Section 1: 10-Q (10-Q)

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-35074

SUMMIT HOTEL PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Maryland	**27-2962512**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

12600 Hill Country Boulevard, Suite R-100
Austin, TX 78738
(Address of principal executive offices, including zip code)

(512) 538-2300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405) of this chapter during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
(Do not check if a smaller reporting company)		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of October 20, 2017, the number of outstanding shares of common stock of Summit Hotel Properties, Inc. was 104,276,587.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Summit Hotel Properties, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share amounts)

	September 30, 2017	December 31, 2016
	(Unaudited)	
ASSETS		
Investment in hotel properties, net	$ 1,902,949	$ 1,545,122
Investment in hotel properties under development	18,754	—
Land held for development	2,942	5,742
Assets held for sale	1,193	62,695
Investment in real estate loans, net	—	17,585
Cash and cash equivalents	52,451	34,694
Restricted cash	28,933	24,881
Trade receivables, net	20,899	11,807
Prepaid expenses and other	5,294	6,474
Deferred charges, net	4,669	3,727
Other assets	5,794	5,778
Total assets	$ 2,043,878	$ 1,718,505
LIABILITIES AND EQUITY		
Liabilities:		
Debt, net of debt issuance costs	$ 772,275	$ 652,414
Accounts payable	7,257	4,623
Accrued expenses and other	56,306	46,880
Derivative financial instruments	438	1,118
Total liabilities	836,276	705,035
Commitments and contingencies (Note 8)		
Equity:		
Preferred stock, $.01 par value per share, 100,000,000 shares authorized:		
7.875% Series B - 3,000,000 shares issued and outstanding at September 30, 2017 and December 31, 2016 (aggregate liquidation preference of $75,492 at September 30, 2017 and $75,509 at December 31, 2016)	30	30
7.125% Series C - 3,400,000 shares issued and outstanding at September 30, 2017 and December 31, 2016 (aggregate liquidation preference of $85,505 at September 30, 2017 and $85,522 at December 31, 2016)	34	34
6.45% Series D - 3,000,000 shares issued and outstanding at September 30, 2017 and December 31, 2016 (aggregate liquidation preference of $75,403 at September 30, 2017 and $75,417 at December 31, 2016)	30	30
Common stock, $.01 par value per share, 500,000,000 shares authorized, 104,266,587 and 93,525,469 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	1,043	935
Additional paid-in capital	1,178,896	1,011,412
Accumulated other comprehensive loss	(300)	(977)
Retained earnings (deficit) and distributions	24,783	(1,422)
Total stockholders’ equity	1,204,516	1,010,042
Non-controlling interests in operating partnership	3,086	3,428
Total equity	1,207,602	1,013,470
Total liabilities and equity	$ 2,043,878	$ 1,718,505

See Notes to the Condensed Consolidated Financial Statements

Summit Hotel Properties, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(in thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Room	$ 127,246	$ 110,777	$ 358,110	$ 340,657
Other hotel operations revenue	9,341	7,559	25,522	22,956
Total revenues	136,587	118,336	383,632	363,613
Expenses:				
Hotel operating expenses:				
Room	33,404	28,705	91,221	82,959
Other direct	16,846	15,513	49,255	48,596
Other indirect	35,820	29,312	100,297	92,870
Total hotel operating expenses	86,070	73,530	240,773	224,425
Depreciation and amortization	23,594	17,887	62,052	53,715
Corporate general and administrative	4,550	4,388	14,998	14,358
Hotel property acquisition costs	—	527	354	2,809
Loss on impairment of assets	—	577	—	577
Total expenses	114,214	96,909	318,177	295,884
Operating income	22,373	21,427	65,455	67,729
Other income (expense):				
Interest expense	(7,768)	(6,626)	(21,486)	(21,232)
Gain on disposal of assets, net	7,725	10,491	43,531	49,997
Other income (expense), net	(116)	661	2,847	1,854
Total other income (expense)	(159)	4,526	24,892	30,619
Income from continuing operations before income taxes	22,214	25,953	90,347	98,348
Income tax benefit (expense)	231	1,245	(613)	(461)
Net income	22,445	27,198	89,734	97,887
Less - Income attributable to non-controlling interests in operating partnership	(55)	(115)	(289)	(454)
Net income attributable to Summit Hotel Properties, Inc.	22,390	27,083	89,445	97,433
Preferred dividends	(4,200)	(4,993)	(12,600)	(13,287)
Net income attributable to common stockholders	$ 18,190	$ 22,090	$ 76,845	$ 84,146
Earnings per share:				
Basic	$ 0.18	$ 0.25	$ 0.78	$ 0.97
Diluted	$ 0.17	$ 0.25	$ 0.78	$ 0.96
Weighted average common shares outstanding:				
Basic	103,253	86,492	98,105	86,428
Diluted	103,632	87,401	98,471	87,319

See Notes to the Condensed Consolidated Financial Statements

Summit Hotel Properties, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$ 22,445	$ 27,198	$ 89,734	$ 97,887
Other comprehensive income (loss), net of tax:				
Changes in fair value of derivative financial instruments	157	545	680	(102)
Comprehensive income	22,602	27,743	90,414	97,785
Less - Comprehensive income attributable to operating partnership	(56)	(118)	(292)	(453)
Comprehensive income attributable to Summit Hotel Properties, Inc.	22,546	27,625	90,122	97,332
Preferred dividends	(4,200)	(4,993)	(12,600)	(13,287)
Comprehensive income attributable to common stockholders	$ 18,346	$ 22,632	$ 77,522	$ 84,045

See Notes to the Condensed Consolidated Financial Statements

Summit Hotel Properties, Inc.
Condensed Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2017 and 2016
(Unaudited)
(in thousands, except share amounts)

	Shares of Preferred Stock	Preferred Stock	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit) and Distributions	Total Stockholders' Equity	Non-controlling Interests in Operating Partnership	Total Equity
Balance at December 31, 2016	9,400,000	$ 94	93,525,469	$ 935	$1,011,412	$ (977)	$ (1,422)	$ 1,010,042	$ 3,428	$1,013,470
Net proceeds from sale of common stock	—	—	10,350,000	104	163,516	—	—	163,620	—	163,620
Common stock redemption of common units	—	—	52,808	1	466	—	—	467	(467)	—
Dividends	—	—	—	—	—	—	(63,240)	(63,240)	(184)	(63,424)
Equity-based compensation	—	—	397,421	4	4,462	—	—	4,466	17	4,483
Shares acquired to satisfy employee withholding requirements	—	—	(59,111)	(1)	(960)	—	—	(961)	—	(961)
Other comprehensive income	—	—	—	—	—	677	—	677	3	680
Net income	—	—	—	—	—	—	89,445	89,445	289	89,734
Balance at September 30, 2017	9,400,000	$ 94	104,266,587	$ 1,043	$1,178,896	$ (300)	$ 24,783	$ 1,204,516	$ 3,086	$1,207,602
Balance at December 31, 2015	8,400,000	$ 84	86,793,521	$ 868	$ 894,060	$ (1,666)	$ (40,635)	$ 852,711	$ 4,215	$ 856,926
Net proceeds from sale of preferred stock	3,000,000	30	—	—	72,260	—	—	72,290	—	72,290
Common stock redemption of common units	—	—	61,056	1	510	—	—	511	(511)	—
Dividends	—	—	—	—	—	—	(47,328)	(47,328)	(178)	(47,506)
Equity-based compensation	—	—	521,995	5	3,180	—	—	3,185	17	3,202
Shares acquired to satisfy employee withholding requirements	—	—	(61,622)	(1)	(1,264)	—	—	(1,265)	—	(1,265)
Other comprehensive loss	—	—	—	—	—	(101)	—	(101)	(1)	(102)
Net income	—	—	—	—	—	—	97,433	97,433	454	97,887
Balance at September 30, 2016	11,400,000	$ 114	87,314,950	$ 873	$ 968,746	$ (1,767)	$ 9,470	$ 977,436	$ 3,996	$ 981,432

See Notes to the Condensed Consolidated Financial Statements

Summit Hotel Properties, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	For the Nine Months Ended September 30,	
	2017	**2016**
OPERATING ACTIVITIES		
Net income	$ 89,734	$ 97,887
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	62,052	53,715
Amortization of deferred financing costs	1,553	1,625
Loss on impairment of assets	—	577
Equity-based compensation	4,483	3,202
Realization of deferred gain	(15,000)	(5,000)
Gain on disposal of assets, net	(28,531)	(44,997)
Other	51	(573)
Changes in operating assets and liabilities:		
Restricted cash - operating	(2,326)	(881)
Trade receivables, net	(9,140)	(5,848)
Prepaid expenses and other	1,817	1,109
Accounts payable	(233)	1,215
Accrued expenses and other	9,780	10,348
NET CASH PROVIDED BY OPERATING ACTIVITIES	114,240	112,379
INVESTING ACTIVITIES		
Acquisitions of hotel properties	(424,734)	(169,654)
Investment in hotel properties under development	(15,954)	—
Improvements to hotel properties	(25,252)	(31,098)
Proceeds from asset dispositions, net of closing costs	120,901	145,366
Funding of real estate loans	—	(27,500)
Proceeds from collection of real estate loans	32,500	7,814
Increase in restricted cash - FF&E reserve	(1,726)	(1,613)
Decrease in escrow deposits for acquisitions	—	6,446
NET CASH USED IN INVESTING ACTIVITIES	(314,265)	(70,239)
FINANCING ACTIVITIES		
Proceeds from issuance of debt	485,000	250,000
Principal payments on debt	(365,087)	(302,546)
Proceeds from equity offerings, net of issuance costs	163,620	72,290
Dividends paid	(63,148)	(47,506)
Financing fees on debt	(1,642)	(1,948)
Repurchase of common shares to satisfy employee withholding requirements	(961)	(1,265)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	217,782	(30,975)
Net change in cash and cash equivalents	17,757	11,165
CASH AND CASH EQUIVALENTS		
Beginning of period	34,694	29,326
End of period	$ 52,451	$ 40,491
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	$ 20,242	$ 19,425
Accrued acquisition costs and improvements to hotel properties	$ 3,482	$ 1,590
Capitalized interest	$ 172	$ —
Cash payments for income taxes, net of refunds	$ 600	$ 1,135

See Notes to the Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - DESCRIPTION OF BUSINESS

Summit Hotel Properties, Inc. (the "Company") is a self-managed hotel investment company that was organized on June 30, 2010, as a Maryland corporation. The Company holds both general and limited partnership interests in Summit Hotel OP, LP (the "Operating Partnership"), a Delaware limited partnership also organized on June 30, 2010. On February 14, 2011, the Company closed on its initial public offering ("IPO") and completed certain formation transactions, including the merger of Summit Hotel Properties, LLC with and into the Operating Partnership. Unless the context otherwise requires, "we," "us," and "our" refer to the Company and its consolidated subsidiaries.

We focus on owning primarily premium-branded, select-service hotels. At September 30, 2017, our portfolio consisted of 79 hotels with a total of 11,590 guestrooms located in 24 states. We have elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes commencing with our short taxable year ended December 31, 2011. To qualify as a REIT, we cannot operate or manage our hotels. Accordingly, all of our hotels are leased to subsidiaries ("TRS Lessees") of our taxable REIT subsidiary ("TRS"). We indirectly own 100% of the outstanding equity interests in all of our TRS Lessees.

NOTE 2 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements of the Company consolidate the accounts of the Company and all entities that are controlled by the Company's ownership of a majority voting interest in such entities, as well as variable interest entities for which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated in the Condensed Consolidated Financial Statements.

We prepare our Condensed Consolidated Financial Statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Act of 1934 (the "Exchange Act"). Accordingly, the Condensed Consolidated Financial Statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for a fair presentation in accordance with GAAP have been included. Results for the three and nine months ended September 30, 2017 may not be indicative of the results that may be expected for the full year of 2017. For further information, please read the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Segment Disclosure

Accounting Standards Codification ("ASC") Topic 280, *Segment Reporting*, establishes standards for reporting financial and descriptive information about an enterprise's reportable segments. We have determined that we have one reportable segment for activities related to investing in real estate. Our investments in real estate are geographically diversified and the chief operating decision makers evaluate operating performance on an individual asset level. As each of our assets has similar economic characteristics, the assets have been aggregated into one reportable segment.

Investment in Hotel Properties

The Company allocates the purchase price of acquired hotel properties based on the fair value of the acquired land, land improvements, building, furniture, fixtures and equipment, identifiable intangible assets or liabilities, other assets and assumed liabilities. Intangible assets may include certain value associated with the on-going operations of the hotel business being acquired as part of the hotel property acquisition. Acquired intangible assets that derive their values from real property or an interest in real property, are inseparable from that real property or interest in real property, and do not produce or contribute to the production of income other than consideration for the use or occupancy of space, are recorded as a component of the related real estate asset in our Condensed Consolidated Financial Statements. Identifiable intangible assets or liabilities may also arise from assumed contractual arrangements as part of the acquisition of the hotel property, including terms that are above or below market compared to an estimated fair market value of the agreement on the acquisition date. We determine the acquisition-date fair values of all assets and assumed liabilities using methods similar to those used by independent appraisers, including using a discounted cash flow analysis that uses appropriate discount or capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions.

Effective January 1, 2017, we early adopted ASU No. 2017-01, *Clarifying the Definition of a Business*. As such, if substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset or group of similar identifiable assets, the asset or asset group is not considered a business. When we conclude that an acquisition meets this threshold, acquisition costs will be capitalized as part of our allocation of the purchase price of the acquired hotel properties.

Our hotel properties and related assets are recorded at cost, less accumulated depreciation. We capitalize hotel development costs and the costs of significant additions and improvements that materially upgrade, increase the value or extend the useful life of the property. These costs may include hotel development, refurbishment, renovation, and remodeling expenditures, as well as certain indirect internal costs related to construction projects. If an asset requires a period of time in which to carry out the activities necessary to bring it to the condition necessary for its intended use, the interest cost incurred during that period as a result of expenditures for the asset is capitalized as part of the cost of the asset. We expense the cost of repairs and maintenance as incurred.

We generally depreciate our hotel properties and related assets using the straight-line method over their estimated useful lives as follows:

Classification	**Estimated Useful Lives**
Buildings and improvements	6 to 40 years
Furniture, fixtures and equipment	2 to 15 years

We periodically re-evaluate asset lives based on current assessments of remaining utilization, which may result in changes in estimated useful lives. Such changes are accounted for prospectively and will increase or decrease future depreciation expense.

When depreciable property and equipment is retired or disposed, the related costs and accumulated depreciation are removed from the balance sheet and any gain or loss is reflected in current operations.

On a limited basis, we provide financing to developers of hotel properties for development projects. We evaluate these arrangements to determine if we participate in residual profits of the hotel property through the loan provisions or other agreements. Where we conclude that these arrangements are more appropriately treated as an investment in the hotel property, we reflect the loan as an investment in hotel properties under development in our Condensed Consolidated Balance Sheets. If classified as hotel properties under development, no interest income is recognized on the loan and interest expense is capitalized as part of our investment in the hotel property during the construction period.

We monitor events and changes in circumstances for indicators that the carrying value of a hotel property or land held for development may be impaired. Additionally, we perform at least annual reviews to monitor the factors that could trigger an impairment. Factors that we consider for an impairment analysis include, among others: i) significant underperformance relative to historical or anticipated operating results, ii) significant changes in the manner of use of a property or the strategy of our overall business, including changes in the estimated holding periods for hotel properties and land parcels, iii) a significant increase in competition, iv) a significant adverse change in legal factors or regulations, and v) significant negative industry or economic trends. When such factors are identified, we prepare an estimate of the undiscounted future cash flows of the specific property and determine if the carrying amount of the asset is recoverable. If an impairment is identified, we estimate the fair

value of the property based on discounted cash flows or sales price if the property is under contract and an adjustment is made to reduce the carrying value of the property to its estimated fair value.

Intangible Assets

We amortize intangible assets with determined finite useful lives using the straight-line method. We do not amortize intangible assets with indefinite useful lives, but we evaluate these assets for impairment annually or at interim periods if events or circumstances indicate that the asset may be impaired.

Assets Held for Sale

We periodically review our hotel properties and our land held for development based on established criteria such as age, type of franchise, adverse economic and competitive conditions, and strategic fit to identify properties that we believe are either non-strategic or no longer complement our business. Based on our review, we periodically market properties for sale that no longer meet our investment criteria.

We classify assets as Assets Held for Sale in the period in which certain criteria are met, including when the sale of the asset within one year is probable. Assets classified as Assets Held for Sale are no longer depreciated and are carried at the lower of carrying amount or fair value less selling costs.

Variable Interest Entities

We consolidate variable interest entities (each a "VIE") if we determine that we are the primary beneficiary of the entity. When evaluating the accounting for a VIE, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance relative to other economic interest holders. We determine our rights, if any, to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE by considering the economic interest in the entity, regardless of form, which may include debt, equity, management and servicing fees, or other contractual arrangements. We consider other relevant factors including each entity's capital structure, contractual rights to earnings or obligations for losses, subordination of our interests relative to those of other investors, contingent payments, and other contractual arrangements that may be economically significant.

Additionally, we have in the past and may in the future enter into purchase and sale transactions in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended ("IRC"), for the exchange of like-kind property to defer taxable gains on the sale of real estate properties ("1031 Exchange"). For reverse transactions under a 1031 Exchange in which we purchase a new property prior to selling the property to be matched in the like-kind exchange (we refer to a new property being acquired by us in the 1031 Exchange prior to the sale of the related property as a "Parked Asset"), legal title to the Parked Asset is held by a qualified intermediary engaged to execute the 1031 Exchange until the sale transaction and the 1031 Exchange is completed. We retain essentially all of the legal and economic benefits and obligations related to a Parked Asset prior to completion of a 1031 Exchange.   As such, a Parked Asset is included in our Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations as a consolidated VIE until legal title is transferred to us upon completion of the 1031 Exchange.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, cash on deposit may exceed the federally insured limit. We maintain our cash with high credit quality financial institutions.

Restricted Cash

Restricted cash consists of certain funds maintained in escrow for property taxes, insurance, and certain capital expenditures. Funds may be disbursed from the account upon proof of expenditures and approval from the lender or other party requiring the restricted cash reserves.

Trade Receivables and Credit Policies

We grant credit to qualified customers, generally without collateral, in the form of trade accounts receivable. Trade receivables result from the rental of hotel guestrooms and the sales of food, beverage, and banquet services and are payable under normal trade terms. Trade receivables also include credit and debit card transactions that are in the process of being settled. Trade receivables are stated at the amount billed to the customer and do not accrue interest.

We regularly review the collectability of our trade receivables. A provision for losses is determined on the basis of previous loss experience and current economic conditions.

Deferred Charges, net

Initial franchise fees are capitalized and amortized over the term of the franchise agreement using the straight-line method.

Deferred Financing Fees

Debt issuance costs are presented as a direct deduction from the carrying value of the debt liability on the Condensed Consolidated Balance Sheets. Debt issuance costs are amortized as a component of interest expense over the term of the related debt using the straight-line method, which approximates the interest method.

Non-controlling Interests

Non-controlling interests represent the portion of equity in a consolidated entity held by owners other than the consolidating parent. Non-controlling interests are reported in the Condensed Consolidated Balance Sheets within equity, separately from stockholders' equity. Revenue, expenses and net income attributable to both the Company and the non-controlling interests are reported in the Condensed Consolidated Statements of Operations.

Our Condensed Consolidated Financial Statements include non-controlling interests related to common units of limited partnership interests ("Common Units") in the Operating Partnership held by unaffiliated third parties.

Revenue Recognition

We recognize revenue when guestrooms are occupied, services have been rendered or fees are earned. Revenues are recorded net of any sales and other taxes collected from customers. All discounts are recorded as a reduction to revenue. Cash received prior to guest arrival is recorded as an advance from the customer and is recognized as revenue at the time of occupancy.

Occupancy, Sales and Other Taxes

We have operations in states and municipalities that impose sales or other taxes on certain sales. We collect these taxes from our customers and remit the entire amount to the various governmental units. The taxes collected and remitted are excluded from revenues and are included in accrued expenses until remitted.

Equity-Based Compensation

Our 2011 Equity Incentive Plan, which was amended and restated effective June 15, 2015 (as amended, the "Equity Plan"), provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, and other stock-based awards. We account for the stock options granted upon completion of our IPO at fair value using the Black-Scholes option-pricing model and we account for all other awards of equity, including time-based and performance-based stock awards, using the grant date fair value of those equity awards. Restricted stock awards with performance-based vesting conditions are market-based awards tied to total stockholder return and are valued using a Monte Carlo simulation model in accordance with ASC Topic 718, *Compensation — Stock Compensation*. We expense the fair value of awards under the Equity Plan ratably over the vesting period and market-based awards are not adjusted for performance. The amount of stock-based compensation expense may be subject to adjustment in future periods due to a change in forfeiture assumptions or modification of previously granted awards.

Derivative Financial Instruments and Hedging

All derivative financial instruments are recorded at fair value and reported as a derivative financial instrument asset or liability in our Condensed Consolidated Balance Sheets. We use interest rate derivatives to hedge our risks on variable-rate debt. Interest rate derivatives could include swaps, caps and floors. We assess the effectiveness of each hedging relationship by comparing changes in fair value or cash flows of the derivative financial instrument with the changes in fair value or cash flows of the designated hedged item or transaction.

For interest rate derivatives designated as cash flow hedges, the effective portion of changes in fair value is initially reported as a component of accumulated other comprehensive loss in the equity section of our Condensed Consolidated Balance Sheets and reclassified to interest expense in our Condensed Consolidated Statements of Operations in the period in which the hedged item affects earnings. The ineffective portion of changes in fair value is recognized in current earnings in other income (expense) in the Condensed Consolidated Statements of Operations.

Income Taxes

We have elected to be taxed as a REIT under certain provisions of the IRC. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute annually to our stockholders at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, which does not necessarily equal net income as calculated in accordance with GAAP. As a REIT, we generally will not be subject to federal income tax (other than taxes paid by our TRS at regular corporate income tax rates) to the extent we distribute 100% of our REIT taxable income to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate income tax rates and generally will be unable to re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT, unless we satisfy certain relief provisions.

Substantially all of our assets are held by and all of our operations are conducted through our Operating Partnership. Partnerships are not subject to U.S. federal income taxes as revenues and expenses pass through to and are taxed on the owners. Generally, the states and cities where partnerships operate follow the U.S. federal income tax treatment. However, there are a limited number of local and state jurisdictions that tax the taxable income of the Operating Partnership. Accordingly, we provide for income taxes in these jurisdictions for the Operating Partnership.

Taxable income related to our TRS is subject to federal, state and local income taxes at applicable tax rates. Our consolidated income tax provision includes the income tax provision related to the operations of the TRS as well as state and local income taxes related to the Operating Partnership.

Where required, we account for federal and state income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for: i) the future tax consequences attributable to differences between carrying amounts of existing assets and liabilities based on GAAP and the respective carrying amounts for tax purposes, and ii) operating losses and tax-credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date of the change in tax rates. However, deferred tax assets are recognized only to the extent that it is more likely than not they will be realized based on consideration of available evidence, including future reversals of taxable temporary differences, future projected taxable income and tax planning strategies.

We perform a review of any uncertain tax positions and if necessary will record expected future tax consequences of uncertain tax positions in the financial statements.

Fair Value Measurement

Fair value measures are classified into a three-tiered fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1:	Observable inputs such as quoted prices in active markets.
Level 2:	Directly or indirectly observable inputs, other than quoted prices in active markets.
Level 3:	Unobservable inputs in which there is little or no market information, which require a reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of the following valuation techniques:

Market approach:	Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
Cost approach:	Amount required to replace the service capacity of an asset (replacement cost).
Income approach:	Techniques used to convert future amounts to a single amount based on market expectations (including present-value, option-pricing, and excess-earnings models).

Our estimates of fair value were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts. We classify assets and liabilities in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement.

We elected not to use the fair value option for cash and cash equivalents, restricted cash, trade receivables, prepaid expenses and other, debt, accounts payable, and accrued expenses and other. With the exception of our fixed-rate debt (See “Note 4 — Debt”), the carrying amounts of these financial instruments approximate their fair values due to their short-term nature or variable interest rates.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts reported in previous periods have been reclassified to conform to the current presentation primarily as a result of the reclassification of certain intangible assets related to our acquisitions of hotel properties from Other assets to Investment in hotel properties, net, on the Company's balance sheet. These reclassifications had no net effect on the Company’s previously reported financial position or results of operations. See "Note 3 - Investment in Hotel Properties, net" for further details.

New Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective. The standard permits the use of either the full retrospective adoption or a modified retrospective adoption. In July 2015, the FASB deferred the effective date to January 1, 2018 with early adoption beginning January 1, 2017. We expect to adopt ASU No. 2014-09 on January 1, 2018 using the modified retrospective adoption method. We have evaluated each of our revenue streams under the new model. Based on preliminary assessments, we do not expect the adoption of ASU No. 2014-09 to have a material effect on our financial position or our results of operations.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which enhances the reporting requirements for the measurement of financial instruments and requires equity securities to be measured at fair value with changes in the fair value recognized through net income for the period. ASU No. 2016-01 is effective for our fiscal year commencing on January 1, 2018. We do not expect the adoption of ASU No. 2016-01 to have a material effect on our financial position or our results of operations.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which changes lessee accounting to reflect the financial liability and right-of-use assets that are inherent to leasing an asset on the balance sheet. ASU No. 2016-02 is effective for our fiscal year commencing on January 1, 2019, but early adoption is permitted. We anticipate that we will adopt ASU No. 2016-02 for our fiscal year commencing on January 1, 2019. We expect to apply the modified retrospective approach such that we will account for leases that commenced before the effective date of ASU No. 2016-02 in accordance with previous GAAP unless the lease is modified, except we will recognize right-of-use assets and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP.

The effect that the adoption of ASU No. 2016-02 will have on our financial position or results of operations is not currently reasonably estimable.

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which addresses the Statement of Cash Flow classification and presentation of certain cash transactions. ASU No. 2016-15 is effective for our fiscal year commencing on January 1, 2018. The effect of this amendment is to be applied retrospectively where practical and early adoption is permitted. We expect to adopt ASU No. 2016-15 for our fiscal year commencing on January 1, 2018. We do not expect the adoption of ASU No. 2016-15 to have a material effect on our financial position or our results of operations.

In November 2016, the FASB issued ASU No. 2016-18, *Classification of Restricted Cash*, which addresses the Statement of Cash Flow classification and presentation of restricted cash transactions. ASU No. 2016-18 is effective for our fiscal year commencing on January 1, 2018. The effect of this amendment is to be applied retrospectively and early adoption is permitted. We expect to adopt ASU No. 2016-18 for our fiscal year commencing on January 1, 2018. We do not expect the adoption of ASU No. 2016-18 to have a material effect on our financial position or our results of operations.

In January 2017, the FASB issued ASU No. 2017-01, *Clarifying the Definition of a Business*, with the objective of providing guidance to assist entities with evaluating whether transactions should be accounted for as an acquisition of assets or a business. ASU No. 2017-01 is effective for our fiscal year commencing on January 1, 2018. The effect of this guidance is to be applied prospectively and early adoption is permitted. We have early adopted ASU No. 2017-01 for our fiscal year commencing on January 1, 2017. The adoption of ASU No. 2017-01 did not have a material effect on our financial position or our results of operations.

In May 2017, the FASB issued ASU No. 2017-09, *Scope of Modification Accounting*, to provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in accordance with ASC No. 718, *Compensation - Stock Compensation.* ASC No. 2017-09 is effective for our fiscal year commencing on January 1, 2018. The effect of this guidance is to be applied prospectively to an award modified on or after the adoption date and early adoption is permitted. The effect that the adoption of ASU No. 2017-09 will have on our financial position or results of operations is not currently reasonably estimable.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, with the objective of improving the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. ASC No. 2017-12 is effective for our fiscal year commencing on January 1, 2019, and early adoption is permitted. Based on our preliminary evaluation, the adoption of ASU No. 2017-12 will not have a material effect on our financial position or our results of operations.

NOTE 3 - INVESTMENT IN HOTEL PROPERTIES, NET

Investment in Hotel Properties, net

Investment in hotel properties, net at September 30, 2017 and December 31, 2016 is as follows (in thousands):

	September 30, 2017	December 31, 2016
Land	$ 237,652	$ 178,423
Hotel buildings and improvements	1,745,059	1,433,389
Intangible assets	22,764	6,602
Construction in progress	13,602	22,490
Furniture, fixtures and equipment	152,562	129,437
	2,171,639	1,770,341
Less - accumulated depreciation and amortization	(268,690)	(225,219)
	$ 1,902,949	$ 1,545,122

Intangible assets included in Investment in hotel properties, net and intangible liabilities included in Accrued expenses and other in our Condensed Consolidated Balance Sheets include the following (in thousands):

	September 30, 2017	December 31, 2016
Intangible assets:		
Air rights [1]	$ 10,754	$ —
Favorable leases [2]	10,569	6,032
In-place lease agreements	1,361	570
Other	80	—
	22,764	6,602
Less accumulated amortization	(796)	(348)
Intangible assets, net	$ 21,968	$ 6,254
Intangible liabilities:		
Unfavorable leases [2]	$ 5,002	$ 5,002
Less accumulated amortization	(261)	(190)
Intangible liabilities, net	$ 4,741	$ 4,812

(1) In conjunction with the acquisition of the Courtyard by Marriott - Charlotte, NC, the Company acquired certain air rights related to the hotel property.
(2) Intangible assets and liabilities are recorded on contracts assumed as part of the acquisition of certain hotels. Above-market and below-market contract values are based on the present value of the difference between contractual amounts to be paid pursuant to the contracts assumed and our estimate of the fair market contract rates for corresponding contracts measured over a period equal to the remaining non-cancelable term of the contracts assumed. Intangible assets and liabilities are amortized over the remaining non-cancelable term of the related contracts.

Investment in Hotel Properties Under Development

We are developing a hotel in Orlando, FL on a parcel of land that we own. We expect the total development costs for the construction of the hotel to be approximately $30.0 million. We have incurred $16.0 million of costs to date and we have reclassified the $2.8 million carrying amount of the land parcel from Land Held for Development to Investment in Hotel Properties Under Development during the nine months ended September 30, 2017 as a result of our development activities.

Assets Held for Sale

Assets held for sale at September 30, 2017 and December 31, 2016 include the following (in thousands):

	September 30, 2017	December 31, 2016
Land	$ 1,193	$ 10,907
Hotel buildings and improvements	—	44,718
Furniture, fixtures and equipment	—	6,649
Franchise fees and other	—	421
	$ 1,193	$ 62,695

Assets Held for Sale at September 30, 2017 included land parcels in Spokane, WA and Flagstaff, AZ, which were being actively marketed for sale. Assets Held for Sale at December 31, 2016 include the hotel properties related to the ARCH Sale and the land parcels in Spokane, WA and Flagstaff, AZ, which were being actively marketed for sale.

ARCH Sale

On February 11, 2016, we completed the sale of six hotels to affiliates of American Realty Capital Hospitality Trust, Inc. ("ARCH") for an aggregate selling price of $108.3 million (the "ARCH Sale"), with the proceeds from the ARCH Sale being used to complete certain reverse 1031 Exchanges. The hotels acquired by us for the reverse 1031 Exchanges included the 179-guestroom Courtyard by Marriott in Atlanta (Decatur), GA on October 20, 2015 for a purchase price of $44.0 million and the 226-guestroom Courtyard by Marriott, Nashville, TN for a purchase price of $71.0 million on January 19, 2016. The completion of the reverse 1031 Exchanges resulted in the deferral of taxable gains of approximately $74.0 million and the pay-

down of our unsecured revolving credit facility by $105.0 million. Additionally, we repaid a mortgage loan totaling $5.8 million related to the sale of a hotel to ARCH. The ARCH Sale resulted in a $56.8 million gain, of which $20.0 million was initially deferred related to seller financing that we provided as described below.

In connection with the ARCH Sale, the Operating Partnership entered into a loan agreement with ARCH, as borrower, which provided for a loan by the Operating Partnership to ARCH in the amount of $27.5 million (the “Loan” or "Loan Agreement"). The proceeds of the Loan were required to be applied by ARCH as follows: (i) $20.0 million was applied toward the payment of a portion of the $108.3 million purchase price for the six hotels acquired by ARCH as part of the ARCH Sale; and (ii) the remaining $7.5 million was applied by ARCH to fund the escrow deposit required for the purchase of eight hotels as described below. Through December 31, 2016, we had recognized as income $5.0 million of the deferred gain upon receipt of scheduled repayments of the principal balance of the loan from ARCH. On March 31, 2017, ARCH repaid the remaining $22.5 million principal balance of the Loan and payment-in-kind (“PIK”) interest of $1.2 million. As such, we recognized as income during the nine months ended September 30, 2017 the remaining $15.0 million of the deferred gain related to the sale of six hotels to ARCH.

Pursuant to an agreement entered into by the Company and an affiliate of ARCH on February 11, 2016, as such agreement was subsequently modified and extended, the affiliate of ARCH was to purchase ten of the Company's hotels. Two of the hotels were sold during 2016 to a purchaser not affiliated with ARCH as permitted by the agreement.

On April 27, 2017, we completed the sale of seven of the remaining eight hotels to an affiliate of ARCH for a total purchase price of $66.8 million, resulting in a net gain of approximately $16.0 million. The seven hotels sold were as follows:

Hotel	Location	Guestrooms
Courtyard by Marriott	Jackson, MS	117
Courtyard by Marriott	Germantown, TN	93
Fairfield Inn & Suites	Germantown, TN	80
Homewood Suites	Ridgeland, MS	91
Residence Inn	Jackson, MS	100
Residence Inn	Germantown, TN	78
Staybridge Suites	Ridgeland, MS	92
Total		651

The proceeds from this sale were used to complete a 1031 Exchange, which resulted in the deferral of taxable gains of approximately $20.8 million. The hotel acquired by us for the 1031 Exchange was the 261-guestroom Courtyard by Marriott, Fort Lauderdale, FL for a purchase price of $85.0 million on May 23, 2017.

On June 2, 2017, we completed the sale of the Courtyard by Marriott, El Paso, TX, which was the final hotel under contract for sale to ARCH, to a third-party purchaser that is unrelated to ARCH. The sale of this property resulted in the realization of a net gain of $0.4 million during the nine months ended September 30, 2017. As a result of this sale, ARCH has fulfilled its purchase obligations to us.

Other Asset Sales

On March 30, 2017, we completed the sale of the Hyatt Place in Atlanta, GA for $14.5 million and repaid a related mortgage loan totaling $6.5 million. The sale of this property resulted in the realization of a net gain of $4.8 million during the nine months ended September 30, 2017.

On July 21, 2017, we completed the sale of three hotel properties in Fort Worth, TX for an aggregate sales price of $27.8 million, resulting in a net gain of $8.1 million. The proceeds from this sale were used to complete a 1031 Exchange, which resulted in the deferral of taxable gains of $8.6 million.

At December 31, 2015, we held two notes receivable totaling $2.7 million related to seller-financing for the sale in a prior year of two hotel properties in Emporia, KS (each an "Emporia Property"). The loans had matured and the buyer was in payment default under the terms of the loans. We were awarded legal title to one Emporia Property through foreclosure. We also purchased an additional note receivable from the first priority lien holder for the Emporia Property for which foreclosure proceedings were ongoing to facilitate the completion of the reacquisition of this Emporia Property through a foreclosure. On April 15, 2016, we completed the sale of the reacquired Emporia Property to a third-party purchaser that was unrelated to the prior owner. On May 18, 2016, we completed the sale of the first and second lien notes related to the remaining Emporia Property to the same purchaser. The aggregate selling price of the Emporia Properties was approximately $4.5 million. As a result of the foreclosure activities and the sale of the notes, we have no further interest in either Emporia Property.

Hotel Property Acquisitions

A summary of the hotel properties acquired during the nine months ended September 30, 2017 and 2016 is as follows (in thousands):

Date Acquired	Franchise/Brand	Location	Purchase Price	
For the nine months ended September 30, 2017				
March 1, 2017	Homewood Suites	Aliso Viejo (Laguna Beach), CA	$ 38,000	
March 30, 2017	Hyatt Place	Phoenix (Mesa), AZ	22,200	
May 23, 2017	Courtyard by Marriott	Fort Lauderdale, FL	85,000	
June 9, 2017	Courtyard by Marriott	Charlotte, NC	56,250	
June 21, 2017	Courtyard by Marriott	Fort Worth, TX	40,000	
June 21, 2017	Courtyard by Marriott	Kansas City, MO	24,500	
June 21, 2017	Courtyard by Marriott	Pittsburgh, PA	42,000	
June 21, 2017	Hampton Inn & Suites	Baltimore, MD	18,000	
June 21, 2017	Residence Inn by Marriott	Baltimore, MD	38,500	
July 13, 2017	AC Hotel by Marriott	Atlanta, GA	57,500	
			$ 421,950	(1)
For the nine months ended September 30, 2016				
January 19, 2016	Courtyard by Marriott	Nashville, TN	$ 71,000	
January 20, 2016	Residence Inn by Marriott	Atlanta, GA	38,000	
August 9, 2016	Marriott	Boulder, CO	61,400	
			$ 170,400	(2)

(1) The net assets acquired totaled $424.8 million due to the purchase at settlement of $0.6 million of net working capital and other assets and capitalized transaction costs of $2.2 million.

(2) The net assets acquired totaled $169.7 million due to the purchase at settlement of $0.7 million of net liabilities.

The allocation of the aggregate purchase prices to the fair value of assets and liabilities acquired for the above acquisitions is as follows (in thousands):

	For the Nine Months Ended September 30,		
	2017		2016	
Land	$ 63,339		$ 23,288	
Hotel buildings and improvements	328,395		143,195	
Intangible assets	16,162		442	
Furniture, fixtures and equipment	16,294		2,948	
Other assets	1,937		504	
Total assets acquired	426,127		170,377	
Less - other liabilities assumed	(1,354)		(723)	
Net assets acquired	$ 424,773	(1)	$ 169,654	(2)

(1) The net assets acquired totaled $424.8 million due to the purchase at settlement of $0.6 million of net working capital and other assets and capitalized transaction costs of $2.2 million.
(2) The net assets acquired totaled $169.7 million due to the purchase at settlement of $0.7 million of net liabilities.

Under ASU No. 2017-01, all hotel purchases completed in 2017 were deemed to be the acquisition of assets. Therefore, acquisition costs related to these transactions have been capitalized as part of the recorded amount of the acquired assets.

Total revenues and net income for hotel properties acquired in the nine months ended September 30, 2017 and 2016, which are included in our Condensed Consolidated Statements of Operations, are as follows (in thousands):

	2017 Acquisitions [(1)]	2016 Acquisitions [(2)]		2017 Acquisitions [(1)]	2016 Acquisitions [(2)]	
	For the Three Months Ended September 30,	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	For the Nine Months Ended September 30,	
	2017	2017	2016	2017	2017	2016
Revenues	$ 20,913	$ 9,233	$ 8,071	$ 28,283	$ 25,929	$ 18,582
Net income	$ 1,960	$ 1,734	$ 2,568	$ 3,816	$ 4,965	$ 5,284

(1) Net income for the 2017 Acquisitions includes depreciation expense, real estate tax expense, interest expense, and other corporate expenses totaling $7.0 million and $8.5 million for three and nine months ended September 30, 2017, respectively.
(2) Net income for the 2016 Acquisitions includes depreciation expense, real estate tax expense, interest expense, and other corporate expenses totaling $3.0 million and $1.9 million for three months ended September 30, 2017 and 2016, respectively, and $8.2 million and $4.6 million for the nine months ended September 30, 2017 and 2016, respectively.

The results of operations of acquired hotel properties are included in the Condensed Consolidated Statements of Operations beginning on their respective acquisition dates. The following unaudited pro forma information includes operating results for 79 hotels owned as of September 30, 2017 as if all such hotels had been owned by us since January 1, 2016. For hotels acquired by us after January 1, 2016 (the "Acquired Hotels"), we have included in the pro forma information the financial results of each of the Acquired Hotels for the period from January 1, 2016 to the date the Acquired Hotels were purchased by us (the "Preacquisition Period"). The financial results for the Pre-Acquisition Period were provided by the third-party owner of such Acquired Hotel prior to purchase by us and such information has not been audited or reviewed by our auditors or adjusted by us. For hotels sold by us between January 1, 2016 and September 30, 2017 (the "Disposed Hotels"), the unaudited pro forma information excludes the financial results of each of the Disposed Hotels for the period of ownership by us from January 1, 2016 through the date that the Disposed Hotels were sold by us. The unaudited pro forma information is included to enable comparison of results for the current reporting period to results for the comparable period of the prior year and is not indicative of what actual results of operations would have been had the hotel acquisitions and dispositions taken place on or before January 1, 2016. The pro forma amounts exclude the gain on the sale of hotel properties during the three and nine months ended September 30, 2017 and 2016, respectively. This information does not purport to be indicative of or represent results of operations for future periods.

The unaudited condensed pro forma financial information for the 79 hotel properties owned at September 30, 2017 for the three and nine months ended September 30, 2017 and 2016 is as follows (in thousands, except per share):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	$ 136,369	$ 135,373	$ 405,289	$ 408,104
Income from hotel operations	$ 50,458	$ 52,250	$ 152,282	$ 160,450
Net income before taxes [(1)]	$ 14,234	$ 25,181	$ 58,044	$ 79,569
Net income [(1)]	$ 14,465	$ 26,426	$ 57,431	$ 76,108
Net income attributable to common stockholders, net of amount allocated to participating securities [(1)]	$ 10,162	$ 21,275	$ 44,359	$ 62,357
Basic and diluted net income per share attributable to common stockholders [(1)]	$ 0.10	$ 0.25	$ 0.45	$ 0.72
Diluted net income per share attributable to common stockholders [(1)]	$ 0.10	$ 0.24	$ 0.45	$ 0.71

(1) Pro Forma amounts include depreciation expense, real estate tax expense, interest expense, income tax expense, and other corporate expenses totaling $46.2 million and $34.3 million for three months ended September 30, 2017 and 2016, respectively, and $124.3 million and $110.9 million for the nine months ended September 30, 2017 and 2016, respectively.

NOTE 4 - DEBT

At September 30, 2017 our indebtedness is comprised of borrowings under a $450.0 million senior unsecured credit facility, the 2015 Term Loan (as defined below), the 2017 Term Loan (as defined below), and indebtedness secured by first priority mortgage liens on various hotel properties. At December 31, 2016, our indebtedness is comprised of borrowings under a $450.0 million senior unsecured credit facility, the 2015 Term Loan (as defined below), and indebtedness secured by first priority mortgage liens on various hotel properties. The weighted average interest rate, after giving effect to our interest rate derivative, for all borrowings was 3.78% at September 30, 2017 and 3.69% at December 31, 2016.

Debt, net of debt issuance costs, is as follows (in thousands):

	September 30, 2017	December 31, 2016
Revolving debt	$ 40,000	$ 50,000
Term loans	415,000	290,000
Mortgage loans	322,464	317,550
	777,464	657,550
Unamortized debt issuance costs	(5,189)	(5,136)
Debt, net of debt issuance costs	$ 772,275	$ 652,414

Our total fixed-rate and variable-rate debt, after giving effect to our interest rate derivative, is as follows (in thousands):

	September 30, 2017	December 31, 2016
Fixed-rate debt	$ 365,446	$ 359,867
Variable-rate debt	412,018	297,683
	$ 777,464	$ 657,550

Information about the fair value of our fixed-rate debt that is not recorded at fair value is as follows (in thousands):

	September 30, 2017		December 31, 2016		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Valuation Technique
Fixed-rate debt	$ 290,446	$ 293,207	$ 284,867	$ 283,416	Level 2 - Market approach

At September 30, 2017 and December 31, 2016, we had $75.0 million of debt with variable interest rates that had been converted to fixed interest rates through a derivative financial instrument which is carried at fair value. Differences between carrying value and fair value of our fixed-rate debt are primarily due to changes in interest rates. Inherently, fixed-rate debt is subject to fluctuations in fair value as a result of changes in the current market rate of interest on the valuation date. For additional information on our use of derivatives as interest rate hedges, refer to "Note 5 — Derivative Financial Instruments and Hedging."

$450 Million Senior Unsecured Credit Facility

On January 15, 2016, the Operating Partnership, as borrower, the Company, as parent guarantor, and each party executing the loan documentation as a subsidiary guarantor, entered into a $450.0 million senior unsecured credit facility (the “2016 Unsecured Credit Facility”), which replaced the previous $300.0 million senior unsecured credit facility that was in place. The 2016 Unsecured Credit Facility is comprised of a $300.0 million revolving credit facility (the “$300 Million Revolver”) and a $150.0 million term loan (the “$150 Million Term Loan”). At September 30, 2017, the maximum amount of borrowing provided by the 2016 Unsecured Credit Facility was $450.0 million, of which we had $190.0 million borrowed and $260.0 million available to borrow.

The 2016 Unsecured Credit Facility has an accordion feature which will allow the Company to increase the total commitments by an aggregate of up to $150.0 million. The $300 Million Revolver will mature on March 31, 2020 and can be extended to March 31, 2021 at the Company’s option, subject to certain conditions. The $150 Million Term Loan will mature on March 31, 2021.

The Company pays interest on revolving credit advances at varying rates based upon, at the Company's option, either (i) 1-, 2-, 3- or 6-month LIBOR, plus a margin of between 1.50% and 2.25%, depending upon the Company's leverage ratio (as defined in the 2016 Unsecured Credit Facility agreement), or (ii) the applicable base rate, which is the greatest of the administrative agent's prime rate, the federal funds rate plus 0.50%, and 1-month LIBOR plus 1.00%, plus a base rate margin of between 0.50% and 1.25%, depending upon the Company's leverage ratio. The interest rate at September 30, 2017 was 2.88%.

Financial and Other Covenants. We are required to comply with a series of financial and other covenants to borrow under this credit facility. At September 30, 2017, we were in compliance with all required covenants.

Unencumbered Assets. The 2016 Unsecured Credit Facility is unsecured. However, borrowings under the 2016 Unsecured Credit Facility are limited by the value of hotel assets that qualify as unencumbered assets. At September 30, 2017, the Company had 46 unencumbered hotel properties (the "Unencumbered Properties") supporting the 2016 Unsecured Credit Facility.

An interest rate swap entered into on September 5, 2013 with a notional value of $75.0 million, an effective date of January 2, 2014 and a maturity date of October 1, 2018 remains outstanding. This interest rate swap was designated as a cash flow hedge and effectively fixes LIBOR at 2.04% which results in a fixed interest rate of 3.49% on $75.0 million of the $150 Million Term Loan.

Unsecured Term Loans

2015 Term Loan

On April 7, 2015, our Operating Partnership, as borrower, the Company, as parent guarantor, and each party executing the term loan documentation as a subsidiary guarantor, entered into a $125.0 million unsecured term loan (the "2015 Term Loan"). The 2015 Term Loan matures on April 7, 2022 and has an accordion feature which allows us to increase the total commitments by an aggregate of $75.0 million prior to the maturity date, subject to certain conditions. At closing, we were advanced the full $125.0 million amount of the 2015 Term Loan and on April 21, 2015, we were advanced $15.0 million upon exercise of the accordion. All proceeds were used to pay down the principal balance of our $225.0 million revolving credit facility provided under the former $300.0 million senior unsecured credit facility. We pay interest on advances equal to the sum of LIBOR or the administrative agent's prime rate and the applicable margin. Interest on the outstanding balance of $140 million is currently being paid at an annual rate of 3.18% based on LIBOR at September 30, 2017.

Borrowings under the 2015 Term Loan are limited by the value of hotel assets that qualify as unencumbered assets. As of September 30, 2017, the 46 Unencumbered Properties also supported the 2015 Term Loan.

2017 Term Loan

On September 26, 2017, our Operating Partnership, as borrower, the Company, as parent guarantor, and each party executing the term loan documentation as a subsidiary guarantor, entered into a $225.0 million unsecured term loan (the "2017 Term Loan") with KeyBank National Association, as administrative agent, Deutsche Bank AG New York Branch and Bank of America, N.A., as co-syndication agents, KeyBanc Capital Markets, Inc., Deutsche Bank Securities, Inc., and Merrill Lynch Pierce Fenner & Smith, as joint bookrunners and joint lead arrangers, and a syndicate of lenders including KeyBank National Association, Deutsche Bank AG New York Branch, Bank of America, N.A., Capital One, National Association, PNC Bank, National Association, Regions Bank, Raymond James Bank, N.A., Royal Bank of Canada, Branch Banking and Trust Company, and U.S. Bank National Association.

The 2017 Term Loan has an accordion feature which allows us to increase the total commitments by an aggregate of $175.0 million prior to the maturity date, subject to certain conditions. The 2017 Term Loan matures on November 25, 2022.

We pay interest on advances at varying rates, based upon, at our option, either (i) 1, 2, 3, or 6-month LIBOR, plus a LIBOR margin between 1.45% and 2.20%, depending upon our leverage ratio (as defined in the loan documents), or (ii) the applicable base rate, which is the greatest of the administrative agent's prime rate, the federal funds rate plus 0.50%, and 1-month LIBOR plus 1.00%, plus a base rate margin between 0.45% and 1.20%, depending upon our leverage ratio. We are required to pay other fees, including customary arrangement and administrative fees.

Financial and Other Covenants. In addition, we are required to comply with a series of financial and other covenants in order to borrow and maintain borrowings under the 2017 Term Loan. At September 30, 2017 we are in compliance with all financial covenants.

Unencumbered Assets. The 2017 Term Loan is unsecured. However, borrowings under the term loan are limited by the value of hotel assets that qualify as unencumbered assets. As of September 30, 2017, the 46 Unencumbered Properties also supported the 2017 Term Loan.

We have the ability to delay draws of the principal amount of the term loan and, in addition to making a draw at closing, we may make up to three additional draws prior to September 20, 2018. Beginning December 25, 2017, we pay a facility unused fee of 0.25% per annum on the unused principal amount of the loan.

On September 26, 2017, we drew $125.0 million of the $225.0 million available under the 2017 Term Loan and used the proceeds to pay down the principal balance of our $300 Million Revolver.

Metabank Loan

On June 30, 2017, we entered into a $47.6 million secured, non-recourse loan with Metabank (the "Metabank Loan"). The Metabank Loan includes a delayed draw feature, at no additional cost, whereby $25.0 million of the total loan commitment must be drawn within 90 days of the closing date and the remaining loan commitment must be drawn by December 31, 2017. At September 30, 2017, we had drawn $25.0 million on the Metabank Loan. The Metabank Loan provides for a fixed interest rate of 4.44% and interest only payments for 18 months following the closing date. After this 18 month period, the loan is amortized on a 25-year amortization schedule through the maturity date of July 1, 2027. The Metabank Loan is secured by the Residence Inn in Salt Lake City, UT, the Four Points by Sheraton Hotel & Suites in South San Francisco, CA, and the Hyatt Place in Mesa, AZ. The Metabank Loan is subject to a prepayment penalty if prepaid prior to April 1, 2027.

Term Loans

At September 30, 2017, we had $737.5 million in secured and unsecured term loans outstanding (including the $150 Million Term Loan, the 2015 Term Loan, the 2017 Term Loan and the Metabank Loan described above). Term loans totaling $322.5 million are secured primarily by first mortgage liens on certain hotel properties.

NOTE 5 - DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Information about our derivative financial instruments at September 30, 2017 and December 31, 2016 is as follows (dollars in thousands):

	September 30, 2017			December 31, 2016		
	Number of Instruments	Notional Amount	Fair Value	Number of Instruments	Notional Amount	Fair Value
Interest rate swaps (liability)	1	$ 75,000	$ (438)	1	$ 75,000	$ (1,118)
	1	$ 75,000	$ (438)	1	$ 75,000	$ (1,118)

Our interest rate swap has been designated as a cash flow hedge and is valued using a market approach, which is a Level 2 valuation technique. At September 30, 2017 and December 31, 2016, our interest rate swap was in a liability position. The interest rate swap expires on October 1, 2018. We are not required to post any collateral related to this agreement and are not in breach of any financial provisions of the agreement.

The table below details the presentation in the financial statements of the gain or loss recognized on derivative financial instruments designated as cash flow hedges (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Gain (loss) recognized in accumulated other comprehensive income on derivative financial instruments (effective portion)	$ 2	$ 248	$ 92	$ (1,008)
Loss reclassified from accumulated other comprehensive income to interest expense (effective portion)	$ (155)	$ (297)	$ (588)	$ (906)
Gain recognized in Other Expense (ineffective portion)	$ —	$ 19	$ —	$ —

Amounts reported in accumulated other comprehensive income related to derivative financial instruments will be reclassified to interest expense as interest payments are made on the hedged variable-rate debt. In the next twelve months, we estimate that an additional $0.4 million will be reclassified from Other Comprehensive Income and recorded as an increase to interest expense.

NOTE 6 - EQUITY

Common Stock

The Company is authorized to issue up to 500,000,000 shares of common stock, $0.01 par value per share. Each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as may be provided with respect to any other class or series of stock, the holders of such shares possess the exclusive voting power.

On May 9, 2017, the Company and the Operating Partnership, entered into an underwriting agreement (the “Underwriting Agreement”) with Raymond James & Associates, Inc. and Deutsche Bank Securities Inc., as the representatives of the several underwriters named therein, relating to the issuance and sale of 9,000,000 shares of the Company’s common stock, $0.01 par value per share (“Common Stock”), at a public offering price of $16.50 per share, less an underwriting discount of $0.66 per share. Pursuant to the terms of the Underwriting Agreement, the Company granted the underwriters a 30-day option to purchase up to an additional 1,350,000 shares of common stock on the same terms, which the underwriters exercised in full on May 10, 2017. The closing of the offering occurred on May 15, 2017 for net proceeds of $163.8 million, after the underwriting discount and offering-related expenses of $7.0 million.

On May 25, 2017, the Company and the Operating Partnership entered into separate sales agreements (collectively, the “Sales Agreements”) with each of Robert W. Baird & Co. Incorporated, Raymond James & Associates, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc., RBC Capital Markets, LLC, KeyBanc Capital Markets Inc., Canaccord Genuity Inc., Jefferies LLC, BB&T Capital Markets, a division of BB&T Securities, LLC, and BTIG, LLC (collectively, the “Sales Agents”), pursuant to which the Company may sell the Company’s shares of common stock, $0.01 par value per share, having an aggregate offering price of up to $200.0 million (the “Shares”), from time to time through the Sales Agents, each acting as a sales agent and/or principal. At the same time, the Company terminated each of the sales agreements entered into in connection with its prior at-the-market offering program, which was established in August 2016 and under which 6,151,514 shares of the Company’s common stock were sold for net proceeds of approximately $89.1 million.

Pursuant to the Sales Agreements, the Shares may be offered and sold through any Sales Agent in transactions that are deemed to be “at the market” offerings as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on the New York Stock Exchange or sales made to or through a market maker other than on an exchange or, with the prior consent of the Company, in privately negotiated transactions. Each Sales Agent will be entitled to compensation equal to up to 2.0% of the gross proceeds of the Shares sold through such Sales Agent from time to time under the related Sales Agreement. The Company has no obligation to sell any of the Shares under the Sales Agreements and may at any time suspend solicitations and offers under, or terminate, any of the Sales Agreements.

Changes in common stock during the nine months ended September 30, 2017 and 2016 were as follows:

	For the Nine Months Ended September 30,	
	2017	2016
Beginning common shares outstanding	93,525,469	86,793,521
Stock Offering	10,350,000	—
Grants under the Equity Plan	366,679	446,686
Common Unit redemptions	52,808	61,056
Exercise of stock options	—	37,684
Annual grants to independent directors	28,426	32,180
Common stock issued for director fees	3,553	5,851
Forfeitures	(1,237)	(406)
Shares retained for employee tax withholding requirements	(59,111)	(61,622)
Ending common shares outstanding	104,266,587	87,314,950

Preferred Stock

The Company is authorized to issue up to 100,000,000 shares of preferred stock, $0.01 par value per share, of which 90,600,000 is currently undesignated, 3,000,000 shares have been designated as 7.875% Series B Cumulative Redeemable Preferred Stock (the “Series B preferred shares”), 3,400,000 shares have been designated as 7.125% Series C Cumulative Redeemable Preferred Stock (the “Series C preferred shares”), and 3,000,000 shares have been designated as 6.45% Series D Cumulative Redeemable Preferred Stock (the "Series D preferred shares").

The Company completed the offering of 3,000,000 Series D preferred shares on June 28, 2016 for net proceeds of $72.3 million, after the underwriting discount and offering-related expenses of $2.7 million.

On October 28, 2016, the Company paid $50.7 million to redeem all 2,000,000 of its outstanding Series A preferred shares at a redemption price of $25 per share plus accrued and unpaid dividends.

The Company's outstanding shares of preferred stock (collectively, “Preferred Shares”) rank senior to our common stock and on parity with each other with respect to the payment of dividends and distributions of assets in the event of a liquidation, dissolution, or winding up. The Preferred Shares do not have any maturity date and are not subject to mandatory redemption or sinking fund requirements. The Company may not redeem the Series B preferred shares, Series C preferred shares or Series D preferred shares prior to December 11, 2017, March 20, 2018, and June 28, 2021, respectively, except in limited circumstances relating to the Company’s continuing qualification as a REIT or in connection with certain changes in control. After those dates, the Company may, at its option, redeem the applicable Preferred Shares, in whole or from time to time in part, by payment of $25 per share, plus any accumulated, accrued and unpaid distributions up to, but not including, the date of redemption. If the Company does not exercise its rights to redeem the Preferred Shares upon certain changes in control, the holders of the Preferred Shares have the right to convert some or all of their shares into a number of the Company’s common shares based on a defined formula, subject to a share cap, or alternative consideration. The share cap on each Series B preferred share is 5.6497 shares of common stock, each Series C preferred share is 5.1440 shares of common stock, and each Series D preferred share is 3.9216 shares of common stock, all subject to certain adjustments.

The Company pays dividends at an annual rate of $1.96875 for each Series B preferred share, $1.78125 for each Series C preferred share, and $1.6125 for each Series D preferred share. Dividend payments are made quarterly in arrears on or about the last day of February, May, August and November of each year.

Non-controlling Interests in Operating Partnership

Pursuant to the limited partnership agreement of our Operating Partnership, beginning on February 14, 2012, the unaffiliated third parties who hold Common Units in our Operating Partnership have the right to cause us to redeem their Common Units in exchange for cash based upon the fair value of an equivalent number of our shares of common stock at the time of redemption; however, the Company has the option to redeem Common Units with shares of our common stock on a one-for-one basis. The number of shares of our common stock issuable upon redemption of Common Units may be adjusted upon the occurrence of certain events such as share dividend payments, share subdivisions or combinations.

At September 30, 2017 and December 31, 2016, unaffiliated third parties owned 343,905 and 396,713 Common Units of the Operating Partnership, respectively, representing less than a 1% limited partnership interest in the Operating Partnership for each period.

We classify outstanding Common Units held by unaffiliated third parties as non-controlling interests in the Operating Partnership, a component of equity in the Company's Condensed Consolidated Balance Sheets. The portion of net income allocated to these Common Units is reported on the Company's Condensed Consolidated Statement of Operations as net income attributable to non-controlling interests of the Operating Partnership.

Leasehold Venture

At March 31, 2016, we owned a majority interest in a joint venture that owned a fee simple interest in a hotel property and we also owned a minority interest in a related joint venture ("Leasehold Venture") that held a leasehold interest in the property. On June 30, 2016, our joint venture partner in the Leasehold Venture exercised a put option to sell its joint venture interest in the Leasehold Venture to us for $0.4 million. We finalized the transaction in July 2016 and we now own 100% of the fee simple interest and leasehold interest in the hotel property effective July 31, 2016.

NOTE 7 - FAIR VALUE MEASUREMENT

The following table presents information about our financial instruments measured at fair value on a recurring basis at September 30, 2017 and December 31, 2016. In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, we classify assets and liabilities based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Disclosures concerning financial instruments measured at fair value are as follows (in thousands):

	Fair Value Measurements at September 30, 2017 using			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Interest rate swaps	$ —	$ 438	$ —	$ 438

	Fair Value Measurements at December 31, 2016 using			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Interest rate swaps	$ —	$ 1,118	$ —	$ 1,118

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Restricted Cash

The Company maintains reserve funds for property taxes, insurance, capital expenditures and replacement or refurbishment of furniture, fixtures and equipment at some of our hotel properties in accordance with management, franchise or mortgage loan agreements. These agreements generally require us to reserve cash ranging from 3% to 5% of the revenues of the individual hotel in restricted cash escrow accounts. Any unused restricted cash balances revert to us upon the termination of the underlying agreement or may be released to us from the restricted cash escrow accounts upon proof of expenditures and approval from the lender or other party requiring the restricted cash reserves. At September 30, 2017 and December 31, 2016, approximately $28.9 million and $24.9 million, respectively, was available in restricted cash reserve funds for property taxes, insurance, capital expenditures and replacement or refurbishment of furniture, fixtures and equipment at our hotel properties.

Ground Leases

We lease land for one hotel property in Duluth, GA under the terms of an operating ground lease agreement expiring April 1, 2069. We have two prepaid land leases for two hotel properties in Portland, OR which expire in June of 2084 and had remaining prepaid balances of approximately $3.2 million and $3.3 million at September 30, 2017 and December 31, 2016, respectively. We have one option to extend these leases for an additional 14 years. We lease land for one hotel property in Houston (Galleria Area), TX under the terms of an operating ground lease agreement with an initial termination date of April 20, 2053 and one option to extend for an additional 10 years. We lease land for one hotel property in Austin, TX with an initial lease termination date of May 31, 2050. We lease land for one hotel property in Baltimore (Hunt Valley), MD with a lease termination date of December 31, 2019 and twelve remaining options to extend for five additional years per extension. Total rent expense for ground leases for the three months ended September 30, 2017 and 2016 was $0.4 million and $0.4 million, respectively. Total rent expense for ground leases for the nine months ended September 30, 2017 and 2016 was $1.3 million and $1.2 million, respectively.

In addition, we lease land for one hotel property in Garden City, NY under a PILOT (payment in lieu of taxes) lease. We pay a reduced amount of property tax each year of the lease as rent. The lease expires on December 31, 2019. Upon expiration of the lease, we expect to exercise our right to acquire a fee simple interest in the hotel for nominal consideration.

Franchise Agreements

All of our hotel properties operate under franchise agreements with major hotel franchisors. The terms of our franchise agreements generally range from 10 to 20 years with various extension provisions. Each franchisor receives franchise fees ranging from 2% to 6% of each hotel property's gross revenue, and some agreements require that we pay marketing fees of up to 4% of gross revenue. In addition, some of these franchise agreements require that we deposit a percentage of the hotel property's gross revenue, generally not more than 5%, into a reserve fund for capital expenditures. We also pay fees to our franchisors for services such as reservation and information systems. During the three months ended September 30, 2017 and 2016, we expensed fees related to our franchise agreements of $11.4 million and $9.3 million, respectively. During the nine months ended September 30, 2017 and 2016, we expensed fees related to our franchise agreements of $30.8 million and $28.3 million, respectively.

Management Agreements

Our hotel properties operate pursuant to management agreements with various professional third-party management companies. The terms of our management agreements range from three to 25 years with various extension provisions. Each management company receives a base management fee, generally a percentage of total hotel property revenues. In some cases there are also monthly fees for certain services, such as accounting, based on the number of guestrooms. Generally there are also incentive fees based on attaining certain financial thresholds. Management fee expenses for the three months ended September 30, 2017 and 2016 were $4.2 million and $4.2 million, respectively. Management fee expenses for the nine months ended September 30, 2017 and 2016 were $14.0 million and $14.9 million, respectively.

Litigation

We are involved from time to time in litigation arising in the ordinary course of business. We are currently involved in litigation related to the settlement of a contractual obligation related to the purchase of a hotel property in 2012. We have accrued the amount of our expected liability to settle the contractual obligation at September 30, 2017. We are not currently aware of any actions against us that we believe would have a material effect on our financial condition or results of operations.

NOTE 9 - EQUITY-BASED COMPENSATION

Our currently outstanding equity-based awards were issued under the Equity Plan which provides for the granting of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, and other equity-based awards or incentive awards.

Stock options granted may be either incentive stock options or non-qualified stock options. Vesting terms may vary with each grant, and stock option terms are generally five to ten years. We have outstanding equity-based awards in the form of stock options and restricted stock awards. All of our outstanding equity-based awards are classified as equity awards.

Stock Options Granted Under our Equity Plan

As of September 30, 2017, we had 235,000 outstanding and exercisable stock options with a weighted average exercise price of $9.75 per share, weighted average contractual term of 3.4 years and an aggregate intrinsic value of $1.5 million.

Time-Based Restricted Stock Awards Made Pursuant to Our Equity Plan

On March 6, 2017, we granted time-based restricted stock awards for 16,079 shares of common stock to certain of our non-executive employees. The awards vest over a four-year period based on continued service (20% on March 9, 2018, 2019 and 2020, and 40% on March 9, 2021).

On March 6, 2017, we granted time-based restricted stock awards for 120,024 shares of common stock to our executive officers. On April 18, 2017, we granted a time-based restricted stock award for 20,215 shares of common stock to an executive officer. The awards vest 25% on March 9, 2018, 25% on March 9, 2019 and 50% on March 9, 2020, based on continuous service through the vesting dates or in certain circumstances upon a change in control.

On February 24, 2016, we granted time-based restricted stock awards for 22,010 shares of common stock to certain of our non-executive employees. The awards vest over a four-year period based on continued service (20% on March 9, 2017, 2018 and 2019, and 40% on March 9, 2020). On March 8, 2016, we granted time-based restricted stock awards for 169,707 shares of common stock to our executive officers. The awards vest 25% on March 9, 2017, 25% on March 9, 2018 and 50% on March 9, 2019, based on continuous service through the vesting dates or in certain circumstances upon a change in control.

The holders of these awards have the right to vote the related shares of common stock and receive all dividends declared and paid whether or not vested. The fair value of time-based restricted stock awards granted is calculated based on the market value of our common stock on the date of grant.

The following table summarizes time-based restricted stock award activity under our Equity Plan for the nine months ended September 30, 2017:

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Current Value
		(per share)	(in thousands)
Non-vested at December 31, 2016	357,845	$ 11.90	$ 5,736
Granted	156,318	15.52	
Vested	(120,366)	11.29	
Forfeited	(1,237)	13.57	
Non-vested at September 30, 2017	392,560	$ 13.52	$ 6,277

Performance-Based Restricted Stock Awards Made Pursuant to Our Equity Plan

On March 6, 2017, we granted performance-based restricted stock awards for 180,039 shares of common stock to our executive officers. On April 18, 2017, we granted a performance-based restricted stock award for 30,322 shares of common stock to an executive officer. Our performance-based restricted stock awards are market-based awards and are accounted for based on the fair value of our common stock on the grant date. The fair value of the performance-based restricted stock awards granted was estimated using a Monte Carlo simulation valuation model. These awards generally vest based on our percentile ranking within the SNL U.S. REIT Hotel Index at the end of the period beginning on March 6, 2017 and ending on the earlier of March 6,

2020 or upon a change in control. The awards require continued service during the measurement period and are subject to the other conditions described in the Equity Plan or award document.

On March 8, 2016, we granted performance-based restricted stock awards for 254,563 shares of common stock to our executive officers. Our performance-based restricted stock awards are market-based awards and are accounted for based on the fair value of our common stock on the grant date. The fair value of the performance-based restricted stock awards granted was estimated using a Monte Carlo simulation valuation model. These awards generally vest based on our percentile ranking within the SNL U.S. REIT Hotel Index at the end of the period beginning on March 8, 2016 and ending on the earlier of March 8, 2019 or upon a change in control. The awards require continued service during the measurement period and are subject to the other conditions described in the Equity Plan or award document.

The number of shares the executive officers may earn under these awards range from zero shares to twice the number of shares granted based on our percentile ranking within the index at the end of the measurement period. In addition, a portion of the performance-based shares may be earned based on the Company's absolute total shareholder return calculated during the performance period. The holders of these grants have the right to vote the granted shares of common stock and any dividends declared will be accumulated and will be subject to the same vesting conditions as the awards. Further, if additional shares are earned based on our percentile ranking within the index, dividend payments will be issued as if the additional shares had been held throughout the measurement period.

The following table summarizes performance-based restricted stock activity under the Equity Plan for the nine months ended September 30, 2017:

	Number of Shares	Weighted Average Grant Date Fair Value (1)	Aggregate Current Value
		(per share)	(in thousands)
Non-vested at December 31, 2016	449,027	$ 14.90	$ 7,198
Granted	210,361	17.13	
Vested	(39,959)	7.12	
Non-vested at September 30, 2017	619,429	$ 16.16	$ 9,905

(1) The amounts included in this column represent the expected future value of the performance-based restricted stock awards calculated using the Monte Carlo simulation valuation model.

Director Stock Awards Made Pursuant to Our Equity Plan

Our non-employee directors have the option to receive shares of our common stock in lieu of cash for their director fees. During the nine months ended September 30, 2017, we issued 3,553 shares of common stock for director fees and we made an annual grant of 28,426 shares of common stock to our independent directors. The fair value of director stock awards is calculated based on the market value of our common stock on the date of grant.

Equity-Based Compensation Expense

Equity-based compensation expense included in Corporate General and Administrative expenses in the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2017 and 2016 was as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Time-based restricted stock	$ 541	$ 419	$ 1,607	$ 1,176
Performance-based restricted stock	849	576	2,333	1,532
Stock options	—	—	—	55
Director stock	99	25	543	439
	$ 1,489	$ 1,020	$ 4,483	$ 3,202

We recognize equity-based compensation expense ratably over the vesting periods. The amount of expense may be subject to adjustment in future periods due to a change in the forfeiture assumptions.

Unrecognized equity-based compensation expense for all non-vested awards pursuant to our Equity Plan was $8.1 million at September 30, 2017 as follows (in thousands):

	Total	2017	2018	2019	2020	2021
Time-based restricted stock	$ 3,293	$ 541	$ 1,603	$ 949	$ 190	$ 10
Performance-based restricted stock	4,826	850	2,374	1,401	201	—
	$ 8,119	$ 1,391	$ 3,977	$ 2,350	$ 391	$ 10

NOTE 10 - INCOME TAXES

Income taxes for the interim periods presented have been included in our Condensed Consolidated Financial Statements on the basis of an estimated annual effective tax rate. Our effective tax rate is affected by the mix of earnings and losses by taxing jurisdictions. Our earnings, other than from our TRS, are not generally subject to federal and state corporate income taxes due to our REIT election, provided that we distribute 100% of our taxable income to our shareholders. However, there are a limited number of local and state jurisdictions that tax the taxable income of the Operating Partnership. Accordingly, we provide for income taxes in these jurisdictions for the Operating Partnership.

We recorded an income tax benefit related to net income from continuing operations of $0.2 million and $1.2 million for the three months ended September 30, 2017 and 2016, respectively, and an income tax expense related to net income from continuing operations of $0.6 million and $0.5 million for the nine months ended September 30, 2017 and 2016, respectively.

We had no unrecognized tax benefits at September 30, 2017. We expect no significant changes in unrecognized tax benefits within the next year.

NOTE 11 - EARNINGS PER SHARE

We apply the two-class method of computing earnings per share, which requires the calculation of separate earnings per share amounts for our non-vested time-based restricted stock awards with non-forfeitable dividends and for our common stock. Our non-vested time-based restricted stock awards with non-forfeitable rights to dividends are considered securities which participate in undistributed earnings with common stock. Under the two-class computation method, net losses are not allocated to participating securities unless the holder of the security has a contractual obligation to share in the losses. Our non-vested time-based restricted stock awards with non-forfeitable dividends do not have such an obligation so they are not allocated losses.

Below is a summary of the components used to calculate basic and diluted earnings per share (in thousands, except per share):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Numerator:				
Net income	$ 22,445	$ 27,198	$ 89,734	$ 97,887
Less: Preferred dividends	(4,200)	(4,993)	(12,600)	(13,287)
Allocation to participating securities	(69)	(47)	(305)	(127)
Attributable to non-controlling interest	(55)	(115)	(289)	(454)
Net income attributable to common stockholders, net of amount allocated to participating securities	$ 18,121	$ 22,043	$ 76,540	$ 84,019
Denominator:				
Weighted average common shares outstanding - basic	103,253	86,492	98,105	86,428
Dilutive effect of equity-based compensation awards	379	909	366	891
Weighted average common shares outstanding - diluted	103,632	87,401	98,471	87,319
Earnings per share:				
Basic	$ 0.18	$ 0.25	$ 0.78	$ 0.97
Diluted	$ 0.17	$ 0.25	$ 0.78	$ 0.96

All outstanding stock options were included in the computation of diluted earnings per share for the three and nine months ended September 30, 2017 and 2016 due to their dilutive effect. The Common Units held by the non-controlling interest holders have been excluded from the denominator of the diluted earnings per share as there would be no effect on the amounts since the limited partners' share of income would also be added to derive net income attributable to common stockholders. We had unvested performance-based restricted stock awards of 464,924 shares and 449,027 shares for the three months ended September 30, 2017 and 2016, respectively, and 464,924 shares and 449,027 shares for the nine months ended September 30, 2017 and 2016, respectively, which were excluded from the denominator of the diluted earnings per share as the awards had not achieved the requisite performance conditions for vesting at each period end.

NOTE 12 - SUBSEQUENT EVENTS

Derivatives

On October 2, 2017, we entered into two separate $100 million interest rate swap agreements with an effective date of January 29, 2018, to partially fix the interest rate on a portion of our variable interest rate unsecured indebtedness. The swaps convert LIBOR from floating rate to an average fixed rate of 1.98% through January 31, 2023.

Mezzanine Loans

We are a mezzanine lender on a construction loan to fund up to $12.0 million to a developer for the development of a hotel property. The mezzanine loan closed on October 27, 2017, and has an initial maturity date of November 2020. As of October 27, 2017, we have funded $7.2 million on the loan. We have the option to purchase a 90% interest in the hotel upon completion of construction. We have the right to purchase the remaining interest at a future date.

Dividends

On October 30, 2017, our Board of Directors declared cash dividends of $0.17 per share of common stock, $0.4921875 per share of 7.875% Series B Cumulative Redeemable Preferred Stock, $0.4453125 per share of 7.125% Series C Cumulative Redeemable Preferred Stock and $0.403125 per share of 6.45% Series D Cumulative Redeemable Preferred Stock. These dividends are payable on November 30, 2017 to stockholders of record on November 16, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our audited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the year ended December 31, 2016 and our unaudited interim Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Unless stated otherwise or the context otherwise requires, references in this report to "we," "our," "us," "our company" or "the company" mean Summit Hotel Properties, Inc. and its consolidated subsidiaries.

Cautionary Statement about Forward-Looking Statements

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "forecast," "project," "potential," "continue," "likely," "will," "would" or similar expressions. Forward-looking statements in this report include, among others, statements about our business strategy, including acquisition and development strategies, industry trends, estimated revenues and expenses, ability to realize deferred tax assets and expected liquidity needs and sources (including capital expenditures and the ability to obtain financing or raise capital). You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and which could materially affect actual results, performances or achievements. Factors that may cause actual results to differ materially from current expectations include, but are not limited to:

- financing risks, including the risk of leverage and the corresponding risk of default on our existing indebtedness and potential inability to refinance or extend the maturities of our existing indebtedness as well as the risk of default by borrowers to which we lend or provide seller financing;
- global, national, regional and local economic and geopolitical conditions;
- levels of spending for business and leisure travel, as well as consumer confidence;
- supply and demand factors in our markets or sub-markets;
- adverse changes in, or declining rates of growth with respect to, occupancy, average daily rate ("ADR") and revenue per available room ("RevPAR") and other hotel operating metrics;
- hostilities, including future terrorist attacks, or fear of hostilities that affect travel;
- financial condition of, and our relationships with, third-party property managers and franchisors;
- the degree and nature of our competition;
- increased interest rates and operating costs;
- increased renovation costs, which may cause actual renovation costs to exceed our current estimates;
- changes in zoning laws and significant increases in real property taxes;
- risks associated with potential hotel acquisitions, including the ability to ramp up and stabilize newly acquired hotels with limited or no operating history or that require substantial amounts of capital improvements for us to earn stabilized economic returns consistent with our expectations at the time of acquisition;
- risks associated with dispositions of hotel properties;
- the nature of our structure and transactions such that our federal and state taxes are complex and there is risk of successful challenges to our tax positions by the Internal Revenue Service or other federal and state taxing authorities;
- the recognition of taxable gains from the sale of hotel properties as a result of the inability to complete certain like-kind exchanges in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended (the "IRC");
- availability of and our ability to retain qualified personnel;
- our failure to maintain our qualification as a real estate investment trust ("REIT") under the IRC;
- changes in our business or investment strategy;
- availability, terms and deployment of capital;
- general volatility of the capital markets and the market price of our common stock;
- environmental uncertainties and risks related to natural disasters;
- our ability to recover fully under our existing insurance policies for insurable losses and our ability to maintain adequate or full replacement cost "all-risk" property insurance policies on our properties on commercially reasonable terms;
- the effect of a data breach or significant disruption of hotel operator information technology networks as a result of cyber attacks beyond insurance coverages or indemnities from service providers; and
- the other factors discussed under the heading "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Accordingly, there is no assurance that our expectations will be realized. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Overview

Summit Hotel Properties, Inc. is a self-managed hotel investment company that was organized in June 2010 and completed its initial public offering in February 2011. We focus on owning primarily premium-branded, select-service hotels. At September 30, 2017, our portfolio consisted of 79 hotels with a total of 11,590 guestrooms located in 24 states. Except for seven hotels, six of which are subject to ground leases and one of which is subject to a PILOT (payment in lieu of taxes) lease, we own our hotels in fee simple. Our hotels are typically located in markets with multiple demand generators such as corporate offices and headquarters, retail centers, airports, state capitols, convention centers, and leisure attractions.

The vast majority of our hotels operate under premium franchise brands owned by Marriott® International, Inc. (“Marriott”), Hilton® Worldwide (“Hilton”), Hyatt® Hotels Corporation (“Hyatt”) and Intercontinental® Hotel Group (“IHG”).

We have elected to be taxed as a REIT for federal income tax purposes commencing with our short taxable year ended December 31, 2011. To qualify as a REIT, we cannot operate or manage our hotels. Accordingly, all of our hotels are leased to wholly-owned subsidiaries (our “TRS lessees”) of Summit Hotel TRS, Inc., our taxable REIT subsidiary. All of our hotels are operated pursuant to hotel management agreements between our TRS lessees and professional third-party hotel management companies that are not affiliated with us as follows:

Management Company	Number of Properties	Number of Guestrooms
Interstate Management Company, LLC and its affiliate Noble Management Group, LLC	33	4,527
Select Hotel Group, LLC	12	1,681
OTO Development, LLC	10	1,396
Affiliates of Marriott, including Courtyard Management Corporation, SpringHill SMC Corporation and Residence Inn by Marriott, Inc.	7	1,176
White Lodging Services Corporation	4	791
Stonebridge Realty Advisors, Inc.	4	597
Affiliates of IHG including IHG Management (Maryland) LLC and Intercontinental Hotel Group Resources, Inc.	2	395
American Liberty Hospitality, Inc.	2	372
Aimbridge Hospitality (formerly Pillar Hotels and Resorts, LLC)	2	199
Kana Hotels, Inc.	2	195
Fillmore Hospitality	1	261
Total	**79**	**11,590**

Our typical hotel management agreement requires us to pay a base fee to our hotel manager calculated as a percentage of hotel revenues. In addition, our hotel management agreements generally provide that the hotel manager can earn an incentive fee for revenue or Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") over certain thresholds or based on a return over the owner's preferred return. Our TRS lessees may employ other hotel managers in the future. We do not, and will not, have any ownership or economic interest in any of the hotel management companies engaged by our TRS lessees.

Our revenues are derived from hotel operations and consist of room revenue and other hotel operations revenue. As a result of our focus on select-service hotels, substantially all of our revenues are related to the sales of hotel guestrooms. Our other hotel operations revenue consists of ancillary revenues related to food and beverage sales, meeting rooms, and other guest services provided at certain of our hotel properties.

Industry Trends and Outlook

Room-night demand in the U.S. lodging industry is generally correlated to macroeconomic trends. Key drivers of demand include growth in gross domestic product, corporate profits, capital investments and employment. Volatility in the economy and lodging industry and the risk of global and domestic political or economic instability may cause economic growth to slow or stall. Also, increasing supply in the industry, and specifically in our markets or sub-markets, may reduce RevPAR growth expectations.

The U.S. lodging industry experienced a positive trend through 2016 that has continued at a muted rate to-date in 2017. According to the PricewaterhouseCoopers, LLP industry report, "Hospitality Directions: August 2017," RevPAR growth in the U.S. for Upscale hotels is forecasted to be 0.4% for 2017. While we continue to have a positive outlook on national macroeconomic conditions and their effect on RevPAR growth, room-night demand for fiscal year 2017 has decelerated to-date from that experienced in 2016 based on levels of business and leisure travel. Our industry and our market segment have experienced declining rates of RevPAR growth and we could experience a decline in our RevPAR over the short-run due to increases in supply or reduced demand in our market or sub-markets.

Our Hotel Property Portfolio

At September 30, 2017, our portfolio consisted of 79 hotels with a total of 11,590 guestrooms. According to current chain scales as defined by Smith Travel Research, one of our hotel properties with 157 guestrooms is categorized as an Upper-upscale hotel, 60 of our hotel properties with 9,133 guestrooms are categorized as Upscale hotels and 18 of our hotel properties with 2,300 guestrooms are categorized as Upper-midscale hotels. Information for our hotel properties by franchisor as of September 30, 2017 is as follows:

Franchise/Brand	Number of Hotel Properties	Number of Guestrooms
Marriott/Starwood [(1)]		
AC Hotel by Marriott	1	255
Courtyard by Marriott	14	2,553
Fairfield Inn & Suites by Marriott	1	140
Four Points by Sheraton	1	101
Marriott	1	157
Residence Inn by Marriott	8	1,119
SpringHill Suites by Marriott	6	874
Total Marriott/Starwood	32	5,199
Hilton		
DoubleTree by Hilton	1	210
Hampton Inn	3	327
Hampton Inn & Suites	8	1,127
Hilton Garden Inn	8	1,048
Homewood Suites	1	129
Total Hilton	21	2,841
Hyatt		
Hyatt House	2	298
Hyatt Place	16	2,310
Total Hyatt	18	2,608
IHG		
Holiday Inn	1	143
Holiday Inn Express	1	66
Holiday Inn Express & Suites	3	433
Hotel Indigo	1	115
Staybridge Suites	1	121
Total IHG	7	878
Carlson		
Country Inn & Suites by Carlson	1	64
Total	79	11,590

(1) On September 23, 2016, Marriott completed its previously announced acquisition of Starwood Hotels & Resorts Worldwide, Inc. ("Starwood"). As a result of the transaction, Starwood became an indirect, wholly-owned subsidiary of Marriott.

Hotel Property Portfolio Activity

We continuously consider ways in which to refine our portfolio of properties to drive growth and create value. In the normal course of business, we evaluate opportunities to acquire additional properties that meet our investment criteria and opportunities to recycle capital through the disposition of properties. As such, the composition and size of our portfolio of properties may change materially over time. Significant changes to our portfolio of properties would have a material effect on our Condensed Consolidated Financial Statements.

Dispositions to Affiliates of ARCH

On February 11, 2016, we completed the sale of six hotels to affiliates of American Realty Capital Hospitality Trust, Inc. ("ARCH") for an aggregate selling price of $108.3 million (the "ARCH Sale"), with the proceeds from the ARCH Sale being used to complete certain reverse 1031 Exchanges. The hotels acquired by us for the reverse 1031 Exchanges included the 179-guestroom Courtyard by Marriott, Atlanta (Decatur), GA on October 20, 2015, for a purchase price of $44.0 million and the 226-guestroom Courtyard by Marriott, Nashville, TN for a purchase price of $71.0 million on January 19, 2016. The completion of the reverse 1031 Exchanges resulted in the deferral of taxable gains of approximately $74.0 million and the pay-down of our unsecured revolving credit facility by $105.0 million. Additionally, we repaid a mortgage loan totaling $5.8 million related to sale of a hotel to ARCH. The sale to ARCH resulted in a $56.8 million gain, of which $20.0 million was initially deferred related to seller financing that we provided as described below.

In connection with the ARCH Sale, Summit Hotel OP, LP (the "Operating Partnership") entered into a loan agreement with ARCH, as borrower, which provided for a loan by the Operating Partnership to ARCH in the amount of $27.5 million (the "Loan" or "Loan Agreement"). The proceeds of the Loan were required to be applied by ARCH as follows: (i) $20.0 million was applied toward the payment of a portion of the $108.3 million purchase price for the six hotels acquired by ARCH as part of the ARCH Sale; and (ii) the remaining $7.5 million was applied by ARCH to fund the escrow deposit required for the purchase of eight hotels as described below. Through December 31, 2016, we had recognized as income $5.0 million of the deferred gain upon receipt of $5.0 million of scheduled repayments of the principal balance of the Loan from ARCH. On March 31, 2017, ARCH repaid the remaining $22.5 million principal balance of the Loan and payment-in-kind ("PIK") interest of $1.2 million. As such, we recognized as income during the nine months ended September 30, 2017 the remaining $15.0 million of the deferred gain related to the sale of six hotels to ARCH.

Pursuant to an agreement entered into by the Company and an affiliate of ARCH on February 11, 2016, as such agreement was subsequently modified and extended, the affiliate of ARCH was to purchase ten of the Company's hotels. Two of the hotels were sold during 2016 to a purchaser not affiliated with ARCH as permitted by the agreement.

On April 27, 2017, we completed the sale of seven of the remaining eight hotels to an affiliate of ARCH for a total purchase price of $66.8 million, resulting in a net gain of approximately $16.0 million. The seven hotels sold were as follows:

Hotel	Location	Guestrooms
Courtyard by Marriott	Jackson, MS	117
Courtyard by Marriott	Germantown, TN	93
Fairfield Inn & Suites	Germantown, TN	80
Homewood Suites	Ridgeland, MS	91
Residence Inn	Jackson, MS	100
Residence Inn	Germantown, TN	78
Staybridge Suites	Ridgeland, MS	92
Total		651

The proceeds from this sale were used to complete a 1031 Exchange, which resulted in the deferral of taxable gains of approximately $20.8 million. The hotel acquired by us for the 1031 Exchange was the 261-guestroom Courtyard by Marriott, Fort Lauderdale, FL for a purchase price of $85.0 million on May 23, 2017.

On June 2, 2017, we completed the sale of the Courtyard by Marriott, El Paso, TX, which was the final hotel under contract for sale to ARCH, to a third-party purchaser that is unrelated to ARCH. The sale of this property resulted in the realization of a net gain of $0.4 million during the nine months ended September 30, 2017. As a result of this sale, ARCH has fulfilled its purchase obligations to us.

Other Asset Sales

On March 30, 2017, we completed the sale of the Hyatt Place in Atlanta, GA for $14.5 million and repaid a related mortgage loan totaling $6.5 million. The sale of this property resulted in the realization of a net gain of $4.8 million during the nine months ended September 30, 2017.

On July 21, 2017, we completed the sale of three hotel properties in Fort Worth, TX for an aggregate sales price of $27.8 million, resulting in a net gain of $8.1 million. The proceeds from this sale were used to complete a 1031 Exchange, which resulted in the deferral of taxable gains of $8.6 million.

Hotel Property Acquisitions

A summary of the hotel properties acquired during the nine months ended September 30, 2017 and 2016 is as follows (dollars in thousands):

Date Acquired	Franchise/Brand	Location	Guestrooms	Purchase Price
For the nine months ended September 30, 2017				
March 1, 2017	Homewood Suites	Aliso Viejo (Laguna Beach), CA	129	$ 38,000
March 30, 2017	Hyatt Place	Phoenix (Mesa), AZ	152	22,200
May 23, 2017	Courtyard by Marriott	Fort Lauderdale, FL	261	85,000
June 9, 2017	Courtyard by Marriott	Charlotte, NC	181	56,250
June 21, 2017	Courtyard by Marriott	Fort Worth, TX	203	40,000
June 21, 2017	Courtyard by Marriott	Kansas City, MO	123	24,500
June 21, 2017	Courtyard by Marriott	Pittsburgh, PA	182	42,000
June 21, 2017	Hampton Inn & Suites	Baltimore, MD	116	18,000
June 21, 2017	Residence Inn by Marriott	Baltimore, MD	188	38,500
July 13, 2017	AC Hotel by Marriott	Atlanta, GA	255	57,500
			1,790	$ 421,950 (1)
For the nine months ended September 30, 2016				
January 19, 2016	Courtyard by Marriott	Nashville, TN	226	$ 71,000
January 20, 2016	Residence Inn by Marriott	Atlanta, GA	160	38,000
August 9, 2016	Marriott	Boulder, CO	157	61,400
			543	$ 170,400 (2)

(1) The net assets acquired totaled $424.8 million due to the purchase at settlement of $0.6 million of net working capital and other assets and capitalized transaction costs of $2.2 million.

(2) The net assets acquired totaled $169.7 million due to the purchase at settlement of $0.7 million of net liabilities.

The acquisitions closed during the nine months ended September 30, 2017 were funded by advances on our senior unsecured credit facility, net proceeds from the sale of common stock, cash generated from the sale of properties, and operating cash flows. The acquisitions closed during the nine months ended September 30, 2016 were funded by the net proceeds from our Series D cumulative redeemable preferred stock offering, advances on our senior unsecured credit facility, cash generated from the sale of properties, and operating cash flows.

Results of Operations

The comparisons that follow should be reviewed in conjunction with the unaudited interim Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Comparison of the Three Months Ended September 30, 2017 with the Three Months Ended September 30, 2016

The following table contains key operating metrics for our total portfolio and our same-store portfolio for the three months ended September 30, 2017 compared with the three months ended September 30, 2016 (dollars in thousands, except ADR and RevPAR). We define same-store hotels as properties that we owned or leased as of September 30, 2017 and that we have owned or leased at all times since January 1, 2016.

	For the Three Months Ended September 30,				Quarter-over-Quarter Dollar Change		Quarter-over-Quarter Percentage/Basis Point Change	
	2017		2016					
	Total Portfolio (79 hotels)	Same-Store Portfolio (65 hotels)	Total Portfolio (80 hotels)	Same-Store Portfolio (65 hotels)	Total Portfolio (79/80 hotels)	Same-Store Portfolio (65 hotels)	Total Portfolio (79/80 hotels)	Same-Store Portfolio (65 hotels)
Total revenues	$ 136,587	$ 101,912	$ 118,336	$ 101,425	$ 18,251	$ 487	15.4%	0.5 %
Hotel operating expenses	$ 86,070	$ 64,957	$ 73,530	$ 63,238	$ 12,540	$ 1,719	17.1%	2.7 %
Occupancy	80.5%	80.6%	78.8%	79.0%	n/a	n/a	166 bps	155 bps
ADR	$ 147.84	$ 142.80	$ 142.84	$ 144.77	$ 5.00	$ (1.97)	3.5%	(1.4)%
RevPAR	$ 119.02	$ 115.04	$ 112.63	$ 114.39	$ 6.39	$ 0.65	5.7%	0.6 %

Revenue. The $18.3 million increase in total portfolio revenues for the three months ended September 30, 2017 compared to the same period of 2016 is the result of incremental revenues of $26.2 million generated as a result of the acquisition of four hotels in 2016 and ten hotels in 2017 (the "2016/2017 Acquisitions") and an increase in same-store revenues of $0.5 million, partially offset by a decline in revenues of $8.4 million related to properties sold after June 30, 2016.

The 5.7% increase in RevPAR for the total portfolio for the three months ended September 30, 2017 compared to the same period of 2016 is the result of the purchase of higher RevPAR hotel properties with the 2016/2017 Acquisitions, which produced an aggregate RevPAR of $134.69 for the three months ended September 30, 2017; the sale of lower RevPAR hotels since September 30, 2016, which produced an aggregate RevPAR of $78.67 for the three months ended September 30, 2016; and an increase in RevPAR for same-store hotel properties of 0.6% for the three months ended September 30, 2017.

The following table summarizes our hotel operating expenses for our same-store portfolio (65 hotels) for the three months ended September 30, 2017 and 2016 (dollars in thousands):

	For the Three Months Ended September 30,		Percentage	Percentage of Revenue	
	2017	2016	Change	2017	2016
Rooms expense	$ 25,451	$ 24,867	2.3 %	25.0%	24.5%
Other direct expense	12,942	13,055	(0.9)%	12.7%	12.9%
Other indirect expense	26,564	25,316	4.9 %	26.1%	25.0%
Total hotel operating expenses	$ 64,957	$ 63,238	2.7 %	63.7%	62.3%

Hotel Operating Expenses. Hotel operating expenses for the total portfolio and same-store portfolio increased $12.5 million and $1.7 million, respectively, for the three months ended September 30, 2017 compared with the three months ended September 30, 2016. Hotel operating expenses for the total portfolio were affected by incremental expenses from acquired hotels offset by a reduction of expenses from sold hotels.

The increase in same-store rooms expense for the three months ended September 30, 2017 was primarily due to increased labor costs. The Company anticipates that labor costs are likely to continue to grow modestly due to the upward pressure on wages in certain markets with lower unemployment rates.

Other direct expense for the same-store portfolio is generally fixed in nature and remained consistent for the three months ended September 30, 2017 compared with the corresponding period in 2016 due to our management of expenses.

Other indirect expense for the same-store portfolio increased by 4.9% in the three months ended September 30, 2017 primarily due to an increase in property tax expenses.

Other Corporate Expenses

Depreciation and Amortization. Depreciation and amortization expenses increased $5.7 million, or 31.9%, in the three months ended September 30, 2017, primarily due to incremental depreciation expense associated with the 2016/2017 acquisitions, partially offset by the decrease in depreciation and amortization expenses related to the properties sold since June 30, 2016.

Corporate General and Administrative. Corporate general and administrative expenses increased by $0.2 million, or 3.7%, during the three months ended September 30, 2017 compared with the three months ended September 30, 2016, primarily due to increases in stock-based compensation offset by reductions in incentive compensation costs.

Gain on Disposal of Assets. Gain on disposal of assets decreased by $2.8 million for the three months ended September 30, 2017 primarily due to the recognition of $3.0 million of deferred gain related to scheduled principal payments on the ARCH Loan during the three months ended September 30, 2016. The ARCH loan was paid in full on March 31, 2017.

Comparison of the Nine Months Ended September 30, 2017 with the Nine Months Ended September 30, 2016

The following table contains key operating metrics for our total portfolio and our same-store portfolio for the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 (dollars in thousands, except ADR and RevPAR). We define same-store hotels as properties that we owned or leased as of September 30, 2017 and that we have owned or leased at all times since January 1, 2016.

	For the Nine Months Ended September 30,				Period-over-Period		Period-over-Period	
	2017		2016 [1]		Dollar Change		Percentage/Basis Point Change	
	Total Portfolio (79 hotels)	Same-Store Portfolio (65 hotels)	Total Portfolio (80 hotels)	Same-Store Portfolio (65 hotels)	Total Portfolio (79/80 hotels)	Same-Store Portfolio (65 hotels)	Total Portfolio (79/80 hotels)	Same-Store Portfolio (65 hotels)
Total revenues	$ 383,632	$ 305,209	$ 363,613	$ 308,805	$ 20,019	$ (3,596)	5.5%	(1.2)%
Hotel operating expenses	$ 240,773	$ 192,617	$ 224,425	$ 189,395	$ 16,348	$ 3,222	7.3%	1.7 %
Occupancy	79.9%	79.8%	79.3%	79.6%	n/a	n/a	62 bps	18 bps
ADR	$ 147.03	$ 145.20	$ 142.57	$ 146.66	$ 4.46	$ (1.46)	3.1%	(1.0)%
RevPAR	$ 117.53	$ 115.87	$ 113.08	$ 116.78	$ 4.45	$ (0.91)	3.9%	(0.8)%

(1) Operating results for the nine months ended September 30, 2016 include one more day than the nine months ended September 30, 2017 as 2016 was a leap year.

Revenue. The $20.0 million increase in total portfolio revenues for the nine months ended September 30, 2017 compared to the same period of 2016 is the result of incremental revenues of $46.4 million generated as a result of the 2016/2017 Acquisitions, partially offset by a decrease in same-store revenues of $3.6 million and a decline in revenues of $22.8 million related to properties sold after December 31, 2015. The decline in same-store revenues for the nine months ended September 30, 2017 was primarily driven by the San Francisco, New Orleans, Minneapolis, Houston and Dallas/Fort Worth markets, which were negatively affected by convention center closures and calendars as well as additional supply being added to several of these markets.

The 3.9% increase in RevPAR for the total portfolio for the nine months ended September 30, 2017 compared to the same period of 2016 is the result of the purchase of higher RevPAR hotel properties with the 2016/2017 Acquisitions, which produced an aggregate RevPAR of $141.01 for the nine months ended September 30, 2017; the sale of lower RevPAR hotels since September 30, 2016, which produced an aggregate RevPAR of $83.74 for the nine months ended September 30, 2016; and a decrease in RevPAR for same-store hotels properties of 0.8% for the nine months ended September 30, 2017.

The following table summarizes our hotel operating expenses for our same-store portfolio (65 hotels) for the nine months ended September 30, 2017 and 2016 (dollars in thousands):

	For the Nine Months Ended September 30,		Percentage	Percentage of Revenue	
	2017	2016	Change	2017	2016
Rooms expense	$ 73,581	$ 70,258	4.7 %	24.1%	22.8%
Other direct expense	39,744	40,481	(1.8)%	13.0%	13.1%
Other indirect expense	79,292	78,656	0.8 %	26.0%	25.5%
Total hotel operating expenses	$ 192,617	$ 189,395	1.7 %	63.1%	61.3%

Hotel Operating Expenses. Hotel operating expenses for the total portfolio and same-store portfolio increased $16.3 million and $3.2 million, respectively, in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016. Hotel operating expenses for the total portfolio were affected by incremental expenses from acquired hotels offset by a reduction of expenses from sold hotels.

The increase in same-store rooms expense for the nine months ended September 30, 2017 was primarily due to increased labor costs. The Company anticipates that labor costs are likely to continue to grow modestly due to the upward pressure on wages in certain markets with lower unemployment rates.

Other direct expense for the same-store portfolio decreased by 1.8% for the nine months ended September 30, 2017 due to a decrease in incentive compensation costs.

Other indirect expense for the same-store portfolio increased by 0.8% for the nine months ended September 30, 2017 primarily due to increases in property tax expenses, offset by decreases in management fees.

Other Corporate Expenses

Depreciation and Amortization. Depreciation and amortization expenses increased by $8.3 million, or 15.5%, for the nine months ended September 30, 2017, primarily due to incremental depreciation expense associated with the 2016/2017 Acquisitions, which was partially offset by the decrease in depreciation and amortization expenses related to the properties sold since December 31, 2015.

Corporate General and Administrative. Corporate general and administrative expenses increased by $0.6 million, or 4.5%, for the nine months ended September 30, 2017, primarily due to increases in stock-based compensation offset slightly by decreases in incentive compensation costs.

Gain on Disposal of Assets. Gain on disposal of assets decreased by $6.5 million for the nine months ended September 30, 2017. During the nine months ended September 30, 2016 we sold ten hotel properties for an aggregate net gain of $49.9 million, including the recognition of deferred gains of $5.0 million related to the scheduled repayments of the principal balance of the ARCH Loan through September 30, 2016. During the nine months ended September 30, 2017, we sold twelve hotel properties for an aggregate net gain of $44.3 million, including the recognition of the remaining $15.0 million of deferred gain during the nine months ended September 30, 2017 related to the repayment of the ARCH Loan.

Other Income/Expense. Other income increased by $1.0 million, for the nine months ended September 30, 2017, primarily due to increases in tenant income and other miscellaneous income of $0.3 million and $0.5 million, respectively, coupled with a decline in debt transaction costs of $0.3 million.

Non-GAAP Financial Measures

We consider funds from operations (“FFO”) and EBITDA, both of which are financial measures not prescribed by Generally Accepted Accounting Principles ("non-GAAP"), to be useful to investors as key supplemental measures of our operating performance. We caution investors that amounts presented in accordance with our definitions of FFO and EBITDA may not be comparable to similar measures disclosed by other companies, since not all companies calculate these non-GAAP financial measures in the same manner. FFO and EBITDA should be considered along with, but not as alternatives to, net income (loss) as a measure of our operating performance. FFO and EBITDA may include funds that may not be available for our discretionary use due to functional requirements to conserve funds for capital expenditures, property acquisitions, debt service obligations and other commitments and uncertainties. Although we believe that FFO and EBITDA can enhance the understanding of our financial condition and results of operations, these non-GAAP financial measures are not necessarily better indicators of any trend as compared to a comparable measure prescribed by Generally Accepted Accounting Principles ("GAAP") such as net income (loss).

Funds From Operations

As defined by the National Association of Real Estate Investment Trusts, (“NAREIT”), FFO represents net income or loss (computed in accordance with GAAP), excluding preferred dividends, gains (or losses) from sales of real property, impairment losses on real estate assets, items classified by GAAP as extraordinary, the cumulative effect of changes in accounting principles, plus depreciation and amortization related to real estate assets, and adjustments for unconsolidated partnerships and joint ventures. Unless otherwise indicated, we present FFO applicable to our common shares and common units. We present FFO because we consider it an important supplemental measure of our operational performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is intended to exclude GAAP historical cost depreciation and amortization, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization related to real estate assets, gains and losses from real property dispositions and impairment losses on real estate assets, it provides a performance measure that, when compared year over year, reflects the effect to operations from trends in occupancy, guestroom rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income. Our computation of FFO differs slightly from the computation of NAREIT-defined FFO related to the reporting of corporate depreciation and amortization expense. Our computation of FFO may also differ from the methodology for calculating FFO used by other equity REITs and, accordingly, may not be comparable to such other REITs. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. Where indicated in this Quarterly Report on Form 10-Q, FFO is based on our computation of FFO and not the computation of NAREIT-defined FFO unless otherwise noted.

The following is a reconciliation of our GAAP net income to FFO for the three and nine months ended September 30, 2017 and 2016 (in thousands, except per share/unit amounts):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Net income	$ 22,445	$ 27,198	$ 89,734	$ 97,887
Preferred dividends	(4,200)	(4,993)	(12,600)	(13,287)
Net income applicable to common shares and common units	18,245	22,205	77,134	84,600
Real estate-related depreciation	23,484	17,802	61,766	53,458
Loss on impairment of assets	—	577	—	577
Gain on disposal of assets	(7,725)	(10,491)	(43,531)	(49,997)
FFO applicable to common shares and common units	34,004	30,093	95,369	88,638
FFO per common share/common unit	$ 0.33	$ 0.34	$ 0.96	$ 1.02
Weighted average diluted common shares/common units (1)	104,149	87,401	99,062	87,319

(1) Includes common units in the Operating Partnership held by limited partners (other than us and our subsidiaries) because the common units are redeemable for cash or, at our election, shares of our common stock.

During the three months ended September 30, 2017, FFO increased by $3.9 million, or 13.0%, over the comparable period in 2016 due to an increase in net income of $3.1 million, after adjusting for gain on disposal of assets and non-cash items, including depreciation expense, coupled with a decrease in preferred dividends of $0.8 million as a result of the redemption of our Series A Preferred Stock in December 2016.

During the nine months ended September 30, 2017, FFO increased by $6.7 million, or 7.6%, over the comparable period in 2016 due to an increase in net income of $6.0 million, after adjusting for gain on disposal of assets and non-cash items, including depreciation expense, coupled with a decrease in preferred dividends of $0.7 million as a result of the redemption of our Series A Preferred Stock in December 2016.

Earnings Before Interest, Taxes, Depreciation and Amortization

EBITDA represents net income or loss, excluding: (i) interest, (ii) income tax expense and (iii) depreciation and amortization. We believe EBITDA is useful to an investor in evaluating our operating performance because it provides investors with an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We also believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our asset base (primarily depreciation and amortization) from our operating results. Our management also uses EBITDA as one measure in determining the value of acquisitions and dispositions.

The following is a reconciliation of our GAAP net income to EBITDA for the three and nine months ended September 30, 2017 and 2016 (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$ 22,445	$ 27,198	$ 89,734	$ 97,887
Depreciation and amortization	23,594	17,887	62,052	53,715
Interest expense	7,768	6,626	21,486	21,232
Interest income	(20)	(13)	(89)	(18)
Income tax expense (benefit)	(231)	(1,245)	613	461
EBITDA	$ 53,556	$ 50,453	$ 173,796	$ 173,277

During the three months ended September 30, 2017, EBITDA increased by $3.1 million, or 6.2%, from the comparable period in 2016 primarily due to an increase in total revenues less total hotel operating expenses ("Hotel Operating Margin") of $5.7 million and a reduction in hotel acquisition costs of $0.5 million, offset by a reduction in gain on disposal of assets of $2.8 million and a reduction in other income of $0.8 million.

During the nine months ended September 30, 2017, EBITDA increased by $0.5 million, or 0.3%, from the comparable period in 2016 primarily due to an increase in Hotel Operating Margin of $3.7 million and a reduction in hotel acquisition costs of $2.5 million, offset by a decrease in the gain on disposal of assets of $6.5 million.

We have early adopted ASU No. 2017-01 for our fiscal year commencing on January 1, 2017. Under ASU No. 2017-01, we have concluded that each of the acquisitions completed in 2017 are the acquisition of assets. As such, we have capitalized the acquisition costs related to these transactions. The declines in hotel acquisition costs from the periods in 2016 to the periods in 2017 are the result of the change in accounting under ASU No. 2017-01.

Liquidity and Capital Resources

Liquidity Requirements

Our short-term liquidity requirements consist primarily of operating expenses and other expenditures directly associated with our hotel properties, recurring maintenance and capital expenditures necessary to maintain our hotel properties in accordance with internal and brand standards, capital expenditures to improve our hotel properties, hotel development costs, acquisitions, interest expense, settlement of interest rate swaps, scheduled principal payments on outstanding indebtedness, restricted cash funding obligations and distributions to our stockholders. Our long-term liquidity requirements consist primarily of the costs of acquiring additional hotel properties, renovations and other non-recurring capital expenditures that periodically are made with respect to our hotel properties and scheduled debt payments, including maturing loans.

To satisfy the requirements for qualification as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute annually at least 90% of our REIT taxable income to our stockholders, determined without regard to the deduction for dividends paid and excluding any net capital gains. We intend to distribute a sufficient amount of our taxable income to maintain our status as a REIT and to avoid tax on undistributed income. Therefore, if sufficient funds are not available to us from hotel dispositions, our senior unsecured revolving credit facility and additional mortgage and other loans, we will need to raise capital to grow our business and invest in additional hotel properties.

We expect to satisfy our liquidity requirements with cash provided by operations, working capital, short-term borrowings under our $450 million senior unsecured credit facility, term debt, repayment of notes receivable, the strategic sale of hotels and the release of restricted cash upon satisfaction of the usage requirements. In addition, we may fund the purchase price of hotel acquisitions, hotel development costs, and cost of required capital improvements by borrowing under our senior unsecured credit facility, assuming mortgage debt from the seller on acquired hotels, issuing securities (including common units issued by our Operating Partnership), or incurring mortgage or other types of debt. Further, we may seek to meet our liquidity requirements by raising capital through public or private offerings of our equity or debt securities. However, certain factors may have an adverse effect on our ability to access these capital sources, including our degree of leverage, the value of our unencumbered hotel properties, borrowing restrictions imposed by lenders, volatility in the equity and debt capital markets and other market conditions. We will continue to analyze which sources of capital are most advantageous to us at any particular point in time, but financing may not be consistently available to us on terms that are attractive, or at all. We believe that our cash provided by operations, working capital, borrowings available under our $450 million senior unsecured credit facility, our Metabank Loan (defined below), and our 2017 Term Loan (defined below) and other sources of funds available to us will be sufficient to meet our ongoing liquidity requirements for at least the next 12 months.

On May 15, 2017, the Company completed a public offering of 10,350,000 common shares for net proceeds of $163.8 million, after the underwriting discount and offering-related expenses of $7.0 million. The net proceeds from the offering were used to repay borrowings under our senior unsecured revolving credit facility, to acquire additional hotel properties and for general corporate purposes. See "Note 6 - Equity" to the Condensed Consolidated Financial Statements for additional information.

On June 30, 2017, we entered into a $47.6 million secured, non-recourse loan with Metabank (the "Metabank Loan"). The Metabank Loan includes a delayed draw feature, at no additional cost, whereby $25.0 million of the total loan commitment must be drawn within 90 days of the closing date and the remaining loan commitment must be drawn by December 31, 2017. At September 30, 2017, we had drawn $25.0 million on the Metabank Loan. See "Note 4 - Debt" to the Condensed Consolidated Financial Statements for additional information.

On August 1, 2017, a loan receivable of $10.1 million, recorded as Investment in real estate loans, net at June 30, 2017, was repaid in full by the borrower.

On September 26, 2017, we entered into a $225.0 million unsecured term loan (the "2017 Term Loan") which includes an accordion feature which allows us to increase the total commitments by an aggregate of $175.0 million prior to the maturity date, subject to certain conditions. The 2017 Term Loan matures on November 25, 2022. On September 26, 2017, we drew $125.0 million of the $225.0 million available under the 2017 Term Loan and used the proceeds to pay down the principal balance of our revolving credit facility. See "Note 4 - Debt" to the Condensed Consolidated Financial Statements for additional information.

At September 30, 2017, we have scheduled debt principal amortization payments during the next 12 months totaling $8.2 million. Although we believe we will have the capacity to satisfy these debt maturities and pay these scheduled principal debt payments or that we will be able to fund them using draws under our $450 million senior unsecured credit facility, there can be no assurances that our credit facility will be available to repay such amortizing debt as draws under our credit facility are subject to certain financial covenants. At September 30, 2017, we were in compliance with all of our covenants under the $450 million senior unsecured credit facility.

We anticipate making renovations and other non-recurring capital expenditures with respect to our hotel properties pursuant to property improvement plans required by our franchisors and our internal quality standards. We expect capital expenditures through the remainder of 2017 for these activities at hotel properties we own as of September 30, 2017 to be in the range of $15.0 million to $20.0 million. Actual amounts may differ from our expectations. We may also make renovations and incur other non-recurring capital expenditures in 2017 at hotel properties that we acquire in the future.

We are developing a hotel in Orlando, FL on a parcel of land that we own. We expect the total development costs for the construction of the hotel to be approximately $30.0 million. We have incurred $16.0 million of costs to date and we have reclassified the carrying amount of the land parcel of $2.8 million from Land Held for Development to Investment in Hotel Properties Under Development during the nine months ended September 30, 2017 in connection with our development activities.

Effect of Recent Natural Disasters

We own two hotels in Houston, Texas. The hotels sustained minor damage as a result of Hurricane Harvey, but were able to remain operational without interruption despite the extensive damage caused to the Houston area.

We own six hotels in Florida that were in the path of Hurricane Irma. Mandatory evacuations and disruption caused by the hurricane resulted in the closure of one hotel for five days and another hotel for six days. The other four hotels remained open throughout the hurricane and its aftermath. All of the hotels sustained minor damage primarily due to water intrusion. All of the hotels are currently fully operational and the minor damage and disruption caused by Hurricane Irma did not have a material effect on our financial position or results of operations at September 30, 2017 and for the three and nine months then ended.

We maintain comprehensive insurance coverage on all of our hotels for potential insurable losses related to property and casualty, flood and business interruption. The damage and business interruption to our properties as a result of the hurricanes was minor and the costs incurred to restore our hotels to their normal operating condition fell below our insurance deductibles.

Cash Flows

The increase in net cash provided by operating activities of $1.9 million for the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 primarily resulted from an increase in net income, after adjusting for non-cash items, of $7.9 million partially offset by an increase in Trade Receivables, net of $3.3 million due to the acquired properties during the period and the timing of cash receipts and other net changes in working capital of $2.8 million.

The increase in net cash used in investing activities of $244.0 million for the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 is primarily due to an increase in acquisitions of hotel properties of $255.1 million, a decrease in proceeds from asset dispositions of $24.5 million, an increase in hotel development costs of $16.0 million, and a change in net escrow deposits for acquisitions of $6.4 million. These changes were partially offset by an increase in receipts of principal payments on real estate loans of $24.7 million, a decrease in the funding of real estate loans of $27.5 million, and a decrease in capital expenditures of $5.8 million.

The increase in net cash from financing activities of $248.8 million for the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 is primarily due to an increase in net borrowings of $172.5 million and an increase in proceeds from equity offerings of $91.3 million, partially offset by an increase in dividends of $15.6 million.

Outstanding Indebtedness

At September 30, 2017, we had $322.5 million in outstanding indebtedness secured by first priority mortgage liens on 33 hotel properties. We also had borrowed $190.0 million on our $450 million senior unsecured credit facility, which included borrowings of $150.0 million on our $150 Million Term Loan (as defined in "Note 4 - Debt" to the Condensed Consolidated Financial Statements), $140.0 million on our 2015 Term Loan (as defined in "Note 4 - Debt" to the Condensed Consolidated Financial Statements), and $125.0 million on our 2017 Term Loan (as defined below), each of which were supported at September 30, 2017 by a borrowing base of 46 unencumbered hotel properties. At September 30, 2017, the maximum amount of borrowing permitted under the $450 million senior unsecured credit facility was $450.0 million, of which we had borrowed $190.0 million and $260.0 million was available to borrow. See "Note 4 - Debt" to the Condensed Consolidated Financial Statements for additional information.

At October 20, 2017, we had borrowed $195.0 million on our $450 million senior unsecured credit facility, which included borrowings of $150 million on our $150 Million Term Loan, $140.0 million on our 2015 Term Loan, and $125.0 million on our 2017 Term Loan (as defined below), each of which were supported by 46 hotel properties included in the credit facility borrowing bases.

On June 30, 2017, we entered into a $47.6 million secured, non-recourse loan with Metabank (the "Metabank Loan"). The Metabank Loan includes a delayed draw feature, at no additional cost, whereby $25.0 million of the total loan commitment must be drawn within 90 days of the closing date and the remaining loan commitment must be drawn by December 31, 2017. At September 30, 2017, we had drawn $25.0 million on the Metabank Loan. See "Note 4 - Debt" to the Condensed Consolidated Financial Statements for additional information.

On September 26, 2017, we entered into a $225.0 million unsecured term loan (the "2017 Term Loan") which includes an accordion feature which allows us to increase the total commitments by an aggregate of $175.0 million prior to the maturity date, subject to certain conditions. The 2017 Term Loan matures on November 25, 2022. At closing, we drew $125.0 million of the $225.0 million available under the 2017 Term Loan and used the proceeds to pay down the principal balance of our revolving credit facility. See "Note 4 - Debt" to the Condensed Consolidated Financial Statements for additional information.

On October 2, 2017, we entered into two separate $100 million interest rate swap agreements, with an effective date of January 29, 2018, to partially fix the interest rate on a portion of our variable interest rate unsecured indebtedness. The swaps convert LIBOR from floating rate to an average fixed rate of 1.98% through January 31, 2023.

We intend to secure or assume term loan financing or use our senior unsecured credit facility, together with other sources of financing, for use in funding future acquisitions, hotel development costs, and capital improvements. We may not succeed in obtaining new financing on favorable terms, or at all, and we cannot predict the size or terms of future financings. Our failure to obtain new financing could adversely affect our ability to grow our business.

We intend to maintain a prudent capital structure and, while the ratio will vary from time to time, we generally intend to limit our ratio of indebtedness to EBITDA to no more than 6.5x. For purposes of calculating this ratio, we exclude preferred stock from indebtedness.

We have obtained financing through debt instruments having staggered maturities and intend to continue to do so in the future. Our debt includes, and may include in the future, debt secured by first priority mortgage liens on certain hotel properties and unsecured debt. We believe that we will have adequate liquidity to meet the requirements for scheduled maturities and principal repayments. However, we can provide no assurance that we will be able to refinance our indebtedness as it becomes due and, if refinanced, whether such refinancing will be available on favorable terms.

A summary of our gross debt at September 30, 2017 is as follows (dollars in thousands):

Lender	Interest Rate	Amortization Period (Years)	Maturity Date	Number of Encumbered Properties		Principal Amount Outstanding
$450 Million Senior Unsecured Credit Facility						
Deutsche Bank AG New York Branch						
$300 Million Revolver	2.88% Variable	n/a	March 31, 2020	n/a		$ 40,000
$150 Million Term Loan	3.24% Variable [1]	n/a	March 31, 2021	n/a		150,000
Total Senior Unsecured Credit Facility						190,000
Unsecured Term Loan						
KeyBank National Association, as Administrative Agent						
Term Loan	3.18% Variable	n/a	April 7, 2022	n/a		140,000
KeyBank National Association, as Administrative Agent						
Term Loan	2.78% Variable	n/a	November 25, 2022	n/a		125,000
Secured Mortgage Indebtedness						
Voya (formerly ING Life Insurance and Annuity)	5.18% Fixed	20	March 1, 2019	2	(2)	40,350
	5.18% Fixed	20	March 1, 2019	4	(2)	36,165
	5.18% Fixed	20	March 1, 2019	2	(2)	23,324
	5.18% Fixed	20	March 1, 2019	1	(2)	16,568
MetaBank	4.44% Fixed	25	July 1, 2027	3		25,000
KeyBank National Association	4.46% Fixed	30	February 1, 2023	4		27,067
	4.52% Fixed	30	April 1, 2023	3		20,983
	4.30% Fixed	30	April 1, 2023	3		20,317
	4.95% Fixed	30	August 1, 2023	2		36,259
Western Alliance Bank (formerly GE Capital Financial, Inc.)	5.39% Fixed	25	April 1, 2020	1		8,755
	5.39% Fixed	25	April 1, 2020	1		4,714
Bank of Cascades	3.23% Variable	25	December 19, 2024	1	(3)	9,090
	4.30% Fixed	25	December 19, 2024	—	(3)	9,090
Compass Bank	3.63% Variable	25	May 6, 2020	3		22,928
Western Alliance Bank (formerly General Electric Capital Corp.)	5.39% Fixed	25	April 1, 2020	1		4,957
	5.39% Fixed	25	April 1, 2020	1		5,805
U.S. Bank, NA	6.13% Fixed	25	November 11, 2021	1		11,092
Total Mortgage Loans						322,464
Total Debt				33		$ 777,464

(1) Our interest rate swap fixed a portion of the interest rate on this loan. See "Note 5 - Derivative Financial Instruments and Hedging" to the Condensed Consolidated Financial Statements.

(2) The four Voya mortgage loans are cross-defaulted and cross-collateralized.

(3) The Bank of Cascades mortgage loans are secured by the same collateral and cross-defaulted.

Equity Transactions

On May 9, 2017, the Company and the Operating Partnership, entered into an underwriting agreement (the “Underwriting Agreement”) with Raymond James & Associates, Inc. and Deutsche Bank Securities Inc., as the representatives of the several underwriters named therein, relating to the issuance and sale of 9,000,000 shares of the Company’s common stock, $0.01 par value per share (“Common Stock”), at a public offering price of $16.50 per share, less an underwriting discount of $0.66 per share. Pursuant to the terms of the Underwriting Agreement, the Company granted the underwriters a 30-day option to purchase up to an additional 1,350,000 shares of common stock on the same terms, which the underwriters exercised in full on May 10, 2017. The closing of the offering occurred on May 15, 2017 for net proceeds of $163.8 million, after the underwriting discount and offering-related expenses of $7.0 million. The net proceeds from the offering were used for repayment of borrowings under our senior unsecured revolving credit facility, acquisitions of additional hotel properties and general corporate purposes.

On May 25, 2017, the Company and the Operating Partnership entered into separate sales agreements (collectively, the “Sales Agreements”) with each of Robert W. Baird & Co. Incorporated, Raymond James & Associates, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc., RBC Capital Markets, LLC, KeyBanc Capital Markets Inc., Canaccord Genuity Inc., Jefferies LLC, BB&T Capital Markets, a division of BB&T Securities, LLC, and BTIG, LLC (collectively, the “Sales Agents”), pursuant to which the Company may sell the Company’s shares of common stock, $0.01 par value per share, having an aggregate offering price of up to $200,000,000 (the “Shares”), from time to time through the Sales Agents, each acting as a sales agent and/or principal. At the same time, the Company terminated each of the sales agreements entered into in connection with its prior at-the-market offering program, which was established in August 2016 and under which 6,151,514 shares of the Company’s common stock were sold for net proceeds of approximately $89.1 million.

Pursuant to the Sales Agreements, the Shares may be offered and sold through any Sales Agent in transactions that are deemed to be “at the market” offerings as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on the New York Stock Exchange or sales made to or through a market maker other than on an exchange or, with the prior consent of the Company, in privately negotiated transactions. Each Sales Agent will be entitled to compensation equal to up to 2.0% of the gross proceeds of the Shares sold through such Sales Agent from time to time under the related Sales Agreement. The Company has no obligation to sell any of the Shares under the Sales Agreements and may at any time suspend solicitations and offers under, or terminate, any of the Sales Agreements.

Capital Expenditures

During the nine months ended September 30, 2017, we funded $25.3 million in capital expenditures. We anticipate spending an estimated $15.0 million to $20.0 million on capital expenditures in the remainder of 2017. We also incurred $16.0 million of hotel development costs related to the construction of a hotel in Orlando, FL. We expect total hotel development costs for this hotel to be approximately $30.0 million. We expect to fund these expenditures through a combination of cash provided by operations, working capital, borrowings under our $450 million senior unsecured credit facility, or other potential sources of capital, to the extent available to us.

Contractual Obligations

The following table outlines the timing of required payments related to our long-term debt and other contractual obligations at September 30, 2017 (dollars in thousands):

	Payments Due By Period				
	Total	Less than One Year	One to Three Years	Four to Five Years	More than Five Years
Debt obligations [(1) (5)]	$ 777,464	$ 8,151	$ 208,656	$ 436,196	$ 124,461
Currently projected interest [(2)]	112,196	29,636	49,159	28,258	5,143
Operating lease obligations [(3)]	113,970	1,756	3,592	3,764	104,858
Purchase obligations [(4)]	21,084	21,084	—	—	—
Total	$ 1,024,714	$ 60,627	$ 261,407	$ 468,218	$ 234,462

(1) Amounts shown include amortization of principal and debt maturities.
(2) Interest payments on our variable rate debt have been estimated using the interest rates in effect at September 30, 2017, after giving effect to our interest rate swap.
(3) Amounts consist primarily of non-cancelable ground lease and corporate office lease obligations.
(4) This amount represents purchase orders and executed contracts for development or renovation projects at our hotel properties.
(5) Only $25.0 million of the Metabank Loan has been drawn at September 30, 2017, with the remaining $22.6 million required to be drawn by December 31, 2017. The remaining $22.6 million that is available to draw is not included in total debt obligations.

Critical Accounting Policies

In January 2017, the FASB issued ASU No. 2017-01, *Clarifying the Definition of a Business*, with the objective of providing guidance to assist entities with evaluating whether transactions should be accounted for as an acquisition of assets or a business. ASU No. 2017-01 is effective for our fiscal year commencing on January 1, 2018. The effect of this guidance is to be applied prospectively and early adoption is permitted. We have early adopted ASU No. 2017-01 for our fiscal year commencing on January 1, 2017. Under ASU No. 2017-01, we have concluded that each of the acquisitions completed in 2017 are the acquisition of assets. As such, we have capitalized the acquisition costs related to these transactions.

In May 2017, the FASB issued ASU No. 2017-09, *Scope of Modification Accounting*, to provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in accordance with ASC No. 718, *Compensation - Stock Compensation.* ASC No. 2017-09 is effective for our fiscal year commencing on January 1, 2018. The effect of this guidance is to be applied prospectively to an award modified on or after the adoption date and early adoption is permitted. The effect that the adoption of ASU No. 2017-09 will have on our financial position or results of operations is not currently reasonably estimable.

For other critical accounting policies, see "Note 2 - Summary of Significant Accounting Policies" to the Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market-sensitive instruments. In pursuing our business strategies, the primary market risk to which we are exposed is interest rate risk. Our primary interest rate exposure is to 30-day LIBOR. We primarily use fixed interest rate financing to manage our exposure to fluctuations in interest rates. On a limited basis, we also use derivative financial instruments to manage interest rate risk.

At September 30, 2017, we were party to an interest rate derivative agreement, with a total notional amount of $75.0 million, where we receive variable-rate payments in exchange for making fixed-rate payments. This agreement is accounted for as a cash flow hedge and has a termination value of $0.5 million. The interest rate swap expires on October 1, 2018.

At September 30, 2017, after giving effect to our interest rate derivative agreement, $365.4 million, or 47.0%, of our debt had fixed interest rates and $412.0 million, or 53.0%, had variable interest rates. At December 31, 2016, after giving effect to our interest rate derivative agreements, $359.9 million, or 54.7%, of our debt had fixed interest rates and $297.7 million, or 45.3%, had variable interest rates. Assuming no increase in the level of our variable rate debt outstanding at September 30, 2017, if interest rates increased by 1.0%, then our interest cost would increase by approximately $4.1 million per year.

On October 2, 2017, we entered into two separate $100 million interest rate swap agreements with an effective date of January 29, 2018, to partially fix the interest rate on a portion of our variable interest rate unsecured indebtedness. The swaps convert LIBOR from floating rate to an average fixed rate of 1.98% through January 31, 2023. The interest rate swap agreements, when effective, will result in 73% of our debt having fixed interest rates and 27% having variable interest rates.

As our fixed-rate debts mature, they will become subject to interest rate risk. In addition, as our variable-rate debts mature, lenders may impose interest rate floors on new financing arrangements because of the low interest rates experienced during the past few years. At September 30, 2017, we have scheduled debt principal amortization payments during the next 12 months totaling $8.2 million.

Item 4. Controls and Procedures.

Controls and Procedures

Disclosure Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of September 30, 2017. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30, 2017, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three month period covered by this Quarterly Report on Form 10-Q, which were identified in connection with management's evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved from time to time in litigation arising in the ordinary course of business; however, there are currently no pending legal actions that we believe would have a material adverse effect on our financial position or results of operations.

Item 1A. Risk Factors.

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
10.1	$225,000,000 Credit Agreement dated September 26, 2017 among Summit Hotel OP, LP, Summit Hotel Properties, Inc., the subsidiary guarantors party thereto, KeyBank National Association, Deutsche Bank AG New York Branch, Bank of America, N.A., Capital One, National Association, PNC Bank, National Association, Regions Bank, Raymond James Bank, N.A., Royal Bank of Canada, Branch Banking and Trust Company, and U.S. Bank National Association (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on October 2, 2017).
10.2	Third Amendment to Credit Agreement among Summit Hotel OP, LP, Summit Hotel Properties, Inc., the subsidiary guarantors party thereto, KeyBank National Association and the financial institutions party to the Credit Agreement, dated September 26, 2017.
10.3	First Amendment to Credit Agreement among Summit Hotel OP, LP, Summit Hotel Properties, Inc., the subsidiary guarantors party thereto, Deutsche Bank AG New York Branch, and the financial institutions party to the Credit Agreement, dated September 26, 2017.
31.1†	Certification of Chief Executive Officer of Summit Hotel Properties, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Chief Financial Officer of Summit Hotel Properties, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1††	Certification of Chief Executive Officer of Summit Hotel Properties, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2††	Certification of Chief Financial Officer of Summit Hotel Properties, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document (1)
101.SCH	XBRL Taxonomy Extension Schema Document (1)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (1)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (1)
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document (1)
101.PRE	XBRL Taxonomy Presentation Linkbase Document (1)

† - Filed herewith
†† - Furnished herewith
(1) - Submitted electronically herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUMMIT HOTEL PROPERTIES, INC. (registrant)

Date: October 30, 2017

By: /s/ Greg A. Dowell

Greg A. Dowell
Executive Vice President, Chief Financial Officer
and Treasurer
(principal financial officer)

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Section 2: EX-10.2 (EXHIBIT 10.2)

THIRD AMENDMENT TO CREDIT AGREEMENT

THIRD AMENDMENT TO CREDIT AGREEMENT (this *"**Amendment**"*) dated as of September 26, 2017, among Summit Hotel OP, LP (the *"**Borrower**"*), KeyBank National Association, as administrative agent (the *"**Administrative Agent**"*), and the financial institutions party to the Credit Agreement referred to below (collectively, the *"**Lender Parties**"*).

PRELIMINARY STATEMENTS:

The Borrower, Summit Hotel Properties, Inc. (the *"**Parent Guarantor**"*), the other guarantors named therein, Administrative Agent, and the Lender Parties have entered into that certain Credit Agreement dated as of April 7, 2015, as amended by that certain First Amendment to Credit Agreement dated as of December 21, 2015, and that certain Second Amendment to Credit Agreement dated as of January 15, 2016 (as amended, the *"**Credit Agreement**"*). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

The Borrower, the Administrative Agent and the Lenders have agreed to amend the Credit Agreement on the terms and subject to the conditions hereinafter set forth.

SECTION 1. Amendment to Credit Agreement. Upon the occurrence of the Third Amendment Effective Date (as defined in Section 3 below), the Credit Agreement is amended as follows:

(a) By inserting the following definitions in Section 1.01 of the Credit Agreement, in the appropriate alphabetical order:

"***'Bail-In Action'*** means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

'Bail-In Legislation' means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

'EEA Financial Institution' means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

'EEA Member Country' means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

'***EEA Resolution Authority***' means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

'EU Bail-In Legislation Schedule' means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

'Third Amendment Effective Date' means September 26, 2017.

'Write-Down and Conversion Powers' means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule."

(b) By deleting in their entirety the definitions of "***Applicable Margin***", "***Defaulting Lender***", "***ERISA Event***", "***Existing Credit Agreement***", "***Hedge Bank***" and "***Permitted Recourse Debt***", appearing in Section 1.01 of the Credit Agreement, and inserting in lieu thereof the following:

"***'Applicable Margin'*** means, at any date of determination, a percentage per annum determined by reference to the Leverage Ratio as set forth below:

Pricing Level	**Leverage Ratio**	**Applicable Margin for Base Rate Advances**	**Applicable Margin for Eurodollar Rate Advances**
I	< 4.0:1.0	0.80%	1.80%
II	≥ 4.0:1.0, but < 5.0:1.0	0.95%	1.95%
III	≥ 5.0:1.0, but < 5.5:1.0	1.20%	2.20%
IV	≥ 5.5:1.0, but < 6.0:1.0	1.30%	2.30%
V	≥ 6.0:1.0	1.60%	2.60%

The Applicable Margin for each Base Rate Advance shall be determined by reference to the Leverage Ratio in effect from time to time and the Applicable Margin for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing shall be determined by reference to the Leverage Ratio in effect on the first day of such Interest Period; *provided, however*, that (a) the Applicable Margin shall initially be at Pricing Level II on the Closing Date based on the certificate delivered pursuant to Section 3.01(a)(xv), (b) no change in the Applicable Margin resulting from the Leverage Ratio shall be effective until three Business Days after the date on which the Administrative Agent receives (i) the financial statements required to be delivered pursuant to Section 5.03(b) or (c), as the case may be, and (ii) a certificate of the Chief Financial Officer (or other Responsible Officer performing similar functions) of the Borrower demonstrating the Leverage Ratio, (c) the Applicable Margin shall be at Pricing Level V during any period that an increase in the maximum ratio of Consolidated Unsecured Indebtedness of the Parent Guarantor to Unencumbered Asset Value in accordance with the proviso in Section 5.04(b)(i) is in effect, and (d) the Applicable Margin shall be at Pricing Level V for so long as the Borrower has not submitted to the Administrative Agent as and when required under Section 5.03(b) or (c), as applicable, the information described in clause (b) of this proviso. If (i) the Leverage Ratio used to determine the Applicable Margin for any period is incorrect as a result of any error,

misstatement or misrepresentation contained in any financial statement or certificate delivered pursuant to Section 5.03(b) or (c), and (ii) as a result thereof, the Applicable Margin paid to the Lenders, at any time pursuant to this Agreement is lower than the Applicable Margin that would have been payable to the Lenders, had the Applicable Margin been calculated on the basis of the correct Leverage Ratio, the Applicable Margin in respect of such period will be adjusted upwards automatically and retroactively, and the Borrower shall pay to each Lender such additional amounts ("***Additional Margin Amounts***") as are necessary so that after receipt of such amounts such Lender receives an amount equal to the amount it would have received had the Applicable Margin been calculated during such period on the basis of the correct Leverage Ratio. Additional Margin Amounts shall be payable within (10) days after delivery by the Administrative Agent to the Borrower of a notice (which shall be conclusive and binding absent manifest error) setting forth in reasonable detail the Administrative Agent's calculation of the amount of any Additional Margin Amounts owed to the Lenders. The payment of Additional Margin Amounts pursuant to this Agreement shall be in addition to, and not in limitation of, any other amounts payable by the Borrower pursuant to the Loan Documents.

'Defaulting Lender' means, subject to Section 9.10(b), any Lender that (a) has failed to (i) fund all or any portion of its Commitments within two Business Days of the date any such Commitment was required to be funded by such Lender hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding the Advance has not been satisfied (which conditions precedent, together with the applicable default, if any, shall be specifically identified in such notice) or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lenders' obligation to fund a Commitment hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with the applicable default, if any, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within two Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Person. Any determination

by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 9.10(a)) upon delivery of written notice of such determination to the Borrower and each Lender.

'ERISA Event' means (a)(i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC or (ii) the requirements of Section 4043(b) of ERISA apply with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Loan Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; or (g) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, such Plan.

'Existing Credit Agreement' means collectively (i) that certain Credit Agreement, dated as of January 15, 2016, among Borrower, Parent Guarantor, the other guarantors party thereto, Deutsche Bank AG New York Branch, as administrative agent, and the other lenders party thereto, as amended, supplemented or otherwise modified to date, and (ii) that certain Credit Agreement, dated as of September 26, 2017, among Borrower, Parent Guarantor, the other guarantors party thereto, KeyBank, as administrative agent, and the other lenders party thereto, as amended, supplemented or otherwise modified to date.

'Hedge Bank' means any entity that is a Lender Party or an Affiliate of a Lender Party at the time it enters into a Guaranteed Hedge Agreement in its capacity as a party to such Guaranteed Hedge Agreement.

'Permitted Recourse Debt' means Recourse Debt that is either (a) Unsecured Indebtedness that does not result in a Default or an Event of Default under the financial covenants set forth in Section 5.04(b) provided that the aggregate principal amount of any such Unsecured Indebtedness, other than the Unsecured Indebtedness under the Existing Credit Agreement, that has a scheduled maturity date or commitment termination date prior to the one year anniversary of the latest Termination Date under the Credit Agreement (taking into account any extensions thereof) shall in no event exceed $125,000,000, or (b) Indebtedness (i) secured by (x) a Lien on the Equity Interests of a Property-Level Subsidiary that directly or indirectly does not hold any fee or leasehold interest in any Unencumbered Asset, or (y) a mortgage Lien granted by such Property-Level Subsidiary, as mortgagor, pursuant to the terms of the loan documents evidencing such Recourse Debt, (ii) in an aggregate principal amount not to exceed 10% of Total Asset Value at any time outstanding,

and (iii) that does not result in Default or Event of Default under the financial covenants set forth in Sections 5.04(a)(v) and 5.04(a)(vi)."

(c) By deleting in it entirety Section 2.11(f)(v) of the Credit Agreement, and inserting in lieu thereof the following:

"(v) fifth, to the payment of all of the accrued and unpaid interest on the Advances that is due and payable to the Administrative Agent and the Lender Parties under Section 2.07(a) on such date or any periodic scheduled payments due under any Guaranteed Hedge Agreement of which Administrative Agent has received not less than five (5) Business Days prior written notice, ratably based upon the respective aggregate amounts of all such interest owing to the Administrative Agent and the Lender Parties on such date;"

(d) By deleting in its entirety Section 2.11(f)(vii) of the Credit Agreement, and inserting in lieu thereof the following:

"(vii) seventh, to the payment of the principal amount of all of the outstanding Advances and any termination payments due under a Guaranteed Hedge Agreement of which Administrative Agent has received not less than five (5) Business Days prior written notice that are due and payable to the Administrative Agent and the Lender Parties on such date, ratably based upon the respective aggregate amounts of all such principal and reimbursement obligations owing to the Administrative Agent and the Lender Parties on such date; and"

(e) By deleting in its entirety Section 2.17(a) of the Credit Agreement, and inserting in lieu thereof the following:

"(a) The Borrower may, at any time by written notice to the Administrative Agent, request an increase in the aggregate amount of the Term Loan Commitments, in the form of an additional tranche within the Term Loan Facility, by not less than $5,000,000 (each such proposed increase, a "Commitment Increase") to be effective prior to the Termination Date (the "Increase Date") as specified in the related notice to the Administrative Agent; provided, however, that (i) in no event shall the aggregate amount of the Commitments at any time exceed $200,000,000 in the aggregate, (ii) on the date of any request by the Borrower for a Commitment Increase and on the related Increase Date, the applicable conditions set forth in Article III shall be satisfied and such Commitment Increase shall not constitute or give rise to a default or event of default (whether with the giving of notice, passage of time or otherwise) under any agreement (including, without limitation, the Existing Credit Agreement) to which the Parent Guarantor or any of its Subsidiaries are bound or subject, and Borrower shall have delivered to Administrative Agent a certification of the foregoing signed by a Responsible Officer together with such supporting information demonstrating compliance with the foregoing as Administrative Agent may reasonably request, (iii) with respect to any Term Loan Borrowing in connection with any Commitment Increase consisting of Eurodollar Rate Advances, such Borrowing must occur only on the first day of an Interest Period, and (iv) the Borrower may not request a Commitment Increase in the event that all Advances that had been outstanding prior to such requested increase have been prepaid."

(f) By deleting in its entirety Section 4.01(x) of the Credit Agreement, and inserting in lieu thereof the following:

"(x) Sanctioned Persons. None of the Loan Parties or any of their respective Subsidiaries nor, to the knowledge any Responsible Officer of the Borrower, any director, officer, agent, employee or Affiliate of any Loan Party or any of its respective Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC") or any successor to OFAC carrying out similar function or any sanctions under similar laws or requirements administered by the United States Department of State, the United States Treasury, the United Nations Security Council, the European Union or Her Majesty's Treasury (collectively, "Sanctions Laws"); and the Borrower will not directly or indirectly use the proceeds of the Loans or otherwise make available such proceeds to any person, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC or other Sanctions Laws (each such person a "Designated Person"). Neither Borrower, any Guarantor, nor any Subsidiary, director or officer of Borrower or Guarantor or, to the knowledge of Borrower, any Affiliate, agent or employee of Borrower or any Guarantor, has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws or regulations in any applicable jurisdiction, including without limitation, any Sanctions Laws."

(g) By inserting the following new Section 4.01(y) of the Credit Agreement immediately after Section 4.01(x):

"(y) EEA Financial Institutions. None of the Borrower, any Guarantor, nor their respective Subsidiaries is an EEA Financial Institution."

(h) By deleting in their entirety Sections 5.02(u) and 5.02(v) of the Credit Agreement, and inserting in lieu thereof the following:

"(u) Sanctioned Persons. Directly or indirectly use or permit or allow any of its Subsidiaries to directly or indirectly use the proceeds of the Loans or otherwise make available such proceeds to any person, for the purpose of financing the activities of any Designated Person or in any manner that would cause any of such persons to violate the United States Foreign Corrupt Practices Act. None of the funds or assets of the Loan Parties that are used to pay any amount due pursuant to this Agreement or the other Loan Documents shall constitute funds obtained from transactions with or relating to Designated Persons or countries which are themselves the subject of territorial sanctions under applicable Sanctions Laws.

(v) More Restrictive Agreements. Enter into or modify any agreements or documents or permit or allow any of its Subsidiaries to enter into or modify any agreements or documents in each case pertaining to any existing or future Unsecured Indebtedness of such Loan Party or such Subsidiaries (including, without limitation, the Existing Credit Agreement), if such agreements or documents include covenants, whether affirmative or negative (or any other provision which may have the same practical effect as any of the foregoing), which are individually or in the aggregate more restrictive against the Loan Parties or their respective Subsidiaries than those set forth in Sections 5.01(o), 5.02(f)(iv), 5.02(g), 5.02(m), 5.02(o) or 5.04 (and including for the purposes hereof, all definitions used

in or relating to such sections or definitions) of this Agreement, unless the Loan Parties, the Administrative Agent and the Required Lenders shall have simultaneously amended this Agreement to include such more restrictive provisions. Each of the Loan Parties agrees to deliver to the Administrative Agent copies of any agreements or documents (or modifications thereof) pertaining to existing or future Unsecured Indebtedness of the Loan Parties and their respective Subsidiaries as the Administrative Agent from time to time may request."

(i) By deleting in its entirety Section 5.04(a)(i) of the Credit Agreement, and inserting in lieu thereof the following:

"(i) Maximum Leverage Ratio. Maintain as of each Test Date a Leverage Ratio of not greater than 6.50:1.00; *provided, however*, that on and after the date of any Leverage Ratio Increase Election, the Parent Guarantor shall maintain as of each Test Date occurring during the period ending not later than the last day of the third (3rd) consecutive fiscal quarter ending after the date of such Leverage Ratio Increase Election, a Leverage Ratio of not greater than 7.00:1.00; provided further that (A) such Leverage Ratio Increase Elections may only occur (1) prior to the Termination Date and (2) not more than two times during the term of the Facility, and (B) such Leverage Ratio Increase Elections may not be consecutive."

(j) By deleting in its entirety Section 5.04(a)(ii) of the Credit Agreement, and inserting in lieu thereof the following:

"(ii) Minimum Consolidated Tangible Net Worth. Maintain at all times a Consolidated Tangible Net Worth of not less than the sum of (a) $1,105,342,000 plus (b) an amount equal to 75% of the net cash proceeds of all issuances or sales of Equity Interests of the Parent Guarantor or any of its Subsidiaries consummated after the Third Amendment Effective Date."

(k) By deleting in its entirety Section 5.04(b)(i) of the Credit Agreement, and inserting in lieu thereof the following:

"(i) Maximum Unsecured Leverage Ratio. Maintain at all times an Unsecured Leverage Ratio equal to or less than 60%; *provided, however*, that on and after the date of any Unsecured Leverage Ratio Increase Election, the Parent Guarantor shall maintain as of each Test Date occurring during the period ending not later than the last day of the third (3rd) consecutive fiscal quarter ending after the date of such Unsecured Leverage Ratio Increase Election, an Unsecured Leverage Ratio equal to or less than 65%; *provided further* that (A) such Unsecured Leverage Ratio Increase Elections may only occur (1) prior to the Termination Date and (2) not more than two times during the term of the Facility, and (B) such Unsecured Leverage Ratio Increase Elections may not be consecutive."

(l) By deleting in its entirety Section 6.01(e) of the Credit Agreement, and inserting in lieu thereof the following:

"(e) Cross Defaults. (i) Any Loan Party or any Subsidiary thereof shall fail to pay any principal of, premium or interest on or any other amount payable in respect of any Material Debt when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise); or (ii) any other event shall occur or condition shall exist under any agreement or instrument relating to any such Material

Debt, if (A) the effect of such event or condition is to permit the acceleration of the maturity of such Material Debt or otherwise permit the holders thereof to cause such Material Debt to mature, and (B) only with respect to Material Debt described in clause (a) or (b) of the definition thereof, such event or condition shall remain unremedied or otherwise uncured for a period of 30 days; or (iii) the maturity of any such Material Debt shall be accelerated or any such Material Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Material Debt shall be required to be made, in each case prior to the stated maturity thereof; or (iv) without limiting the foregoing, the occurrence of any "Event of Default" (as defined in any Existing Credit Agreement) under any Existing Credit Agreement; or"

(m) By inserting the following new Section 9.17 of the Credit Agreement immediately after Section 9.16:

"SECTION 9.17. ACKNOWLEDGEMENT AND CONSENT TO BAIL-IN OF EEA FINANCIAL INSTITUTIONS. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority."

(n) By deleting each and all references to "James Komperda", "(770) 510- 2061" and "James_K_Komperda@KeyBank.com" in the Credit Agreement, and inserting in lieu thereof "Daniel Silbert", "(770) 510- 2096" and "Daniel_Silbert@KeyBank.com, respectively.

(o) By deleting in its entirety Schedule III of the Credit Agreement, and inserting in lieu thereof the Schedule III attached hereto and made a part hereof.

SECTION 2. Representations and Warranties. The Borrower hereby represents and warrants that the representations and warranties contained in each of the Loan Documents (as amended or supplemented to date, including pursuant to this Amendment) are true and correct on and as of the Third Amendment Effective Date (defined below), as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to an earlier date, in which case as of such earlier date).

SECTION 3. Conditions of Effectiveness. This Amendment shall become effective as of the first date (the "***Third Amendment Effective Date***") on which, and only if, each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent:

(a) (x) counterparts of this Amendment executed by the Borrower, the Administrative Agent and those Lenders comprising Required Lenders or, as to any of such Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Amendment, and (y) the consent attached hereto (the "***Consent***") executed by each of the Guarantors.

(b) A certificate of the Secretary or an Assistant Secretary of (a) the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Amendment and (b) each Guarantor certifying the names and true signatures of the officers of such Guarantor authorized to sign the Consent.

(b) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Third Amendment Effective Date, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the Third Amendment Effective Date, in which case as of such specific date).

(c) No event shall have occurred and be continuing, or shall result from the effectiveness of this Amendment, that constitutes a Default or an Event of Default.

(d) The "*Existing Credit Agreement*" (as defined in the Credit Agreement in effect immediately prior to the Third Amendment Effective Date) shall be amended in a manner consistent with Section 1 above and otherwise shall be in form and substance satisfactory to Administrative Agent, and that certain Credit Agreement dated as of the same date hereof, among Borrower, Parent Guarantor, Subsidiary Guarantors, Administrative Agent, and other lender parties thereto, shall be executed and delivered to Agent in form and substance satisfactory to Administrative Agent, effective contemporaneously with the Third Amendment Effective Date.

The effectiveness of this Amendment is conditioned upon the accuracy of the factual matters described herein. This Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 4. Reference to and Effect on the Loan Documents.

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically amended by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 5. Costs and Expenses. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or as an attachment to an electronic mail message in .pdf, .jpeg, .TIFF or similar electronic format shall be effective as delivery of a manually executed counterpart of this Amendment for all purposes.

SECTION 7. Governing Law. This Amendment shall pursuant to New York General Obligations Law Section 5-1401 be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8. Waiver of Claims. Borrower acknowledges, represents and agrees that Borrower as of the date hereof has no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature whatsoever with respect to the Loan Documents, the administration or funding of the Term Loan Advances or with respect to any acts or omissions of Administrative Agent or any Lender, or any past or present officers, agents or employees of Administrative Agent or any Lender, and Borrower does hereby expressly waive, release and relinquish any and all such defenses, setoffs, claims, counterclaims and causes of action, if any.

(Signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

SUMMIT HOTEL OP, LP,
a Delaware limited partnership

By: SUMMIT HOTEL GP, LLC,
a Delaware limited liability company,
its general partner

By: SUMMIT HOTEL PROPERTIES, INC., a Maryland corporation,
its sole member

/s/ Christopher Eng
By:____________________________
Name: Christopher Eng
Title: Secretary

(Signatures continued on next page)

Agreed as of the date first above written:

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent and Initial Lender

/s/ Daniel L. Silbert
By:__

Name: Daniel L. Silbert
Title: Sr. Vice President

(Signatures continued on next page)

REGIONS BANK,
as a Lender

/s/ T. Barrett Vawter
By: ___________________________________

Name: T. Barrett Vawter
Title: Vice President

(*Signatures continued on next page)*

RAYMOND JAMES BANK, N.A.,
as a Lender

By: *\/s/ Matt Stein*

Name: Matt Stein
Title: Vice President

(*Signatures continued on next page)*

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: *(/s/ Scott C. DeJong)* ______________________________

Name: Scott C. DeJong
Title: Senior Vice President

(*Signatures continued on next page)*

BRANCH BANKING AND TRUST COMPANY,
as a Lender

/s/ Brad Bowen
By: ___________________________________

Name: Brad Bowen
Title: Senior Vice President

(*Signatures continued on next page)*

AMERICAN BANK, N.A.,
as a Lender

/s/ Phillip A. Wright
By: ___________________________________

Name: Phillip A. Wright
Title: Senior Commercial Lender

(*Signatures continued on next page)*

CONSENT

Dated as of September 26, 2017

Each of the undersigned, as a Guarantor under the Guaranty set forth in Article VII of the Credit Agreement dated as of April 7, 2015, as amended on December 21, 2015 and January 15, 2016, in favor of the Lender Parties party to the Credit Agreement referred to in the foregoing Third Amendment to Credit Agreement, hereby consents to such Third Amendment to Credit Agreement and hereby confirms and agrees that notwithstanding the effectiveness of such Third Amendment to Credit Agreement, the Guaranty is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects. Without limitation of the foregoing, each Guarantor hereby ratifies the Credit Agreement as amended to date. Each Guarantor acknowledges, represents and agrees that Guarantors as of the date hereof have no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature whatsoever with respect to the Loan Documents, the administration or funding of the Term Loan Advances or with respect to any acts or omissions of Administrative Agent or any Lender, or any past or present officers, agents or employees of Administrative Agent or any Lender, and each Guarantor does hereby expressly waive, release and relinquish any and all such defenses, setoffs, claims, counterclaims and causes of action, if any.

SUMMIT HOTEL PROPERTIES, INC.,
a Maryland corporation

By: */s/ Christopher Eng*
Name: Christopher Eng
Title: Secretary

(*Signatures continued on next page)*

Summit Hospitality I, LLC,
Summit Hospitality VI, LLC,
Summit Hospitality VIII, LLC,
Summit Hospitality IX, LLC,
Summit Hospitality 17, LLC,
Summit Hospitality 18, LLC,
Summit Hospitality 25, LLC,
Summit Hospitality 057, LLC,
Summit Hospitality 060, LLC,
Summit Hospitality 084, LLC,
Summit Hospitality 100, LLC,
Summit Hospitality 114, LLC,
Summit Hospitality 117, LLC,
Summit Hospitality 118, LLC,
Summit Hospitality 119, LLC,
Summit Hospitality 121, LLC,
Summit Hospitality 122, LLC,
Summit Hospitality 123, LLC,
Summit Hospitality 126, LLC,
Summit Hospitality 127, LLC,
Summit Hospitality 128, LLC,
Summit Hospitality 129, LLC,
Summit Hospitality 130, LLC,
Summit Hospitality 131, LLC,
Summit Hospitality 132, LLC,
Summit Hospitality 134, LLC,
Summit Hospitality 135, LLC,
Summit Hospitality 136, LLC,
Summit Hospitality 137, LLC,
Summit Hospitality 138, LLC,
Summit Hospitality 139, LLC,
Summit Hospitality 140, LLC,
Summit Hospitality 141, LLC,
San Fran JV, LLC,
each a Delaware limited liability company

By: */s/ Christopher Eng*
Name: Christopher Eng
Title: Secretary

Carnegie Hotels, LLC,
a Georgia limited liability company

By: */s/ Christopher Eng*
Name: Christopher Eng
Title: Secretary

Summit Hotel TRS 003, LLC
Summit Hotel TRS 005, LLC
Summit Hotel TRS 023, LLC
Summit Hotel TRS 026, LLC
Summit Hotel TRS 030, LLC
Summit Hotel TRS 037, LLC
Summit Hotel TRS 044, LLC
Summit Hotel TRS 045, LLC
Summit Hotel TRS 057, LLC
Summit Hotel TRS 060, LLC
Summit Hotel TRS 062, LLC
Summit Hotel TRS 065, LLC
Summit Hotel TRS 066, LLC
Summit Hotel TRS 084, LLC
Summit Hotel TRS 088, LLC
Summit Hotel TRS 089, LLC
Summit Hotel TRS 090, LLC
Summit Hotel TRS 094, LLC
Summit Hotel TRS 095, LLC
Summit Hotel TRS 096, LLC
Summit Hotel TRS 099, LLC
Summit Hotel TRS 100, LLC
Summit Hotel TRS 102, LLC
Summit Hotel TRS 113, LLC
Summit Hotel TRS 114, LLC
Summit Hotel TRS 117, LLC
Summit Hotel TRS 118, LLC
Summit Hotel TRS 119, LLC
Summit Hotel TRS 121, LLC
Summit Hotel TRS 122, LLC
Summit Hotel TRS 123, LLC
Summit Hotel TRS 126, LLC
Summit Hotel TRS 127, LLC
Summit Hotel TRS 128, LLC
Summit Hotel TRS 129, LLC
Summit Hotel TRS 130, LLC
Summit Hotel TRS 131, LLC
Summit Hotel TRS 132, LLC
Summit Hotel TRS 134, LLC
Summit Hotel TRS 135, LLC
Summit Hotel TRS 136, LLC
Summit Hotel TRS 137, LLC
Summit Hotel TRS 138, LLC
Summit Hotel TRS 139, LLC
Summit Hotel TRS 140, LLC
Summit Hotel TRS 141, LLC

By: Summit Hotel TRS, Inc.,
a Delaware corporation, the sole member of each of the above referenced Delaware limited liability companies

By: */s/ Christopher Eng*
Name: Christopher Eng
Title: Secretary

Schedule III - Approved Managers

Count	Management Company
1	Aimbridge Hospitality
1	American Liberty Hospitality, Inc.
1	Courtyard Management Corporation
1	Crestline Hotels and Resorts and affiliates
1	Fillmore Hospitality and affiliates
1	IHG Management (Maryland), LLC
1	Intercontinental Hotels Group Resources, Inc.
1	Intermountain Management, LLC
1	Interstate Management Company, LLC
1	Kana Hotels, Inc.
1	OTO Development, LLC
1	Park Place Hospitality
1	Pillar Hotels and Resorts, LP
1	Residence Inn by Marriott, Inc.
1	Sage Hospitality and affiliates
1	Select Hotels Group, LLC
1	Springhill SMC Corporation
1	Stonebridge Realty Advisors, Inc.
1	White Lodging Services Corporation
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Section 3: EX-10.3 (EXHIBIT 10.3)

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT TO CREDIT AGREEMENT (this *"**Amendment**"*) dated as of September 26, 2017, among **SUMMIT HOTEL OP, LP**, a Delaware limited partnership (the *"**Borrower**"*), **DEUTSCHE BANK AG NEW YORK BRANCH**, as administrative agent (the "***Administrative Agent***"), and the financial institutions party to the Credit Agreement referred to below (collectively, the *"**Lender Parties**"*).

PRELIMINARY STATEMENTS:

The Borrower, Summit Hotel Properties, Inc., a Maryland corporation (the *"**Parent Guarantor**"*), the other guarantors named therein, Administrative Agent, and the Lender Parties have entered into that certain Credit Agreement dated as of January 15, 2016 (the *"**Credit Agreement**"*). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

In connection with this Amendment, Borrower has requested certain Guarantors be released from their Obligations under the Credit Agreement in accordance with Section 5.01(x)(ii) of the Credit Agreement.

The Borrower, the Administrative Agent and the Lenders have agreed to amend the Credit Agreement on the terms and subject to the conditions hereinafter set forth.

SECTION 1. <u>Amendments to Credit Agreement</u>. Upon the occurrence of the First Amendment Effective Date (as defined in Section 3 below), the Credit Agreement is amended as follows:

(a) By inserting the following definitions in Section 1.01 of the Credit Agreement, in the appropriate alphabetical order:

"***'First Amendment Effective Date'*** means September 26, 2017.

"***'KeyBank Facilities'*** means, collectively, the term loan facilities established pursuant to (i) that certain Credit Agreement, dated as of April 7, 2015, among Borrower, Parent Guarantor, the other guarantors party thereto, KeyBank, as administrative agent, and the other lenders party thereto, as amended, supplemented or otherwise modified to date, and (ii) that certain Credit Agreement, dated as of September 26, 2017, among Borrower, Parent Guarantor, the other guarantors party thereto, KeyBank, as administrative agent, and the other lenders party thereto, as amended, supplemented or otherwise modified to date."

(b) By deleting in their entirety the definitions of "Consolidated Interest Expense", "Defaulting Lender", "ERISA Event", "Guaranty", "Hedge Bank", "Material Debt", "Permitted Recourse Debt", "Secured Indebtedness" and "Term Loan", appearing in Section 1.01 of the Credit Agreement, and inserting in lieu thereof the following:

"***'Consolidated Interest Expense'*** means, for the most recently completed four fiscal quarters, the sum of (a) the aggregate cash interest expense of the Parent Guarantor and its Subsidiaries for such period, as determined in accordance with GAAP, including capitalized interest and the portion of any payments made in respect of capitalized lease liabilities allocable to interest expense, but excluding (i) deferred financing costs, (ii) other non-cash interest expense and (iii) any capitalized interest relating to construction financing for an Asset to the extent an interest reserve or a loan "holdback" is maintained in respect of such capitalized interest pursuant to the terms of such financing as reasonably approved by the Administrative Agent, plus (b) such Persons' JV Pro Rata Share of the items described in clause (a) above of its Joint Ventures for such period.

'Defaulting Lender' means, subject to Section 9.10(b), any Lender that (a) has failed to (i) fund all or any portion of its Commitments within two Business Days of the date any such Commitment was required to be funded by such Lender hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding the Advance has not been satisfied (which conditions precedent, together with the applicable default, if any, shall be specifically identified in such notice) or (ii) pay to the Administrative Agent, any Issuing Bank, any Swing Line Bank or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Advances) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent, any Issuing Bank or any Swing Line Bank in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lenders' obligation to fund a Commitment hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with the applicable default, if any, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within two Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Person. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 9.10(a)) upon delivery of written notice of such determination to the Borrower, each Issuing Bank, each Swing Line Bank and each Lender.

'ERISA Event' means (a)(i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC or (ii) the requirements of Section 4043(b) of ERISA apply with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Loan Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for

which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; or (g) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, such Plan.

'Guaranty' means the Guaranty by the Guarantors pursuant to Article VII, together with any and all Guaranty Supplements required to be delivered pursuant to Section 5.01(j), Section 5.01(x) or Section 7.05.

'Hedge Bank' means any entity that is a Lender Party or an Affiliate of a Lender Party at the time it enters into a Guaranteed Hedge Agreement in its capacity as a party to such Guaranteed Hedge Agreement.

'Material Debt' means (a) Recourse Debt of the Borrower that is outstanding in a principal amount (or, in the case of any Hedge Agreement, an Agreement Value) of $15,000,000 or more, either individually or in the aggregate or (b) any other Indebtedness of any Loan Party or any Subsidiary of a Loan Party (other than Indebtedness described in clause (c) below) that is outstanding in a principal amount (or, in the case of any Hedge Agreement, an Agreement Value) of $75,000,000 or more, either individually or in the aggregate, or (c) any Unsecured Indebtedness of the Parent Guarantor or any of its Subsidiaries; in each case (i) whether or not the primary obligation of the applicable obligor, (ii) whether the subject of one or more separate debt instruments or agreements, and (iii) exclusive of Indebtedness outstanding under this Agreement. For the avoidance of doubt, Material Debt may include Refinancing Debt to the extent comprising Material Debt as defined herein.

'Permitted Recourse Debt' means Recourse Debt that is either (a) Unsecured Indebtedness that does not result in a Default or an Event of Default under the financial covenants set forth in Section 5.04(b), provided that the aggregate principal amount of any such Unsecured Indebtedness, other than the Unsecured Indebtedness under the KeyBank Facilities, that has a scheduled maturity date or commitment termination date prior to the one year anniversary of the latest Termination Date under the Credit Agreement (taking into account any extensions thereof) shall in no event exceed $125,000,000, or (b) Indebtedness (i) secured by (x) a Lien on the Equity Interests of a Property-Level Subsidiary that directly or indirectly does not hold any fee or leasehold interest in any Unencumbered Asset, or (y) a mortgage Lien granted by such Property-Level Subsidiary, as mortgagor, pursuant to the terms of the loan documents evidencing such Recourse Debt, (ii) in an aggregate principal amount not to exceed 10% of Total Asset Value at any time outstanding, and (iii) that does not result in Default or Event of Default under the financial covenants set forth in Sections 5.04(a)(v) and 5.04(a)(vi).

'Secured Indebtedness' means, with respect to the Parent Guarantor and its Subsidiaries as of a given date, the portion of Total Indebtedness that is secured in any manner by any Lien on any property or any Equity Interests in direct or indirect Subsidiaries of the Parent Guarantor.

'Term Loan' shall mean the term loan to the Borrower from the Term Loan Lenders in an aggregate principal amount equal to $150,000,000 on the Closing Date, as the same may be increased as provided in Section 2.17."

(c) By deleting in its entirety Section 2.11(f)(vii) and (ix) of the Credit Agreement, and inserting in lieu thereof the following:

"(vii) *seventh*, to the payment of all of the accrued and unpaid interest on the Advances that is due and payable to the Administrative Agent and the Lender Parties under Section 2.07(a) on such date or any periodic scheduled payments due under any Guaranteed Hedge Agreement of which Administrative Agent has received not less than five (5) Business Days prior written notice, ratably based upon the respective aggregate amounts of all such interest owing to the Administrative Agent and the Lender Parties on such date;

(ix) *ninth*, to the payment of the principal amount of all of the outstanding Advances and any termination payments due under a Guaranteed Hedge Agreement of which Administrative Agent has received not less than five (5) Business Days prior written notice that are due and payable to the Administrative Agent and the Lender Parties on such date, ratably based upon the respective aggregate amounts of all such principal and reimbursement obligations owing to the Administrative Agent and the Lender Parties on such date, and to deposit into the Cash Collateral Account any contingent reimbursement obligations in respect of outstanding Letters of Credit to the extent required by Section 6.02; and"

(d) By deleting in its entirety Section 2.12(g) of the Credit Agreement, and inserting in lieu thereof the following:

"(g) Each Lender Party organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender Party, and on the date of the Assignment and Acceptance or Accession Agreement pursuant to which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long thereafter as such Lender Party remains lawfully able to do so), provide each of the Administrative Agent and the Borrower with two original Internal Revenue Service Forms W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender Party is exempt from or entitled to a reduced rate of United States federal withholding tax on payments pursuant to this Agreement or any other Loan Document or, in the case of a Lender Party claiming the benefit of the exemption for portfolio interest under section 881(c) of the Internal Revenue Code (x) a certificate in the form of Exhibit G hereto to the effect that such Lender Party is not a (A) a "bank" within the meaning of section 881(c)(3)(A) of the Internal Revenue Code, (B) or a

"10 percent shareholder" of any Loan Party within the meaning of section 881(c)(3)(B) of the Internal Revenue Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Internal Revenue Code and (y) two duly completed copies of an IRS W-8BEN. If the forms provided by a Lender Party at the time such Lender Party first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered an Excluded Tax unless and until such Lender Party provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered an Excluded Tax for periods governed by such forms; *provided, however*, that if, at the effective date of the Assignment and Acceptance or Accession Agreement pursuant to which a Lender Party becomes a party to this Agreement, the Lender Party assignor was entitled to payments under subsection (a) of this Section 2.12 in respect of United States federal withholding tax with respect to interest paid at such date, then, to such extent, the term Indemnified Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States federal withholding tax, if any, applicable with respect to the Lender Party assignee on such date. Upon the request of the Borrower, any Lender that is a United States person and is not an exempt recipient for U.S. backup withholding purposes shall deliver to the Borrower two copies of Internal Revenue Service form W-9 (or any successor form). If a payment made to a Lender Party under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender Party were to fail to comply with the applicable reporting requirements of FATCA (including those contained in section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender Party shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender Party has complied with such Lender Party's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for the purposes of this subsection (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. Each Lender Party shall promptly notify the Borrower and the Administrative Agent of any change in circumstances that would modify or render invalid any claimed exemption from or reduction of Taxes."

(e) By deleting in its entirety Section 3.02(a)(y) of the Credit Agreement, and inserting in lieu thereof the following:

"(y) in the case of an addition of any Person as an Additional Guarantor, all Guarantor Deliverables (to the extent not previously delivered pursuant to Section 5.01(k), Section 5.01(x) or this Section 3.02),"

(f) By deleting in its entirety Section 4.01(x) of the Credit Agreement, and inserting in lieu thereof the following:

"(x) Sanctioned Persons. None of the Loan Parties or any of their respective Subsidiaries nor, to the knowledge any Responsible Officer of the Borrower, any director, officer, agent, employee or Affiliate of any Loan Party or any of its respective Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC") or any successor to OFAC carrying out similar function or any sanctions under similar laws or requirements administered by the United States Department of State, the United States Treasury, the United Nations Security Council, the European Union or Her Majesty's Treasury (collectively, "Sanctions Laws"); and the Borrower will not directly or indirectly use the proceeds of the Loans or otherwise make available such proceeds to any person, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC or other Sanctions Laws (each such person a "Designated Person"). Neither Borrower, any Guarantor, nor any Subsidiary, director or officer of Borrower or Guarantor or, to the knowledge of Borrower, any Affiliate, agent or employee of Borrower or any Guarantor, has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws or regulations in any applicable jurisdiction, including without limitation, any Sanctions Laws."

(g) By inserting the following new Section 4.01(y) of the Credit Agreement immediately after Section 4.01(x):

"(y) EEA Financial Institutions. None of the Borrower, any Guarantor, nor their respective Subsidiaries is an EEA Financial Institution."

(h) By deleting in its entirety Section 5.01(e) of the Credit Agreement, and inserting in lieu thereof the following:

"(e) Preservation of Partnership or Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its existence (corporate or otherwise), legal structure, legal name, rights (charter and statutory), permits, licenses, approvals, privileges and franchises, except, in the case of Subsidiaries of the Borrower that are not Loan Parties only, if in the reasonable business judgment of such Subsidiary it is in its best economic interest not to preserve and maintain such existence, legal structure, legal name, rights, permits, licenses, approvals, privileges and franchises and such failure is not reasonably likely to result in a Material Adverse Effect (it being understood that the foregoing shall not prohibit, or be violated as a result of any transaction by or involving any Loan Party or Subsidiary thereof otherwise permitted under Section 5.02(d) or (e) below)."

(i) By revising Section 5.01(n)(ii) to re-letter paragraphs (B) through (I) thereof to read (A) through (H) thereof.

(j) By deleting in its entirety Section 5.01(s) of the Credit Agreement, and inserting in lieu thereof the following:

"(s) Exchange Listing. In the case of the Parent Guarantor, at all times (i) cause its common shares to be duly listed on

the New York Stock Exchange, NYSE MKT or NASDAQ and (ii) timely file all reports required to be filed by it in connection therewith."

(k) By deleting in its entirety Section 5.02(d)(ii) of the Credit Agreement, and inserting in lieu thereof the following:

"(ii) any Loan Party may merge with any Person that is not a Loan Party so long as such Loan Party is the surviving entity or (except in the case of a merger with the Borrower or the Parent Guarantor, which shall always be the surviving entity) such other Person is the surviving party and shall promptly become a Loan Party (provided further that the Parent Guarantor shall not merge with a Person that is not a Loan Party unless such merger is with a Person that would be in compliance with Section 5.01(r), and which is the general partner or other owner of a Person simultaneously merging with Borrower or a Subsidiary of Borrower, and the Parent Guarantor is the surviving entity), *provided*, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom and the requirements in Sections 5.01(x) and 5.02(p) shall still be complied with. Notwithstanding any other provision of this Agreement, (y) any Subsidiary of a Loan Party (other than the Borrower and any Subsidiary that is the direct owner of an Unencumbered Asset) may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and the assets or proceeds from the liquidation or dissolution of such Subsidiary are transferred to the Borrower or a Guarantor, *provided* that no Default or Event of Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom, and (z) any Loan Party or Subsidiary of a Loan Party shall be permitted to effect any Transfer of Assets through the sale or transfer of direct or indirect Equity Interests in the Person (other than the Borrower or the Parent Guarantor) that owns such Assets so long as Section 5.02(e) would otherwise permit the Transfer of all Assets owned by such Person at the time of such sale or transfer of such Equity Interests. Upon the sale or transfer of Equity Interests in any Person that is a Guarantor permitted under clause (z) above, *provided* that no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Administrative Agent shall, upon the request of the Borrower, release such Guarantor from the Guaranty."

(l) By deleting in its entirety Section 5.02(h) of the Credit Agreement, and inserting in lieu thereof the following:

"(h) Amendments of Constitutive Documents. Amend, or permit any of its Subsidiaries to amend, in each case in any material respect, its limited liability company agreement, partnership agreement, certificate of incorporation or bylaws or other constitutive documents, *provided* that (1) any amendment to any such constitutive document that would be adverse to any of the Lender Parties shall be deemed "material" for purposes of this Section; (2) any amendment to any such constitutive document that would designate such Subsidiary that is not a Loan Party as a "special purpose entity" or otherwise confirm such Subsidiary's status as a "special purpose entity" shall be deemed "not material" for purposes of this Section; and (3) in the case of Subsidiaries of the Borrower only, a Subsidiary may amend its constitutive documents if in the reasonable business judgment of such Subsidiary it is in its best economic interest to do so and such amendment is not otherwise prohibited by this Agreement and could not reasonably be expected to result in a Material Adverse Effect."

(m) By inserting the following new Sections 5.02(u) and 5.02(v) of the Credit Agreement immediately after Section 5.02 (t):

"(u) Sanctioned Persons. Directly or indirectly use or permit or allow any of its Subsidiaries to directly or indirectly use the proceeds of the Loans or otherwise make available such proceeds to any person, for the purpose of financing the activities of any Designated Person or in any manner that would cause any of such persons to violate the United States Foreign Corrupt Practices Act. None of the funds or assets of the Loan Parties that are used to pay any amount due pursuant to this Agreement or the other Loan Documents shall constitute funds obtained from transactions with or relating to Designated Persons or countries which are themselves the subject of territorial sanctions under applicable Sanctions Laws.

(v) More Restrictive Agreements. Enter into or modify any agreements or documents or permit or allow any of its Subsidiaries to enter into or modify any agreements or documents in each case pertaining to any existing or future Unsecured Indebtedness of such Loan Party or such Subsidiaries, if such agreements or documents include covenants, whether affirmative or negative (or any other provision which may have the same practical effect as any of the foregoing), which are individually or in the aggregate more restrictive against the Loan Parties or their respective Subsidiaries than those set forth in Section 5.01(o), 5.02(f)(iv), 5.02(g), 5.02(m), 5.02(o) or 5.04 (and including for the purposes hereof, all definitions used in or relating to such sections or definitions) of this Agreement, unless the Loan Parties, the Administrative Agent and the Required Lenders shall have simultaneously amended this Agreement to include such more restrictive provisions. Each of the Loan Parties agrees to deliver to the Administrative Agent copies of any agreements or documents (or modifications thereof) pertaining to existing or future Unsecured Indebtedness of the Loan Parties and their respective Subsidiaries as the Administrative Agent from time to time may request."

(n) By deleting in its entirety Section 5.04(a)(i) of the Credit Agreement, and inserting in lieu thereof the following:

"(i) Maximum Leverage Ratio. Maintain as of each Test Date a Leverage Ratio of not greater than 6.50:1.00; provided, however, that on and after the date of any Leverage Ratio Increase Election, the Parent Guarantor shall maintain as of each Test Date occurring during the period ending not later than the last day of the third (3rd) consecutive fiscal quarter ending after the date of such Leverage Ratio Increase Election, a Leverage Ratio of not greater than 7.00:1.00; provided further that (A) such Leverage Ratio Increase Elections may only occur (1) prior to the Initial Maturity Date and (2) not more than two times during the term of the

Facilities, and (B) such Leverage Ratio Increase Elections may not be consecutive."

(o) By deleting in its entirety Section 5.04(a)(ii) of the Credit Agreement, and inserting in lieu thereof the following:

"(ii) Minimum Consolidated Tangible Net Worth. Maintain at all times a Consolidated Tangible Net Worth of not less than the sum of (a) $1,105,342,000 plus (b) an amount equal to 75% of the net cash proceeds of all issuances or sales of Equity Interests of the Parent Guarantor or any of its Subsidiaries consummated after the First Amendment Effective Date."

(p) By deleting in its entirety Section 6.01(e) of the Credit Agreement, and inserting in lieu thereof the following:

"(e) Cross Defaults. (i) Any Loan Party or any Subsidiary thereof shall fail to pay any principal of, premium or interest on or any other amount payable in respect of any Material Debt when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise); or (ii) any other event shall occur or condition shall exist under any agreement or instrument relating to any such Material Debt, if (A) the effect of such event or condition is to permit the acceleration of the maturity of such Material Debt or otherwise permit the holders thereof to cause such Material Debt to mature, and (B) only with respect to Material Debt described in clause (a) or (b) of the definition thereof, such event or condition shall remain unremedied or otherwise uncured for a period of 30 days; or (iii) the maturity of any such Material Debt shall be accelerated or any such Material Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Material Debt shall be required to be made, in each case prior to the stated maturity thereof; or (iv) without limiting the foregoing, the occurrence of any "Event of Default" (as defined in the Existing Credit Agreement) under the Existing Credit Agreement; or"

(q) By deleting in its entirety Section 6.01(i) of the Credit Agreement, and inserting in lieu thereof the following:

"(i) Unenforceability of Loan Documents. Any material provision of any Loan Document after delivery thereof pursuant to Section 3.01, 5.01(j) or 5.01(x) shall for any reason (other than pursuant to the terms thereof) cease to be valid and binding on or enforceable against any Loan Party which is party to it, or any such Loan Party shall so state in writing; or"

(r) By deleting in their entirety Sections 7.01(a) and 7.01(b) of the Credit Agreement, and inserting in lieu thereof the following:

"(a) Each Guarantor, jointly and severally, hereby absolutely, unconditionally and irrevocably guarantees the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all Obligations of each other Loan Party now or hereafter existing under or in respect of the Loan Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise, in each case exclusive of all Excluded Swap Obligations (such guaranteed Obligations being the "***Guaranteed Obligations***"), and agrees to pay any and all expenses (including, without limitation, fees and expenses of counsel) incurred by the Administrative Agent or any other Lender Party in enforcing any rights under this Agreement or any other Loan Document. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Loan Party to any Lender Party under or in respect of the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Loan Party. This Guaranty is and constitutes a guaranty of payment and not merely of collection. Notwithstanding anything to the contrary herein, the Lender Parties shall immediately release the guaranty of any Guarantor at such time as the Guarantor has completed Transfers and/or designations in compliance with Section 5.02(e) such that the Guarantor does not own, directly or indirectly any one or more Unencumbered Assets.

(b) Each Guarantor, the Administrative Agent and each other Lender Party and, by its acceptance of the benefits of this Guaranty, each other Lender Party, hereby confirms that it is the intention of all such Persons that this Guaranty and the Obligations of each Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Voidable Transactions Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty and the Obligations of each Guarantor hereunder. To effectuate the foregoing intention, the Guarantors, the Administrative Agent, the other Lender Parties and, by their acceptance of the benefits of this Guaranty, the other Lender Parties hereby irrevocably agree that the Obligations of each Guarantor under this Guaranty at any time shall be limited to the maximum amount as will result in the Obligations of such Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance."

(s) By deleting in its entirety Section 9.07(a) of the Credit Agreement, and inserting in lieu thereof the following:

"(a) Each Lender may (and, if demanded by the Borrower in accordance with Section 9.01(b) will) assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment or Commitments, the Advances owing to it and the Note or Notes held by it); *provided, however*, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of one or more of the Facilities, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender, an Affiliate of any Lender or a Fund Affiliate of any Lender or an assignment of

all of a Lender's rights and obligations under this Agreement, the aggregate amount of the Commitments being assigned to such Eligible Assignee pursuant to such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $5,000,000 under each Facility or an integral multiple of $1,000,000 in excess thereof (or such lesser amount as shall be approved by the Administrative Agent and, so long as no Default shall have occurred and be continuing at the time of effectiveness of such assignment, the Borrower), (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Borrower pursuant to Section 9.01(b) shall be an assignment of all rights and obligations of the assigning Lender under this Agreement, (v) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender, an Affiliate of any Lender or a Fund Affiliate of any Lender in which case notice of such assignment shall be provided to the Administrative Agent and the Borrower, no such assignments shall be permitted (A) until the Administrative Agent shall have notified the Lender Parties that syndication of the Commitments hereunder has been completed, without the consent of the Administrative Agent, and (B) at any other time without the consent of the Administrative Agent (which consent shall not be unreasonably withheld or delayed), *provided, however*, that Merrill Lynch, Pierce, Fenner & Smith Incorporated may, without prior notice to the Borrower, assign its rights and obligations under this Agreement to any other registered broker-dealer owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation's or any of its subsidiaries' investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement, and (vi) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes subject to such assignment and, except if such assignment is being made by a Lender to an Affiliate or Fund Affiliate of such Lender, a processing and recordation fee of $3,500; *provided, however,* that for each such assignment made as a result of a demand by the Borrower pursuant to Section 9.01(b), the Borrower shall pay to the Administrative Agent the applicable processing and recordation fee."

SECTION 2. Representations and Warranties. The Borrower hereby represents and warrants that the representations and warranties contained in each of the Loan Documents (as amended or supplemented to date, including pursuant to this Amendment) are true and correct on and as of the First Amendment Effective Date (defined below), as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to an earlier date, in which case as of such earlier date).

SECTION 3. Release of Certain Guarantors. The Administrative Agent, on behalf of the Lenders, hereby releases and discharges each Subsidiary of the Borrower that initially executed the Credit Agreement or a supplement thereto as a "Guarantor" and is not listed on the signature pages attached hereto as a Guarantor and is no longer required to be a Guarantor pursuant to the terms of Section 5.01(x)(i) of the Credit Agreement from its Obligations under the Credit Agreement. For the avoidance of doubt, the foregoing release shall not apply to the Parent Guarantor or any owner or lessee of an Unencumbered Asset.

SECTION 4. Conditions of Effectiveness. This Amendment shall become effective as of the first date (the "***First Amendment Effective Date***") on which, and only if, each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent:

(i) (x) counterparts of this Amendment executed by the Borrower, the Administrative Agent and those Lenders comprising Required Lenders or, as to any of such Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Amendment, and (y) the consent attached hereto (the "***Consent***") executed by each of the Guarantors.

(ii) A certificate of the Secretary or an Assistant Secretary of (a) the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Amendment and (b) each Guarantor certifying the names and true signatures of the officers of such Guarantor authorized to sign the Consent.

(b) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the First Amendment Effective Date, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the First Amendment Effective Date, in which case as of such specific date).

(c) No event shall have occurred and be continuing, or shall result from the effectiveness of this Amendment, that constitutes a Default or an Event of Default.

(d) The effectiveness of this Amendment is conditioned upon the accuracy of the factual matters described herein. This Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 5. Reference to and Effect on the Loan Documents.

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically amended by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 6. Costs and Expenses. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this letter by facsimile or as an attachment to an electronic mail message in .pdf, .jpeg, .TIFF or similar electronic format shall be effective as delivery of a manually executed counterpart of this letter for all purposes.

SECTION 8. Governing Law. This Amendment shall pursuant to New York General Obligations Law Section 5-1401 be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9. Waiver of Claims. Borrower acknowledges, represents and agrees that Borrower as of the date hereof has no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature whatsoever with respect to the Loan Documents, the administration or funding of the Term Loan Advances or with respect to any acts or omissions of Administrative Agent or any Lender, or any past or present officers, agents or employees of Administrative Agent or any Lender, and Borrower does hereby expressly waive, release and relinquish any and all such defenses, setoffs, claims, counterclaims and causes of action, if any.

(Signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

SUMMIT HOTEL OP, LP,
a Delaware limited partnership

By: SUMMIT HOTEL GP, LLC,
a Delaware limited liability company,
its general partner

By: SUMMIT HOTEL PROPERTIES, INC., a Maryland corporation,
its sole member

/s/ Christopher Eng
By:______________________________
Name: Christopher Eng
Title: Secretary

(Signatures continued on next page)

Agreed as of the date first above written:

DEUTSCHE BANK AG NEW YORK BRANCH,
as Administrative Agent, Initial Issuing Bank,
Swing Line Bank and Initial Lender

/s/ Alexander Johnson
By: ____________________________________

Name: Alexander Johnson
Title: Managing Director

/s/ Joanna Soliman
By: ____________________________________

Name: Joanna Soliman
Title: Vice President

(Signatures continued on next page)

BANK OF AMERICA, N.A.,
as a Lender

/s/ John Sletten
By: ____________________________________

Name: John Sletten
Title: Vice President

(*Signatures continued on next page)*

KEYBANK NATIONAL ASSOCIATION,
as a Lender

/s/ Daniel L. Silbert
By: ____________________________________

Name: Daniel L. Silbert
Title: Sr. Banker

(*Signatures continued on next page)*

REGIONS BANK,
as a Lender

/s/ T. Barrett Vawter
By: ____________________________________

Name: T. Barrett Vawter
Title: Vice President

(*Signatures continued on next page)*

ROYAL BANK OF CANADA,
as a Lender

/s/ Rina Kansagra
By: ____________________________________

Name: Rina Kansagra
Title: Authorized Signatory

(*Signatures continued on next page)*

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

/s/ Scott C. DeJong
By: ____________________________________

Name: Scott C. DeJong
Title: Senior Vice President

(*Signatures continued on next page)*

PNC BANK NATIONAL ASSOCIATION,
as a Lender

/s/ Joseph J. Seroke
By: ____________________________________

Name: Joseph J. Seroke
Title: Vice President

(*Signatures continued on next page)*

BRANCH BANKING AND TRUST COMPANY,
as a Lender

/s/ Brad Bowen
By: ____________________________________

Name: Brad Bowen
Title: Senior Vice President

CONSENT

Dated as of September 26, 2017

Each of the undersigned, as a Guarantor under the Guaranty set forth in Article VII of the Credit Agreement dated as of January 15, 2016, in favor of the Lender Parties party to the Credit Agreement referred to in the foregoing First Amendment to Credit Agreement, hereby consents to such First Amendment to Credit Agreement and hereby confirms and agrees that notwithstanding the effectiveness of such First Amendment to Credit Agreement, the Guaranty is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects. Without limitation of the foregoing, each Guarantor hereby ratifies the Credit Agreement as amended to date.

SUMMIT HOTEL PROPERTIES, INC.,
a Maryland corporation

By: */s/ Christopher Eng*
Name: Christopher Eng
Title: Secretary

(*Signatures continued on next page)*

Summit Hospitality I, LLC,
Summit Hospitality VI, LLC,
Summit Hospitality VIII, LLC,
Summit Hospitality IX, LLC,
Summit Hospitality 17, LLC,
Summit Hospitality 18, LLC,
Summit Hospitality 25, LLC,
Summit Hospitality 057, LLC,
Summit Hospitality 060, LLC,
Summit Hospitality 084, LLC,
Summit Hospitality 100, LLC,
Summit Hospitality 114, LLC,
Summit Hospitality 117, LLC,
Summit Hospitality 118, LLC,
Summit Hospitality 119, LLC,
Summit Hospitality 121, LLC,
Summit Hospitality 122, LLC,
Summit Hospitality 123, LLC,
Summit Hospitality 126, LLC,
Summit Hospitality 127, LLC,
Summit Hospitality 128, LLC,
Summit Hospitality 129, LLC,
Summit Hospitality 130, LLC,
Summit Hospitality 131, LLC,
Summit Hospitality 132, LLC,
Summit Hospitality 134, LLC,
Summit Hospitality 135, LLC,
Summit Hospitality 136, LLC,
Summit Hospitality 137, LLC,
Summit Hospitality 138, LLC,
Summit Hospitality 139, LLC,
Summit Hospitality 140, LLC,
Summit Hospitality 141, LLC,
San Fran JV, LLC,
each a Delaware limited liability company

By: */s/ Christopher Eng*
Name: Christopher Eng
Title: Secretary

Carnegie Hotels, LLC,
a Georgia limited liability company

By: */s/ Christopher Eng*
Name: Christopher Eng
Title: Secretary

Summit Hotel TRS 003, LLC
Summit Hotel TRS 005, LLC
Summit Hotel TRS 023, LLC
Summit Hotel TRS 026, LLC
Summit Hotel TRS 030, LLC
Summit Hotel TRS 037, LLC
Summit Hotel TRS 044, LLC
Summit Hotel TRS 045, LLC
Summit Hotel TRS 057, LLC
Summit Hotel TRS 060, LLC
Summit Hotel TRS 062, LLC
Summit Hotel TRS 065, LLC
Summit Hotel TRS 066, LLC
Summit Hotel TRS 084, LLC
Summit Hotel TRS 088, LLC
Summit Hotel TRS 089, LLC
Summit Hotel TRS 090, LLC
Summit Hotel TRS 094, LLC
Summit Hotel TRS 095, LLC
Summit Hotel TRS 096, LLC
Summit Hotel TRS 099, LLC
Summit Hotel TRS 100, LLC
Summit Hotel TRS 102, LLC
Summit Hotel TRS 113, LLC
Summit Hotel TRS 114, LLC
Summit Hotel TRS 117, LLC
Summit Hotel TRS 118, LLC
Summit Hotel TRS 119, LLC
Summit Hotel TRS 121, LLC
Summit Hotel TRS 122, LLC
Summit Hotel TRS 123, LLC
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Summit Hotel TRS 130, LLC
Summit Hotel TRS 131, LLC
Summit Hotel TRS 132, LLC
Summit Hotel TRS 134, LLC
Summit Hotel TRS 135, LLC
Summit Hotel TRS 136, LLC
Summit Hotel TRS 137, LLC
Summit Hotel TRS 138, LLC
Summit Hotel TRS 139, LLC
Summit Hotel TRS 140, LLC
Summit Hotel TRS 141, LLC

By: Summit Hotel TRS, Inc.,
a Delaware corporation, the sole member of each of the above referenced Delaware limited liability companies

By: */s/ Christopher Eng*
Name: Christopher Eng
Title: Secretary

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Section 4: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Daniel P. Hansen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Summit Hotel Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2017

/s/ Daniel P. Hansen

Daniel P. Hansen
Chairman of the Board of Directors,
President and Chief Executive Officer
(principal executive officer)

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Section 5: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Greg A. Dowell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Summit Hotel Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 30, 2017

/s/ Greg A. Dowell

Greg A. Dowell
Executive Vice President, Chief Financial Officer and Treasurer
(principal financial officer)

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Section 6: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Summit Hotel Properties, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel P. Hansen, Chairman of the Board of Directors, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the

Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2017

/s/ Daniel P. Hansen

Daniel P. Hansen
Chairman of the Board of Directors,
President and Chief Executive Officer
(principal executive officer)

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Section 7: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Summit Hotel Properties, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Greg A. Dowell, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2017

/s/ Greg A. Dowell

Greg A. Dowell
Executive Vice President, Chief Financial Officer and Treasurer
(principal financial officer)

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