

# THE IMPACT OF COVID-19

## CORONAVIRUS UPDATES FOR AMERICA'S HOTEL OWNERS

### WHAT TO DO IF ORDERED OR REQUESTED BY A GOVERNMENT ENTITY TO HOST INDIVIDUALS AFFECTED BY COVID-19

One opportunity that has arisen in the wake of the COVID-19 crisis is the potential utilization of hotels as sites for coronavirus patient care or quarantine zones. It is also possible that a government entity may order you to turn over your hotel.

While these possibilities are in their early stages of development, there are several things to keep in mind if you are interested in pursuing or approached to consider this unique lodging arrangement. Below you can find an in-depth – but far from exhaustive – list of thoughts that should be top of mind when considering this option.

Please also note that not every item will apply to your particular arrangement with a government entity. There are many forms this type of arrangement could take.

- If you are a franchisee, does your franchise agreement allow this type of arrangement? If not, can a workaround be arranged? **Figuring this out is of paramount importance because if third-party leases or similar arrangements aren't permitted, there is no need to continue down this checklist.**
  - You may be required to cover all existing signage; notify guests; manage your upcoming guest bookings; impact on high use on the life of existing furniture and fixtures.
- Contact your insurance carriers and receive written confirmation that all coverage, including general liability, will continue to apply. Also, confirm that the party seeking to take over your property will have its own coverage. **Note, some insurance policies may not allow such an arrangement.**
- Ensure that your lender would allow an arrangement with a government entity, as well. **Note, some lenders may not allow such an arrangement.**
- Do you have to continue to pay brand fees if the government uses your property or if you house for patient care?
- Will your entire hotel be closed, or only a few floors? If a significant portion of guests are or are possibly infected, you should consider requiring the hotel be booked in its entirety.
- Advise all employees of the situation and offer them the opportunity to decline future shifts.
- Do not undertake any responsibility for observing or monitoring guests in a medical context.
- Think about indemnification in case of loss or damage to your property – who pays?

*AAHOA does not provide business or legal advice or representation to anyone. AAHOA goes to great lengths to ensure the information it provides is accurate and useful, but strongly recommends that all members consult a lawyer and obtain professional advice and representation that is appropriate to his/her particular situation.*

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- Who will be responsible for restoring your property to its former state?
- Who takes on claims of exposure? What insurance or indemnification will be available to satisfy claims against the party with whom the hotel is contracting? Will the hotel's insurance cover this new activity? Hotel owners should check in with their insurance carriers to confirm coverage and seek recommendations for additional coverage. Would your current insurance policies allow such an arrangement?
- Who will run the hotel itself? Are they bringing in their own staff or will you use yours? Would your staff need additional training regarding how to handle these specific guests?
- Considering that this may be a longer-term stay, would local landlord/tenant laws be implicated?
- What about hotel booking contracts? Would future reservations be honored?
- What are the payment terms? Will payments be made in advance or billed in arrears, and will they be monthly or biweekly (to account for staff payroll)? Will there be a deposit to secure the payment obligations? Will there be a dedicated source of funds?
- How will laundry be handled? What about housekeeping? What about medical waste? To what standards should the rooms be cleaned and sanitized?
- The parties should consider whether there will be any access to hotel amenities. The answer could be different depending on whether the hotel is hosting infected patients or first responders and medical personnel who may have been exposed but not infected.
- Who pays for the utilities?
- What about supplier contracts? Linens, food, shuttle, internet etc.?
- What about parking?
- How much information about the guests will be provided to the hotel? Will that be different for patients than for medical professionals/first responders?
- Any agreement related to a housing arrangement with a government entity should be carefully examined by your attorney. Please proceed accordingly.

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