

Hotel Acquisition Checklist By HotelMergers



A URAHL Venture



Introduction

Acquiring a hotel is a complex process that involves real estate and operational business considerations. This comprehensive checklist provides a detailed guide to assist you in navigating the acquisition process efficiently and ensuring all critical aspects are addressed.

1. Key Parties and Contacts

- Buyer Information -
 - Name: -
 - Contact Information: -
 - Representatives:

- Seller Information -
 - Name: -
 - Contact Information: -
 - Representatives:

- Additional Stakeholders
 - Real Estate Broker
 - Legal Counsel (Buyer and Seller):
 - Local Counsel: - Senior Lender and Counsel
 - Environmental, Zoning, and ADA Consultants
 - Management Company (Current and New)
 - Franchisor and Counsel: - Appraisers and Inspectors

2. Organizational Documents

For Seller

- Certified copy of partnership agreement or LLC operating agreement.
- Articles of incorporation and bylaws (if applicable).
- Certificates of good standing for:
 - State of organization.
 - State where the hotel is located.
- Federal Tax ID number documentation.

For Seller

- Formation documents and partnership agreements.
- Evidence of financial capacity.
- Authorizations for designated representatives.

3. Due Diligence Checklist

Property Documentation

- Title reports and deeds.
- ALTA survey with flood zone certifications.
- Zoning compliance letters and entitlement reports.
- Environmental reports:
 - Phase 1 Environmental Site Assessment.
 - Phase 2 (if required).
- Structural, seismic, and ADA compliance reports.
- Copies of existing warranties (roof, HVAC, etc.).

Operational and Financial Information

- Historical financial statements (3-5 years).
- STAR Reports and market analysis.
- Inventory of: - Personal property. Reservations and deposits.
- Vendor agreements and service contracts.
- Employee lists, contracts, and union agreements (if applicable).
- Tax clearance certificates:
- Real estate taxes. - Sales taxes. - Transient occupancy taxes.

Legal and Contractual Reviews

- Existing management and franchise agreements: -
- Review estoppel certificates and termination requirements. -
- Evaluate pending Property Improvement Plans (PIPs). -
- Leases and subleases: - Tenant estoppel certificates. - Ground lease agreements (if applicable).
- Litigation search for: - Pending or potential claims. - Judgments and liens.

4. Transaction Documents

Purchase and Sale Agreement

- Fully executed agreement with all required amendments.
- Allocation of purchase price (real estate, FF&E, goodwill).

Conveyance and Closing Documents

- Deed transfer documentation. -
- Assignment of: - Leases and contracts. - Intangible assets (licenses, permits, trademarks). - Vendor agreements and warranties.
- Estoppel certificates from: - Tenants. - Management companies. - Franchisors. - FIRPTA certificate and tax withholding forms.

Licenses and Permits

- Transfer or new application for: - Liquor licenses. - Health and safety permits. - Operational licenses (e.g., elevators, pools).

5. Closing Checklist

Financial Adjustments

- Prorations for: - Real estate taxes. - Utilities (electricity, water, gas, etc.). - Prepaid expenses and accrued liabilities. -
- Allocation of security deposits

Physical Transfers

- Delivery of: - Keys and access codes. - Inventory (FF&E and consumables). - Operational manuals and records. -
- Final inspection of premises.

Compliance and Documentation

- Completion of: - Updated tenant and reservation lists. - Employee records and benefit transfer agreements. - Outstanding vendor payments. - Recordation of deed and title policies.

6. Post-Closing Tasks

Transition and Operations

- Notification of: - Guests, vendors, and employees about ownership change. - Utility companies and service providers for account transfers. -
- Implementation of new management agreements and brand standards. -
- Completion of pending renovations or PIPs.

Legal and Financial Finalization

- Secure final versions of: - Closing statements. - Transfer documentation. Page 6 Hotel Acquisition Checklist - Compliance certifications. -
- Perform a post-closing audit to reconcile any remaining obligations.

Notes and Best Practices

- Customizations: Tailor the checklist to reflect specific transaction requirements, such as unique property attributes or jurisdictional nuances.
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- Expert Guidance: Engage experienced legal and financial professionals to ensure compliance with all regulations and agreements.
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- Attention to Detail:: Review all documentation and schedules carefully to avoid costly oversight

Contact Us

HotelMergers specializes in seamless hotel acquisitions. Our team of experts is here to guide you through every step of the process. Contact us for tailored assistance.

Disclaimer

This checklist is provided for informational purposes only and does not constitute legal or financial advice.

