



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 and motels 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 to them.

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:

- 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.
- If you are a franchisee, are third-party leases allowed in your franchise agreement? If they aren't, can a workaround be arranged?
- Do you have to continue to pay brand fees if the government uses your property or if you house for patient care?
- The remainder of the hotel should be closed to the public and other guests.
- Advise all employees of the situation and offer them the opportunity to decline future shifts.
- Don't undertake any responsibility for observing and monitoring guests.
- Comply with all protocols established by all government agencies, including sanitizing protocols for disinfecting all areas after housing the affected individuals.
- Think about indemnification in case of loss or damage to your property – who pays?
- Who would carry the various types of insurance you currently carry on your property – you or the government? If it's you, 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?
- Impact on your loans – does housing a government entity, rather than typical guests, impact your loans in any way?
- 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?
- Who pays for the utilities?
- What about supplier contracts? Linens, food, etc.?
- 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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