Item 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this Offering Circular, "we," "us," and "VPFS" mean Value Place Franchise Services LLC, the licensor, but do not include the company's officers or members. "You" means the person that buys the license, and, if you are a corporation, partnership, or limited liability company, the Franchise Application and certain provisions of the License Agreement and the Development Agreement will include your principals.

VPFS is a Kansas limited liability company, which was formed on April 8, 2004. VPFS does not currently do business under any other name. Our principal business address is 8621 E. 21st Street North, Suite 250, Wichita, Kansas 67206. VPFS is a wholly owned subsidiary of Value Place LLC ("VP"), a Delaware limited liability company, formed May 14, 2003. VP's principal business address is 8621 E. 21st Street North, Suite 250, Wichita, Kansas 67206. Through its subsidiaries and affiliates, VP is the owner of 17 operational Value Place STRPs and 6 STRPs that are currently under construction. VP does not offer or award franchises of any kind and VP has never offered franchises in any other line of business. Our agents for service of process are listed in **Exhibit B.**

Our Predecessors and Affiliates

We do not have any predecessors.

VPFS has 3 affiliates, Value Place Property Management LLC ("VPPM"), a Kansas limited liability company, formed on December 15, 2003, Value Place Real Estate Services LLC ("VPRES"), a Delaware limited liability company, formed on May 12, 2005 and Value Place Construction Services LLC ("VPCS"), a Kansas limited liability company, formed on February 27, 2006. VPPM, VPRES and VPCS are located in the same offices as VPFS. VPPM, VPRES and VPCS are owned by Jack P. DeBoer and Gregory H. Kossover. Mr. DeBoer and Mr. Kossover are both officers of VPFS, VP, VPRES, VPCS and VPPM.

VPPM provides property management services for hotel and residential properties owned by Mr. DeBoer and Mr. Kossover and for VP. Upon agreement between VPPM and you, VPPM may provide you property management services. VPPM does not offer or award franchise licenses. VPPM has never offered franchises in any other line of business.

VPRES provides real estate services for VP. VPRES may also provide real estate services, including site selection or entitlement services, for Licensees who elect to utilize its services. VPRES does not offer or award franchise licenses. VPRES has never offered franchises in any other line of business.

VPCS provides construction advisory services to VP and to Licensees who elect to utilize its advisory services. If you are a first time Licensee, we require that you use the services of VPCS in the construction of your first STRP and sign a Construction Services Agreement, substantially in the form attached as **Exhibit O.** The exact form of the agreement will depend on several factors, including the scope of services necessary in your area, and the time and effort necessary by VPCS in performing the services. VPCS does not offer or award franchise licenses. VPCS has never offered franchises in any other line of business.

Prior Business Experience

Jack DeBoer has been engaged in the extended-stay hotel business since August 1975, when he founded the Residence Inn all-suite hotel chain. He was Chairman and Chief Executive Officer of the Residence Inn Company until Marriott Corporation acquired Residence Inn in July 1987. In 1987 Mr. DeBoer co-founded Summerfield Hotel Corporation, and served as Co-Chairman of the Board of Directors to December 1993. From November 1995 to June 1997 Mr. DeBoer served as Chairman, CEO and President of Candlewood Hotel Company, Inc. ("CHC"). From 1997 to December 2003, Mr. DeBoer was Chairman and Chief Executive Officer of CHC. Also, from June 1995 to October 2003, he was president of JPD Corporation, one of the owners of CHC.

Our Business and the Licenses We Offer

We offer and award Licenses for the establishment and operation of Short-Term Residential Properties ("STRPs") under the name "Value Place." These STRPs operate under a system developed for the efficient management and operation of lower cost, cleaner, safer, simpler and distinctive STRPs. Our system includes distinctive design, decor, color scheme and furnishings; standards, specifications, programs and procedures for operations; procedures for quality assurance and safety; training and assistance; and advertising, direct sales and promotional programs (the "System").

We offer the option to enter into a Development Agreement in the form attached as **Exhibit L** (the "Development Agreement"). The Development Agreement grants the right and obligation to establish and operate a certain number of STRPs in a specified area (the "Trade Area"), at specific locations within the Trade Area, to be designated and defined through individual License Agreements for each Trade Area. If we enter into a Development Agreement with you, you will establish each STRP pursuant to a Development Schedule set forth in the Development Agreement. As a condition to exercising each development right in your Development Schedule, you must submit an application for approval of a specific site which you either own or have under contract to purchase or lease (the "Site Application"). No later than 30 days after a Site Application is approved, you must submit a signed License Agreement (the "License Agreement") in the form attached as **Exhibit D**. The License Agreement governs the construction and operation of the STRP at the approved location. In certain areas, we may offer individual License Agreements for the establishment and operation of one STRP at a specified location.

The first STRP was opened in October 2003 in Wichita, Kansas. We offered our first franchise in June 2004. VPPM has operated Value Place Wichita North LLC since its opening in October 2003.

Except as noted above, VP and VPFS are not involved in any business activities other than the offering of Value Place Licenses and the operation of STRPs as noted above, and we have not offered franchises for any other type of business.

Value Place STRPs are designed to be an attractive alternative to furnished rental apartments and low-to-medium priced hotels. A Value Place STRP offers customers the value of a furnished studio apartment with kitchen facilities, together with occupancy terms, services and amenities associated with extended-stay hotels, such as easy check-in, one-week stays, bi-weekly housekeeping and linen service.

General Market/Competition

We compete in the markets of locally owned, furnished apartment communities; regional and national corporate and furnished apartments; and low-to-medium-priced hotels. Historically, furnished apartments often have been placed in some units of older apartment complexes in order to rent vacant units, rather than being a core business of the apartment community. The terms offered by apartment communities usually require leases of 6 months to 1 year, first month rent, last month rent, and a security deposit, plus the "hook-up hassle" for utilities. Value Place was developed to take advantage of these shortcomings in the furnished apartment marketplace by constructing a purpose-built community of furnished studio residences while targeting the budget end of the extended-stay hotel market. Extended-stay hotels generally provide a comparable kitchen design, but commonly offer their lowest rates only for stays longer than 30 days. Also, rates at the average extended-stay hotel are typically higher than those offered at Value Place.

The target Value Place residents include:

- Small business owners
- Local, permanent and long-term residents
- Construction workers
- Contract workers
- Installation crews
- Individuals and families in transition
- College students, nurses, teachers and singles
- Military personnel and government contractors
- Families of hospitalized friends or family members
- Employees with temporary work assignments
- Individuals conducting or participating in job training
- Seasonal residents such as retirees, holiday visitors and family visitors
- Extended-stay travelers
- Relocating persons
- People needing temporary housing after disasters

The central focus of Value Place is to provide value to its residents by offering a combination of well-designed accommodations and services at highly competitive rates. Among the value-oriented amenities available at Value Place for either no cost, or low cost, are housekeeping services, on-site laundry facilities, phone service, vending machines supplied with soft drinks and snacks, extended television viewing options and high speed Internet access.

Value Place is designed to offer the most efficient operating system possible. For example, the exterior of the buildings are sided with surfaces such as Hardiplank®, which reduce painting requirements and maintenance. Landscaping is kept to a minimum so that exterior maintenance is reduced. The office and laundry facilities are adjacent to each other so that office staff can efficiently perform multiple functions. Studio cleaning is performed once every 2 weeks (unless otherwise purchased by the resident) and the office is open only during typical business hours. These types of features allow for the use of minimal onsite personnel to operate the STRP, thus reducing overhead.

We have designed Value Place to stand out from the competition. The combined market for apartments and hotels is developed and very competitive, and a Value Place Licensee will have to compete with numerous other apartments, hotels, motels, inns, resorts and lodging facilities offering a wide range of services, formats and studio rates. A Licensee's ability to compete will depend in large part upon the STRP's weekly rate, geographic area, site visibility and location, general economic conditions and the management capabilities of the Licensee.

Regulations

You must comply with a number of federal, state and local laws that apply to the construction and/or operation of an STRP. These laws include those regarding zoning and construction, permitting and licensing, public accommodations, accessibility by persons with disabilities, health and sanitation, employment and taxation. Because an STRP offers extended-stay hotel convenience to its customers as an alternative to the traditional furnished apartment rental, state and local laws governing either hotels or apartments or both could apply to construction or operations. The Value Place STRPs currently operating are licensed as hotels and offer guest occupancy agreements to their temporary residents, rather than residential leases. Residential landlord-tenant laws and regulations, if applicable to occupancy agreements with guests in your STRP's state and locale, could materially affect your rights against, and obligations to guests, including such matters as security deposits and remedies for late departures. You must be aware of these laws and it is your responsibility to comply with all applicable laws. Other laws may be applicable to your business and we urge you to make inquiries about these laws.

Services by Our Affiliates

Employees of VP, VPRES, VPPM and VPCS may be performing services for us and for our Licensees as discussed throughout this Offering Circular. See Item 2.

VPPM provides property management services for the Value Place STRPs owned by subsidiaries of VP. Upon agreement with VPPM, Licensees may also hire VPPM to manage their STRPs, for a fee. However, Licensees will not be required to use VPPM. Unless a third party management company is approved by VPFS and adheres to required covenant and confidentiality documents, properties must be managed by the Licensee, another approved Licensee, or VPPM.

In establishing Value Place properties owned by our affiliates, VP has acted as the developer. In fulfilling its role as developer, VP has selected and acquired sites, retained architects, and managed construction and entitlement processes. Licensees are also offered the ability to hire VPRES for site selection and entitlement of their STRPs, for a fee. However, Licensees will not be required to use VPRES. Unless a third party developer is approved by VPFS, the Licensee, another approved Licensee, or VPRES must act as the developer.

VPCS offers construction advisory services to VP and its affiliates. Licenses are required to use the services of VPCS in the construction of their first STRP. Otherwise, Licensees may, at their option, hire VPCS for construction advisory services.

Item 2
BUSINESS EXPERIENCE

As a limited liability company, management of our business and affairs is vested in VP, as our manager. The executives of VPFS, VP, VPPM, VPRES and VPCS who will have management responsibility regarding the licenses offered by this Offering Circular are described below.

<u>Chairman of VPFS, VP, VPRES, VPCS and VPPM: Jack P. DeBoer</u>

Mr. DeBoer has been Chairman of VP since April 2003. He has been Chairman of VPPM since December 2003. He has been Chairman of VPFS since its inception on April 8, 2004, Chairman of VPRES since its inception on May 12, 2005, and Chairman of VPCS since its inception on February 27, 2006. From April 2003 to October 2004, Mr. DeBoer was CEO of VP. From December 2003 to October 2004, he was CEO of VPPM. From April 2004 to October 2004, he was CEO of VPFS. From June 1997 until December 2003, Mr. DeBoer was Chairman and Chief Executive Officer of Candlewood Hotel Company, Inc. ("CHC"). From November 1995 to June 1997, Mr. DeBoer served as Chairman, CEO and President of CHC. From June 1995 to October 2003, he was president of JPD Corporation, one of the owners of CHC. Since 1994, Mr. DeBoer has also been the Chairman of Consolidated Holdings, Inc. In 1987 Mr. DeBoer co-founded Summerfield Hotel Corporation, and he served as co-chairman of the Board of Directors until December 1993. Mr. DeBoer has been engaged in the extended-stay hotel business since August 1975, when he founded the Residence Inn all-suite hotel chain. He was chairman and chief executive officer of the Residence Inn Company until Marriott Corporation acquired Residence Inn in July 1987. The location of each position of employment of Mr. DeBoer is Wichita, Kansas.

<u>Chief Executive Officer of VPPM, Chief Executive Officer of VP, VPRES, VPCS and VPFS: Gregory H. Kossover</u>

A Certified Public Accountant, Mr. Kossover has been CEO of VP, VPFS and VPPM since October 2004. He has been CEO of VPRES since its inception on May 12, 2005, and of VPCS since its inception on February 27, 2006. Mr. Kossover served as President of VPPM from December 2003 to January, 2007. From December 2003 to September 2004, he was

Secretary of VPPM as well as CFO and Secretary of VP. From April 2004 to September 2004, he was CFO of VPFS. Mr. Kossover has served as President and Chief Financial Officer for Jack DeBoer and companies owned by Mr. DeBoer, including Consolidated Holdings, Inc., since 1994. The location of each position of employment of Mr. Kossover is Wichita, Kansas.

President of VPFS, Gina-Lynne Scharoun

Gina-Lynne Scharoun became President of VPFS at inception of the Company in April 2004. From August 2002 to April 2004, Ms. Scharoun, having earned the College of Financial Planning's Designation of Accredited Asset Management Specialist, worked at A.G. Edwards and Sons, Inc. in Tulsa, Oklahoma, as a financial consultant. From November 2001 to August 2002, Ms. Scharoun took a leave of absence in order to be home until her daughter started school. Before that, Ms. Scharoun served as Vice President of Franchise Services for CHC from May 1999 to November 2001. From August 1997 to April 1999, she held the position of Vice President of Franchise Development for CHC. From January 1996 until May 1996, Ms. Scharoun held various positions in CHC's Corporate and Franchise Development Departments. Unless otherwise indicated above in this paragraph, the location of each position of employment of Ms. Scharoun is Wichita, Kansas.

President of VP, David Redfern

Mr. Redfern became President of VP in February 2004, after joining the VP team in January 2004. He formerly served as Vice President of Sales and Marketing for CHC from June 1995 to June 2003, where he was responsible for hotel revenues, local and national sales, sales management of 140 sales representatives, revenue channels, brand marketing, site feasibility, and sales training. Before working for CHC, Mr. Redfern was National Sales Director for the Summerfield Suites hotel chain, where he began in 1990, as the first Summerfield Suites hotels were launched, Mr. Redfern was Sales Manager for the La Jolla, California, Residence Inn by Marriott from 1988 to 1990. The location of each position of employment of Mr. Redfern is Wichita, Kansas.

Chief Financial Officer and Secretary of VP, VPFS and VPPM, Chief Financial Officer of VPRES and VPCS, C. Randy Shaffer

Mr. Shaffer became CFO and Secretary of VP, VPFS and VPPM September 2004. He has been CFO of VPRES since its inception in May 2005, and of VPCS since its inception in February 2006. From July 2000 until joining VP, VPFS and VPPM, he owned RS Consulting, a consulting practice in which he performed coaching, marketing, financial and operational consulting services for small to medium sized companies on a nationwide basis. VP was one of his clients and so he comes to the Company with significant knowledge of the business model of VP. The location of each position of employment of Mr. Shaffer is Wichita, Kansas.

Senior Vice President of Brand Strategy of VPFS, Charles Bruce

Charles Bruce became Senior Vice President of Brand Strategy in September 2006. From October 2005 to September 2006, Mr. Bruce was President of Bruce Management Services in Nashville, Tennessee. He served as Senior Vice President of Marketing for Captain D's Seafood Restaurants, LLC, in Nashville, Tennessee from January 2002 to October 2005.

Senior Vice President of Franchise Development of VPFS, Denny W. Wright

Mr. Wright became Senior Vice President of Franchise Development of VPFS in March 2007. Before that, Mr. Wright was Vice President of Franchise Development between April, 2006 and February 2007, and before that he was the Director of Franchise Development for VPFS, between March 2006 and April 2006. The location of each position of employment of Mr. Wright with VPFS is Wichita, Kansas. From January 1986 to April 2006, Mr. Wright owned D. Patrick Associates, LLC, a company specializing in general business development for various franchisees and franchisors, located in Lawrence, Kansas.

Senior Vice President of Quality Assurance, Safety and Brand Standards of VPFS, Cynthia G. Kelley

Ms. Kelley became the Senior Vice President of Quality Assurance, Safety and Brand Standards of VPFS in January 2007. Before that, she served as Senior Vice President of Franchise Services and Operations between November 2005 and January 2007, and before that, as Vice President of Franchise Services and Operations between August 2005 and November 2005. From April 2004 to August 2005, she served as Chief Operating Officer of QA Services. From July 1997 to April 2004, Ms. Kelley served as Director of Brand Services for CHC. The location of each position of employment of Ms. Kelley is Wichita, Kansas.

Vice President of Quality and Safety of VPFS, Victor Hernandez

Mr. Hernandez began his employment as the Vice President of Quality and Safety for VPFS in June 2006. He previously served as Quality Assurance Director for the Crown Plaza San Antonio Airport, in San Antonio, Texas, from November 2005 to May 2006. Before his employment with Crown Plaza, Mr. Hernandez was the Quality Assurance Manager for CHC in Wichita, Kansas from February 2000 to April 2004.

Vice President of Brand Communications of VPFS, Richard Rierson

Mr. Rierson became Vice President of Brand Communication for VPFS, in Wichita, Kansas, in August 2006. From July 2005 to August 2006 he served as Director of Development Services for VPRES in Wichita, Kansas. From October 2001 to July 2005, Mr. Rierson served as Director of International Operations and Director of New Product Development with The Hayes Company, Inc. in Wichita, Kansas.

Director of Training of VPFS, India Knolla

Ms. Knolla became Director of Training for VPFS in Wichita, Kansas in June, 2006. From September 2004 to May 2006, Ms. Knolla served as Senior Manager of Training and Development as well as Quality for Client Logic Corporation in Port Arthur, Texas. From July 1994 to August 2004 she served in training and development capacity for MCI Worldcom in Wichita, Kansas.

Director of Franchise Development of VPFS, Gina K. McKee

Ms. McKee has served as Director of Franchise Development for VPFS since January 2005. From May 2003 to January 2005, she was employed by Marriott Corporation and was responsible for the corporate and business transient sales. From March 2000 to May 2003, she served as the Executive Director for the American Diabetes Association for the state of Kansas and Western Oklahoma. The location of each position of employment of Ms. McKee is Wichita, Kansas.

President of VPPM, Ladd Welch

Mr. Welch was hired as President of VPPM in January, 2007. He works out of Wichita, Kansas. Before taking his current position with VPPM, Mr. Welch was the Vice President of Operations for Corporate Lodging Coalition from October 2004 to December 2006 in Wichita, Kansas. From February 2003 to October 2004 he served as the District Operations Vice President for Shell Oil Lubricants in Houston, Texas and he served as the District Vice President for Spincycle, LLC in Scottsdale, Arizona from September 1997 to February 2003.

Senior Vice President of Construction of VPCS, Patrick V. Lang

Mr. Lang became Senior Vice President of Construction for VPCS in March 2006. From October 2005 until March 2006 Mr. Lang was the Senior Vice President of Construction for VP. Before that, he served as Vice President of Construction for the company since July 2005. From 2002 to 2005, Mr. Lang served as Vice-President – Engineering for Koch Performance Roads, Inc. From 1999 to 2002, Mr. Lang served as Executive Vice-President for CMI Corporation, Inc. The location of each position of employment of Mr. Lang is Wichita, Kansas.

Senior Vice President of Brand Performance of VPRES, Andrew Chaney

Mr. Chaney became Senior Vice President of Brand Performance for VPRES in October 2005, after serving as Vice President of Brand Performance since March 2005. From July 2003 to March 2005, Mr. Chaney served as Vice President of Operations for VP. From December 2001 to July 2003, Mr. Chaney served as Vice President of Development for Consolidated Residential. From April 1996 to November 2001, Mr. Chaney served as Director of Real Estate for CHC. The location of each position of employment of Mr. Chaney is Wichita, Kansas.

Senior Vice President of Development Services of VPRES, Douglas G. Rupe

Mr. Rupe became Senior Vice President of Development Services for VPRES in March 2006, and served as Senior Vice President of Development Services for VP from October 2005 to March 2006, after serving as Vice President of Development Services since March of 2003. From March 2000 to September 2002, Mr. Rupe served in Business Development for Hutton Construction Corporation. The location of each position of employment of Mr. Rupe is Wichita, Kansas.

Vice President of Real Estate of VPRES, Phillip C. White

Mr. White became Senior Vice President of Real Estate for VPRES in March 2006. He served as Senior Vice President of Real Estate for VP from October 2005 to March 2006, after serving as Vice President of Real Estate for VP since March 2005. From January 2003 to March 2005, he served as Director of Real Estate for ALLTEL Corp. in Little Rock, Arkansas. From September 1998 to January 2003, he served as Real Estate Manager for ConocoPhillips in Charlotte, North Carolina. Unless otherwise indicated above in this paragraph, the location of each position of employment of Mr. White is Wichita, Kansas.

Senior Vice President, Capital Development of VP, Jeffrey T. Ronen

Mr. Ronen became Senior Vice President, Capital Development for VP in October 2005. From October 2003 until October 2005, Mr. Ronen served as Managing Director, Commercial Lending for The Citizens State Bank. From March 2001 until September 2005, Mr. Ronen served as owner of Ronen Enterprises, Inc. as a franchisee of Subway. From December 1998 until March 2001, Mr. Ronen served as President of Central Bank & Trust Co. The location of each position of employment of Mr. Ronen is Wichita, Kansas.

Senior Vice President of Human Resources of VPPM, C. Roger Bolton

Mr. Bolton was hired as Senior Vice President of Human Resources for VPPM, in Wichita, Kansas, in January 2007. Before joining VPPM, Mr. Bolton was the Director of Outsource Benefit Administration for Harrington Benefits, Inc., d/b/a Fiserv Health, in Wichita, Kansas, from November 1998 to January 2007.

Vice President of Operations of VPPM, Thomas T. Tribbett

Mr. Tribbett began his employment with VPPM in May, 2006. From February 2005 to December 2005 Mr. Tribbett was the Vice President of Operations for Lee's Inns of America in Indianapolis, Indiana. From May 2004 to January 2005, in

Shipshewana, Indiana, he served as the Executive Director for the LaGrange County Convention and Visitors Bureau. From May 2000 to May 2004, Mr. Tribbett was a Regional Manager for Extended Stay America Hotels in Detroit, Michigan.

Independent Agent for VPFS, Director of Franchise Development: Linda Figgins

Ms. Figgins became affiliated with VPFS as an independent agent in July 2004. From March 2002 to July 2004, Ms. Figgins was employed by Oneok Energy Marketing Company in Oklahoma City, Oklahoma as a Gas Retail Marketing Representative. Before her position with Oneok, Ms. Figgins was a Franchise Sales Representative for CHC from April 1997 through August 2001. The location of each position of employment of Ms. Figgins is San Diego, California.

Independent Agent for VPFS, Director of Franchise Development: Jack Bertoglio

Mr. Bertoglio became affiliated with VPFS in May 2004, as an independent contractor focusing on franchise sales. Mr. Bertoglio has been President of Crown Holding Corporation from January 2001. In that role, he serves as a consultant in the areas of real estate development and financing. The location of each position of employment of Mr. Bertoglio is Ponte Vedra, Florida.

Item 3

LITIGATION

No litigation is required to be disclosed in this Offering Circular regarding Value Place or any of its affiliates.

Item 4

BANKRUPTCY

No person previously identified in Items 1 or 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

Item 5

INITIAL LICENSE FEE

We offer a License Agreement to establish 1 STRP. We also offer a Development Agreement for the establishment of multiple STRPs under a designated development schedule.

You must pay a License Fee of $48,400 at the time your License Agreement is executed. We use the License Fee to cover the costs of establishing your franchise. This fee must be paid in full to us when you submit your executed License Agreement. The typical Value Place prototype includes 121 studios. If we approve you to develop an STRP with more than 121 studios you will be required to pay an additional $400 per additional studio upon approval by VPFS. We don't charge any fee when you submit your first Site Application for your STRP, but if your initial site is not approved, any you submit a Site Application for another site you must pay a non-refundable application fee of $5,000, at the time of submission.

There is no additional fee for entering into a Development Agreement, but you must pay us the non-refundable License Fee for each STRP that you commit to develop under the Development Agreement up front. Upon signing of the Development Agreement you will have to pay the minimum initial License Fee per STRP of $48,400 multiplied by the number of STRPs that you commit to develop. If any of the STRPs that you commit to develop under the Development Agreement will be approved to have more than 121 studios you will be required to pay an additional $400 per additional studio upon approval by VPFS.

You may elect to have our affiliate, VPRES, identify and/or entitle a potential site on your behalf. VPRES charges a fee plus expenses for site selection and site entitlement services. The fee ranges from $15,000 to $90,000, depending on what services are contracted for, and is payable at the time you enter into a land purchase or ground lease agreement. You will also be responsible for payment of VPRES' expenses incurred after entering into the Site Selection Services and/or Site Entitlement Agreement. VP, VPRES, and/or its affiliates routinely have real estate under contract that is suitable for the construction of an STRP. VP, VPRES, and/or its affiliates may be willing to assign their contract rights to that real estate to you. To take an assignment of real estate from VP, VPRES, and/or its affiliates, you must reimburse VP, VPRES, and/or its affiliates for their costs to date and expertise in site selection, entitlement and development, which vary depending on the circumstances. Our identification or assignment of a site for an STRP does not constitute a recommendation, assurance, or endorsement of the success of that site.

In our discretion, we may allow you up to 4 30-day extensions of the construction commencement date. The fee is $5,000 for each extension and is payable when you submit your request for approval of an extension. If we do not grant you the extension, the fee will be refunded to you.

You may also elect to have our affiliate, VPCS, provide your construction advisory services, including assistance to obtain necessary building permits and approvals. If you are a first time Licensee we require you to use VPCS's services for the construction of your first STRP. You will have to enter into a Construction Services Agreement, substantially in the form attached as **Exhibit O**. The fee for the construction advisory services is $35,000, which includes the expenses of VPCS for up to 7 site visits.

Item 6

OTHER FEES

Name of Fee[1]	Amount	Due Date	Remarks
Royalties	5% of calendar month Room Revenues.	Payable on or before the 15th day of the next calendar month	"Room Revenues" shall mean revenues attributable to or payable for the use, occupancy or rental of studios at the STRP, including barter and credit transactions (before commissions and discounts for credit cards), whether or not collected, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of studios, and proceeds for guaranteed no-show revenue which is collected, but excluding sales taxes, studio taxes or other taxes collected by you from customers for transmittal to appropriate taxing authorities.
Marketing, Advertising and Direct Sales Fund	Up to 2.5% of calendar month Room Revenues. Currently, pro rata portion of incurred per marketing project.	Payable on or before the 15th day of the next calendar month	The fee is currently 0% but we have the right to charge Licensees on a project basis for marketing and advertising materials that we prepare. If we charge Licensees on a project basis the costs will be distributed between Licensees pro rata. If we create an advertising fund, we will set the fee initially, but the Strategic-Partner Advisory Counsel ("S-PAC") has the right to adjust it, by a majority vote of its members. S-PAC was formerly known as the International Association of Value Place Owners ("IAVPO"). The Marketing, Advertising and Direct Sales Fund may be used to pay for the costs of developing and preparing advertising and direct sales materials for use within the System. See also Items 8 and 11.
Construction Commencement Extension Fee	$5,000	Payable upon request for extension	At our discretion, we may grant you up to 4 30-day extensions of the construction commencement date for $5,000 each.
Construction Completion Extension Fee	$5,000	Payable before the expiration of the deadline for completing construction of the STRP	At our discretion, we may grant you up to 4 30-day extensions of the completion date for $5,000 each.
S-PAC Dues and Assessments (formerly IAVPO)	Amounts authorized by the membership of S-PAC. Currently, there are no dues, assessments or conference fees.	As specified by S-PAC	All Licensees shall be members of S-PAC which was formerly referred to as the International Association of Value Place Owners. See also Items 11.
Computer Software and Hardware Upgrade and Update Non-Compliance Fee.	$500 per month until required upgrades and updates are installed.	Monthly	We may adopt upgraded and updated computer software and hardware systems standards and you will be obligated to comply with our then current standards. You will have 30 days to comply from date of notification.

Name of Fee[1]	Amount	Due Date	Remarks
Internet Fee	$160 per year per user	The first year's fee is due when the License Agreement is signed. After that, within 30 days of receipt of invoice.	You will obtain access to our intranet site, Value Central, which contains the Operations Manual and other information about our franchise system. You must purchase at least one user license per Licensee ownership group, property management company and/or STRP.
Training	Training Replacement Manager $1,500-$2,500 Required Licensee Conferences $400-$2500 New Licensee Training $450 - $1,000	Upon demand	We will provide the initial New Licensee Training for 1 representative of your ownership group as well as Property Manager training for your initial Property Manager for each STRP at no cost to you, although you must pay for all related travel, lodging and food expenses. You must pay us for training any replacement Property Manager, and for any other required or optional training we may provide for any of your other employees. You must also pay us for attending licensee conferences that you must attend. See also Item 11.
Alternative Approved Vendor Approval	$0 - $500 (which covers our costs for vendor review)	Upon receipt of invoice	You may request that we approve an alternative source for a product or service. You must make a written request for approval, submit whatever information, specifications and samples we request, and reimburse us for our costs of review and testing of the alternative product.
Product or Service Variance Request	$500 or actual cost, if higher	$500 upon variance request, any additional cost upon demand	If you want to replace a product (including building materials) or service that we require you to use with a substitute product or service you must first submit a written request to us. We will then submit the product or service to such testing as we deem appropriate to determine its compatibility. You have to pay us $500 at the time you submit your variance request, but must also reimburse us for any additional cost that we incur in evaluating and testing the alternative product or service.
Quality Assurance/Safety /Non-Compliance Review Fee	$4,000 or the then-current Quality Assurance/Safety /Non-Compliance Review Fee	Within 30 days of receipt of invoice	If you fail quality assurance/safety/non-compliance review or fail to meet brand standards, we will charge you a Quality Assurance/Safety/Non-Compliance Review Fee of $4,000 (or the then-current fee) for each follow-up evaluation. You must also pay the expenses of the representative(s).
Audit Expenses	Costs of audit, including travel, lodging, and fees or wages or personnel of VPFS or third parties required to conduct the audit which we estimate to be between $4,000-$10,000.	Upon demand	Payable if audit shows an under-statement of at least 2% of reported Room Revenues for any calendar month. Also payable if you fail to file required financial reports.
STRP Expansion Fee	Amount equal to the then-current initial License Fee per studio to be added to the STRP	Upon submission of your request for our approval of the expansion	You may not expand the number of studios in the STRP without first receiving our written consent.

Name of Fee[1]	Amount	Due Date	Remarks
Public Offering Fee	Reimbursement of our costs, but not less than $25,000	As incurred	You must pay us a fee of $25,000 or a higher amount that covers our costs and expenses associated with reviewing your proposed public offering, including attorneys' fees. We at our discretion may refund any unused portion of this fee.
Private Offering Fee	Reimbursement of our costs, but not less than $10,000	As incurred	You must pay us a fee of $10,000 or a higher amount that covers our costs and expenses associated with reviewing your proposed private offering, including attorneys' fees. We may at our discretion refund any unused portion of this fee.
Late Charge	1.5% per month or as allowed by law	Upon demand	Payable on overdue amounts owed to us. The late charge begins from the date of the underpayment
Insurance Procurement Fee	Will vary under the circumstances	As incurred	If you do not maintain the required insurance coverage for the STRP, we may obtain the insurance at your cost and expense. You will also be required to pay us a reasonable fee for our expenses in obtaining the insurance.
Property Management Software	$6,500 for 121 rooms	Upon purchase of property management system.	We require you to purchase a computerized or automated property management system from Remco and a reservations system.
Exterior Signage	$100,000 - $150,000	Per terms of vendor	We require you to purchase exterior signage as per current brand standards and local code from Federal Heath Sign Company.
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	Payable if incurred by us in obtaining injunctive or other relief for the enforcement of any term in License Agreement or Development Agreement.
Renewal Fee	One-half of the then current initial License Fee	24 to 36 months before the end of the current term	VPFS requires you to notify it of your intention to renew 24 to 36 months before the end of your current term so that VPFS can properly plan a replacement STRP should you choose to not renew.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us for claims from the construction and operation of the STRP, any occurrence at your STRP, any environmental matters at the STRP site, your breach of any terms of the License Agreement or Development Agreement, or any offering of your securities.
Liquidated Damages	Will vary under the circumstances	Upon termination of the License Agreement if we terminate your License Agreement after your default	Amount due equals the greater of (i) the sum of all royalty fees and marketing and advertising fees for the 36 calendar months of operation at the STRP preceding your default, or if less than 36 full months of operation, for the period of time your STRP has operated projected over a 36 month basis, or (ii) $2,000 per key.
Condemnation	At least 1 year's Royalty Fees and Marketing Fees	As incurred	If your STRP is condemned, you must notify us within 10 days of receipt. We are entitled to Royalty Fees and Marketing Fees while your STRP is open, or for 1 year from the date you notify us of the condemnation, whichever is longer. If your STRP is closed within a year of the date you notify us of the condemnation, you must pay us Royalty Fees and Marketing Fees for the balance of the 1-year period based on the average monthly fees from the trailing 12 months.
Transfer Fee	$10,000 - up to the full License Fee	Before Consummation of Transfer	Payable when you transfer an interest in the Development Agreement or when a controlling interest in you is transferred if the transfer satisfies other conditions specified in the Development Agreement and the License Agreement.[2]

Name of Fee[1]	Amount	Due Date	Remarks
Tax Gross-Up Fee	As incurred	As incurred	If we must pay any state or local sales, use, gross receipts, or similar tax on payments which you make to us under the License Agreement you will have to reimburse us for that cost. It does not matter whether we have to pay the taxes directly, if you have to withhold them, or if you have to collect them from us.

Notes:

[1] Except for payments to (i) S-PAC and to the Marketing, Advertising and Direct Sales Fund, and (ii) taxes that you may be required to pay directly to a government entity or withhold all fees and charges are imposed by and are payable to us. All fees are nonrefundable. At our option, you may be required to make payment of certain fees to us by wire transfer.

[2] No transfer fee is payable if you transfer the interest to us or to an entity formed by you for the convenience of ownership and not involving a change of beneficial ownership if the transfer satisfies the conditions specified in the License Agreement. No transfer fee is payable for transfers to and from estates of a decedent if the transfer satisfies the conditions specified in the License Agreement. Any other transfer may require the filing of a new application and payment of an application fee and initial License Fee. See Item 17.

Item 7

INITIAL INVESTMENT

The following table provides an estimated range of your initial investment for a single Value Place STRP, based on a 121 studio STRP. All amounts are estimates. The range of your initial investment depends on many factors, including the costs of construction in your area. We do not provide financing.

YOUR ESTIMATED INITIAL INVESTMENT

Description	Estimated Range of Initial Investment	Method of Payment	When Due	To Whom Payment is to be Made
Initial License Fee (1)	$48,400 (if more than 121 studios are approved the fee is $400 times the number of studios)	Lump Sum	Upon signing of License Agreement or Development Agreement	VPFS
Optional Real Estate Services (2)	$0- $90,000 fee (plus expenses)	Lump Sum	Upon completion of contracted work	VPRES or VP
Site Assignment (3)	(Note 3)	Lump Sum	Upon signing the Assignment Contract	VPRES or VP
Real Estate (4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
Construction and Optional Construction Consultation (5)	$3,000,000 to $6,000,000	As Arranged	Before Opening	Contractors and VPCS
Furniture, Fixtures, and Equipment. Includes inventory & systems required to begin operation (6)	$305,000 to $375,000	As Arranged	Before Opening	Vendors
Exterior Signage (7)	$100,000 to $150,000	As per vendor terms	Before Opening	Vendor

Description	Estimated Range of Initial Investment	Method of Payment	When Due	To Whom Payment is to be Made
Insurance (8)	$3,000 to $10,000	As per vendor terms	Before Opening	Vendor
Travel and Living Expenses While Training	$1,000 to $2,500	As Incurred	Before Opening	Airlines, Hotels and Restaurants
Sales and Marketing Materials and other Pre-Opening Costs – 3 months	$25,000 to $35,000	As Arranged	Before Opening	Vendors and Employees
Permits, Licenses and Government Fees (9)	$10,000 to $500,000	Lump Sum	Before Opening	Appropriate Government Agencies
Additional Funds – 6 months (10)	$31,300 to $124,800	As Arranged	As incurred	Employees, Suppliers and Utilities
TOTAL ESTIMATED INITIAL INVESTMENT (11)	$3,523,700 to $7,335,700	**(These totals do not include real estate costs)**		

Notes:

1 Initial License Fee. Your initial fee will be $48,400. If you are approved to develop an STRP with more than 121 studios, your initial license fee will be increased by $400 for each additional studio. If your initial site is not approved, you may submit a Site Application for another site after disapproval of the first. You will have to pay a non-refundable application fee of $5,000. There is no separate fee if you sign a Development Agreement, but you will have to pay the Initial License Fee for all STRPs that you commit to develop under the Development Agreement at the time you sign it. If you are approved to develop one or more STRPs with more than 121 studios, you will have to pay $400 per additional studio at the time you sign the License Agreement for that STRP.

2. Optional Real Estate Services. You are not required to use the optional real estate services that are provided by VPRES or VP, but if you do, we estimate that your cost for those services will range from $15,000 to $90,000 for fees. You will also have to reimburse VPRES for expenses incurred by VPRES in the performance of its services.

3. Site Assignment. We cannot estimate the cost of taking an assignment of a site that VP and/or its affiliates has under contract. You will be required to reimburse VP and/or VPRES for their costs and expertise in locating and developing the site, up to the time of the assignment.

4. Real Estate. We do not estimate the cost of real estate because of the wide variation among geographical areas and at different sites. Your land acquisition costs will vary depending upon a multitude of factors including whether the property is purchased or leased, the size and location of the property, and the availability of financing on commercially reasonable terms. Our 121-studio prototype plan requires a minimum of 1.6 acres. Our 121-studio prototype includes 72 furnished studios, 37 furnished studio doubles and 12 furnished studio sleepers.

5. Construction. Building construction costs vary greatly from state-to-state and region-to-region depending upon material, labor costs, and other variables. Construction costs may also vary depending upon soil and environmental conditions, availability of utilities to the site, and the topography of the site. The estimate does not take into account inflation due to natural disasters or other factors, or special local requirements such as earthquake requirements or impact fees. Construction cost includes the energy management system. If you are a first time Licensee we require you to use VPCS's services. Even if you are not a first time Licensee, you may choose to use the optional construction advisory services provided by VPCS. If you choose to use VPCS' services, you will have to pay $14,000 of the fee when your constructions are submitted to the city for approval, and an additional $3,000 per each of the 7 site visits we make. The remainder of the fee will be payable upon the achievement of milestones that are described in the Construction Services Agreement. You will also have to pay for the expenses incurred by VPCS.

6. Furniture, Fixtures and Equipment. Includes studio furnishings, inventory and accessories, interior/directional signage, security equipment, office equipment and computers, property management system software and a telephone system.

7. Exterior Signage. Includes estimate for 1 50-ft tall, 250 sq. ft. face, 2-sided LED pole sign and 3 illuminated building signs. Cost for actual property signage will vary depending upon building location and local codes as well as other factors, including the number of signs utilized, size of the sign(s) and location of the sign(s).

8. Insurance. This number represents 25% of the annual cost of insurance. Your actual insurance cost will vary widely based on many factors, including the location of your STRP (for example, depending on if it is in an area prone to national disaster) and the number of STRPs operated by you. The insurance you must carry is listed on the Intranet and may be amended periodically. Currently, we require you to carry comprehensive or commercial general liability insurance with combined single limits of $1,000,000 per each

occurrence for bodily injury and property damage. If the general liability coverage contains a general aggregate limit, the limit shall be at least $2,000,000, and it shall apply in the aggregate to your STRP only. The insurance should be on an occurrence policy form and shall include premises and operations, independent contractors, blanket contractual, products and completed operations, advertising injury, employees as additional insureds, broad form property damage, personal injury, severability of interests, innkeeper's and safe deposit box liability, and explosion, collapse and underground coverage during any construction. You must also carry business auto liability for combined single limits of bodily injury and property damage of at least $1,000,000 each occurrence. Umbrella excess liability is required in amounts at least $5,000,000 excess of the liability insurance, as is insurance on the STRP (including furniture, fixtures, equipment, boiler, and machinery) against such risks as VPFS may specify, including fire, lightning, vandalism, malicious mischief, flood (if located in a flood hazard zone), earthquake (if available), and all other risks covered by the special extended coverage endorsements, in an amount equal to full replacement value therefor, business interruption covering loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and contributions to the Marketing Fund, for any interruption in your business operations, and fidelity bond coverage on all STRP employees in an amount at least $50,000. You must also have worker's compensation insurance with minimum $500,000 coverage. During the construction of the STRP (and other significant construction at the STRP) you must maintain yourself, or through the general contractor, comprehensive or commercial general liability insurance with combined single limits of $1,000,000 per each occurrence for bodily injury and property damage. If the general liability coverage contains a general aggregate limit, this limit shall be at least $2,000,000, and it shall apply in the aggregate to the STRP only. You must also maintain the same level of worker's compensation insurance as during operations, umbrella excess liability in amounts at least $5,000,000 excess of the liability insurance, builder's risk property insurance of at least the contract price, and business auto liability insurance for combined single limits of bodily injury and property damages of at least $1,000,000.

9. Permits, Licenses and Governmental Fees. The licenses, permits, utility and tap fees you must obtain or pay to operate the STRP vary depending upon the state, county, or other political subdivision in which the STRP is located.

10. Additional Funds. This amount represents an estimate, based on our experience, of the funds needed to cover initial employee wages, fringe benefits, utility deposits, uniforms, recruitment, on-site training expense, and other variable costs (e.g., electricity, telephone, heat, etc.), paper, cleaning, and other supplies. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on various factors, including: how carefully you follow our methods and procedures for operation of the STRP; your management skill, experience, and business acumen; local economic conditions; your location; the local market for STRP accommodations; competition; the prevailing wage rate; and the sales level reached during the initial period.

11. Total Estimated Initial Investment. This total estimated initial investment does not include any real estate costs. You should review these figures carefully with a business advisor before purchasing the license. We do not offer direct or indirect financing to licensees for any items. The estimate does not include any finance charge, interest or debt service obligation. Most of our existing licensees have obtained financing to cover some portion of the initial investment. The percentage of the initial investment varies between different licensees, but it is not unusual that up to 80% of the initial investment is financed. The portion of the initial investment that you will be able to finance, if any, depends on several factors, including your financial strength and the conditions of financing that you are ready to accept.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Neither we, nor any of our affiliates currently obligate you to purchase or lease from us any goods, services, supplies, FF&E, inventory, computer hardware or software to Licensees. We may require you to purchase proprietary software for accounting and reservations systems and may designate third-party approved vendors to supply products or services as we believe appropriate to assure communications compatibility or other benefits for the System.

VPPM, our affiliate, does offer optional property management services. VPPM is a VPFS approved supplier of property management services, and if VPPM provides property management services, those services will be a source of revenue to VPPM.

VPRES our affiliate, does offer optional real estate services. VPRES is a VPFS approved supplier of site selection and entitlement services, and if VPRES provides site selection and/or entitlement services, those services will be a source of revenue to VPRES. VPRES provides these services as a benefit to the licensees of VPFS and the profit derived is expected to be marginal.

VPCS, our affiliate, does offer optional construction advisory services and entitlement services. VPCS is an approved supplier of construction advisory services and if VPCS provides construction advisory services, those services will be a source of revenue for VPCS. VPCS provides these services as a benefit to the licensees of VPFS and the profit derived is expected to be marginal.

You must comply with our standards and requirements concerning the quality of all fixtures, furniture, furnishings, equipment, supplies and other items ("FF&E items"). We may require that particular FF&E items be purchased from an approved vendor. Otherwise, you may make purchases of FF&E items from any source meeting our standards and specifications after obtaining written approval from VPFS. Standards and requirements will be published in the Operations Reference Manual (the "Manual"), or in policy and procedure statements or otherwise communicated to licensees in printed, machine readable, via intranet, electronic or any form we choose. The standards and specifications, including the Manual, may be modified periodically. We will also distribute modifications to standards and specifications to you in printed, machine-readable, via intranet, electronic or any form we choose.

If you wish to purchase FF&E items from an alternative vendor other than an approved vendor, you must request in writing that we approve an alternative vendor for a product or service. You must submit to us whatever information, specifications or samples we require and reimburse us for our costs of review and testing the alternative vendor. Within a reasonable time (our goal is 30 days or less), we will notify you whether the vendor meets our specifications and quality standards and whether the alternative vendor is approved. If you wish to purchase alternative products or services to required FF&E items, including building materials used in the construction of your STRP, you must first request in writing that we approve the alternative product or service. You must submit to us whatever information, specifications or samples we require. You must pay $500 per product or service to us at the time you submit the request for approval for the product or service. If our cost to review the alternative product or service exceeds $500, you will have to reimburse us for the additional cost. Within a reasonable time (our goal is 30 days or less), we will notify you whether the alternative product or service is approved. For construction, signage and FF&E purposes, certification that alternative products meet our standards may be required.

We have not and do not expect to derive any material revenue or other consideration as a result of required purchases by licensees, although we may benefit, along with licensees, from discounts as a result of negotiating group purchasing arrangements. We do not guarantee any material benefits to licensees based on their use of designated or approved sources of supply. Our policy is to pass through rebates or payments received from suppliers for the benefit of the licensees' STRPs. When we receive rebate checks from our vendors, we forward checks to the Licensee whose purchases the rebate is for. We also raise money from sponsors to defer the Licensees' participation fees for participation in our Licensee conventions. If the sponsorship revenue exceeds the participation fee in those conventions, we use the remainder to defer the Licensees' cost of participating in additional training organized by us.

In the 2006 calendar year, all of our affiliates derived revenue from sale of products and services to our licensees. VPPM derived $77,242 in management fees from our licensees, VPRES derived $3,759,050 in development, site selection and entitlement fees from our licensees, VPCS derived $99,800 in fees from licensees, and VP derived $917,300 in development fees.

We estimate that the proportion of your required purchases and leases in accordance with our standards and specifications to all purchases and leases by you of goods and services in establishing and operating the Licensed Business will be 90% to 95%.

We plan to start a centralized reservation system for all STRPs in 2007. Pursuant to the License Agreement, you will have an obligation to participate in that reservation system. At this point we do not know whether the reservation system will be operated by us, one of our affiliates, or an unrelated third party, and do not have an estimate of the cost for participation or the additional charge for the software and other technology necessary to institute the system.

Item 9

LICENSEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE LICENSE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

	Obligation[1]	Article in Agreement	Item in Offering Circular
a.	Site selection and acquisition/ lease	Articles 2.2, 5.1, and 5.2 of License Agreement and Articles 1 and 3 of Development Agreement and the Site Selection Agreement	Items 5, 6, 7 and 11
b.	Pre-opening purchases/leases	Articles 5.1, 5.4 and 8.1 of License Agreement and Article 3 of Development Agreement	Items 7 and 8
c.	Site development and other pre-opening requirements	Articles 5.2, 5.3, 5.9, 7.1 and 7.2 of License Agreement and Article 3 of Development Agreement	Items 6, 7 and 11
d.	Initial and ongoing training	Articles 5.9 and 7.2 of License Agreement	Items 6, 7, 11 and 15
e.	Opening	Article 5.9 of License Agreement	Items 7 and 11

	Obligation[1]	Article in Agreement	Item in Offering Circular
f.	Fees	Articles 4.1, 4.2, 5.2, 5.4, 9.3, 10.2, 13.6, and 15.11 of License Agreement, Articles 2 and 7 of Development Agreement and Article 2 of the Construction Services Agreement	Items 5, 6, 7 and 11
g.	Compliance with standards and policies/ Operating manual	Articles 5.4, 5.9, 7.2, 7.3, 7.4, 7.5. 7.6, 7.7, 8.1 and 8.2 of License Agreement	Items 8, 11 and 16
h.	Trademarks and proprietary information[2]	Articles 2.4, 11.1, 11.2, 11.3, 11.4, 11.7, 11.8, 15.2, 15.5, 15.6, and 15.7 of License Agreement; Articles 1 and 2 of Confidentiality Agreement and Article 5 of Development Agreement Article 2 of Covenant Agreement[3]	Items 13 and 14
i.	Restrictions on products/ services offered	Articles 7.3, 7.5, 8.1, and 8.2 of License Agreement	Item 16
j.	Warranty and customer service requirements	None	
k.	Territorial development and sales quota	Articles 1 and 3 of Development Agreement	Item 12
l.	Ongoing product/service purchases	Articles 7.7 and 8.1 of License Agreement	Item 8
m.	Maintenance, appearance, and remodeling requirements	Article 7.7 of License Agreement	Items 8 and 11
n.	Insurance[4]	Articles 12.1, 12.2, and 12.3 of License Agreement	Items 6, 8 and 11
o.	Advertising	Articles 5.7, 8.5, 9.1, 9.2, 9.3, 9.4, 9.5 and 15.5 of License Agreement	Items 6, 7, 8 and 11
p.	Indemnification	Article 12.4 of License Agreement and Article 10 of Development Agreement	Item 6
q.	Licensee's participation/ management/ staffing	Articles 7.2, and 16.1 of License Agreement	Items 11 and 15
r.	Records/reports	Articles 7.12, 10.1, 10.2, 10.3 10.4, 10.5, 12.1, 12.2, and 15.12 of License Agreement	Items 6 and 11
s.	Inspections/audits	Articles 8.3 and 10.4 of License Agreement	Items 6 and 11
t.	Transfer	Articles 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, 13.10 and 13.11 of License Agreement and Article 7 of Development Agreement	Items 6, 15 and 17
u.	Renewal	Article 3.2 of License Agreement	Item 6 and 17
v.	Post-termination obligations[2]	Articles 11.2, 11.4, 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.7, 15.8, 15.9, 15.10, 15.11, 15.12 and 15.13 of License Agreement; Article 6 of Development Agreement; and Article 2 of Covenant Agreement[3]	Items 6, 11, 14 and 17
w.	Non-competition covenants	Articles 7.5 and 11.10 of License Agreement; Article 8 of Development Agreement; and Section 2 of Covenant Agreement[3]	Item 17
x.	Dispute resolution	Articles 12.5, 19.1, 19.2, 19.3, 19.4, 19.5, 19.6, 19.7 and 19.8 of License Agreement; Article 15 of Development Agreement; and Section 4 of Covenant Agreement	Item 17

Notes:

1 Your principals must guarantee all of your obligations in the License Agreement and Development Agreement. A copy of the Guaranty is attached to the License Agreement, which is **Exhibit D** of the Offering Circular and to the Development Agreement, which is **Exhibit L** to the Offering Circular.

2 All of your partners, principals, officers, directors, managers and members are also required to honor all of your obligations in Article 11 of the License Agreement.

3 Upon our request, you must have your officers, directors, partners, members, managers, principals and property managers sign a Covenant Agreement in the form attached to this Offering Circular as **Exhibit N** and

a Guaranty in the forms attached as exhibits to the Development Agreement (**Exhibit L** of this Offering Circular) and License Agreement (**Exhibit D** of this Offering Circular).

4 The insurance you must carry is listed on the Intranet and may be amended periodically.

Item 10

FINANCING

VPFS does not offer direct or indirect financing. VPFS does not guarantee your note, lease or obligation.

Item 11

FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you.

Pre-Opening Obligations

Before you open your business, we will:

1. Grant you rights to establish a specific number of STRPs within an Assigned Area or to establish 1 STRP at a specific site. (License Agreement – Article 2. and Development Agreement - Article 1.)

2. Provide you a set of then-current prototype plans and specifications (not for construction) for a typical STRP. (License Agreement - Article 5) Available space varies in size and configuration, and you must have more detailed plans or blueprints prepared at your expense to take into account the location and local ordinances.

3. Upon reasonable request, we will consult with and advise you at our home office concerning the construction and operation of the STRP. (License Agreement – Article 5)

4. Provide on-site evaluation of your site after we receive your Site Application. (Development Agreement - Section 5.A)

5. Approve or disapprove the site and site layout for the STRP. (Development Agreement Section 3.B and License Agreement – Section 5.1) A discussion of the selection of your site for the STRP appears later in this Item 11 under the caption "Site Selection."

6. Approve your plans and specifications. (License Agreement - Article 5)

7. Approve your evidence of insurance naming us as an additional insured. (License Agreement - Article 12)

8. Make available to you the Operations Manual. (License Agreement - Article 6.3) The Table of Contents of the Operations Manual is attached as **Exhibit E** to this Offering Circular.

9. Provide you with specifications and/or names of suppliers for all required equipment, inventory, and supplies. We do not deliver or install any of these items. (License Agreement - Article 6)

10. Provide a pre-opening training program for your Property Manager and other personnel designated in the VPFS Manual. (License Agreement - Article 6) A description of our training program appears later in this Item 11 under the caption "Training Programs."

11. Perform an onsite inspection during the construction process and investigate as we deem appropriate to become satisfied that you have complied with all requirements necessary for opening the STRP. (License Agreement - Article 5)

12. Approve or disapprove all advertising, signage, written communications, electronic or web based materials and promotional plans, and other materials displaying our Marks that we have not prepared or previously approved. (License Agreement – Articles 8.5, 9.1, and 9.2)

Obligations During Operation of Licensed Business

During the operation of the Licensed Business, we will:

1. Consult with and advise you at our offices, upon reasonable request, concerning the operation of the STRP. (License Agreement - Article 6.2)

2. Modify and add to the Manual as we deem appropriate to reflect changes in the business, authorized products or services, or specifications for authorized products and services, equipment requirements, quality standards, and operating procedures. (License Agreement - Article 6.3)

3. Provide additional optional or required training programs or seminars as we deem appropriate in consideration of your payment of an additional training fee as described in Item 6. (License Agreement - Articles 6.4 and 7.2) A description of our additional training appears later in this Item 11 under the caption "Training Programs."

4. Conduct inspections of your STRP and financial records, evaluations of the services provided by your STRP, and interviews with your employees, agents and customers, all as we may deem advisable. (License Agreement - Articles 6.5 and 10.4)

5. Establish a Marketing, Sales, Advertising and Direct Mail fund to pay for developing and preparing advertising materials if approved by a majority vote of S-PAC. (License Agreement - Article 9.3) A discussion of the marketing, sales and advertising fund appears later in this Item 11 under the caption "Marketing, Sales, Advertising and Direct Mail Fund."

6. Approve or disapprove all advertising, signage, written communications, and promotional plans and other materials displaying our Marks which we have not prepared or previously approved. (License Agreement - Articles 8.5, 9.1 and 9.2)

7. We may, in our sole discretion, require that lodging rates start at levels no higher than those set by us, designate maximum mandatory charges for goods and services offered at the STRP and require that you offer some studios in the STRP at specified maximum prices.(License Agreement - Article 8.7) (Also see Item 16)

8. Provide you with written notice of your right to purchase from us any STRPs we have acquired in your Assigned Territory under your Assigned Area under the Development Agreement which we propose to operate under the System. (Development Agreement - Article 1.C)

Marketing, Sales, Advertising and Direct Mail Fund

We may establish a Marketing, Sales, Advertising and Direct Mail Fund (the "Marketing Fund") but have not yet done so. Instead, we currently charge our licensees the cost of marketing projects that we undertake. Each licensee is charged for its pro rata portion of the costs incurred for each specific project. If we do, the Marketing Fund will be accounted for separately from our other funds. We will not use the Marketing Fund to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Marketing Fund and all costs of development and preparing national, regional, point of sale and local advertising materials for use within the System. The advertising may be disseminated via radio, television, print media, internet, or outdoor advertising. No minimum or maximum contribution each month to the Marketing Fund has been established. All properties owned by our affiliates, as Licensees, will contribute to the Marketing Fund at the same percentage of Room Revenues required of licensees within the System. The Marketing Fund will be administered by a committee of 3 nor to 7 members, with 1 member being a representative of VPFS or its affiliates. All other members are elected by majority vote of the Strategic-Partner Advisory Counsel ("S-PAC") which will be made up of VPFS, its affiliates, and all licensees. S-PAC (formerly "IAVPO") members will have the same number of votes in matters decided by a vote of S-PAC members as the number of STRPs they have open and operating. S-PAC, through the Marketing Committee, will direct all advertising and promotional programs and activities, with sole discretion over the concepts, materials, and media used in these programs and activities and their placement and allocation. The Marketing Committee may spend, for the Marketing Fund, in any calendar year an amount greater or less than the aggregate contribution of all STRPs to the Marketing Fund in that year, and the Marketing Fund may borrow from us or from others to cover deficits or invest any surplus for future use. We will use all interest earned on monies contributed to the Marketing Fund before we expend other assets of the Marketing Fund. Marketing Fund contributions will not be principally used to sell additional Licenses. (License Agreement - Article 9.3)

Expenditures by the Marketing Fund may not be proportionate or equivalent to contributions to the Marketing Fund by STRPs operating in that geographic area. You or your STRPs may not benefit directly or in proportion to your contribution to the Marketing Fund. Neither we, nor the Marketing Fund shall be liable to you for the maintenance, direction or administration of the Marketing Fund, including for contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. The funds collected by the Marketing Fund, and any earnings thereon, are not and shall not be an asset of ours or of any Licensee. (License Agreement - Article 9.3)

You must submit to us for approval all advertising materials, including all print, electronic, and or internet materials that we have not prepared or approved. You must at all times comply with our instructions regarding the use of advertising materials, including modifying or ceasing to use these materials, whether or not we previously prepared or approved the materials. (License Agreement - Article 11.8)

We do not require you to participate in local or regional advertising cooperatives.

Computer Systems

We may establish standards requiring you to purchase or lease computer hardware and software capable of communicating with our computers and of recording and reproducing the types of information and reports we determine are appropriate for the operation of Value Place STRPs (License Agreement Articles 8.1 and 8.2). These requirements include a computerized or automated property management system and a reservations system (See Item 6 and License Agreement Articles 7.12 and 9.6). There are no contractual limitations on our rights to obtain independent access to your databases.

We have no obligation to assist you in obtaining the computer goods and services described in this Item. Our current computer hardware requirements, which we may modify in our sole discretion, may be purchased from any supplier of IBM-compatible computers. The items needed must be equivalent to the following:

System Requirements:

HARDWARE:

IBM compatible w/ Intel Pentium IV Processor
1056 MB or greater RAM
80 GB or greater hard drive
CD/DVD-RW recordable drive (preferred) or 250MB zip drive for back-ups
Minimum 8 USB external ports
56K fax modem US Robitics
17" (or larger) flat screen or touch screen monitor
Laser all-in-one printer/scanner/copier
Uninterruptible Power Supply (UPS)
Sound card with speakers

SOFTWARE:

Windows XP Pro
PCAnywhere v. 10.0 host or higher
Microsoft Office Professional
Anti-virus software (Norton or McAfee)
Anti-Spyware software (Norton, McAfee or Microsoft)

OTHER CONSIDERATIONS:

Phone line(s) for modem(s)
Configuration and installation costs for the PC
Cisco Pix Firewall 501

The computer hardware will be used to operate software that performs the following functions:

Property Management

You must purchase an approved property management software system that will enable the operator to use the computer system to take reservations, assign studios at check-in, track studio charges and activity, record accounts receivable, print management, marketing, housekeeping, financial reports, scan drivers' licenses and perform various other functions. Currently, we have identified 1 approved source of property management software. It is Remco Software, Inc., 38 South State Avenue, Dickinson, ND 58601. Their telephone number is (800) 432-5009, and their website address is www.remcosoftware.com. This software will include the Nitevision Base Package, including the per studio increment, credit card swipe reader, Internet credit card processing, call accounting and posting module. Level one (and up) technical support is available from REMCO and highly recommended. We are not obligated to provide software support to you. The estimated cost of the technical support agreement is approximately $1,600 per year. It is anticipated that you will also purchase training from them. VPFS does not accept kickbacks or other remuneration from Remco Software, Inc.

We may adopt upgraded and updated computer software and hardware system standards and you will be obligated to comply with our then current standards (Article 7.7 of the License Agreement). There is no contractual limitation on the frequency and cost of computer system upgrades and updates. You will be given 30 days in order to purchase and/or install the upgrades and updates. If you fail to do so, you will incur a $500 per month non-compliance fee. See Item 7 for information concerning the estimated cost of computer systems. We are not obligated to maintain, repair or upgrade your computer system components for you. We require you to keep in effect one or more maintenance agreements with third parties providing for prompt repair of computer system. The estimated cost of a technical support agreement is approximately $1,600 per year.

Exterior Signage

You must purchase approved exterior signage for your STRP. Currently, we have identified 1 approved source of exterior signage. It is Federal Heath Sign Company, 2300 N. Highway 121, Euless, Texas 76039. Their telephone number is 817-685-9077, and their website address is www.federalheath.com. VPFS does not accept kickbacks or other remuneration from Federal Heath Sign Company. The messages displayed on the sign(s) may only be changed by Federal Heath Sign Company.

Site Selection

The Development Agreement grants you an Assigned Area within which to establish and operate STRPs at specific locations, each to be designated in a separate License Agreement. You must timely complete the Development Schedule in the Development Agreement. Before the acquisition by lease or purchase of any site for an STRP, you must submit to us, in the form we specify, a Site Application together with market feasibility information for the site and other information and materials as we may reasonably require, together with evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We will have 30 days after the receipt of this required information from you to approve or disapprove, in our sole discretion, the site as the location for the STRP. Our approval of the site (and the lease or purchase agreement for the site) does not in any way guarantee that the site will become a profitable STRP. After receiving approval of your site, you will have 30 days to submit your signed License Agreement.

If your initial site is not approved, you may submit a Site Application for another site after disapproval of the first. If the second site is disapproved or is otherwise not feasible, we will retain the nonrefundable application fee of $5,000 to compensate for our administrative time and expense. The factors we consider in approving or disapproving a proposed site will include, without limitation, the general location, available parking, physical characteristics of existing buildings, competing businesses, traffic count, population growth, apartment rental prices, surrounding hotel performance, traffic visibility, lease terms, and proximity to major employers, services, and other commercial activities.

If you do not desire to locate a site for your STRP, you may elect to have our affiliate, VPRES, identify a site on your behalf. The fee for Site Selection Services ranges from $15,000 to $90,000, payable at the time you enter into a land purchase or ground lease agreement, plus expenses incurred. See Item 5. You will also be responsible for any expenses incurred by us after entering into the Site Selection Services Agreement. VP and/or its affiliates routinely have real estate under contract that is suitable for the construction of an STRP. VP and/or its affiliates may be willing to assign their contract rights to that real estate to you. To take an assignment of real estate from VP and/or its affiliates you must reimburse VP and/or its affiliates for their costs to date and expertise in site development, which vary depending on the circumstances. Our identification or assignment of a site for an STRP does not constitute a recommendation, assurance, or endorsement of the success of that site.

Time from Signing of Agreement to Construction Completion and Opening

You must request and receive our approval of the proposed site layout and blueprints before commencing construction on the STRP. The License Agreement prescribes a time sequence for the construction and opening of the STRP. (License Agreement - Articles 5.1, 5.2, 5.3, 5.4, 5.7, 5.8 and 5.9) After execution of the License Agreement, you must complete construction, order and install furniture, furnishings, and interior decor, hire and train personnel, and have a Property Manager complete our training program. The License Agreement requires you to begin construction of the STRP within 240 days of both parties signing the License Agreement, or within 60 days of the time when a building permit for the STRP is ready for issuance, whichever occurs earlier. A building permit is ready for issuance at the point in time when the issuing authority has taken all steps necessary for issuance, and would issue the building permit upon the payment of the fee therefor. In our discretion, the date for commencing construction may be extended for up to 4 additional periods of 30 days at your request. You must pay us a fee of $5,000 for each extension at the time the request is made. If we do not grant you the extension, the fee will be refunded. You must diligently pursue completion of the STRP in accordance with the plans and specifications and have the STRP ready to open for business within 12 months after you begin construction. The date for completing construction of the STRP also may be extended by up to 4 additional periods of 30 days each at your request, which must be accompanied by payment to us of a fee of $5,000 for each extension. If we do not grant you the extension, the fee will be refunded. Factors that may affect the time required to complete construction and open an STRP include the time required to conclude lease or land purchase contracts, to obtain financing or building permits, zoning changes and other local ordinance requirements, weather conditions, materials shortages, or delays in delivery or installation of equipment, fixtures, and signs.

The STRP may be open for business when you satisfy our requirements. You will have to comply with the following: (i) install all fixtures, furniture and equipment and obtain a temporary certificate of occupancy or certificate of occupancy; (ii) your Property Manager must have satisfactorily completed our training program and you must have hired qualified personnel; (iii) you must have paid all sums due us and our affiliates; (iv) you must not be in default under the License Agreement or any other agreement with us or our affiliates; (v) you must be in compliance with the Americans With Disabilities Act; (vi) we must have made a satisfactory on-site inspection and investigation as we deem appropriate. We may allow an opening with less than all improvements for a portion of the STRP under certain circumstances. (License Agreement – Article 5.9); and (vii) you must have purchased required insurance.

Training Programs

We provide a training program for you and your Property Manager. Our pre-opening and other training programs are described in the following table.

VALUE PLACE TRAINING PROGRAM

Course	Location	Duration	Required Attendees	Type	Frequency Offered	Facilitators
Property Manager Training:						
• Property Manager Self Study	On Location	8-10 Hours	Property Manager	Self Study	Bi-Weekly	See list of Instructors below
• Classroom Curriculum	Wichita or regionally	20-25 Hours		Classroom		
• Practical Application	Wichita or regionally	45-50 Hours		Classroom		
• Apprentice/On-The-Job	Wichita or regionally	8-10 Hours				
New Licensee Training	Wichita	2-3 Day(s)	Licensees	Classroom	Quarterly or as otherwise needed.	See list of Instructors below
Property Manager Conference	Varies	3 Days	Property Manager	Conference	As needed, but not more than once per year.	See list of Instructors below

Property Manager - Self Study, Classroom and Apprentice On the Job Training:

Our instructors generally will be expected to have experience in STRP management or marketing. We do not charge for this training or service for your initial Property Manager, but you must pay the travel, lodging and meal expenses for your manager and other personnel. (License Agreement - Article 7.2) Confidentiality agreements will be required as a condition of attending our training. Your initial Property Manager must complete training before you open your STRP. All other employees, including any replacement Property Manager, must complete training within 30 days of date of employment. If your Property Manager or other employees, in our reasonable determination, do not meet our standard for knowledge and performance, or do not pursue or complete our training program to our satisfaction, we reserve the right to request that the Property Manager or employee(s) be retrained, or that another person be trained and perform the functions of the category of employee for which the training was offered. Licensee principals may attend property manager training but only after they complete New Licensee Training. Attendance for the entire course and passing a certification exam and evaluation must be certified.

New Licensee Training:

Training is offered to principals of newly-signed licensees approximately once each quarter. Training will take place in 2-to-3 day classroom setting in Wichita, Kansas, or another location as we may designate. The topics covered in the training will include Operations, Sales, Site Selection, Construction, Financing and the Value Place Intranet. Regardless of the number of STRP licenses granted to you and your affiliates, we will pay the tuition for 1 of your principals to attend this training. You will be responsible for travel, lodging and meal expenses for all attendees. Additional Licensee principals are welcome to attend for a reasonable fee. (See Item 6) A minimum of 1 Licensee principal must complete this training before a site opening.

We may provide training programs for your other employees. We also may make available other required or optional training courses, programs, conferences, seminars, and materials. If we require additional training, you must require your employees to successfully complete the training. Any additional courses, programs, conferences and seminars may be conducted in Wichita, Kansas or another location as we may designate. We may contract with other persons or firms to provide your training.

We will provide and pay for instructors and facilities for initial Property Manager training. You must pay for travel, lodging and meals for any person attending training and any wages due your employees during time spent in training. We may charge reasonable fees for instruction and course materials for training programs other than the initial training for your Property Manager and the New Licensee Training for 1 of your principals. We may require confidentiality agreements from your employees as a condition of attending our training.

Our instructors include the following individuals:

Topics	Instructor	Experience
Director of Training– Multiple Topics	India Knolla	13 years
Training Manager- Multiple Topics	Christie Harris	11 years
Trainer-Multiple Topics	Paula Rhoads	7 years
Trainer-Multiple Topics	Justin Bostock	5 Years

We reserve the right to add and/or substitute additional trainers and training topics. Training may take place onsite at a Value Place property and/or at our home office in Wichita, Kansas. Training of the Property Manager is mandatory and training sessions for Property Managers will be coordinated through VPFS.

Operations Manual

We require you to comply with our Manual. A copy of the Manual's Table of Contents is attached to this Offering Circular as **Exhibit E.** (License Agreement – Article 8.2) The Manual may be provided via the Intranet. The total number of pages included in the current Manual is 246, and the total number of pages on our Intranet is 1,327.

Item 12

TERRITORY

The Development Agreement grants you an Assigned Area within which we will not establish, nor license anyone other than you to establish, any STRPs for the term of your Development Schedule if you comply with all the terms and conditions of the Development Agreement. We will generally identify the Assigned Area by 1 or more market/trade areas, a city, county, highway, river or other political or geographic subdivision. The description of the territory will vary from area to area depending upon population densities, demographic trends, and other factors affecting a specific franchise area. Before the execution of the Development Agreement, we will describe the Assigned Area by attaching a description of the area as an exhibit to the Development Agreement.

The territorial exclusivity we grant you depends upon your achievement of the expectations found in the Development Schedule in Attachment B of the Development Agreement

Upon any default by you under the Development Agreement, at our option, we (in addition to other remedies) may reduce the number of options for STRPs granted to you, reduce the size of the Assigned Area, or terminate the territorial exclusivity granted to you.

You do not receive the right to acquire additional franchises within your Assigned Territory or otherwise. You may, however, apply to purchase an additional franchise within your Assigned Territory to operate another STRP. You can solicit customers and accept orders from outside your Assigned Territory. Likewise, we, our affiliates, and other licensees can solicit customers and accept orders within your Assigned Territory.

As described in Item 1 above, our affiliates are engaged in owning and operating STRPs which may compete directly or indirectly with franchised Value Place STRPs. The Development Agreement and License Agreement specifically provide that we may establish and operate STRPs, lodging facilities, and other business operations of any type within or adjacent to a Licensee's Assigned Area, but we will not operate within a Licensee's assigned area any STRP, motel, or other business that provides economy lodging accommodations on a weekly-stay basis with kitchen facilities and limited (not on a daily basis) maid service, except when Licensee has declined an option to open an additional STRP in the Assigned Area or when territorial rights end for some other reason under the terms of the Development Agreement.

You may be required to exercise options or relinquish exclusive rights to operate System STRPs in your Assigned Area if we acquire (by purchase, merger, or otherwise) stock or assets of another business enterprise which operates STRPs under other trademarks which we want to convert to System STRPs. If we desire to convert an acquired STRP in your Assigned Area into a Value Place STRP ("Conversion Property"), the Development Agreement provides that we will give you notice of our intention and offer you the option to acquire the Conversion Property. The purchase price to be paid by you for the Conversion Property shall be the cash equivalent of the fair market value for each Conversion Property, as determined by an independent appraiser selected and retained by VPFS. You would have 30 days in which to decide whether to exercise the option. If you executed the option, you would be obligated to close the purchase within 60 days after the date you agree to exercise the option, and execute a License Agreement for the Conversion Property. If you decline to exercise an option for an additional STRP, then we may operate, or authorize another Licensee to operate the STRP in your Assigned Area.

In addition to your rights described above, which apply during the term of the Development Schedule stated in your Development Agreement, we also agree that, for 1 year following the completion of your Development Schedule, we will not establish, or grant anyone else franchise rights to establish, another STRP in your Assigned Area without first offering the opportunity to you. If we desire to establish a new Value Place STRP in your Assigned area, we will give you written notice, and you will have 30 days to enter into a License Agreement for the proposed additional STRP. If you decline to exercise the option to acquire the franchise for the additional STRP, we may operate, or franchise another to operate, the additional STRP in your Assigned Area.

The License Agreement grants the right to establish and operate an STRP at a specific location approved by us, which cannot be relocated without our consent. The License Agreement also grants a Trade Area around your specific location. A Trade Area is a geographic area that we think is sufficient to hold 1 STRP. The Trade Area is mapped on Exhibit C of the License Agreement. The License Agreement protects your Trade Area for 5 years from the date the License Agreement is signed, if you are not in default under the License Agreement, and we do not acquire Conversion Properties.

Item 13

TRADEMARKS

VPFS grants you the right to operate an STRP under the name "Value Place," and you may also use our other current or future trademarks to identify your STRP and the services and products related to the System (collectively, the "Marks"). Our principal Mark is "Value Place®". The following trademarks have been registered on the Principal Register of the United States Patent and Trademark Office:

Trademark	Registration Number	Registration Date
VALUE PLACE®	2,893,350	10/12/2004
VALUE PLACE and design (NO PRICE, RED)®	3,207,650	2/13/2007
FROM $149 WEEKLY VALUE PLACE and design (YELLOW)®	3,034,643	12/27/2005
FROM $149 WEEKLY VALUE PLACE and design (RED) ®	3,207,649	2/13/2007

In addition, we have applied for registration with the United States Patent and Trademark Office of the following trademarks:

Trademark	Application Number	Application Date
APARTMENT MEETS HOTEL	78/93672	7/24/2006
HOTEL MEETS APARTMENT	78/936282	7/24/2006
VALUE ACROSS THE NATION	77/033530	10/31/2006
VALUE ACROSS THE NATION	77/054423	11/30/2006

An intent to use application has been filed for each of the APARTMENT MEETS HOTEL, HOTEL MEETS APARTMENT, and VALUE ACROSS THE NATION (two separate registrations for different classes).

By not having a Principal Register federal registration for APARTMENT MEETS HOTEL, HOTEL MEETS APARTMENT, and VALUE ACROSS THE NATION (two separate registrations for different classes), we do not have presumptive legal rights granted by a registration.

We also claim common law rights to our designs, logos and trade dress items such as color schemes and appearance, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common-law trade secret and unfair competition protection of materials and information you are granted the right to use under the License Agreement.

There are no other currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings involving our principal Mark, nor is there any pending material litigation involving our principal Mark.

We were assigned the Value Place® trademark on April 22, 2004. There are no agreements currently in effect that significantly limit our rights to use or license the use of the principal mark in any manner material to the license.

You must follow our rules when you use our trademarks. You cannot use our name or trademarks as part of a corporate name or with modifying words, designs, or symbols. You may not use our trademarks for the sale of an unauthorized product or service or in a manner not authorized in writing by us.

We intend to take reasonable steps to preserve and protect our ownership of the marks and their validity. We are not obligated to protect any rights granted to you to use the trademarks or to protect you against claims of infringement or unfair competition regarding the trademarks. Nevertheless, it may be in our best interest to do so.

You must notify us immediately when you learn about an infringement of or challenge to your use of the trademarks. VPFS will take the action we think is appropriate. You must cooperate fully in prosecuting, defending, or settling any litigation involving the trademarks, including being named as a party in the action at our request. We will undertake the defense of the litigation and will bear the costs of the litigation, except for the costs of any legal counsel separately retained by you.

We do not know of any infringing uses that could materially affect your use of our principal mark. You must modify or discontinue the use of a trademark if we modify or discontinue the use of a trademark as a result of a proceeding or settlement. You also must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business. You must maintain the confidentiality of the Manual and any other manuals created for or approved for use in the operation of the STRP, and the information contained in the manuals.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the license. We claim copyright protection of our Manual, and advertisement and promotional materials although these materials have not been registered with the United States Registrar of Copyrights. These materials contain information relevant to establishing and operating a Value Place. We consider this information proprietary and confidential and consider it our property, and you may use it only as provided in the License Agreement. You must implement our procedures to prevent the unauthorized use and disclosure of our proprietary information and to notify us immediately if there is any unauthorized use or disclosure of our proprietary information.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect, which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

We will disclose to you confidential or proprietary information and trade secrets. You and your principals will be required to sign a Confidentiality Agreement attached to this Offering Circular as **Exhibit F** (the "Confidentiality Agreement") before you review our confidential and proprietary information to evaluate whether to purchase a license. Except as necessary for operation of the STRP and as we approve, neither you nor your officers, directors, partners, members, managers, or principals may, during the term or at any time after the expiration or termination of the License Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the advertising, marketing, designs, plans, or methods of operation of the STRP or the System. Upon our request, you must have your officers, directors, partners, members, managers or principals sign a Covenant Agreement substantially in the form attached to this Offering Circular as **Exhibit N**. You may disclose to your employees only the confidential, proprietary or trade secret information necessary to operate the business and then only while the License Agreement is in effect. All information and knowledge, including the Manual, drawings, materials, equipment, marketing and other data, which we designate as secret or confidential, will be deemed secret and confidential under the License Agreement, the Confidentiality Agreement, and the Covenant Agreement.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE LICENSED BUSINESS

We will grant the License Agreement to you in reliance on you and your principals' personal and collective business skills and financial capacity, and your rights and obligations may not be transferred without our written consent. You must remain ultimately responsible for the operation of the STRP in compliance with the License Agreement and should exercise oversight and be informed about the operations of the license, but you (or your chief operating officer, managing partner, or member or principal manager) are not required to take any specific role in day-to-day operations or to participate personally in direct operations on the premises, if you designate a Property Manager, who may be your employee, who shall devote full time and attention to the management and operation of the STRP. The Property Manager may be any qualified individual who attends and successfully completes our initial training program. The individual need not be 1 of your principals if you are a corporation, partnership, or limited liability company. If, at any time for any reason, the Property Manager or managing principal no longer qualifies, you must promptly designate another Property Manager or managing principal subject to the same qualifications listed above and notify us. If you are permitted to use a management company to manage your STRP, the management company may appoint the Property Manager. A management company may be engaged by you only as provided in Article 13.11 of the License Agreement. As part of the approval process, any third party management company would have to sign the Management Company Covenant Agreement, substantially in the form attached as **Exhibit P**. All STRPs are currently being operated by their principals, another approved Licensee or VPPM. If you do not have a third party management company, the Licensee principal(s) who operate your STRP, must own at least 25% of the beneficial interest in the Licensee.

Management responsibility includes presence of a Property Manager during most business hours; maintaining the highest standards of product quality and consistency; maintaining the STRP in the highest condition of sanitation, cleanliness, safety, and appearance; and supervising employees to ensure that the highest standard of service is provided and to ensure that your employees deal with customers, suppliers, us, and all other persons in a courteous and polite manner.

If you are a corporation, partnership or limited liability company, your principals must personally guarantee your obligations under the License Agreement and Development Agreement. In addition, your partners, principals, officers, directors, managers and members must also agree to be personally bound by, and personally liable for the confidentiality provisions of the License Agreement and/or Development Agreement and sign the Covenant Agreement, all as described in Item 14 and Item 17. Your principals must also agree to certain restrictions on the transfer of their ownership interests.

Item 16

RESTRICTIONS ON WHAT THE LICENSEE MAY SELL

You must operate the STRP in conformance with our standard specifications and techniques as contained in the Manual or as posted on the Intranet, as periodically amended by us in our sole discretion. As described in Items 8, 9 and 12, in order to promote substantial uniformity of quality and shared identity at all STRPs, you must not offer or sell any product or service or purchase, lease, install, or use any FF&E, concept, supply, building design or layout, color schemes or other item or service unless approved in writing by us as being in compliance with our standards and specifications and the System. We may require that you purchase particular FF&E items from an approved source. We do not expect to derive any revenue from those purchases.

You must offer all of the services that we designate as required for all licensees. We can change the types of services that you must offer for sale. There are no limits on our right to do so. You must use the premises of the STRP solely for the purpose of operating a Value Place STRP and refrain from using the premises for any other purpose or activity (including promotion of a competing business) without our prior written permission.

Restrictions on goods and services offered may also arise from License Agreement requirements that you comply with our high standards of quality and service, to refrain from deviating from our standards, or to otherwise operate in any manner adversely affecting the System, the Marks, and the goodwill associated with the System and the Marks, and to comply with the highest health standards and ratings applicable to the licensed STRP.

Because pricing is very important in our industry segment, and because pricing and pricing methods promote system uniformity we may, in our sole discretion, require that lodging rates start at levels no higher than those set by us, designate maximum mandatory charges for goods and services offered at the STRP and require that you offer some studios in the STRP at specified maximum prices. (See Item 11). Currently, the approved sign rates at open and planned STRPs throughout the country range from approximately $149 to $299. The minimum price that you set at your STRP must end with the number 9 (for example, $149, $169, but not $150 or $168).

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the License Agreement. You should read these provisions in the License Agreement attached to this Offering Circular.

Provision[1]		Article in License Agreement	Summary
a.	Term of the license	Article 3.1	Term is 20 years from date STRP opens.
b.	Renewal or extension of the term	Article 3.2	1 renewal of 10 years, if you meet certain requirements.
c.	Requirements for you to renew or extend	Article 3.2	Give notice, remodel, not be in default, have paid all amounts owed us in timely manner, sign new License Agreement, pay fee, sign release (see state addenda), and comply with training requirements.
d.	Termination by you	None	
e.	Termination by VPFS without cause	None	
f.	Termination by VPFS with cause	Articles 14.1.A, 14.1.C, 14.1.D and 14.1.E	We can terminate only if you default.
g.	"Cause" defined defaults which can be cured	Article 14.1.E	You generally have 10 days to cure nonpayment of fees and 30 days to cure failure to submit reports, provide information, maintain our standards or any other default not specified in Article 14
h.	"Cause" defined defaults which cannot be cured	Articles 14.1.A, 14.1.B and 14.1.C	Non-curable defaults: failure to timely open the STRP, cease operating or abandon the STRP, forfeit the right to do business where the STRP is located, conviction of felony, unapproved transfers, improper use or disclosure of confidential information, false reporting or submissions to us, under-reporting Room Revenues, repeated defaults even if cured, entry of judgment against you which remains unsatisfied for 30 days, levy against your business or property, action brought to foreclose lien or mortgage against the STRP premises or equipment which is not dismissed in 30 days, or you become insolvent, a receiver is appointed to take possession of your business or property, you make a general assignment for the benefit of your creditors, you engage in public conduct that reflects materially and unfavorably upon the System, or the goodwill associated with the Marks, or you are in default under any other License Agreement or other agreement with us or our affiliates which is not curable, or, if the default is curable, you have not cured the default within the cure period. Also, condemnation of your STRP or bankruptcy.
i.	Your obligations on termination/non-renewal	Articles 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.7, 15.8, 15.9, 15.10, 15.11 and 15.12	Cease operating the STRP, discontinue use of the Marks and advertising complete deidentification as our Licensee; transfer telephone numbers and listing to us; deliver all materials and documents for the STRP to us; modification and alteration of STRP; cease using the System and Manual; remove any sign that has VPFS' distinctive shape, color and/or design; allow us, at our option, to purge at your cost all your usable materials bearing the marks, and/or your office equipment, furniture, fixtures; sell movable signs to us at their fair market value, promptly pay all amounts due us including the liquidated damages set forth in Article 15; and maintain and preserve your financial and other records and make them available for our inspection. If we give you notice, sell the assets of the STRP to us or our assignee. See State Addenda.

Provision[1]		Article in License Agreement	Summary
j.	Assignment of contract by VPFS	Article 13.1	No restriction on our right to assign.
k.	"Transfer" by you definition	Articles 1.2.DD and 13.2	Transfer means voluntary or involuntary assignment, sale, gift or other transfer of your License Agreement or any of your rights or obligations as a Licensee (Your "Licensed Interest"), including (i) the transfer of ownership of your stock, partnership or limited liability company ownership interest; (ii) merger, reorganization, consolidation or issuances of additional securities representing an interest in your Licensed Interest of STRP; (iii) sale of more than a 50% interest in your Licensed Interest; (iv) transfer of a Licensed Interest in a divorce, insolvency, corporate partnership dissolution or otherwise; (v) transfer of a Licensed Interest by will, trust or intestate succession; (vi) change in ownership or otherwise; (vii) any change in trustee or beneficial owner of a trust (if the trust is a Licensee or has more than a 50% interest in the Licensed Interest); or (viii) any pledge, hypothecation or encumbrance of any Licensed Interest as security for an obligation.
l.	VPFS's approval of transfer by Licensee	Articles 13.2, 13.4, 13.6 and 13.8	You may not transfer your Agreement, your license, or any ownership interest in the license, the STRP or a substantial portion of the STRP's assets, without our consent, except under 3 circumstances. If you sign as an individual, you can transfer your Agreement to a corporation, partnership or limited liability company if you maintain your same ownership interest in the new entity. If you are a corporation, partnership or limited liability company, you may transfer an aggregate of up to 25% of your outstanding voting ownership interests to your employees who are actively engaged in the operations of the STRP without our approval if the proposed transfer alone or together with other transfers will not have the effect of transferring a controlling ownership interest in you. If you die or become incapacitated (and you are personally the Licensee or the owner of more than 50% of the Licensee), your executor or other personal representatives must transfer all your interests to a third party. With our consent, your personal representative may transfer all your interests to your spouse, parent, sibling, niece, nephew, descendent or spouse's descendant. If you wish to transfer ownership by public or private offering, you must first obtain our written consent. We may withhold the consent in our sole discretion in the case of a public offering, and for a private offering will not unreasonably withhold it. Any other transfer is a change of ownership requiring a new application and payment of an application fee, and, if approved, an initial License Fee. If the transfer is of less than 50% of your ownership and does not transfer a controlling interest, no application fee or initial License Fee will be required.

Provision[1]		Article in License Agreement	Summary
m.	Conditions for VPFS approval of transfer	Articles 13.6, 13.7 and 13.10	For sales of securities or other interests by public or private offering, we may grant or deny approval based on whatever we deem to be in our best interests, and if we approve, we must receive payment of the $25,000 offering fee. We may refund any unused portion of that fee. If you seek a change of ownership, your proposed transferee has to apply for a new License. If approved, the transferee has to sign a new License Agreement for a full 20 year term. With our consent, your personal representative may transfer all your interests to your spouse, parent, sibling, niece, nephew, descendant or spouse's descendant.
n.	VPFS's right of first refusal to acquire your business	Article 13.5, 14.3	Any transfer of ownership, other than from you (if you are an individual) to a corporation, partnership or limited liability company owned by you, is subject to our right of first refusal. We have the option for 30 days following our receipt of notice of transfer to exercise our right. We can purchase the ownership interest in Licensee on the same terms as those offered by you to the third party. Upon termination of the License Agreement for any reason, we have the option for 30 days following the termination or expiration to purchase your assets at a price determined by up to 3 appraisers (1 selected by you, 1 by us, and the third, if needed, selected by the appraisers selected by you and us).
o.	VPFS's option to purchase your business	Article 15.8	Upon termination of the License Agreement for any reason, we have the option for 60 days following the termination to purchase at your cost all your usable materials bearing the Mark and/or to purchase your office equipment, furniture, fixtures, and moveable signs at their fair market value.
p.	Your death or disability	Article 13.6, 13.7	If you die or become incapacitated (and you are personally the Licensee of the owner of more than 50% of the Licensee), your executor or other personal representative must appoint, within 15 days, an approved management company to operate the STRP. Pending such appointment, we can appoint such a property manager or management company to operate the STRP. Your executor or other personal representative must also transfer all your interests to a third party within 1 year. With our consent, your estate or personal representative may transfer all your interest to your spouse, parent, sibling, direct descendant or spouse's direct descendant.
q.	Non-competition covenants during the term of the license	Article 7.5	You cannot use the STRP premises for any purpose or activity except to operate the Licensed Business and you cannot use it to promote any competing business.
r.	Non-competition covenants after the license is terminated or expires	Article 11.10	For 2 years after any transfer or termination of the License Agreement anywhere within the continental United States you may not compete with VPFS by being associated with any property that offers economy lodging on a weekly stay basis with kitchen facilities and limited (not on a daily basis) maid service.
s.	Modification of the agreement	Article 20	No modifications generally unless in writing signed by you and 1 of our officers but VPFS Manual subject to change.
t.	Integration/ merger Clause	Article 20 and Article 22.2	Only the terms of the License Agreement are binding (subject to state law). Any other promises may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Article 19.1	All disputes must be mediated. Mediation occurs in Wichita, Kansas. The mediation proceedings are governed by rules of the American Arbitration Association or CPR.
v.	Choice of forum	Article 19.4	Litigation must be in Sedgwick County, Kansas. See State Addenda.

Provision[1]		Article in License Agreement	Summary
w.	Choice of law	Article 21.1	Kansas law applies. See State Addenda

Notes:

1 Your principals must guarantee all of your obligations in the License Agreement and Development Agreement.

This table lists important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this Offering Circular.

Provision[1]		Article in Development Agreement	Summary
a.	Term of the License	Article 4.A	The term of the Development Agreement runs from the date of the signing of the Development Agreement to the date of our signing the License Agreement for the last STRP to be established under your Development Schedule.
b.	Renewal or extension of the term	None	
c.	Requirements for you to renew or extend	None	
d.	Termination by you	None	
e.	Termination by VPFS without cause	None	
f.	Termination by VPFS with cause	Article 6.C.	We can terminate only if you commit 1 of several listed violations.
g.	"Cause" defined - defaults which can be cured	None	
h.	"Cause" defined - defaults which cannot be cured	Article 6	Failure to comply with your Development Schedule, any License Agreement, or any other agreement between us, or make an improper transfer. You are adjudicated bankrupt or become insolvent, a receiver is appointed and takes over substantially all of your property, you make a general assignment for the benefit of creditors, or you are the subject of a bankruptcy petition which is not dismissed within 90 days.
i.	Your obligations on termination/non-renewal	Article 6.D	No continued right to develop STRPs in your Assigned Area. Continued compliance with License Agreements for existing STRPs.
j.	Assignment of contract by VPFS	Article 7.A	No restriction on our right to assign.
k.	"Transfer" by you - definition	Article 7.B	You are not allowed to transfer the Development Agreement.
l.	VPFS's approval of transfer by Licensee	Article 7.B	You are not allowed to transfer the Development Agreement.
m.	Conditions for VPFS approval of transfer	Article 7.B	You are not allowed to transfer the Development Agreement.
n.	VPFS's right of first refusal to acquire your business	Article 7.B	You are not allowed to transfer the Development Agreement and therefore VPFS does not have a right of first refusal.
o.	VPFS's option to purchase your business	None	

	Provision[1]	Article In Development Agreement	Summary
p.	Your death or disability	Article 7.B	You are not allowed to transfer the Development Agreement.
q.	Non-competition covenants during the term of the franchise.[2]	Article 8	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires[2]	Article 9	For 2 years after any transfer or termination of the Development Agreement anywhere within the continental United States no competing with VPFS by being associated with any property that offers economy lodging on a weekly stay basis with kitchen facilities and limited (not on a daily basis) maid service.
s.	Modification of the agreement	Article 14	No modifications unless in writing executed by you and 1 of our authorized officers.
t.	Integration/ merger clause	Article 14	Only the terms of the Development Agreement are binding (subject to state law). Any other promises may not be enforceable.
u.	Dispute resolution by arbitration or mediation[3]	Article 15	All disputes must be mediated and then arbitrated in Wichita, Kansas. The mediation and arbitration proceedings are governed by rules of the American Arbitration Association.
v.	Choice of forum	Article 15	Litigation in Sedgwick County, Kansas. See State Addenda.
w.	Choice of law	Article 14	Kansas law applies. See State Addenda

This table lists important provisions of the Covenant Agreement. You should read these provisions in the agreement attached to this Offering Circular.

	PROVISION	SECTION IN COVENANT AGREEMENT	SUMMARY
.	Term of the franchise	None	
b.	Renewal or extension of the term	None	
c.	Requirements for you to renew or extend	None	
d.	Termination by you	None	
e.	Termination by VPFS without cause	None	
f.	Termination by VPFS with cause	None	
g.	"Cause" defined - which defaults which can be cured	None	
h.	"Cause" defined - defaults which cannot be cured	None	
i.	Your obligations on termination/non-renewal	None	
j.	Assignment of contract by VPFS	None	

	PROVISION	SECTION IN COVENANT AGREEMENT	SUMMARY
k.	"Transfer" by you - definition	None	
l.	VPFS's approval of transfer by Licensee	None	
m.	Conditions for VPFS approval of transfer	None	
n.	VPFS's right of first refusal to acquire your business	None	
o.	VPFS's option to purchase your business	None	
p.	Your death or disability	None	
q.	Non-competition covenants during the term of the franchise	Section 2	No competition with us for the term of the Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Section 2	For 2 years after any transfer or termination of the Covenant Agreement anywhere within the continental United States no competing with VPFS by being associated with any property that offers economy lodging on a weekly stay basis with kitchen facilities and limited (not on a daily basis) maid service.
s.	Modification of the agreement	None	
t.	Integration/ merger clause	Section 5	Only the terms of the Covenant Agreement are binding (subject to state law). Any other promises may not be enforceable.
u.	Dispute resolution by arbitration or mediation	None	
v.	Choice of forum	Section 4	Litigation in Sedgwick County, Kansas. See State Addenda.
w.	Choice of law	Section 4	Kansas law applies. See State Addenda.

Notes

[1] Your principals must guarantee all of your obligations in the License Agreement and the Development Agreement.

[2] All of your partners, principals, officers, directors, managers, and members also must honor all of your obligations in Article 11 of the License Agreement.

[3] We also impose the obligations to engage in mediation and arbitration on your officers, directors, partners, members, managers, and principals.

This table lists important provisions of the Construction Services Agreement. You should read these provisions in the agreement attached to this Offering Circular.

	PROVISION	SECTION IN COVENANT AGREEMENT	SUMMARY
a.	Term of the franchise	None	
b.	Renewal or extension of the term	None	
c.	Requirements for you to renew or extend	None	
d.	Termination by you	Section 13	You may only terminate if we have been grossly negligent in the performance of our services.

	PROVISION	SECTION IN COVENANT AGREEMENT	SUMMARY
e.	Termination by VPFS without cause	None	
f.	Termination by VPFS with cause	Section 13	If we terminate the agreement, we may elect to complete the milestone that is being worked and you shall pay us per the fee schedule for the work.
g.	"Cause" defined - which defaults which can be cured	None	
h.	"Cause" defined - defaults which cannot be cured	None	
i.	Your obligations on termination/non-renewal	None	
j.	Assignment of contract by VPFS	None	
k.	"Transfer" by you - definition	None	
l.	VPFS's approval of transfer by Licensee	Section 9	You may not assign or transfer the agreement without our prior written approval.
m.	Conditions for VPFS approval of transfer	None	
n.	VPFS's right of first refusal to acquire your business	None	
o.	VPFS's option to purchase your business	None	
p.	Your death or disability	None	
q.	Non-competition covenants during the term of the franchise	None	
r.	Non-competition covenants after the franchise is terminated or expires	None	
s.	Modification of the agreement	Section 8	The agreement may only be amended, supplemented or changed in writing, signed by the parties against whom enforcement is sought.
t.	Integration/ merger clause	Section 8	Only the terms of the Construction Services Agreement are binding (subject to state law). Any other promises may not be enforceable.
u.	Dispute resolution by arbitration or mediation	None	
v.	Choice of forum	None	
w.	Choice of law	Section 4	Kansas law applies. See State Addenda.

Notes

THERE ARE STATE SPECIFIC ADDENDA ATTACHED AS EXHIBIT K FOR THE STATES OF CALIFORNIA, ILLINOIS, MARYLAND, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND AND WASHINGTON. THE MICHIGAN ADDENDUM APPEARS RIGHT AFTER THE STATE COVER PAGE.

These states have statutes which may supersede the License Agreement and other related agreements in your relationship with us, including the areas of termination and renewal of your franchise. ARKANSAS (Ark. Code of 1987 Anno.

§§4-72-201 to 4-72-210), CALIFORNIA (Cal. Bus. & Prof. Code Sections 20000-20043), CONNECTICUT (Conn. Gen. Stat. Sections 42-133e to 42-133h), DELAWARE (Dela. Code Sections 2551 - 2556), HAWAII (Haw. Rev. Stat. Section 482E-6), ILLINOIS (815 ILCS 705/1, 705/44); INDIANA (Ind. Code Section 23-2-2.7, Sections 1 to 7), IOWA (Iowa Code Sections 523H.1 - 523H.17, 537A.10); LOUISIANA (La. Rev. Stats., tit. 12, ch. 13, Section 1042 and tit. 23, ch. 9, Section 921); MICHIGAN (MCL Section 445.1527; MSA Section 19.854(27)), MINNESOTA (Minn. Stat. 1996 Section 80C.14), MISSISSIPPI (Miss. Code Sections 75-24-51 to 75-24-63), MISSOURI (Mo. Rev. Stat. Sections 407.400 to 407.420), NEBRASKA (Neb. Rev. Stat. Sections 87-401 to 87-410), NEW JERSEY (N.J. Rev. Stat. Sections 56:10-1 to 56:10-29), SOUTH DAKOTA (S.D. Codified Laws Section 37-5A-51), VIRGINIA (Va. Code Sections 13.1-557 to 574, 13.1-564), WASHINGTON (Wash. Rev. Code Sections 19.100.180 and 19:100.190) and WISCONSIN (Wis. Stat. Sections 135.01 to 137.07). These statutes and other state court decisions may supersede the License Agreement and other related agreements in your relationship with us, including the areas of termination and renewal of your franchise.

Item 18

PUBLIC FIGURES

VPFS does not use any public figure to promote its license.

Item 19

EARNINGS CLAIMS

This item contains certain financial information and other data reflecting actual operations of VP STRPs for the 2 years ended December 31, 2006. The information provided below is based on a number of conditions and assumptions that may not be applicable to you. For example, the information is based on locations in Wichita, Kansas, Del City and Oklahoma City, Oklahoma, Lubbock, Brownsville and Pharr, Texas, Pensacola, Florida, Fayetteville, North Carolina, Charleston, South Carolina and Columbus, Georgia, and the local market conditions and economy may not be comparable to your location, where revenues and expenses could be materially different. The limited operating history of these STRPs should not be taken as indicative of results over a longer period of time. In addition, because the STRPs for which information is provided are company-owned, they do not pay license fees or royalties and may receive some expertise and administrative services through parent-company employees for which you will incur additional costs for employees or independent contractors for these services.

	STRPs Open 1 Year or Greater[1]	STRPs Open 6 to 12 Months[2]	STRPs Open Less Than 6 Months[3]	STRPs Open 1 Year or Greater[4]	STRPs Open 6 to 12 Months[5]	STRPs Open Less Than 6 Months[6]
	Year Ended 12/31/06			Year Ended 12/31/05		
Revenue:						
Studio Revenue	$4,785,369	$2,597,878	$511,126	$2,264,192	$384,105	$230,962
Other revenue, net (7)	290,861	144,318	30,313	151,973	14,678	205,316
Total Revenue	5,076,230	2,742,196	541,439	2,416,165	398,783	436,278
Operating costs and expenses:						
Organizational and preopening (8)	-	203,669	309,701	14,823	60,219	111,611
Depreciation (9)	1,032,778	627,884	364,784	499,410	86,200	71,226
Professional fees (10)	28,824	3,212	0	11,373	2,000	1,039
Management and leasing (11, 20)	296,259	127,083	49,954	139,503	25,121	32,125
Utilities (12)	513,563	226,455	67,894	214,844	42,460	47,526
Travel (13)	13,047	8,861	1,858	2,492	114	1,535
Maintenance (14, 20)	424,527	198,711	56,594	189,681	22,754	20,438
Studio (15, 20)	175,325	101,633	31,697	88,146	15,089	20,546
Property taxes (16)	269,179	50,113	4,915	141,454	3,123	2,069
Insurance (17)	96,632	152,959	30,257	34,772	5,829	8,259
Marketing (18)	77,421	13,306	9,514	31,188	4,479	2,487

Management fees and other (19)	439,374	242,817	53,556	191,365	33,408	20,358
Total operating expenses (including depreciation)	3,366,929	1,956,703	980,724	1,559,051	300,796	339,219
Operating Income (loss) before interest expense	$1,709,301	$785,493	($439,285)	$857,114	$97,987	$97,059
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Average Occupancy Rate (21)	86.00%	77.00%	31.00%	87.20%	85.20%	55.77%
Average Daily Rate (22)	$24.28	$26.30	$19.76	$23.08	$25.55	$24.61
Revenue Per Available Studio (23)	$20.89	$20.66	$7.15	$20.13	$21.77	$13.73
Weekly Lease Rate (24)	$169.59	$184.09	$138.32	$160.78	$178.85	$172.27

1. This category includes the following properties: Value Place Wichita North LLC, Value Place Wichita South LLC, Value Place Del City LLC, Value Place Lubbock LLC, Value Place OKC 1-240 LLC, Value Place OKC 1-44 LLC.

2. This category includes the following properties: Value Place Pensacola LLC, Value Place Brownsville LLC, Value Place Fayetteville WR LLC, Value Place Fayetteville Cliffdale LLC

3. This category includes the following properties: Value Place N Charleston Northforest LLC, Value Place N Charleston Rivers LLC, Value Place Pharr LLC, Value Place Wichita West LLC, Value Place Columbus Victory LLC

4. This category includes the following properties: Value Place Wichita North LLC, Value Place Wichita South LLC, Value Place Del City LLC.

5. This category includes the following properties: Value Place Lubbock LLC.

6. This category includes the following properties: Value Place OKC 1-240 LLC, Value Place OKC 1-44 LLC.

7. Other revenue is composed primarily of laundry, vending, telephone, sales of dishpaks, and linen charges. In 2005, VP received a settlement of $188,060 with regard to construction issues on its OKC I-44 project, which would not be recurring revenue.

8. Organizational and pre-opening expenses are composed of the original costs for the formation of the LLCs that own the STRPs, and the expenses related to preparing the STRPs for opening. These expenses would not be recurring expenses.

9. Depreciation includes all depreciation for the property, including the building and furniture, fixtures and equipment. Deprecation does not require a cash outflow.

10. Professional fees primarily include legal and accounting expenses.

11. Management and leasing expense represents primarily the salaries and benefits for the property manager and a part-time leasing associate. These are onsite personnel.

12. Utilities expense primarily includes electricity, gas, telephone, water and cable television expenses.

13. Travel expense primarily includes the cost of travel within the local trade area for general business purposes and travel for training.

14. Maintenance expense includes primarily the salaries and benefits for the facility supervisor, and a part-time studio officer. As part of their compensation, these 2 employees live rent-free onsite.

15. Studio costs are primarily the salaries and benefits of the 2 part-time studio keepers.

16. Property taxes are the real property and personal property taxes associated with the property.

17. Insurance expense primarily includes the general liability, hazard, and workers' compensation insurance related to both the property and the personnel.

18. Marketing expense is primarily composed of the costs of newspaper and yellow page ads, and the advertising banners used at the property.

19. Management fees and other expenses are composed primarily of management fees, credit card fees, cash overages/shortages, other office expenses, and housekeeping and maintenance-related expenses. 5% Management Fee will vary depending on Licensee's management structure.

20. These STRPs operate with an onsite staff of approximately 4.5 full-time equivalent employees.

21. "Average Occupancy Rate" was calculated by dividing the total studios leased by the total studios available. Some of the STRPs were partially opened approximately 30 days before construction was completed. In addition, 2 studios are made available to employees as part of the compensation for the facility supervisor and the studio officer.

22. "Average Daily Rate" was calculated by dividing studio revenue by the number of studios leased.

23. "Revenue Per Available Studio" was calculated by multiplying the occupancy, as defined above, times the average daily rate.

24. "Weekly Lease Rate" represents all of the weekly leases, at the respective rates, added together and divided by the total number of weekly leases.

As a new Licensee, your individual financial results are likely to differ from the results set forth above. A number of factors will directly affect the financial results of your STRP. These include the general market for STRP service in your area, time for ramp-up, competition, general economic conditions, demand for studios, site location, competency of your management and other factors. THESE REVENUES, EXPENSES, AND OCCUPANCY DATA SHOULD NOT BE CONSIDERED THE ACTUAL OR POTENTIAL REVENUES, EXPENSES, OR OCCUPANCY DATA THAT ANY LICENSEE WILL REALIZE. WE DO NOT REPRESENT THAT ANY LICENSEE CAN EXPECT TO ATTAIN THESE REVENUES, EXPENSES, AND OCCUPANCY DATA.

Substantiation of the data used in preparing this earnings claim will be made available to you on reasonable request. Except as expressly listed above, we do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of a Value Place STRP. Actual results may vary from STRP to STRP, and we cannot estimate the results of any particular franchise.

Item 20

LISTS OF OUTLETS

LIST OF LICENSED STRP STATUS SUMMARY
FOR OPERATIONAL LICENSED STRPS
FOR FISCAL YEARS 2006/2005/2004[1]

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired by VPFS	Left the System Other	Total From Left Columns	Licenses Operating at Year End
Alabama	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Arkansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/0
Florida	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Kansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Louisiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Missouri	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/1/0
Nebraska	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/0
South Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/1/0
Tennessee	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired by VPFS	Left the System Other	Total From Left Columns	Licenses Operating at Year End
Texas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/0/0
TOTAL	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	18/6/0

1 All numbers are as of December 31, 2004; December 31, 2005 and December 31, 2006.

STATUS OF COMPANY OWNED STRPS FOR YEARS 2006/2005/2004[1]

State	STRPs Closed During the Year	STRPs Opened During the Year[2]	Total STRPs Operating at Year End[2]
Florida	0/0/0	1/0/0	1/0/0
Georgia	0/0/0	1/0/0	1/0/0
Kansas	0/0/0	1/0/1	3/2/2
N. Carolina	0/0/0	2/0/0	2/0/0
Oklahoma	0/0/0	0/3/1	4/4/1
S. Carolina	0/0/0	2/0/0	2/0/0
Texas	0/0/0	2/1/0	3/1/0
TOTALS	0/0/0	9/4/2	16/7/3

1 All numbers are as of December 31, 2004; December 31, 2005 and December 31, 2006.

2 VPFS does not own or operate any Value Place STRPs. The STRPs listed are owned and managed by limited liability companies owned by VP or licensed by 1 or more employee or owner of VP.

PROJECTED OPENINGS AS OF DECEMBER 31, 2006

State	Licensee Agreements Signed but STRP Not Open	Projected Licensed New STRPs in the Next Calendar Year[1]	Projected VP Owned Openings in the Next Calendar Year[2]
Alabama	2	1	0
Arizona	5	0	1
Arkansas	2	2	0
California	11	1	0
Colorado	7	1	1
District of Columbia	1	0	0
Florida	19	9	1
Georgia	6	2	0
Idaho	2	0	0
Indiana	2	1	0
Iowa	6	1	0
Kansas	5	3	0
Kentucky	1	1	1
Louisiana	5	1	0
Maryland	2	0	0
Massachusetts	2	0	0
Michigan	2	1	0
Mississippi	3	1	0
Missouri	3	0	0

State	Licensee Agreements Signed but STRP Not Open	Projected Licensed New STRPs in the Next Calendar Year[1]	Projected VP Owned Openings in the Next Calendar Year[2]
Montana	1	0	0
Nebraska	1	1	0
Nevada	3	0	0
New Jersey	2	0	0
New Mexico	3	2	0
North Carolina	8	4	2
Ohio	4	2	0
Oregon	1	0	0
Oklahoma	0	0	2
Pennsylvania	1	0	0
Rhode Island	1	0	0
South Carolina	3	4	0
Tennessee	8	3	0
Texas	35	15	3
Utah	1	0	1
Virginia	10	0	0
Washington	6	0	0
Wisconsin	1	0	0
To Be Determined	2	0	0
TOTALS	177	56	13

1 Includes new STRPs to be opened pursuant to Development Agreements.

2 These are STRPs that will be owned and managed by limited liability companies owned by VP or Licensed by employees of VP.

Attached as **Exhibit G** is a list of the names of all licensees, and the addresses and telephone numbers of all their units, as of December 31, 2006.

Attached as **Exhibit H** is a list of the name and last known home address and telephone number of every Licensee who, in VPFS' most recent full fiscal year end, either (1) had a unit terminated by the Company, (2) had a unit not renewed by the Company, or (3) otherwise voluntarily or involuntarily ceased to do business under the License Agreement. **Exhibit H** also lists every Licensee that has not communicated with VPFS within 10 weeks of the date that VPFS prepared and filed this Offering Circular.

Item 21

FINANCIAL STATEMENTS

Attached to this Offering Circular as **Exhibit I** are the audited consolidated financial statements of Value Place LLC and subsidiaries as of December 31, 2006, 2005 and 2004 and for the years ended December 31, 2006, 2005 and 2004.

Performance under terms of the License Agreement and Development Agreement by VPFS is unconditionally guaranteed by our parent, VP.

Item 22

CONTRACTS

The following agreements are attached to this Offering Circular:

Exhibit D – License Agreement, including Guaranty

Exhibit F – Confidentiality Agreement

Exhibit J – SBA License Agreement Amendment

Exhibit K – State Addenda

Exhibit L – Development Agreement including Guaranty

Exhibit M – Release

Exhibit N – Covenant Agreement

Exhibit O – Construction Services Agreement

Exhibit P – Management Company Covenant Agreement

Item 23

RECEIPT

The last 2 pages of this Offering Circular include a detachable document acknowledging your receipt of the Offering Circular. Please acknowledge your receipt of this Offering Circular by signing both pages and returning 1 signed Receipt page to us.