

### **The Contract is signed –closing is eminent --now what ? Part III**

As part of closing any limited service hotel transaction, there are a significant number of operational details to handle in order to affect a smooth ownership transfer. The scope of this article is not sufficient to cover all aspects of a transfer, however, the following 15 activities will prove beneficial in preparation for a transfer.

1. City/County permits/licenses obtained (Buyer)
2. Release and transfer of telephone numbers (Seller)
3. Utilities notified of ownership change; utility accounts established; deposits made.(Buyer and Seller)
4. Bank accounts established (Buyer)
5. Provide list of all current employees and pay rate. (Seller)  
New employee packets/procedures manual ready (Buyer)
6. Casualty/liability insurance in effect (Buyer)
7. State registrations, corporate filings completed (Buyer)
8. State sales, transient and unemployment tax accounts established (Buyer)
9. Provide all equipment manuals, equipment warranties, lease documents, billboard leases or any other operational procedures that will assist buyer.(Seller)
10. Establish procedure to reprogram or install credit card reader (Buyer and Seller)
11. Provide a comprehensive list of vendors, contractors and suppliers that service the hotel. (Seller)
12. Audit all direct bill accounts and receivables as of the day of closing. Provide a list of direct bill clients, including contact and rate information. Provide list of clients with negotiated rates. (Seller)
13. Provide a transfer letter to the employees explaining the transfer and their status as employees. Historically, we have seen joint letters and/or a face to face meeting work well in communicating with employees. (Buyer and Seller)
14. Label and provide **all** keys to the property, including those keys held by employees. (Seller)
15. Prompt delivery of the operations settlement to buyer, well in advance of Closing, will allow for discussions of the prepaid expenses that are to be pro rated. The Buyer should plan on bringing separate payment, if the operations settlement is completed outside of escrow. A list of all future bookings (including deposits) should be provided, (Seller) as part of the settlement. (Seller and Buyer)

Taking over a hotel is similar to opening a new business. By creating a checklist of the steps necessary for a closing (and transfer) and then assigning responsibility to the appropriate party, the parties will preempt many of the obstacles that frequently arise within the actual transfer of operations to the Buyer.