heirs, executors, administrators, successors and assignors.

6. I understand that the Member Interests being purchased have not been registered under the 33 Act as amended and the Company has made no representations regarding the present or future intent to register these securities under the 33 Act and state securities laws. I further understand that these Member Interests must be held indefinitely unless they are registered under the 33 Act or an exemption from such

registration is available. I represent and warrant that I have received no guarantee, made or applied, that these Member Interests will at any time be registered under the 33 Act or that I will ever be able to sell the Member Interests acquired herein and pursuant to any exemption provision of the 33 Act.

7. I acknowledge that I may not sell, pledge, transfer or sign any of my rights or interests in and under this Subscription Agreement without prior written consent of the Company and any attempted assignment without such consent shall be void and without effect. The restrictions contained in this paragraph will not apply with respect to transfers of Member Interests obtained hereunder pursuant to applicable laws of descent and distribution, where not otherwise prohibited due solely to the investment nature and suitability of the securities transferred or other provisions herein.

8. This Subscription Agreement and all rights hereunder shall be governed by, and construed in accordance with, the laws of the State of Michigan.

IN WITNESS WHEREOF, I have executed this Agreement this ____ day
of _____.

Number of Member Interests Subscribed for _____

Number of Member Interests Owned Prior to
this Subscription _____

Consideration Tendered Herewith _____

Taxpayer ID Number or Social Security Number _____

Signature of Subscriber

(Type of Print Full Name
of Subscriber)

(Spouse's Signature if Member
Interests are to be Owned Jointly
with Spouse)

(Type or Print Full Name
of Spouse)

(Form of Ownership-Sole, Joint
Tenants, or Joint Tenants with
Right of Survivorship)

Mailing Address of Subscriber

Name

Street

Suite or Apt Number, if any

City

State

Zip Code

Home Telephone (Area Code)

Office Telephone (Area Code)

NAME AND ADDRESS OF
PURCHASERS REPRESENTATIVE:

SUBSCRIPTION ACCEPTANCE

The foregoing Subscription is accepted this ____ day of _____.

INN OF INDY, L.L.C.

By: _____

Terry L. Hall, Member

ATTEST: _____

(Print Name)

EXHIBIT E

Plainfield, Indiana – Homewood Suites Site

Inn of Indy, L.L.C.

82 Room Homewood Suites-Plainfield, Indiana

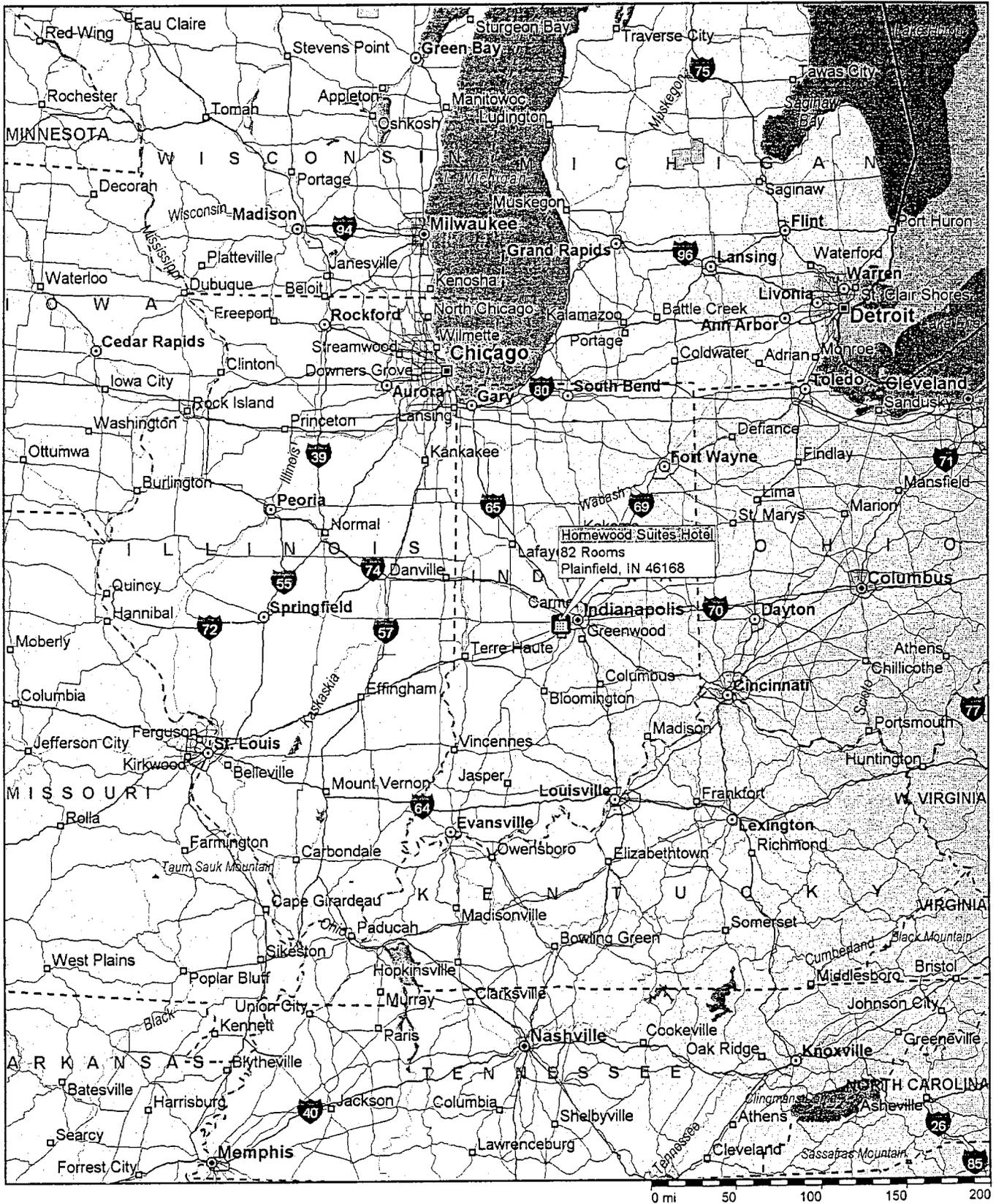


EXHIBIT F

Market Analysis

HOTEL MARKET STUDY

FOR

PLAINFIELD, INDIANA

JUNE, 2002

PREPARED BY:

MICHAEL P. LINDNER

June 8, 2002

Mr. Terry Hall
Hall & Romkema
630 Abbott Road
East Lansing, Michigan 48823

Dear Terry:

In accordance with your request, I have completed the hotel analysis of the Plainfield/Indianapolis market area and the market position for the development and operation of an 82-room Homewood Suites.

As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the competitive position of the lodging industry in the immediate area from that set forth in this report. The conclusions reached are based upon my present knowledge of the competitive area as of the completion of my fieldwork and research in June, 2002. The terms of our engagement are such that I have no obligation to revise this report or the estimated operating results to reflect events or conditions, which occur subsequent to the date of completion. However, I am available to discuss the necessity for revisions in view of changes in the economic or market factors affecting the proposed development.

Since the estimated results are based upon estimates and assumptions, which are subject to uncertainty and variation, I do not include the possible impact of government restrictions or environmental regulations on the project except those set forth in this report.

This study has been specifically designed to address the development of an 82-room Homewood Suites to be located in Plainfield, Indiana.

I would like to thank you for the opportunity to provide assistance in this project. I would be pleased to hear from you if I can be of any further assistance in the interpretation and application of these findings and conclusions.

Sincerely,



Michael P. Lindner
Hotel R&D, Inc

**PLAINFIELD, INDIANA
HOTEL MARKET STUDY**

June, 2002

CONCLUSIONS

Based on the fieldwork and analysis performed for this study, it is determined that the demand for extended stay accommodations in the Plainfield, Indiana market area would support new lodging development. The proposed site offers close proximity to a high volume of commercial demand generators and services that support both long term and transient customers.

The conclusions of this study determine that the Plainfield market could support a new 80 to 100-room hotel that offers upscale lodging within the extended-stay segment.

The Performance Projections below are based on an 82-room extended stay, limited service hotel with a mix of studio rooms and 1 and 2 room suites.

Projected Performance (first full year)

	<u>Low Range</u>	<u>Probable</u>	<u>High</u>
Occupancy:	65.00%	68.00%	73.00%
Average Daily Rate	\$88.00	\$91.00	\$98.00

Occupancy

The Low Range occupancy is based on the proposed hotels' "fair share" of total room demand including extended stay demand in the competitive market area defined as Plainfield and western Indianapolis. The average occupancy level (2001) of the standard hotels in this market area was 64.5%. The extended stay properties (4) achieved a near 80% combined occupancy during the same period. However, when 80-100 rooms are added to both the standard and the extended stay supply, the "fair share" occupancy level decreases to 60% - 65%.

The Probable Range occupancy is based on similar market segment patterns of the existing extended stay properties equal in distance to the airport in Indianapolis. In addition, the proposed hotel is expected to capture an additional share of demand currently utilizing the existing upper end limited service properties located within 1/2 mile of the subject site.

The High Range occupancy projections are based on the potential increase of extended-stay demand in the Plainfield area. This scenario assumes that there is a higher volume of long term demand that is currently "unaccommodated" in the market. Lack of availability

and/or the restrictive cost of existing extended stay lodging forces this demand segment to seek accommodations in other markets or standard properties. This type of "unaccommodated" guest is evident in the Plainfield/Indianapolis market.

Annual occupancy growth is projected at an average of 5% for the first two years of operations and stabilized at 3% annually for year 3-4. This is based on a near 7% growth prediction of extended stay demand plus the 2-3% growth in corporate, leisure and transient (individual) segments.

Average Daily Rate

The Low Range ADR is based on the combined average rate of competitive limited service and extended stay hotels in the defined market of Indianapolis (2001).

The Probable Range ADR is based on the following rate structure, including standard industry discounts. This rate structure is demonstrated in the Projections of Occupancy, Average Rate and Revenue in this report. The projection of ADR for the property's first year of operation is nearly equal to the current (2001) average daily rate of competitive hotels in the Plainfield/Indianapolis Market Area. This sample includes mid-priced and extended stay hotel segments.

The High-end range of the Average Daily Rate is based on current area wide averages plus calculated growth that is consistent with past trends of 4.0% annually.

Rate Structure

Projections of Average Daily Rate for the proposed hotel is based on the following rate structure, excluding special event rates:

	<u>Single</u>	<u>Double</u>	<u>Weekly</u>
Low tier (off-season)	\$79	\$ 99	\$ 560
High tier (peak season)	\$129	\$159	\$ 900

Demand Market Mix

The projections of occupancy and average rate are also based on an annualized demand market mix of:

Extended stay corporate:	65%
Extended stay leisure/group:	15%
Corporate transient:	10%
Leisure/Other transient:	10%

Assumptions and Recommendations

Based upon the research and analysis conducted, this report concludes that the proposed development of an upscale, extended stay hotel to be located near I-70 and County Highway 267 in the community of Plainfield has market support. It is the author's recommendation that the property incorporates no more than 100 sleeping rooms with a preference for the 82 room prototype.

Furthermore, it is recommended that the property be positioned as a commercial hotel that will target extended stay corporate travelers, leisure tourist and a limited volume of transient customers. Room types should offer a majority (60-65%) of studios, followed by 1-bedroom suites (20-25%) and two bedroom units. The existing extended stay hotel in Indianapolis has proven that the customer base of this market is willing to pay more than brand standard rates for slightly better quality accommodations. In general, the visitors to Plainfield and western Indianapolis are pre-conditioned to slightly higher rates and expect somewhat better features compared to other locations within the Indiana market area.

It is also strongly recommended that recreational amenities, such as a swimming pool, be incorporated within the proposed development. This feature allows for further enhancement of room rates as well as occupancy during peak and shoulder visitor seasons when standard demand segments (short-term) are targeted. A meeting room is not a necessary feature for the property.

**PLAINFIELD, INDIANA
HOTEL MARKET STUDY**

Market Description

The proposed site of the subject hotel is in the City of Plainfield, a suburb of Indianapolis, Indiana. Plainfield is approximately 10 minutes from downtown Indianapolis via Interstate 70 and US Highway 40.

Plainfield has a population of 18,400 and is the largest community in Hendricks County. Hendricks County has a population of 104,093 and borders Marion County with its population base of 890,000 people (City of Indianapolis). Hendricks County is one of 9 that define Metropolitan Indianapolis with a total population of 1,607,486.

Hendricks County is home to the Indianapolis Motor Speedway and the Indiana Raceway Park. The Indianapolis International Airport also stretches into Hendricks County up to the boundaries of Plainfield. The rapid expansion of the airport as a passenger and cargo hub has had a significant impact on the economies of Plainfield as well as all of Greater Indianapolis.

Much of Hendricks County is rural and is dissected by three interstates: I-70, I-74 and I-65 as well as three US Highways (36, 40 and 136) and numerous state routes. This combination of vast rural land, easy highway access and a major US airport hub has made Plainfield and the surrounding communities a target for distribution centers, industrial/business parks and residential developments. Its central Indiana and central United States location makes all of Metro Indianapolis a logistics "hot spot" according to *Business Facilities Magazine* in June, 1999. Distances from Hendricks County to other major metro areas include:

<u>Market</u>	<u>Distance in miles</u>
Indianapolis	12
Chicago	189
Columbus	188
Louisville	122
Cincinnati	119
St. Louis	246

Subject Site

The subject site for the proposed hotel is located near the intersection of I-70 and Highway 267 just south of Plainfield. This is a well-established commercial neighborhood that offers a variety of nationally franchised restaurants and hotels as well as several large industrial/business parks.

The site is positioned less than 12 miles west of downtown Indianapolis and is already a destination neighborhood for business travelers and group activity. The restaurants and other support services within walking distance of the site include:

Bob Evans	McDonalds	Wendy's	Steak & Shake	Subway
Cracker Barrel	Burger King	Arby's	Perkins	Golden Corral

Other key businesses and attractions near the subject site include:

<u>Attractions</u>	<u>Miles</u>
Indianapolis Raceway Park	12
Motor Speedway Hall of Fame	12
Conseco Fieldhouse	12
Avon Recreation Center	5
Golf Club of Indiana	5
Chateau Thomas Winery	.3

<u>Businesses</u>	<u>Miles</u>
Cinergy	1.5
John Deere	0.5
Brightpoint	1.0
CCX	0.5
CTX	3.0
Conrail	3.0
Galyans	2.0
Pep Boys (Distribution)	0.5
RXI Plastics	0.5
United Airlines Maintenance	5.0
Hitachi Data Systems	0.2
Primo Banquet Hall	0.1
Indianapolis Int'l Airport	7.0
Eli Lilly	12.0

The strong presence of the "Boomers" is reflected in the 43% increase in household income and 44% increase in the number of homes in the county since 1990. This is often a key factor in determining the feasibility of an extended stay hotel. The demand for temporary housing tends to increase in a strong housing market.

Hendricks County recorded 1,736 single-family building permits in 2000 and a total of 8,309 since 1995. This is the highest number of permits issued outside of Marion and Hamilton (Indianapolis) counties. The five-year average for the counties surrounding Indianapolis is 2,740 units.

EMPLOYMENT PROFILE

The characteristics of an area's work force provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as manufacturing, wholesale trade and services generally produce a high level of visitation including both rate sensitive and upper end demand. The government sector often generates transient room demand at a lower (per diem) rate but on a consistent basis. The Financial, Insurance and Real Estate (F.I.R.E.) and construction sectors, as well as the transportation, communications and public utilities sector are also likely to generate demand but with a less significant volume.

Hendricks County has a diverse employment base lead by the Distribution/Service sector but almost equally balanced by retail, wholesale and the transportation, communication and public utilities sector. Government employment is stronger than metro averages due to the two correctional facilities (adult and juvenile) located near Plainfield.

Area Employment Trends Plainfield – Hendricks County

Sector	1994	1999	Comp. Annual % change
Total Employment	98,800	121,500	5.8%
Construction/Mining	5,400	6,300	4.3%
Manufacturing	21,100	22,200	1.3%
Trans/Comm/Utilities	7,000	11,800	17.3%
Wholesale Trade	5,200	6,000	3.8%
Retail Trade	18,800	20,400	2.3%
F.I.R.E	5,600	6,800	5.3%
Services	29,200	36,500	6.3%
Government	11,000	11,600	1.5%

Source: Indiana Department of Workforce Development

The chart above illustrates the stability and diversity in employment for the Plainfield/Hendricks County market area. Most segments have shown strong annual growth with the service sector experiencing the largest increase.

Major Business and Industries

PSI/Cinergy, the State's largest Electric Utility is headquartered in Plainfield and is the largest employer in Hendricks County. However, even larger employers are located just outside of Hendricks County near the Indianapolis Airport. This companies can have an equally positive impact on the Plainfield lodging supply.

MAJOR EMPLOYERS IN PLAINFIELD AND GREATER INDIANAPOLIS

<u>Firm</u>	<u>Sector</u>	<u>Product/Service</u>	<u>Employees</u>
Cinergy	utilities	electricity	1,000
State Government	government	agencies/correctional facilities	1,000
Galyans Trading Co	wholesale		450
Pep Boys	service	auto parts distribution	110
Caterpillar	service	distribution/warehouse	100
<i>Western Indianapolis</i>			
GM Metal Fab Division	manufacturing	automotive	3,066
Federal Express	service	express mail	3,000
United Parcel Service	service	package delivery	2,700
United Airline	service	aircraft maintenance center	2,250
Brylane, Inc	service	clothing mail order	2,200
ATA	service	airline	2,000
US Airways	service	airline	500

Sources: Greater Indianapolis Chamber of Commerce

RECAP

The major employers of Plainfield and western Indianapolis represent a diverse and healthy economic base. All of these industries can provide significant room demand for the class of hotel being proposed. The growth in employment indicates a strong potential for relocating personnel, training programs and other activities that generate long-term visitations.

The companies listed above are just a few of the firms that employ 100 or more people. These businesses also represent the fastest growing sectors of service, communications and manufacturing.

Lodging Supply

Plainfield has 8 hotels and motels that offer a total of 528 rooms to visitors. These properties are:

<u>Property</u>	<u>Rooms</u>	<u>Opened</u>
Amerihost Inn	60	1993
Dollar Inn	30	1965
Comfort Inn	66	1999
Days Inn	64	1990
Hampton Inn	66	1999
Holiday Inn Express	76	1996
Lees Inn	81	1997
Super 8	72	1997
Total/Average	528	1992

These properties are located near the subject site at I-70 and Highway 267 in a well established commercial neighborhood with restaurants, gas stations and other businesses. All of the hotels and motels are classified as limited service and range from budget to mid-priced at rates ranging from \$30 - \$89 (average annual single rack rate).

Most of the properties include some level of suites and/or offer extended stay rates. However, these accommodations are often marketed as VIP, honeymoon or leisure suites that command higher rates and target specialty markets.

In addition to the competitive hotel supply, there are 3 apartment complexes in the Plainfield area that offer "short-term" accommodations. These facilities market to visitors to area companies and business travelers through "Corporate Housing" and other nationwide apartment rental agencies. Several companies in the area also lease apartments on an ongoing basis.

The apartment market in Plainfield is currently achieving a vacancy rate of 5%-9% according to the Chamber of Commerce. Therefore, the number of units available for "short-term" rentals is limited. Corporate Housing personnel stated availability of units at several complexes but could not guarantee units during the summer months.

The next available lodging to Plainfield is located around the Indianapolis Airport along I-465 between I-70 and Highway 40. Twelve hotels offering 2,200 rooms are located in this district. Properties include full service convention hotels, two full service airport hotels and a variety of limited service economy to mid-priced facilities. The most competitive of these properties to the proposed development are the Residence Inn and Extended Stay America, the 2 extended stay hotels closest to Plainfield. Both are at least 10 miles from Plainfield.

Extended Stay Lodging

According to *The Highland Group* report on Extended Stay Lodging 2001, the greater Indianapolis Market Area has a total of 2,205 extended stay rooms (8.7% of total room supply) including properties scheduled to open this year. The majority of these properties opened within the past 3 years and achieved a combined occupancy of 68% at a \$62.44 Average Daily Rate. The combined performance of all hotels in the Greater Indianapolis Market Area is reported at 61.7% at a \$52 according to the Indianapolis Convention & Visitors Bureau. The 4,500 hotel rooms around the Indianapolis Airport report a 63.1% occupancy at a \$47.94 ADR according to Smith Travel Research (9/01 Historic Trends Report). This lower rate is the result of the number of budget and economy properties located in this vicinity.

PRIMARY COMPETITION

If extended stay demand is the primary focus of the subject site, then the primary competition for the proposed hotel will be several extended stay properties around the airport. In addition, the hotels located in Plainfield will offer a small level of competition if they market their suites as extended stay lodging.

As typical corporate, leisure and transient demand is targeted, the properties in Plainfield become stronger competition. Assuming the proposed hotel will target all segments of demand, this study will review most Plainfield properties as Primary Competition as well as several extended stay hotels closest to the subject site.

Therefore, the Primary competitors of the proposed hotel are:

<u>Property</u>	<u>Total Rooms</u>	<u>Suites</u>
<i>Plainfield</i>		
Amerihost Inn	60	4
Comfort Inn	66	23
Hampton Inn	79	4
Lees Inn	81	4
Days Inn	64	2
Holiday Inn Express	76	8
	<u>426</u>	<u>45</u>

Ten percent of the competitive rooms in Plainfield are suites and 32% of the competitive rooms in the region are extended stay suites. Many of the "suites" in Plainfield have more luxury features such as whirlpools and upgraded furnishings than actual extended stay amenities such as microwaves and extra seating areas. The "suites" in Plainfield are also marketed more as luxury accommodations than temporary housing. Most properties offer an extended stay rate that varies little from the nightly transient rate.

SECONDARY COMPETITION

Secondary competition to the proposed hotel include Plainfield area hotels that target a customer base that would probably not stay at the proposed hotel due to rate, class or other factors. In addition, secondary competition could include the closest hotels to the proposed site that offer similar features (extended stay). In this case, the following properties are considered secondary competition:

<u>Property</u>	<u>Location</u>	<u>Rooms</u>
Super 8	Plainfield	72
Extended Stay America	Airport/Fortune Circle	107
Residence Inn	Airport Expressway	95
Wellesley Suites	Airport Expressway	121
Pickwick Farms North	Airport/Rockville Road	122

OTHER COMPETITION

A third level of competition can be generated by hotel properties that, in this case, offer standard accommodations but are the closest alternatives to the subject site. This includes a cluster of hotels along I-465 and the Airport Expressway. Also, for extended stay hotels, non-traditional lodging such as apartments and bed & breakfast inns can be considered competitive.

The "Other" competition for the subject hotel includes the following sources of lodging:

Airport Area Hotels

Holiday Inn Select	274
Ramada Inn	288
Adam's Mark	407
Baymont Inn & Suites	97
Fairfield Inn	86
Days Inn Airport	238
LaQuinta Inn	122
Hampton Inn Airport	131
Courtyard by Marriott	<u>151</u>
	1,794

Plainfield Area Apartments

Gladden Farms
Mill Run Apartments
Stafford Pointe
Walnut Hills

The apartment complexes listed were provided by *Corporate Housing* as having "short-term" lease arrangements. However, the number of available units vary from month to month.

COMPETITIVE LODGING DESCRIPTIONS

***Note:** The sources of information in this section are: Rates are based on published and/or direct quotes from property staff. Occupancy and Average Daily Rate Information provided by franchise companies, local properties and the Indianapolis Convention & Visitors Bureau.

The projected Occupancy and Average Daily Rates are comprised of a 2-3 year average provided by the listed sources. This is deemed to be a more accurate projection of future levels of performance since current data could be skewed by the sudden and drastic downturn of lodging demand created by the September, 2001 terrorist attacks.

Amerihost Inn - Plainfield

A 60-room, two story hotel built in 1993. The Amerihost provides standard accommodations with quality furnishings. Four suites are also offered. Suites have free-standing Jacuzzi pools and luxury features.

The Amerihost Inn has an indoor pool/whirlpool adjacent to a small lobby area. An expanded continental breakfast with limited hot items is also offered. Free phone calls, in-room safes and an exercise room are also provided.

Prior to the opening of the Hampton and Comfort Inns, the Amerihost boasted an occupancy level between 75% - 80%. Local companies are the primary source of business and the hotel had contracted rooms with the Department of Corrections and several area companies. Hotel staff states a limited number of roomnights from the airport unless major events fill other closer properties.

The hotel reports a current occupancy level of 62% at a \$54 ADR. Occupancy levels have decreased steadily since the 1999 openings of the Comfort and Hampton as well as the 1997 opening of the Holiday Inn Express and Lees Inn.

RATE STRUCTURE

Room/Rate Type	Peak Daily	Off-Season Daily	Peak Ext./Daily	Off-season Ext./Daily
Standard Single	\$ 79	\$ 61	\$61	\$71
Standard Double	79	61		
Corporate Rate	\$ 64	\$ 61		
Suite	\$139	\$119	\$99	\$107

Projected 2002 ADR \$54
Estimated 2001 Occ. 62%

Sources: Company directory for rates and features, company personnel provided performance data.

Comfort Inn - Plainfield

A 66-room, three story hotel built in 1999. The Comfort Inn has 43 standard rooms with two-double beds of kings (10) and 23 suites. Most suites are a "shotgun" design with a split wall between the bed(s) and a sofa-sleeper, seating area and microwave-refrigerator unit. Four rooms have Jacuzzi pools. The property also offers an indoor pool, whirlpool, exercise room and meeting room for 25 people.

In-room amenities include voice mail, iron/boards, coffee makers and hair dryers. Continental breakfast is served in an area adjacent to the lobby.

The Comfort Inn attracts a strong share of highway transient demand and is well supported by 4 other Choice Hotel products in and around the Airport.

RATE STRUCTURE

Room/Rate Type	Peak Daily	Off-Season Daily	Peak Weekly	Off-season Weekly
Standard Single	\$ 80	\$ 65	\$450	\$450
Standard Double	85	70		
Corporate Rate	65	57		
Suite	115	95	\$644	\$525
Projected 2002 ADR	\$58			
Estimated 2001 Occ.	68%			

Days Inn - Plainfield

A 64-room, 2 story hotel built in 1990. The Days Inn has 60 standard rooms with two-double beds or kings and 4 suites. Suites are corner rooms with a sofa-sleeper, dining/game table and microwave-refrigerator unit. One room has a Jacuzzi tub. One suite is marketed as "the work zone" with extra large desk space, recliner and two phones. The property also offers a meeting room for 20 people. No pool or other recreation are available.

The Days Inn is the oldest franchised property in Plainfield and also commands the lowest rates. The property is well maintained but shows its age in décor and furnishings.

RATE STRUCTURE

Room/Rate Type	Peak Daily	Off-Season Daily	Peak Weekly	Off-season Weekly
Standard Single	\$ 65	\$ 55	\$350	\$289
Standard Double	65	55		
Corporate Rate	49	49		
Suite	75	65	\$390	\$325
Projected 2002 ADR	\$49			
Estimated 2001 Occ.	60%			

Hampton Inn - Plainfield

A 79-room, three story hotel built in 1999. The Comfort Inn has 43 standard rooms with two-double beds of kings (10) and 23 suites. Most suites are a "shotgun" design with a split wall between the bed(s) and a sofa-sleeper, seating area and microwave-refrigerator unit. Four rooms have Jacuzzi pools. The property also offers an indoor pool, whirlpool, exercise room and meeting room for 25 people.

In-room amenities include voice mail, iron/boards, coffee makers and hair dryers. Continental breakfast is served in an area adjacent to the lobby.

The Comfort Inn attracts a strong share of highway transient demand and is well supported by 4 other Choice Hotel products in and around the Airport.

RATE STRUCTURE

Room/Rate Type	Peak Daily	Off-Season Daily	Peak Weekly	Off-season Weekly
Standard Single	\$ 80	\$ 65	\$450	\$450
Standard Double	85	70		
Corporate Rate	65	57		
Suite	115	95	\$644	\$525

Projected 2002 ADR \$61
 Estimated 2001 Occ. 69%

Holiday Inn Express - Plainfield

A 76-room, three story hotel built in 1996. The Comfort Inn has 43 standard rooms with two-double beds of kings (10) and 23 suites. Most suites are a "shotgun" design with a split wall between the bed(s) and a sofa-sleeper, seating area and microwave-refrigerator unit. Four rooms have Jacuzzi pools. The property also offers an indoor pool, whirlpool, exercise room and meeting room for 25 people.

In-room amenities include voice mail, iron/boards, coffee makers and hair dryers. Continental breakfast is served in an area adjacent to the lobby.

The Comfort Inn attracts a strong share of highway transient demand and is well supported by 4 other Choice Hotel products in and around the Airport.

RATE STRUCTURE

Room/Rate Type	Peak Daily	Off-Season Daily	Peak Weekly	Off-season Weekly
Standard Single	\$ 80	\$ 65	\$450	\$450
Standard Double	85	70		
Corporate Rate	65	57		
Suite	115	95	\$644	\$525
Projected 2002 ADR	\$72			
Estimated 2001 Occ.	70%			

Lees Inn - Plainfield

An 81-room, three story hotel built in 1997. The Comfort Inn has 43 standard rooms with two-double beds of kings (10) and 23 suites. Most suites are a "shotgun" design with a split wall between the bed(s) and a sofa-sleeper, seating area and microwave-refrigerator unit. Four rooms have Jacuzzi pools. The property also offers an indoor pool, whirlpool, exercise room and meeting room for 25 people.

In-room amenities include voice mail, iron/boards, coffee makers and hair dryers. Continental breakfast is served in an area adjacent to the lobby.

The Comfort Inn attracts a strong share of highway transient demand and is well supported by 4 other Choice Hotel products in and around the Airport.

RATE STRUCTURE

Room/Rate Type	Peak Daily	Off-Season Daily	Peak Weekly	Off-season Weekly
Standard Single	\$ 80	\$ 65	\$450	\$450
Standard Double	85	70		
Corporate Rate	65	57		
Suite	115	95	\$644	\$525

Projected 2002 ADR \$64
Estimated 2000 Occ. 66%

Plainfield Area Competitive Supply

Property	Rooms Opened	Suites	Average		Weekly		Weekly		Rooms Available	Estimated Occupancy	Rooms Sold	Estimated ADR
			Single	Suite	Low per day	High per day						
Primary Competitors												
Amerihost Inn	60	4	\$ 70.00	\$ 129.00	\$ 61.00	\$ 71.00	21900	62.0%	13578	\$ 54.00		
Comfort Inn	66	23	\$ 70.00	\$ 105.00	\$ 64.00	\$ 75.00	24090	72.0%	17345	\$ 58.00		
Hampton Inn	66	4	\$ 74.00	\$ 173.00	\$ 59.00	\$ 82.00	24090	71.0%	17104	\$ 69.00		
Lees Inn	81	4	\$ 79.00	\$ 109.00	\$ 62.00	\$ 80.00	29565	64.0%	18922	\$ 68.00		
Days Inn	64	2	\$ 52.00	\$ 70.00	\$ 35.00	\$ 50.00	23360	64.0%	14950	\$ 48.00		
Holiday Inn Express	76	8	\$ 84.00	\$ 104.00	\$ 59.00	\$ 69.00	27740	73.0%	20250	\$ 74.00		
TOTAL	413	45	\$ 71.50	\$ 115.00	\$ 56.67	\$ 71.17	150745	67.8%	102149	\$ 61.83		

Secondary Competition

Super 8 - Plainfield	72	1997	\$ 54.00	\$ 67.00	\$ 41.00	\$ 48.00	26280	68.0%	17870	\$ 49.00
Extended Stay America	107	1998	\$ 49.00	\$ 51.00	\$ 40.00	\$ 49.00	39055	84.0%	32806	\$ 51.00
Residence Inn	95	1994	\$ 109.00	\$ 109.00	\$ 89.00	\$ 119.00	34675	86.0%	29821	\$ 91.00
Wellesley Suites	121	1998	\$ 79.00	\$ 125.00	\$ 69.00	\$ 79.00	44165	68.0%	30032	\$ 49.00
Pickwick Farms	124	1996	\$ 78.00	\$ 92.00	\$ 58.00	\$ 85.00	45260	90.0%	40734	\$ 67.00
Corporate Housing/Apts	50	1995	\$ 79.00	\$ 99.00	\$ 59.00	\$ 89.00	18250	98.0%	17885	\$ 89.00
TOTAL	569	1996	\$ 74.67	\$ 90.50	\$ 59.33	\$ 78.17	207685	81.4%	169148	\$ 66.00
AREAWIDE TOTAL	982	1996	\$ 73.08	\$ 102.75	\$ 58.00	\$ 74.67	358430	75.7%	271297	\$ 63.92

Occupancy and Average Daily Rate data is provided by property staff, franchise personnel, local officials (room tax analysis) and other individuals interviewed for this report.

DEMAND FOR LODGING

The demand for overnight accommodations in Plainfield are as diverse as the area economy. The most noticeable trend in local hotel operations, based on a recent *Smith Travel Research* report, is the consistency in monthly occupancy levels. While many Midwestern markets experience a surge in summer time occupancies, Plainfield hotels maintain a moderate level that does not fluctuate greatly from February to November.

Monthly Occupancy Trends

Plainfield/Indianapolis average 1997-2001

January	52.5%
February	58.0%
March	67.5%
April	69.2%
May	65.2%
June	69.5%
July	72.0%
August	75.7%
September	67.2%
October	67.8%
November	59.0%
December	44.0%
AVERAGE	64.0%

Based on the overall performance of 12 hotels in the Plainfield/Indianapolis Airport market area.

While the area wide occupancy trends haven't fluctuated much during the past 4-5 years, these percentages have remain consistent even after increases in supply. The number of new rooms to enter the western Indianapolis market since 1998 is 319. This is an average of 3% per year. The area wide occupancy in 1997 was 64.7%. In 2000, the occupancy level was 63.6%. However, this does not indicate stagnation or decline. The actual room nights sold in the Plainfield/Indianapolis airport area in 1997 was 570,496. In 2001, 641,356 roomnights were realized. This is a 12.4% increase in demand while supply increased by nearly the same margin (12.6%).

Area wide average rates follow similar monthly trends as occupancy but have shown more consistent trends of growth. Average rates increased by 12% from 1998 to 2001 with an almost equal 3% increase each year. The area wide average rate, which is estimated to be 22% below average "rack rates" (typical) was \$62.75 compared to \$54.10 in 1997.

Monthly Average Rate Trends
Indianapolis average 1998-2001

January	\$59.47
February	\$63.62
March	\$64.41
April	\$68.82
May	\$67.13
June	\$72.80
July	\$72.47
August	\$73.94
September	\$69.09
October	\$69.24
November	\$62.11
December	\$60.97
AVERAGE	\$67.00

Based on the overall performance of 12 hotels in the Plainfield/Indianapolis market area.

Evaluating these trends provides a better insight as to the type of room demand that exists in a particular area (market segments). While the target markets of the proposed extended stay hotel may not be the same as transient properties, these trends will help forecast potential peaks and valleys in occupancy as well as limitations in room rates.

The consistent nature of monthly occupancies in Plainfield can be the result of a strong commercial/corporate market segment. Business travelers tend to visit an area during weekdays and throughout the year. Strong leisure demand would most likely result in a surge in summer time occupancy levels. Group demand (meetings and conventions) is also a likely source of occupancy since the key convention months of spring and fall show strong occupancy levels.

This section reviews and evaluates the sources of room demand that will most likely be targeted by a new hotel in the subject market area.

Commercial Demand

According to local hotel operators and city officials in Hendricks County, commercial room demand is the highest source of business for local properties. A concentration of corporate offices and regional firms are located throughout the county and traditionally generate significant numbers of visitors.

Any size company can generate extended stay or transient room demand. Usually, larger firms are targeted since greater size tends to result in more activity. Manufacturing, communications and service industry businesses are expected to generate the most long-term commercial demand in Plainfield. Interviews with lodging and apartment operators including Corporate Housing, discovered 15 area companies and organizations that use extended stay facilities on an ongoing basis. Knowing that the apartment market in

Plainfield is tight, these companies would be primary targets for room demand business. Address, phone and contact information is listed later in this section.

- **Cinergy/PSI**— one of the area's largest employers, is a utility company with 3,370 employees in the Plainfield/Indianapolis area. The company brings field employees in for training, sales and operations meetings, client functions and other events. Training sessions are ongoing and can last from 4 days to 3 weeks.

Brightpoint has 750 local employees and is cellular phone distributor. The company has ongoing visits from sales personnel, customers (corporate) and field technicians.

Meritor is a manufacturer of automotive components that employs 120 people in the area. The company brings in sales reps throughout the year for demonstrations and training/management meetings. Clients also visit the area frequently for meetings and demonstrations.

Customized Transportation is a John Deere parts manufacturer in Plainfield. It employs 300 people and experiences business upswings and downturns similar to the automotive and agricultural industries. Field support staff and sales personnel are the most common visitors to the Plainfield plant.

Galyans is a sporting goods distributor with approximately 400 employees. The company brings clients and buyers into Plainfield on an ongoing basis. Sales reps and sales meeting take place every month although not always in the Indianapolis area.

Eby-Brown is a distributor of convenience items to retail stores. The majority of traffic into Plainfield is truck drivers and supplies.

Other key demand generators within 5 miles of the subject site include:

ATA Airline (regional headquarters)	5 miles
CCX Transportation:	½ mile
Conrail	4 miles
Eli Lilly	12 miles
Hendricks County Hospital	7 miles
Pep Boys	0.3 miles
Towne Air Freight	5 miles
United Maintenance Terminal	5 miles

Stated previously, these are just a small sampling of companies that bring long term visitors to the Plainfield/Indianapolis market. The Ameriplex Business Park and numerous others surrounding the expanded Indianapolis Airport have create a strong volume of commercial room demand to the entire west side of the metro area. This report estimates that 70-80% of the proposed hotel's occupancy will be generated by extended stay guests.

Leisure Demand

Although leisure room demand may be a secondary market of the proposed hotel, there will be instances throughout the year when tourists will seek accommodations for 1 or more nights. Indianapolis has a number of annual events and seasonal attractions that fill area hotels throughout the year—but mostly during summer and fall months. The Indianapolis 500 (May) and the Brickyard 400 (August) are the two major events of the region. The Indianapolis Speedway is approximately 20 minutes from the subject site.

Aside from peak summer month activity, many of the regional events and activities extend throughout the year with emphasis on weekends. Among the key tourism events and attractions in the subject area are:

Area Attractions

- Chateau Thomas Wineries (0.3 miles)
- Golf Club of Indiana 5 miles
- Avon Recreation Center 5 miles
- Indianapolis Motor Speedway & Hall of Fame 12 miles
- Indianapolis Zoo , 12 miles
- Consecro Fieldhouse, 12 miles

These attractions lure participants, spectators and other visitors to the entire region each year. Although the proposed hotel may not always compete directly for some of this demand, the market still contributes to the overall strong summer and weekend occupancy in the area.

Area and regional events are also a major source of room demand for the subject market. A listing of events, by month, is provided in the Calendar of Occupancy and ADR projections in this section.

Transient Demand

Highway transient demand is expected to be a minor source of business for the proposed hotel. The location and class of the subject property are not conducive to attracting highway transient demand but its brand affiliation should generate some additional activity. Transient demand for lodging in Plainfield is estimated at around 10–15% for the competitive hotels (secondary) in this study.

Traffic volume counts along I-70 and Highway 267 in Plainfield has a reported range of 17,300 to 19,100 vehicles in 2000.

Group Demand

Group demand for lodging at the subject site would most likely involve "overflow" demand generated by the area conference hotels and other group meeting sites. Many area companies have their own meeting facilities on site and could be targeted for rooms only.

The subject hotel could attract additional group demand if it provides some level of meeting space. While competing with the larger hotel is not recommended, a small meeting room with unique features could appeal to local companies. The high-technology features at many newer chains including computer presentation equipment and telemarketing stations could easily be marketed to businesses located in the immediate area.

Local Hotel Performance Trends

The following section reviews and evaluates the performance trends of the competitive hotels in the subject area. Through this evaluation, the projections of performance for the subject hotel are made.

Table 1: Occupancy and Market Segment of Demand for Competitive Hotels

This table lists the occupancy of the Primary and Secondary competitive hotels and the estimated market segmentation of demand. The purpose of this chart is to determine which properties target the different types of room demand that exist in the area.

Table 2: Projected Growth of Lodging Demand by Market Segment

This table projects the growth of lodging demand for each market segment as determined in this report. Demand growth is then calculated into estimated supply growth to determine a five-year area wide occupancy level.

Table 3: Penetration of Occupancy by Market Segment

Once an areawide occupancy is determined, each property occupancy is compared to the area-wide average to determine which hotels perform best, by market segment. This "penetration" of fair share is then used in projecting the performance of the subject hotel.

Table 4: Projected Performance of Subject Hotel (2 pages)

Occupancy projections of the subject hotel are calculated by listing the "fair share" percentage of demand (subject rooms divided by total room count) and then adding the estimated penetration of the hotel (by market segment). This estimated penetration is determined by averages achieved by other competitive hotels.

Table 1

Occupancy and Market Segments of Demand

Plainfield, Indiana Segmentation of Hotel Demand by Competitive Properties

PRIMARY COMPETITION

Property	Rooms		Corporate		Leisure		Transient		Extended Stay	
	Rooms	Occupancy	Percent	Rooms	Percent	Rooms	Percent	Rooms	Percent	Rooms
Amerihost Inn	60	62.0%	60%	8147	20%	2716	18%	2444	2%	272
Comfort Inn	66	72.0%	50%	8672	25%	4336	20%	3469	5%	867
Hampton Inn	66	71.0%	55%	9407	15%	2566	25%	4276	5%	855
Lees Inn	81	64.0%	55%	10407	15%	2838	20%	3784	10%	1892
Days Inn	64	64.0%	50%	7475	25%	3738	20%	2990	5%	748
Holiday Inn Express	76	73.0%	60%	12150	20%	4050	20%	4050	0%	0
TOTAL	413	67.8%	55%	56259	20%	20243	20.6%	21013	5%	4634

SECONDARY COMPETITION

Super 8 - Plainfield	72	68.0%	50%	8935	15%	2681	30%	5361	5%	894
Extended Stay America	107	84.0%	5%	1640	5%	1640	0%	0	90%	29526
Residence Inn	95	86.0%	15%	4473	5%	1491	0%	0	80%	23856
Wellesley Suites	121	68.0%	25%	7508	10%	3003	5%	1502	60%	18019
Pickwick Farms	124	90.0%	5%	2037	0%	0	0%	0	95%	38697
Corporate Housing/Apts	50	98.0%	5%	894	0%	0	0%	0	95%	16991
TOTAL	569	81.4%	15%	25488	5%	8815	4%	6863	76%	127983
AREA WIDE	982	75.7%	30%	81746	11%	29058	10%	27876	49%	132617

SUMMARY

The hotels in Plainfield offer a variety of "suites" that are mostly marketed as luxury rooms with Jacuzzi baths and upgraded personal care items. Few properties offer true extended stay features including kitchenettes and larger rooms. More importantly, few properties market extended stay rates that are discounted more than 10% off the daily rate.

The strength of the tourism industry in Plainfield creates a deceptive overview of the market segmentation of demand. While the mix of tourism and corporate demand is well balanced, the Plainfield market is very much dominated by individual corporate travelers. The various Business and Industrial Parks and several established manufacturing operations are among the key attractions for corporate travelers.

The extended stay market is relatively untested in Plainfield. Corporate Housing and several similar organizations that provide apartments for "short term" visitors claim a strong extended stay market with a very limited supply of housing.

Table 2 PLAINFIELD LODGING MARKET

ESTIMATED GROWTH OF ROOM DEMAND BY MARKET SEGMENT

	Available Rooms	Competitive Factor	Competitive Rooms	Corporate Demand	Leisure Demand	Transient Demand	Extended Demand	Total Demand
PRIMARY	413	50%	206.5	56259	20243	21013	4634	102149
SECONDARY	569	75%	427	25488	8815	6863	127983	169148
TOTAL	982	64%	633	81746	29058	27876	132617	271297
TOTAL COMPETITIVE				52715	18739	17976	85519	174948

PROJECTED GROWTH BY MARKET SEGMENT								
TOTAL	982		633	52715	18739	17976	85519	174948
Annual Growth				1.03	1.005	1.02	1.05	
			Year 1	54032	18832	18336	89795	180995
			Year 2	55383	18926	18702	94284	187296
			Year 3	56768	19021	19076	98999	193864
			Year 4	58187	19116	19458	103949	200710
			Year 5	59642	19212	19847	109146	207847
								3.5%
								3.5%
								3.5%
								3.5%
								3.6%

SUMMARY

Although only 10% of the rooms in Plainfield are suites, these Primary Competitive properties are given a competitive factor of 50%. This is mostly due to the types of demand captured by Primary competitive properties and its similarities to those of the proposed hotel.

The Secondary Competitive properties actually offer a higher level of competitiveness because of their extended stay market position. However, since these properties are 8-10 miles from the subject site, the level of competition decreases.

Growth in room demand is left stabilized at 3.5% which is lower than the historic trend within the past five years (hotel REVPAR according to Smith Travel Research has grown at a compounded rate of 5.2% in the Plainfield-Airport market). This allows for periods of economic downturn and the high growth expectations of the Plainfield region.

Projected Growth of Lodging Demand by Market Segment

PROJECTED GROWTH OF LODGING SUPPLY AND IMPACT ON AREA WIDE OCCUPANCY

	Competitive		Area wide	
	Rooms	Annual	Demand	Occupancy
Existing	633	231136	174948	75.7%
Year 1	713	260245	180995	69.5%
Year 2	713	260245	187296	72.0%
Year 3	713	260245	193864	74.5%
Year 4	713	260245	200710	77.1%
Year 5	713	260245	207847	79.9%

Subject 80 rooms

This chart illustrates the authors' projection of regional occupancy for competitive hotels based on the growth determined in the previous chart. This assumes no growth in the extended stay supply and non-impact growth of other hotel segments.

Penetration of Market Share
Individual Lodging Performance

PLAINFIELD HOTEL MARKET STUDY

PRIMARY COMPETITION

	OCCUPANCY		Corporate		Leisure		Transient		EXTENDED STAY	
	Rooms	Penetration	Percent	Penetration	Percent	Percent	Penetration	Percent	Percent	Penetration
Amerihost Inn	60	62.0%	60%	199%	20%	187%	18%	175%	2%	4%
Comfort Inn	66	72.0%	50%	166%	25%	233%	20%	195%	5%	10%
Hampton Inn	66	71.0%	55%	183%	15%	140%	25%	243%	5%	10%
Lees Inn	81	64.0%	55%	183%	15%	140%	20%	195%	10%	20%
Days Inn	64	64.0%	50%	166%	25%	233%	20%	195%	5%	10%
Holiday Inn Express	76	73.0%	60%	199%	20%	187%	20%	195%	0%	0%
TOTAL	413	67.8%	55%	183%	20%	185%	21%	200%	5%	9%
Secondary										
Super 8 - Plainfield	72	68.0%	50%	166%	15%	140%	30%	292%	5%	10%
Extended Stay America	107	84.0%	5%	17%	5%	47%	0%	0%	90%	184%
Residence Inn	95	86.0%	15%	50%	5%	47%	0%	0%	80%	164%
Wellesley Suites	121	68.0%	25%	83%	10%	93%	5%	49%	60%	123%
Pickwick Farms	124	90.0%	5%	17%	0%	0%	0%	0%	95%	194%
Corporate Housing/Apts	50	98.0%	5%	17%	0%	0%	0%	0%	95%	194%
TOTAL	569	81.4%	15%	50%	5%	49%	4%	39%	76%	155%
Primary	413	67.8%	55%	183%	20%	185%	21%	200%	5%	9%
Secondary	569	81.4%	15%	50%	5%	49%	4%	39%	76%	155%
AREA WIDE	982	75.7%	30%	100.0%	11%	100%	10%	100%	49%	100%

SUMMARY

The most noticeable item in the chart above is the strong occupancy level of EXTENDED STAY properties within the primary and secondary market radius. This is slightly slanted by the apartment products in the area. However, these facilities need to be included due to their mention by demand generators in the region as a choice of accommodations.

These same properties capture a relatively minor share of corporate demand despite the high presence of this sector near the airport (Secondary) market. This is largely due to the nearly equal demand for extended stay hotels as well as the higher number of individual corporate traveler targeted hotels in the Secondary market.

This could reflect a similar situation in Plainfield between the dominating supply of corporate rooms and the introduction of an extended stay hotel.

The purpose of evaluating competitive penetration of fair share is to determine how the proposed hotel will perform using compared weaknesses and strengths. For example, the proposed hotel could achieve as much as 194% of its fair share (or greater) of extended stay demand because of its unique product. Only Corporate Housing offers similar accommodations, at much higher rates and on a much more limited availability. Yet this organization captures more than 190% of its fair share of extended stay demand.

TABLE 4

Plainfield, Indiana
Hotel Market Analysis

PROJECTED PERFORMANCE OF SUBJECT 82 ROOM HOTEL

Based on AREA WIDE Demand Estimates

Corporate

	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Corporate Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Projected Rooms Sold	Percentage of Occupancy
YEAR 1	713	80	11.2%	54032	6063	100%	6063	30%
YEAR 2	713	80	11.2%	55383	6214	100%	6214	30%
YEAR 3	713	80	11.2%	56768	6369	95%	6051	28%
YEAR 4	713	80	11.2%	58187	6529	90%	5876	27%
YEAR 5	713	80	11.2%	59642	6692	80%	5354	24%
Leisure								
	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Leisure Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Subject Rooms Sold	Percentage of Occupancy
YEAR 1	713	80	11.2%	18832	2113	50%	1057	5%
YEAR 2	713	80	11.2%	18926	2124	50%	1062	5%
YEAR 3	713	80	11.2%	19021	2134	50%	1067	5%
YEAR 4	713	80	11.2%	19116	2145	50%	1072	5%
YEAR 5	713	80	11.2%	19212	2156	50%	1078	5%
Transient								
	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Transient Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Subject Rooms Sold	Percentage of Occupancy
YEAR 1	713	80	11.2%	18336	2057	10%	206	1%
YEAR 2	713	80	11.2%	18702	2098	25%	525	2%
YEAR 3	713	80	11.2%	19076	2140	25%	535	2%
YEAR 4	713	80	11.2%	19458	2183	25%	546	2%
YEAR 5	713	80	11.2%	19847	2227	25%	557	2%
Extended Stay								
	Total Competitive Rooms	Subject Property Rooms	Fair Share Percent	Group Rooms Sold	Subject Hotel Share	Subject Hotel Penetration	Subject Rooms Sold	Percentage of Occupancy
YEAR 1	713	80	11.2%	89795	10075	125%	12594	63%
YEAR 2	713	80	11.2%	94284	10579	125%	13224	63%
YEAR 3	713	80	11.2%	98999	11108	125%	13885	64%
YEAR 4	713	80	11.2%	103949	11663	125%	14579	66%
YEAR 5	713	80	11.2%	109146	12246	125%	15308	69%

TABLE 4

Plainfield, Indiana
Hotel Market Analysis

The key factor in the chart above is the estimated "Penetration" level of demand that the subject property is expected to achieve. This estimation is based on a combination of penetration levels of competitive properties (Table 3) and the author's determination of strengths and weaknesses of the recommended brand within the market place.

The majority of hotels in Plainfield attract a strong share of the corporate demand generated in the market area of Plainfield and Indianapolis Airport when compared to the Primary and Secondary competitive properties. Since the Secondary supply is mostly Extended Stay segmented, it is expected that the Plainfield properties capture more corporate (individual) demand.

The share of extended stay demand that the subject property is expected to capture is approximately 75% of the penetration levels achieved by the key Secondary competitive extended stay properties in Indianapolis. This coincides with the Percentage of Occupancy for mid-priced extended stay hotels.

The penetration level of Corporate Demand is expected to drop slightly each year after Year 2. This is in anticipation of additions to supply of corporate targeted hotels in the Primary and Secondary markets.

Transient demand could increase from year to year as traffic volumes along I-70 continue to grow. While the subject property is not expected to target this demand, its' location is conducive to transient demand as well as higher-than-extended-stay-average leisure demand penetration.

PROJECTED PERFORMANCE OF SUBJECT HOTEL

Rooms Sold and Occupancy

TOTALS		Corporate	Leisure	Transient	Group	Total	Occupancy
Year 1	Fair Share	6063	2113	2057	10075	20308	70%
	Projected	6063	1057	206	12594	19919	68%
Year 2	Fair Share	6214	2124	2098	10579	21015	72%
	Projected	6214	1062	525	13224	21024	72%
Year 3	Fair Share	6369	2134	2098	10579	21181	73%
	Projected	6051	1067	535	13885	21538	74%
Year 4	Fair Share	6529	2145	2183	11663	22520	77%
	Projected	5876	1072	546	14579	22073	76%
Year 5	Fair Share	6692	2156	2227	12246	23321	80%
	Projected	5354	1078	557	15308	22296	76%

These projections compare the subject property's fair share of each demand market segment to the actual projection of market penetration. Penetration rates are based on competitive performance illustrated earlier in this section.

CALENDAR OF OCCUPANCY AND AVERAGE DAILY RATE PROJECTIONS

The following section provides a monthly projection of occupancy and average rate for the proposed hotel. The purpose of this workbook is to project a scenario of monthly performance using data and calculations gathered in this report. It can also be a marketing tool when annual events and special occasions are provided.

While the day-to-day occupancy and rate estimates are deemed to be accurate, daily occupancies should not be considered as actual projections. Instead, the daily occupancies and rates are used to calculate the monthly performance estimates.

The "Area wide occupancy and ADR trends" of the subject market are provided for each month based on Smith Travel Research and/or room tax data. Suggested "rack rates" are also given for each month.

In addition to the listed special events, information is provided regarding the monthly traffic volume at the subject site. The percentage of the Annual average is given similar to market penetration percentages.

January	31
Rooms	82
TOTAL	2542

Projected Occupancy:
Projected ADR:

54.2%
\$ 82.57

Projected Occupancy								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
25.0%	50.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
25.0%	50.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
25.0%	50.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
25.0%	50.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	

Projected Room Nights								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	49.2	49.2	49.2	49.2	
20.5	41	49.2	49.2	49.2	49.2	49.2	49.2	
20.5	41	49.2	49.2	49.2	49.2	49.2	49.2	
20.5	41	49.2	49.2	49.2	49.2	49.2	49.2	
20.5	41	49.2	49.2	49.2	49.2	49.2	49.2	
TOTAL	82	164	196.8	196.8	246	246	246	1377.6

Projected ADR								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
			\$	79.00	\$	89.00	\$	89.00
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00	\$ 89.00	
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00	\$ 89.00	
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00	\$ 89.00	
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00	\$ 89.00	

Projected Revenue								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
\$ -	\$ -	\$ -	\$ -	\$ 3,887	\$ 4,379	\$ 4,379	\$ 4,379	
\$ 1,620	\$ 3,239	\$ 3,887	\$ 3,887	\$ 3,887	\$ 4,379	\$ 4,379	\$ 4,379	
\$ 1,620	\$ 3,239	\$ 3,887	\$ 3,887	\$ 3,887	\$ 4,379	\$ 4,379	\$ 4,379	
\$ 1,620	\$ 3,239	\$ 3,887	\$ 3,887	\$ 3,887	\$ 4,379	\$ 4,379	\$ 4,379	
\$ 1,620	\$ 3,239	\$ 3,887	\$ 3,887	\$ 3,887	\$ 4,379	\$ 4,379	\$ 4,379	
TOTAL	\$ 6,478	\$ 12,956	\$ 15,547	\$ 15,547	\$ 19,434	\$ 21,894	\$ 21,894	\$ 113,750

NOTES: Primary/Secondary Market Occ. 52%
Area wide ADR trend: \$64.78

WEEKDAY Rack Rates: \$62 - \$75
WEEKEND Rack Rates: \$69 - \$89

Special Events and Activities

See Demand Analysis Section for the Market Study for Details

- Pacers Basketball
- Circle City Grand National Rodeo at Conseco Field House
- United MotorCoach Association Convention downtown

February 28
 Rooms 82
 TOTAL 2296

Projected Occupancy:
 Projected ADR:

61.3%
 \$ 82.32

Projected Occupancy								
Sun	Mon	Tues	Wed	Thur	Fri	Sat	TOTAL	
25.0%	60.0%	65.0%	65.0%	65.0%	65.0%	70.0%		
25.0%	60.0%	65.0%	65.0%	65.0%	65.0%	70.0%		
25.0%	70.0%	70.0%	70.0%	70.0%	75.0%	75.0%		
25.0%	60.0%	65.0%	65.0%	65.0%	75.0%	75.0%		

Projected Room Nights								
Sun	Mon	Tues	Wed	Thur	Fri	Sat	TOTAL	
0	0	0	0	0	0	0		
20.5	49.2	53.3	53.3	53.3	53.3	57.4		
20.5	49.2	53.3	53.3	53.3	53.3	57.4		
20.5	57.4	57.4	57.4	57.4	61.5	61.5		
20.5	49.2	53.3	53.3	53.3	61.5	61.5		
TOTAL	82	205	217.3	217.3	217.3	229.6	1406.3	

Projected ADR								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00		
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00		
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00		
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00		

Projected Revenue								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
\$ 1,620	\$ 3,887	\$ 4,211	\$ 4,211	\$ 4,211	\$ 4,744	\$ 5,109		
\$ 1,620	\$ 3,887	\$ 4,211	\$ 4,211	\$ 4,211	\$ 4,744	\$ 5,109		
\$ 1,620	\$ 4,535	\$ 4,535	\$ 4,535	\$ 4,535	\$ 5,474	\$ 5,474		
\$ 1,620	\$ 3,887	\$ 4,211	\$ 4,211	\$ 4,211	\$ 5,474	\$ 5,474		
TOTAL	\$ 6,478	\$ 16,195	\$ 17,167	\$ 17,167	\$ 17,167	\$ 20,434	\$ 21,164	\$ 115,772

NOTES: Area wide occupancy trend: 60%
 Area wide ADR trend: \$64.90

WEEKDAY Rack Rates \$65 - \$75
 WEEKEND Rack Rates: \$69 - \$79

Special Events and Activities

See Demand Analysis Section for the Market Study for Details

- Pacers Basketball
- World of Wheels Car Show
- Women's Big Ten Basketball Tourney

March 31
 Rooms 82
 TOTAL 2542

Projected Occupancy:
 Projected ADR:

69.2%
 \$ 83.01

Projected Occupancy								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
				75.0%	75.0%	80.0%		
25.0%	65.0%	70.0%	70.0%	75.0%	75.0%	80.0%		
25.0%	60.0%	70.0%	70.0%	75.0%	70.0%	80.0%		
25.0%	65.0%	70.0%	70.0%	75.0%	100.0%	100.0%		
25.0%	60.0%	70.0%	70.0%	75.0%	100.0%	100.0%		

Projected Room Nights								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	61.5	61.5	65.6		
20.5	53.3	57.4	57.4	61.5	61.5	65.6		
20.5	49.2	57.4	57.4	61.5	57.4	65.6		
20.5	53.3	57.4	57.4	61.5	82	82		
20.5	49.2	57.4	57.4	61.5	82	82		
TOTAL	82	205	229.6	229.6	307.5	344.4	360.8	1758.9

Projected ADR							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	
			\$	79.00	\$	89.00	\$ 89.00
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00	\$ 89.00
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00	\$ 89.00
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00	\$ 89.00
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00	\$ 89.00

Projected Revenue								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
\$ -	\$ -	\$ -	\$ -	4,859	5,474	5,838		
\$ 1,620	\$ 4,211	\$ 4,535	\$ 4,535	\$ 4,859	\$ 5,474	\$ 5,838		
\$ 1,620	\$ 3,887	\$ 4,535	\$ 4,535	\$ 4,859	\$ 5,109	\$ 5,838		
\$ 1,620	\$ 4,211	\$ 4,535	\$ 4,535	\$ 4,859	\$ 7,298	\$ 7,298		
\$ 1,620	\$ 3,887	\$ 4,535	\$ 4,535	\$ 4,859	\$ 7,298	\$ 7,298		
TOTAL	\$ 6,478	\$ 16,195	\$ 18,138	\$ 18,138	\$ 24,293	\$ 30,652	\$ 32,111	\$ 146,005

NOTES: Area wide occupancy trend: 68%
 Area wide ADR trend: \$65.69

WEEKDAY Rack Rates: \$65 - \$75
 WEEKEND Rack Rates: \$69 - \$79

Special Events and Activities

See Demand Analysis Section for the Market Study for Details

- Pacers Basketball
- High school basketball, wrestling and hockey tournaments
- IHSAA Girls Basketball State Finals
- Men's Big 10 Basketball Tourney

April 30
 Rooms 82
 TOTAL 2460

Projected Occupancy:
 Projected ADR:

69.3%
 \$ 84.57

Projected Occupancy								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
					75.0%	75.0%		
25.0%	60.0%	70.0%	70.0%	70.0%	75.0%	75.0%		
25.0%	60.0%	70.0%	70.0%	70.0%	75.0%	75.0%		
50.0%	65.0%	75.0%	75.0%	75.0%	80.0%	100.0%		
50.0%	65.0%	75.0%	75.0%	75.0%	80.0%	100.0%		
Projected Room Nights								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	0	61.5	61.5		
20.5	49.2	57.4	57.4	57.4	61.5	61.5		
20.5	49.2	57.4	57.4	57.4	61.5	61.5		
41	53.3	61.5	61.5	61.5	65.6	82		
41	53.3	61.5	61.5	61.5	65.6	82		
TOTAL	123	205	237.8	237.8	315.7	348.5	1705.6	
Projected ADR								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
					\$ 89.00	\$ 89.00		
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00		
\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 79.00	\$ 89.00	\$ 89.00		
\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 89.00		
\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 89.00		
Projected Revenue								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,474	\$ 5,474		
\$ 1,620	\$ 3,887	\$ 4,535	\$ 4,535	\$ 4,535	\$ 5,474	\$ 5,474		
\$ 1,620	\$ 3,887	\$ 4,535	\$ 4,535	\$ 4,535	\$ 5,474	\$ 5,474		
\$ 3,239	\$ 4,531	\$ 5,228	\$ 5,228	\$ 5,228	\$ 5,838	\$ 7,298		
\$ 3,239	\$ 4,531	\$ 5,228	\$ 5,228	\$ 5,228	\$ 5,838	\$ 7,298		
TOTAL	\$ 9,717	\$ 16,835	\$ 19,524	\$ 19,524	\$ 19,524	\$ 28,097	\$ 31,017	\$ 144,238
NOTES: Area wide occupancy trend: 68%								
Area wide ADR trend: \$65.43								
WEEKDAY				WEEKEND				
Rack Rates: \$65 - \$75				Rack Rates: \$79				
<u>Special Events and Activities</u>								
See Demand Analysis Section for the Market Study for Details								
Pacers Basketball								
Indiana Horse Fair and Expo								
Spring Convention season begins								

May 31
 Rooms 82
 TOTAL 2542

Projected Occupancy:
 Projected ADR:

73.5%
 \$ 104.75

Projected Occupancy								
Sun	Mon	Tues	Wed	Thur	Fri	Sat	TOTAL	
				70.0%	60.0%	70.0%		
25.0%	50.0%	70.0%	70.0%	70.0%	65.0%	70.0%		
25.0%	50.0%	70.0%	70.0%	70.0%	65.0%	75.0%		
25.0%	60.0%	75.0%	75.0%	100.0%	100.0%	100.0%		
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
Projected Room Nights								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	57.4	49.2	57.4		
20.5	41	57.4	57.4	57.4	53.3	57.4		
20.5	41	57.4	57.4	57.4	53.3	61.5		
20.5	49.2	61.5	61.5	82	82	82		
82	82	82	82	82	82	82		
TOTAL	143.5	213.2	258.3	336.2	319.8	340.3	1869.6	
Projected ADR								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
				\$ 89.00	\$ 79.00	\$ 119.00		
\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 79.00	\$ 79.00	\$ 119.00		
\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 79.00	\$ 85.00	\$ 119.00		
\$ 129.00	\$ 129.00	\$ 129.00	\$ 129.00	\$ 129.00	\$ 129.00	\$ 129.00		
\$ 79.00	\$ 109.00	\$ 109.00	\$ 109.00	\$ 109.00	\$ 119.00	\$ 119.00		
Projected Revenue								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
\$ -	\$ -	\$ -	\$ -	\$ 5,109	\$ 3,887	\$ 6,831		
\$ 1,620	\$ 3,485	\$ 4,879	\$ 4,879	\$ 4,535	\$ 4,211	\$ 6,831		
\$ 1,620	\$ 3,485	\$ 4,879	\$ 4,879	\$ 4,535	\$ 4,531	\$ 7,319		
\$ 2,645	\$ 6,347	\$ 7,934	\$ 7,934	\$ 10,578	\$ 10,578	\$ 10,578		
\$ 6,478	\$ 8,938	\$ 8,938	\$ 8,938	\$ 8,938	\$ 9,758	\$ 9,758		
TOTAL	\$ 12,362	\$ 22,255	\$ 26,630	\$ 33,694	\$ 32,964	\$ 41,316	\$ 195,849	
NOTES: Area wide occupancy trend: 70%								
Area wide ADR trend: \$77.11								
WEEKDAY				WEEKEND				
Rack Rates \$69 - \$79				Rack Rates: \$79 - \$119				
<u>Special Events and Activities</u>								
See Demand Analysis Section for the Market Study for Details								
Indianapolis 500								
Pacers basketball								
AAU State Basketball Tournament, Brownsburg								
Memorial Day Weekend								

July 31
 Rooms 82
 TOTAL 2542

Projected Occupancy:
 Projected ADR:

81.3%
 \$ 100.43

Projected Occupancy								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
				80.0%	100.0%	100.0%		
50.0%	70.0%	80.0%	80.0%	80.0%	100.0%	100.0%		
50.0%	70.0%	80.0%	80.0%	80.0%	100.0%	100.0%		
50.0%	70.0%	80.0%	80.0%	80.0%	100.0%	100.0%		
50.0%	70.0%	80.0%	80.0%	80.0%	100.0%	100.0%		

Projected Room Nights								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	65.6	82	82		
41	57.4	65.6	65.6	65.6	82	82		
41	57.4	65.6	65.6	65.6	82	82		
41	57.4	65.6	65.6	65.6	82	82		
41	57.4	65.6	65.6	65.6	82	82		
TOTAL	164	229.6	262.4	262.4	328	410	2066.4	

Projected ADR							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	
			\$	89.00	\$	109.00	\$ 109.00
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 119.00	\$ 119.00	
\$ 89.00	\$ 89.00	\$ 99.00	\$ 99.00	\$ 99.00	\$ 109.00	\$ 109.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 99.00	\$ 119.00	\$ 119.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 109.00	\$ 109.00	

Projected Revenue							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	
\$ -	\$ -	\$ -	\$ -	5,838	8,938	8,938	
\$ 3,649	\$ 5,109	\$ 5,838	\$ 5,838	\$ 5,838	\$ 9,758	\$ 9,758	
\$ 3,649	\$ 5,109	\$ 6,494	\$ 6,494	\$ 6,494	\$ 8,938	\$ 8,938	
\$ 3,649	\$ 5,109	\$ 5,838	\$ 6,494	\$ 6,494	\$ 9,758	\$ 9,758	
\$ 3,649	\$ 5,109	\$ 5,838	\$ 5,838	\$ 6,494	\$ 8,938	\$ 8,938	
TOTAL	\$ 14,596	\$ 20,434	\$ 24,010	\$ 24,666	\$ 31,160	\$ 46,330	\$ 207,526

NOTES: Area wide occupancy trend: 71%
 Area wide ADR trend: \$71.28

WEEKDAY Rack Rates: \$79 - \$89
 WEEKEND Rack Rates: \$89 - \$109

Special Events and Activities

See Demand Analysis Section for the Market Study for Details

Fourth of July

- Countryside Peddlers Arts in the Park
- Indy Jazz Festival
- Black Expo
- Regional races at IRP
- Hendricks County Fair
- Super Chevy Show IRP

August 31
 Rooms 82
 TOTAL 2542

Projected Occupancy:
 Projected ADR:

82.6%
 \$ 102.44

Projected Occupancy								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
				80.0%	100.0%	100.0%		
50.0%	80.0%	80.0%	80.0%	80.0%	100.0%	100.0%		
50.0%	80.0%	80.0%	80.0%	80.0%	100.0%	100.0%		
50.0%	80.0%	80.0%	80.0%	80.0%	100.0%	100.0%		
50.0%	80.0%	80.0%	80.0%	80.0%	100.0%	100.0%		

Projected Room Nights								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	65.6	82	82		
41	65.6	65.6	65.6	65.6	82	82		
41	65.6	65.6	65.6	65.6	82	82		
41	65.6	65.6	65.6	65.6	82	82		
41	65.6	65.6	65.6	65.6	82	82		
TOTAL	164	262.4	262.4	262.4	328	410	410	2099.2

Projected ADR								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
			\$	99.00	\$	119.00	\$	119.00
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 119.00	\$ 119.00	\$	119.00
\$ 89.00	\$ 99.00	\$ 99.00	\$ 99.00	\$ 99.00	\$ 109.00	\$ 109.00	\$	109.00
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 109.00	\$ 109.00	\$	109.00
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 129.00	\$ 129.00	\$	129.00

Projected Revenue								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
\$ -	\$ -	\$ -	\$ -	6,494	9,758	9,758		
\$ 3,649	\$ 5,838	\$ 5,838	\$ 5,838	6,494	9,758	9,758		
\$ 3,649	\$ 6,494	\$ 6,494	\$ 6,494	6,494	8,938	8,938		
\$ 3,649	\$ 5,838	\$ 5,838	\$ 5,838	6,494	8,938	8,938		
\$ 3,649	\$ 5,838	\$ 5,838	\$ 5,838	6,494	10,578	10,578		
TOTAL	\$ 14,596	\$ 24,010	\$ 24,010	\$ 24,010	\$ 32,472	\$ 47,970	\$ 47,970	\$ 215,037

NOTES: Area wide occupancy trend: 73%
 Area wide ADR trend: \$71.87

WEEKDAY Rack Rates \$79 - \$99
WEEKEND Rack Rates \$89 - \$109

Special Events and Activities

See Demand Analysis Section for the Market Study for Details

- Colfts Football weekend
- Brickyard 400
- Indianapolis State Fair
- NASCAR Truck Series 200
- NASCAR Kroger 200

September 30
 Rooms 82
 TOTAL 2460

Projected Occupancy:
 Projected ADR:

73.7%
 \$ 98.55

Projected Occupancy								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
						75.0%	100.0%	
50.0%	70.0%	75.0%	75.0%	75.0%	75.0%	75.0%	100.0%	
50.0%	70.0%	70.0%	70.0%	70.0%	70.0%	75.0%	100.0%	
50.0%	70.0%	70.0%	70.0%	70.0%	70.0%	75.0%	100.0%	
50.0%	70.0%	70.0%	70.0%	70.0%	70.0%	75.0%	100.0%	

Projected Room Nights								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	0	61.5	82		
41	57.4	61.5	61.5	61.5	61.5	82		
41	57.4	57.4	57.4	57.4	61.5	82		
41	57.4	57.4	57.4	57.4	61.5	82		
41	57.4	57.4	57.4	57.4	61.5	82		
TOTAL	164	229.6	233.7	233.7	307.5	410	1812.2	

Projected ADR							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	
					\$ 119.00	\$ 109.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 109.00	\$ 109.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 109.00	\$ 109.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 109.00	\$ 109.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 109.00	\$ 109.00	

Projected Revenue							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,319	\$ 8,938	
\$ 3,649	\$ 5,109	\$ 5,474	\$ 5,474	\$ 6,089	\$ 6,704	\$ 8,938	
\$ 3,649	\$ 5,109	\$ 5,109	\$ 5,109	\$ 5,683	\$ 6,704	\$ 8,938	
\$ 3,649	\$ 5,109	\$ 5,109	\$ 5,109	\$ 5,683	\$ 6,704	\$ 8,938	
\$ 3,649	\$ 5,109	\$ 5,109	\$ 5,109	\$ 5,683	\$ 6,704	\$ 8,938	
TOTAL	\$ 14,596	\$ 20,434	\$ 20,799	\$ 20,799	\$ 23,136	\$ 34,133	\$ 178,588

NOTES: Area wide occupancy trend: 6700%
 Area wide ADR trend: \$68.21

WEEKDAY Rack Rates \$79 - \$99 WEEKEND Rack Rates \$89 - \$109

Special Events and Activities

See Demand Analysis Section for the Market Study for Details

Colts Football Weekend
 NHRA US Nationals @ Indy Raceway Park
 US Nationals at IRP
 World Basketball Championships

October 31
 Rooms 82
 TOTAL 2542

Projected Occupancy:
 Projected ADR:

71.9%
 \$ 95.66

Projected Occupancy							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	TOTAL
				75.0%	100.0%	100.0%	
50.0%	70.0%	75.0%	75.0%	75.0%	70.0%	100.0%	
50.0%	70.0%	75.0%	75.0%	75.0%	65.0%	70.0%	
50.0%	70.0%	75.0%	75.0%	75.0%	65.0%	70.0%	
50.0%	70.0%	75.0%	75.0%	75.0%	65.0%	70.0%	

Projected Room Nights							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	TOTAL
0	0	0	0	61.5	82	82	
41	57.4	61.5	61.5	61.5	57.4	82	
41	57.4	61.5	61.5	61.5	53.3	57.4	
41	57.4	61.5	61.5	61.5	53.3	57.4	
41	57.4	61.5	61.5	61.5	53.3	57.4	
TOTAL	164	229.6	246	307.5	299.3	336.2	1828.6

Projected ADR							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	TOTAL
			\$	89.00	\$	109.00	\$
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 109.00	\$ 109.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 109.00	\$ 109.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 109.00	\$ 109.00	
\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 89.00	\$ 99.00	\$ 109.00	

Projected Revenue							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 5,474	\$ 8,938	\$ 8,938	
\$ 3,649	\$ 5,109	\$ 5,474	\$ 5,474	\$ 5,474	\$ 6,257	\$ 8,938	
\$ 3,649	\$ 5,109	\$ 5,474	\$ 5,474	\$ 5,474	\$ 5,810	\$ 6,257	
\$ 3,649	\$ 5,109	\$ 5,474	\$ 5,474	\$ 5,474	\$ 5,810	\$ 6,257	
\$ 3,649	\$ 5,109	\$ 5,474	\$ 5,474	\$ 5,474	\$ 5,277	\$ 6,257	
TOTAL	\$ 14,596	\$ 20,434	\$ 21,894	\$ 21,894	\$ 27,368	\$ 32,091	\$ 174,922

NOTES: Area wide occupancy trend: 69%
 Area wide ADR trend: \$68.65

WEEKDAY Rack Rates WEEKEND Rack Rates

Special Events and Activities

See Demand Analysis Section for the Market Study for Details

- Covered Bridge Festival
- Colts Football
- Heartland Apple Fest
- US Grand Prix

November 30
 Rooms 82
 TOTAL 2460

Projected Occupancy:
 Projected ADR:

55.0%
 \$ 87.18

Projected Occupancy								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
					60.0%	60.0%		
25.0%	50.0%	65.0%	65.0%	65.0%	60.0%	60.0%		
25.0%	50.0%	65.0%	65.0%	65.0%	60.0%	60.0%		
25.0%	50.0%	60.0%	60.0%	60.0%	60.0%	60.0%		
25.0%	50.0%	60.0%	60.0%	60.0%	60.0%	60.0%		

Projected Room Nights								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	0	49.2	49.2		
20.5	41	53.3	53.3	53.3	49.2	49.2		
20.5	41	53.3	53.3	53.3	49.2	49.2		
20.5	41	49.2	49.2	49.2	49.2	49.2		
20.5	41	49.2	49.2	49.2	49.2	49.2		
TOTAL	82	164	205	205	205	246	1353	

Projected ADR							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	
					\$ 89.00	\$ 99.00	
\$ 79.00	\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 99.00	
\$ 79.00	\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 99.00	
\$ 79.00	\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 99.00	
\$ 79.00	\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 99.00	

Projected Revenue							
Sun	Mon	Tues	Wed	Thur	Fri	Sat	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,379	\$ 4,871	
\$ 1,620	\$ 3,239	\$ 4,531	\$ 4,531	\$ 4,531	\$ 4,379	\$ 4,871	
\$ 1,620	\$ 3,239	\$ 4,531	\$ 4,531	\$ 4,531	\$ 4,379	\$ 4,871	
\$ 1,620	\$ 3,239	\$ 4,182	\$ 4,182	\$ 4,182	\$ 4,379	\$ 4,871	
\$ 1,620	\$ 3,239	\$ 4,182	\$ 4,182	\$ 4,182	\$ 4,379	\$ 4,871	
TOTAL	\$ 6,478	\$ 12,956	\$ 17,425	\$ 17,425	\$ 17,425	\$ 21,894	\$ 24,354

NOTES: Area wide occupancy trend: 60%
 Area wide ADR trend: \$65.99

WEEKDAY Rack Rates \$69 - \$79 **WEEKEND** Rack Rates \$79 - \$89

Special Events and Activities
 See Demand Analysis Section for the Market Study for Details

WEEKEND **WEEKDAY**

Colts Football
 Pacers Basketball Season begins
 Monster Drags at RCA Dome

December 31
 Rooms 82
 TOTAL 2542

Projected Occupancy:
 Projected ADR:

46.9%
 \$ 85.64

Projected Occupancy								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
				65.0%	60.0%	60.0%		
25.0%	50.0%	65.0%	65.0%	65.0%	60.0%	60.0%		
25.0%	50.0%	60.0%	60.0%	60.0%	60.0%	60.0%		
10.0%	25.0%	25.0%	25.0%	25.0%	25.0%	50.0%		
25.0%	25.0%	35.0%	35.0%	50.0%	50.0%	100.0%		

Projected Room Nights								TOTAL
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
0	0	0	0	53.3	49.2	49.2		
20.5	41	53.3	53.3	53.3	49.2	49.2		
20.5	41	49.2	49.2	49.2	49.2	49.2		
8.2	20.5	20.5	20.5	20.5	20.5	41		
20.5	20.5	28.7	28.7	41	41	82		
TOTAL	69.7	123	151.7	151.7	217.3	209.1	1193.1	

Projected ADR								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
			\$	85.00	\$	89.00	\$	89.00
\$ 79.00	\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 89.00	\$	89.00
\$ 79.00	\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 89.00	\$	89.00
\$ 79.00	\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 89.00	\$	89.00
\$ 79.00	\$ 79.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 89.00	\$ 89.00	\$	89.00

Projected Revenue								
Sun	Mon	Tues	Wed	Thur	Fri	Sat		
\$ -	\$ -	\$ -	\$ -	\$ 4,531	\$ 4,379	\$ 4,379		
\$ 1,620	\$ 3,239	\$ 4,531	\$ 4,531	\$ 4,531	\$ 4,379	\$ 4,379		
\$ 1,620	\$ 3,239	\$ 4,182	\$ 4,182	\$ 4,182	\$ 4,379	\$ 4,379		
\$ 648	\$ 1,620	\$ 1,743	\$ 1,743	\$ 1,743	\$ 1,825	\$ 3,649		
\$ 1,620	\$ 1,620	\$ 2,440	\$ 2,440	\$ 3,485	\$ 3,649	\$ 7,298		
TOTAL	\$ 5,506	\$ 9,717	\$ 12,895	\$ 12,895	\$ 18,471	\$ 18,610	\$ 24,083	\$ 102,176

NOTES: Area wide occupancy trend: 47.5%
 Area wide ADR trend: \$59.54

WEEKDAY Rack Rates \$69 - \$79
 WEEKEND Rack Rates \$79 - \$89

Special Events and Activities

See Demand Analysis Section for the Market Study for Details

WEEKEND

WEEKDAY

Colts Football
 Pacers Basketball
 Holiday banquet season

PLAINFIELD, INDIANA

HOTEL MARKET ANALYSIS

**FINANCIAL ANALYSIS AND PROJECTIONS
82-ROOM HOMEWOOD SUITES**

- I. Summary of Five Year Pro forma
- II. Summary of Revenues
- III. Profit and Loss Summary Page
- IV. Summary of Deductions
- V. General & Administrative and Other expenses
- VI. Sales and Marketing Expenses
- VII. Taxes and Management Fees
- VIII. Repairs and Maintenance Costs

FIVE YEAR PROFORMA SUMMARY

82

of Rooms in Hotel

	Year 1	Year 2	Year 3	Year 4	Year 5
ADR	\$91.00	\$95.55	\$97.94	\$100.39	\$102.90
% increase		5.0%	2.5%	2.5%	2.5%
Occupancy	68.0%	72.0%	74.0%	76.0%	76.0%
Revenues					
Room	\$1,852,068	\$2,059,064	\$2,169,167	\$2,283,488	\$2,340,575
Telephone	\$18,114	\$19,659	\$20,710	\$21,801	\$22,346
Food & Beverage	\$0	\$0	\$0	\$0	\$0
Meeting Room	\$5,200	\$5,330	\$5,463	\$5,600	\$5,740
Vending, Miscellaneous	\$5,699	\$6,185	\$6,515	\$6,859	\$7,030
Total Revenue	\$1,881,081	\$2,090,238	\$2,201,856	\$2,317,748	\$2,375,692
	100.0%	100.0%	100.0%	100.0%	100.0%
Departmental Expenses					
Room	\$262,421	\$260,369	\$269,350	\$278,618	\$285,584
Telephone	\$15,061	\$16,345	\$17,219	\$18,127	\$18,580
Vending, Miscellaneous	\$2,239	\$2,430	\$2,560	\$2,695	\$2,762
TOTAL DEPARTMENTAL EXPENSES	\$279,721	\$279,144	\$289,129	\$299,440	\$306,926
	14.9%	13.4%	13.1%	12.9%	12.9%
Gross Operating Income	\$1,601,360	\$1,811,094	\$1,912,726	\$2,018,308	\$2,068,766
	85.1%	86.6%	86.9%	87.1%	87.1%
Undistributed Operating Expenses (Deductions)					
General & Administrative	\$175,906	\$182,931	\$188,566	\$194,369	\$199,228
Franchise Advertising & Marketing Fee	\$74,083	\$82,363	\$86,767	\$91,340	\$93,623
Franchise Royalty Fee	\$74,083	\$82,363	\$86,767	\$91,340	\$93,623
Franchise Reservation Fee	\$0	\$0	\$0	\$0	\$0
Sales & Marketing	\$93,460	\$94,919	\$96,414	\$97,947	\$99,519
Utilities	\$58,818	\$63,835	\$67,249	\$70,793	\$72,563
Repairs & Maintenance	\$26,285	\$44,903	\$46,026	\$47,176	\$48,356
Total Deductions From Income	\$302,634	\$551,314	\$571,789	\$592,965	\$606,911
	26.7%	26.4%	26.0%	25.6%	25.5%
INCOME BEFORE FIXED CHARGES	\$1,098,726	\$1,259,780	\$1,340,938	\$1,425,343	\$1,461,854
	58.4%	60.3%	60.9%	61.5%	61.5%
Real Estate Taxes	\$13,500	\$75,700	\$77,600	\$78,500	\$80,500
Management Fee	\$94,054	\$104,512	\$110,093	\$115,887	\$118,785
Insurance	\$31,978	\$33,444	\$35,230	\$37,084	\$38,011
Reserve for Replacement	\$0	\$41,805	\$66,056	\$92,710	\$118,785
FF&E Lease	\$0	\$0	\$0	\$0	\$0
Total Fixed Charges	\$139,532	\$255,460	\$288,978	\$324,181	\$356,080
	7.4%	12.2%	13.1%	14.0%	15.0%
NET OPERATING INCOME	\$959,193	\$1,004,320	\$1,051,959	\$1,101,162	\$1,105,774
	51.0%	48.0%	47.8%	47.5%	46.5%

THE FIRST YEAR PROJECTION OF OCCUPANCY AND ADR ASSUME 1 FULL YEAR OF OPERATIONS. THE ABOVE PROFORMA STATEMENT OF CASH FLOW FROM OPERATIONS AND DEBT SERVICE COVERAGE REPRESENTS A COMPILATION OF DATA AND INFORMATION GATHERED FROM HISTORICAL DATA AND INDUSTRY STATISTICS FOR SIMILAR TYPES OF PROPERTIES. THE PREPARER DOES NOT GUARANTEE THE DATA, AND ASSUMES NO LIABILITY FOR ANY ERRORS IN FACT, OMISSIONS, ANALYSIS OR JUDGEMENT. THE DATA IS BASED ON THE BEST JUDGEMENTS OF THE PREPARER AND CLIENT. WE MAKE NO GUARANTEES OR ASSURANCES THAT THE PROJECTIONS WILL BE REALIZED AS STATED.

DEPARTMENTAL EXPENSES

The Departmental Expenses include Rooms, F&B, Telephone, Meeting Rooms and Miscellaneous Expenses. Telephone, Meeting Room, Food & Beverage and Miscellaneous Expenses were listed in the Revenue Schedule section preceding this page.

The following expense analysis is based on the ROOMS and HOUSEKEEPING departments and related expenses.

Total Departmental Expenses, including Telephone, Meeting Room and Miscellaneous equal 15-18% of the Total Gross Revenue compared to 24.9% Industry Average according to the Highland Group Extended Stay Analysis

Complimentary items including Breakfast are included in this section. Other comp items include lobby beverage service, newspapers, in-room supplies.

****All wages are based on the mean wages reported in the Indiana Workforce Development Annual Wage Survey - 2001

		Annual						
Front Office - 24 hour desk			<u>Increase</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Front Desk Supervisor	\$ -		2.5%	-	-	-	-	-
Front Desk Staff	365 Days							
and Reservations	24 Hours per Day							
	8,760							
	\$ 7.50 Rate per Hour		2.5%	7.50	7.69	7.88	8.08	8.28
	65,700			65,700	67,343	69,026	70,752	72,521

Front Desk staffing equals one clerk per 8 hour shift for first and second shift assuming Manager assistance when necessary. Front Desk wages are higher than the mean hourly wage reported by the Indiana Wage Survey of \$6.82.

Night Auditor and Security/front desk	365 Days							
	8 Hours per Day							
	2,920							
	\$ 8.50 Rate per Hour		2.5%	8.50	8.71	8.93	9.15	9.38
	24,820			24,820	25,441	26,077	26,728	27,397

Night auditor wages are equal to the mean hourly wage reported by the Indiana Wage Survey of \$9.00

Subtotal-Wages		90,520	92,783	95,103	97,480	99,917
Taxes & Benefits	15.0%	13,578	13,917	14,265	14,622	14,988
Total Wages & Benefits		104,098	106,700	109,368	112,102	114,905

Miscellaneous

Complimentary Breakfast	\$2.00 per Occupied Room	2.5%	40,705	43,099	44,296	45,494	45,494
Comp items	\$1.50 per Occupied Room	2.5%	30,529	32,324	33,222	34,120	34,120
Printing/material	\$0.12 per Occupied Room	2.5%	2,442	2,651	2,792	2,939	3,013
Office Supplies	\$100 per Month	2.5%	1,200	1,230	1,261	1,292	1,325
Van Lease/Operations	\$1,200 per month	2.5%	14,400	1,230	1,261	1,292	1,325
Travel Agent Commission	0.2% of Room Revenue		3,704	4,118	4,338	4,567	4,681
Total Expenses			21,746	9,229	9,652	10,091	10,343

Total Front Office **125,844 115,929 119,020 122,193 125,248**

Housekeeping

Executive Housekeeper **30,000 2.5% 30,000 30,750 31,519 32,307 33,114**

Laundry Person
 365 Days
 6.00 Hours per Day
 2,190
\$ 7.25 Rate per Hour **2.5%**
 15,878 **7.25 7.43 7.62 7.81 8.00**
15,878 16,274 16,681 17,098 17,526

Housekeepers
 20,352 # of Occupied rooms **20,352 21,550 22,148 22,747 22,747**
 20 Rooms cleaned/Housekeeper day **20 20 20 20 20**
 1,018 # of Housekeeper Days **1,018 1,077 1,107 1,137 1,137**
 6 Hours per Day **6 6 6 6 6**
 6,106 **6,106 6,465 6,644 6,824 6,824**
\$ 7.00 Rate per Hour **2.5%**
7.00 7.18 7.35 7.54 7.73

	42,740		42,740	46,386	48,866	51,441	52,727
Subtotal-Housekeeping Wages			88,618	93,410	97,066	100,846	103,367
Taxes & Benefits	15.0%		13,293	14,011	14,560	15,127	15,505
Total Wages & Benefits			101,910	107,421	111,626	115,973	118,873
<i>Miscellaneous</i>							
INDUSTRY AVERAGE EXPENSES							
Drapery	\$0.00	per month	2.5%	-	-	-	-
Carpet Cleaning	\$10.00	per room	2.5%	1,640	1,681	1,723	1,766
Linen	\$0.18	per occupied rooms	2.5%	3,663	3,976	4,189	4,409
Satellite/Cable	\$350.00	per month	2.5%	4,200	4,305	4,413	4,523
Printed Material	\$0.08	per occupied rooms	2.5%	1,628	1,767	1,862	1,960
Paper Products	\$0.11	per occupied rooms	2.5%	2,239	2,430	2,560	2,695
Soap	\$0.06	per occupied rooms	2.5%	1,221	1,325	1,396	1,470
In-room coffee/supplies	\$0.30	per occupied rooms	2.5%	6,106	6,627	6,981	7,349
Cleaning Supplies	\$0.26	per occupied room	2.5%	5,292	5,743	6,050	6,369
Laundry Supplies	\$0.22	per occupied room	2.5%	4,478	4,859	5,119	5,389
Maintenance	\$150.00	per month	2.5%	1,800	1,845	1,891	1,938
Miscellaneous	\$150.00	per month	2.5%	1,800	1,845	1,891	1,938
Plants & Gst. Bldg. Exp.	\$50.00	per month	2.5%	600	615	630	646
Total Housekeeping				136,577	144,439	150,330	156,425
Total Rooms Department				262,421	260,369	269,350	278,618

Based on an analysis of comparable lodging facilities and information provided by local contacts and the Host Report, administrative and general expenses are estimated at 7-8% of the total revenue.

Administrative and General expenses are made up of managerial and operational expenses that cannot be attributed to a particular department. Most administrative and general expenses are relatively fixed. The exceptions are commissions on credit card charges, which are highly dependent on occupancy, cash overages and shortages and provisions for doubtful accounts, all of which are affected moderately by total revenue.

General Manager salary is based on the Indiana Wages Survey report of an average annual salary of \$46,000 with allowances made to size and limited service scope of property.

Night Auditor salary, often included in the General & Administrative section is located in the Rooms Expense section.

Support staff includes secretarial, accounting or similar positions.

Miscellaneous Expenses are described as:

- Airfare/Lodging: Cost of participating in franchise meetings and other related events (none included)
- Mileage: monthly allow for hotel related travel using \$0.30/mile
- Insurance: Insurance-general comprises the premiums for policies that cover liability, life insurance, and liability insurance that covers third-party actions involving bodily injury and personal property demand.
- Office Expenses: general front office and general manager expenses not covered in Rooms Expense
- Telephone: front office communication expenses
- Credit Card Commission: Standard industry expense that fluctuates with occupancy/revenues
- Licenses: annual license for occupancy, elevator and food service
- Accounting Fees: Assuming Professional accounting or other services

		<i>Annual Increase</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
General Manager	\$45,000	2.5%	45,000	46,125	47,278	48,460	49,672
Support Staff	\$55,000	2.5%	55,000	56,375	57,784	59,229	60,710
Bonus	0.0%		-	-	-	-	-
Subtotal - Wages			100,000	102,500	105,063	107,689	110,381
Taxes & Benefits	17.0%		17,000	17,425	17,861	18,307	18,765
Total Wages & Benefits			117,000	119,925	122,923	125,996	129,146

Miscellaneous Expenses based on Industry Averages

Misc. Benefits	250 per month	2.5%	3,000	3,075	3,152	3,231	3,311
Uniform Cleaning	- per month	2.5%	-	-	-	-	-
Franchise Meetings	- 1	2.5%	-	-	-	-	-
Lodging (3 times per year)	- 1	2.5%	-	-	-	-	-
Mileage	350 per month	2.5%	4,200	4,305	4,413	4,523	4,636
Insurance	750 per month	2.5%	9,000	9,225	9,456	9,692	9,934
Office Expense	0.26 per occupied room	2.5%	5,292	5,743	6,050	6,369	6,528
Telephone Expense	0.31 per occupied room	2.5%	6,309	6,847	7,214	7,594	7,784
Credit Card Commission	1.2% of room revenue		22,225	24,709	26,030	27,402	28,087
Licenses	1,500	2.5%	1,500	1,538	1,576	1,615	1,656
Accounting Fee	350 per month	2.5%	4,200	4,305	4,413	4,523	4,636
Help Wanted Ads	15 per month	2.5%	180	185	189	194	199
Miscellaneous	250 per month	2.5%	3,000	3,075	3,152	3,231	3,311

Total General & Administrative			175,906	182,931	188,566	194,369	199,228
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Total Sales and Marketing expenses are projected at 3.9% of total revenue compared to 4.3% industry average. This Sales and Marketing budget excludes any personnel expenses assuming that the General Manager and Management company is responsible for sales call activity and correspondance. This Sales and Marketing budget enhances the advertising budget with aggressive billboard placement and higher-than average general advertising. Dues include Chamber of Commerce and/or Convention Bureau membership.

Franchise Fees are based on published data on the Villager/Hearthside Affiliation program. This excludes any initial fees, application fees, and other service fees that may be charged by the franchise company.

	<u>Annual</u>		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
	<u>Increase</u>						
Director of Sales	\$ 30,000	2.5%	30,000	30,000	30,000	30,000	30,000
Sales Coordinator	18,000	2.5%	18,000	18,450	18,911	19,384	19,869
Subtotal - Wages			48,000	48,450	48,911	49,384	49,869
Taxes & Benefits	17.0%		8,160	8,237	8,315	8,395	8,478
			56,160	56,687	57,226	57,779	58,346

		<u>Annual</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
		<u>Increase</u>					
<u>Expenses</u>							
Billboards	2400 per month	2.5%	28,800	29,520	30,258	31,014	31,790
Direct Mail	100 per month	2.5%	1,200	1,230	1,261	1,292	1,325
Collateral Material	150 per month	2.5%	1,800	1,845	1,891	1,938	1,987
Other Advertising	250 per month	2.5%	3,000	3,075	3,152	3,231	3,311
CVB/Chamber Dues	2,000	2.5%	2,000	2,050	2,101	2,154	2,208
Uniform (Dry Cleaning)	- per month	2.5%	-	-	-	-	-
Incentive Programs	per month	2.5%	-	-	-	-	-
Gifts	500	2.5%	500	513	525	538	552

Total Sales & Marketing 93,460 94,919 96,414 97,947 99,519

FRANCHISE FEES

Advertising & Marketing Fee	4.00% per room	<u>74,083</u>	<u>82,363</u>	<u>86,767</u>	<u>91,340</u>	<u>93,623</u>
Franchise Royalty Fee	4.0% per room	<u>74,083</u>	<u>82,363</u>	<u>86,767</u>	<u>91,340</u>	<u>93,623</u>

Repairs and Maintenance, also referred to as Property Operations and Maintenance, is another expense that is largely controlled by management. Repairs can be a deferred or accumulating expense and usually depend on the age of the hotel and the practice of preventive maintenance.

The wages for a full and part-time maintenance person is based on the Indiana Wages Survey and local industry averages. The associated Miscellaneous fees are industry standards.

Utilities expenses are based on *The Highland Group 2001 Survey of Extended Stay Lodging*

<u>Salaries & Wages</u>	<u>Increase/Year</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Chief Engineer	2.5%	-	-	-	-	-
Maintenance Workers	2.5%	8.50	8.71	8.93	9.15	9.38
		20,400	20,910	21,433	21,969	22,518
Subtotal - Salaries & Wages		20,400	20,910	21,433	21,969	22,518
Taxes & Benefits		3,468	3,555	3,644	3,735	3,828
Total Salaries & Wages		23,868	24,465	25,076	25,703	26,346

\$ -
2,400 Hours per year
\$ 8.50 Rate per Hour
20,400

17.0%

Expenses based on Industry Averages

Electrical & Plumbing	125 per month	1,500	1,538	1,576	1,615	1,656
HVAC	150 per month	1,800	1,845	1,891	1,938	1,987
Building (Ext.)	100 per month	1,200	1,230	1,261	1,292	1,325
Pool/Spa	4,000	4,000	4,100	4,203	4,308	4,415
Lawn	1,200	1,200	1,230	1,261	1,292	1,325
Parking Lot	1,500	1,500	1,538	1,576	1,615	1,656
Pest Control	10 per month	120	123	126	129	132
Light Bulbs	10 per month	120	123	126	129	132
General Interior	200 per month	2,400	2,460	2,522	2,585	2,649
Miscellaneous/Appliances	250 per month	3,000	3,075	3,152	3,231	3,311
Flag	100	100	103	105	108	110
Trash	250 per month	3,000	3,075	3,152	3,231	3,311
Total Repairs & Maintenance		26,285	44,903	46,026	47,176	48,356

Utilities

Electric, Gas, Water/Sewer 2.89 per occupied room

	58,818	63,835	67,249	70,793	72,563
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	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Property Taxes</u> 1	\$13,500	\$75,700	\$77,600	\$78,500	\$80,500
<u>Insurance</u>	\$31,978	\$33,444	\$35,230	\$37,084	\$38,011
<u>Management Fee</u>	\$94,054	\$104,512	\$110,093	\$115,887	\$118,785
<u>FF&E Lease</u>	\$0	\$0	\$0	\$0	\$0
<u>Reserve for Replacement</u>	\$0	\$41,805	\$66,056	\$92,710	\$118,785

1 Property taxes are based on a mill rate of \$8.193/\$100 of True Value. True value is calculated as 70% of Total Cost multiplied by 1/3. First year includes land only. Annual increases of 2.5% are calculated.

DISCLAIMER

June, 2002

The decisions presented herein were based upon the information available and received at the time this report was compiled. The author has taken every possible precaution to evaluate this information for its completeness, accuracy and reliability. To the best of his knowledge, the author feels the information and decisions presented herein are sound and reliable.

Also, it should be understood that economic and marketplace conditions change constantly. The author of this study assumes no responsibility for information that becomes outdated once this report is written; nor is it responsible for keeping this information current after June, 2002.

It should be understood that the results presented in this report are the professional opinion of the author and are based upon the information available at this time. These opinions infer proper and professional management of the business operation. The opinions also infer that market conditions do not change the information received upon which those opinions have been based. The author of this study assumes no responsibility for changes in the marketplace.

Furthermore, it is presumed that those reading this report completely understand its contents and recommendations. If the reader is unclear of the understanding of the contents, clarification should be received from its writer, Michael P. Lindner.

Lastly, the author assumes that those who receive this study act in accordance with its recommendations. Any deviation from these recommendations is solely the responsibility of those receiving this report.

Further questions concerning this report should be directed to Michael P. Lindner.

Michael P. Lindner
Hotel Research & Development

SYNOPSIS OF EXPERIENCE

Michael P. Lindner
Hotel Research & Development

Involved in the hospitality industry for over 20 years, my experience is diverse including the management of two independent commercial motels and assisting in the marketing and sales programs for several major convention hotels.

The Marriott Corporation's Franchised Hotel program provided experience in the areas of management, marketing and sales. My knowledge of front office operations and specialized sales and marketing techniques has resulted in the development of a unique, understandable research and development process which views projects from the eyes of an operator, not an outside industry specialist. This process is well accepted by lodging operators, investors, lenders and developers.

I have been providing marketing, operation and development assistance to a variety of clients for the past 14 years. Recent assignments have included:

- Conducted over 120 market studies for new hotel and motel development in a variety of major, secondary, and foreign markets for independent developers, lenders and operators.
- Coordinated and implemented a marketing and sales program for several major market, limited service hotel property, as well as for a chain of full service hotels located throughout the Midwest.
- Assisted numerous first-time buyers in acquisition, franchise selection and market repositioning, resulting in a successful turnaround of several distressed properties.
- Co-authored and presented *Hotel Research and Market Analysis Strategies*, an independent study guide and text supplement for the University of Wisconsin-Extension.
- Coordinated and co-presented marketing conferences to independent hotel operators and community economic development departments in cooperation with the University of Wisconsin.