

hotel contract checklist





Ideally, your hotel contract should be a balanced document that is fair to both parties. The basic terms listed below will help you achieve that goal for your largest meetings that are planned years ahead. For smaller meetings that are more short term, delete the items that are not applicable. Keep in mind, however, that this information is not intended to be legal advice. A qualified attorney, familiar with the meetings industry, should be consulted to review all contract issues. Finally, remember that everything is negotiable.

IDENTIFYING INFORMATION

- ☐ Call the document a "Group Sales Contract."
- ☐ Include the date of contract initiation.
- ☐ Provide accurate and complete legal names of both parties (from letterhead or business cards) as well as contact information.
- ☐ State the name of the meeting and dates.
- ☐ Identify how the parties are referred to and state that they agree to the following terms. ("Group and Hotel agree as follows...")
- ☐ Include the date the signed contract is due back to the hotel.

HEADQUARTERS HOTEL STATUS

- ☐ Affirm that the hotel will be designated the headquarters hotel in all meeting-related publications and that, based on the hotel's capacity, most food and beverage functions will take place there.
- ☐ Establish that if the hotel is not the headquarters hotel, it may reduce the room block and meeting space after consultation with the group.

GUEST ROOM BLOCK AND RATES

- ☐ Specify that the hotel is "holding" rooms for the meeting, using language that does not lock the group into payment.
- ☐ Define the block using a table format, with the year, days and dates across the top, types of rooms down the side, and numbers of rooms in the spaces.
- ☐ Specify definite rates that cannot be changed as well as the year to which the rates apply.
- ☐ If future rates are quoted, require that they be calculated with a formula that uses the lowest of at least two of the following three factors – percent off the lowest single rack rate, percent increase per year or the Consumer Price Index. Final rates should be determined 12 months out.
- ☐ Include a breakdown by type of room/suite, single/double, deluxe, government rate, etc., with the percentage blocked in each rate category.
- ☐ Specify applicable taxes (sales, occupancy), service charges, gratuities, etc.
- ☐ Include the charge for an additional person in the room.
- ☐ Stipulate that group rates will apply three days before and after the room block dates.
- ☐ Specify that the rates will be the lowest of any comparable group in house at the same time and/or that lower individual transient rates will apply to attendees who meet
- ☐ the booking restrictions of the lower rate.



- Indicate whether reservations will be made by rooming list or individual call-ins. If the latter, note that reservations may be made directly with the hotel via call-ins, reservation card or form, the Internet or other channels available to groups.
- If a housing bureau will be used, state the name of the bureau and that reservations will be handled at no extra charge to the group. Stipulate that if attendees make reservations on their own, outside the bureau or other group-approved methods, those rooms will not be taken out of the group block.
- Specify check-in/check-out times.
- State that confirmations will be sent by the hotel within seven days of receipt of reservations or reservation changes.
- Require the hotel to load the room block/reservation procedures into the hotel's central reservations system when the contract is executed or final rates are determined, whichever is later.

- Stipulate the cutoff date – typically between 21 and 30 days prior to arrival, which is the day attendees fill 50 percent or more of the greatest number of rooms blocked.
- State whether reservations made after the cutoff date will be based on room availability and given the group rate or the best available rate.

- Arrange to compare the hotel's in-house guest list with the group's registration list, either independently or alongside a representative from the hotel. (State that the group will maintain confidentiality of the list.)
- Stipulate that miscoded rooms will be credited to the group's pickup.
- State that the group will receive credit for all rooms booked by attendees, regardless of the room rate or reservation method, including Internet distribution channels.

- Indicate whether individuals or the group are responsible for each category of charges – guest rooms, incidentals, etc.
- Spell out the policies for individual deposits, including acceptable forms of deposit and the hotel's refund/cancellation policy. Stipulate that name changes to reservations will be made at no charge.
- List any deposit amount(s) due to the master account and terms of payment.
- Describe the terms of application for the master account. (If credit is not approved, prepayment of 50 percent of the estimated master account will be required prior to arrival, with the balance due at departure.)
- State that if credit is approved, payment of all undisputed charges will be due 30 days after receipt of the final invoice, after which finance charges not exceeding 1.5 percent per month will be applied to the unpaid, undisputed portion, beginning 30 days after receipt of the final invoice.

- Itemize all concessions with specific detail, such as two complimentary one-bedroom suites for up to four nights each, four complimentary round-trip airport transfers, three complimentary welcome VIP amenities, etc.
- For the “one-per-50 complimentary rooms” concession, ensure that it will be calculated for revenue-producing rooms on a cumulative basis, not per night. Specify whether comp rooms will be assigned and/or credited to the master account at the group rate.
- If concessions are tied to picking up 80 percent of the room block, specify exactly how they will change if the group fails to meet the minimum pickup.
- Consider requesting complimentary concessions unique to your meeting, such as a house phone with outside call capability; pencils, pads and pens in functions rooms not set theater style; easels for signage placement; microphone and hotel sound system for each day requested in function rooms set for 60 or more people.



- Include the preliminary agenda in the contract or attach it to the document (even if some information is missing), and state that the hotel is holding space according to the agenda.
- Define the meeting space requirements using a table format with day, date, time, type of function, room setup, estimated attendance, rental fee and minimum square feet required/ceiling height required (or room name) across the top. List the days and dates along the left side, and fill in the spaces with the applicable information.
- Stipulate start/end days, dates and times for 24-hour hold on space.
- Include terms for the release of meeting space.

- Provide due dates for the tentative and final agendas (12 months and six months, respectively).
- Spell out charges for meeting room rental and/or setup, and state there will be no meeting room rental, setup or labor charges other than those, if any, specified in the contract.
- Stipulate that changes to function space assignments or requirements are not allowed without written consent of the group.
- Indicate that the hotel's agreement to provide the specific function space assignments and/or minimum square footage and ceiling height requirements specified in the contract is a condition of the group booking the property.
- Ensure that the group may use outside contractors of its choosing without a surcharge from the hotel or its in-house supplier. Itemize all areas where this is permissible – audio-visual, exhibitor decorating, security, Internet service, etc.

- Specify the banquet staff ratios and state there will be no extra service or labor charges for these service ratios.
- State that menu prices will be guaranteed six months out.
- Note that guarantees for all food and beverage functions will be due 48 or 72 hours prior to each function.
- Require the hotel to set and be prepared to serve 5 percent over each guarantee.



SALE AND SERVICE OF ALCOHOL



- ☐ Specify the bartender ratios for hosted and cash bars.
- ☐ State there will be no bartender or service fees.
- ☐ Require the hotel to adhere to all federal and state laws regulating the sale and service of alcoholic beverages.
- ☐ Include that the group will conduct an inventory of all chargeable beverages before and after each cocktail function.



FOOD & BEVERAGE PERFORMANCE

- ☐ State if there will be no liability for canceled or reduced food and beverage functions or reduced F&B revenue.
- ☐ Agree to provide 80 percent (percentage is negotiable) of a minimum dollar amount of guaranteed food and beverage revenue. If the group actualizes less, it will pay the lost profit on the slippage, usually 30 percent.
- ☐ Indicate that the amount due will be considered liquidated damages. (See description under Attrition on page 6.)



EXHIBIT SPACE

- ☐ List the type, size, number of booths and other requirements.
- ☐ Specify the days, dates and start/end times of the show – setup and move-in, tear-down and move-out.
- ☐ State if rental charges will be waived or, if charged, include the amount charged per net (not gross) square feet.
- ☐ Itemize what is included in the rental, such as setup and dismantle days, general lighting, climate control, and daily maintenance and vacuuming of aisles.
- ☐ Itemize what is not included in the rental, such as drayage, decoration, labor, security service and cleaning in individual booths.
- ☐ Include an exhibitor responsibility clause that absolves both the hotel and group of liability.



ROOM BLOCK MANAGEMENT

- ☐ State clearly if there will be no liability for room block performance.
- ☐ Prevent multiple charges for the same room block slippage by allowing only one room block performance term – usually attrition or a meeting room rental scale.



ATTRITION

- Set a specific date or time frame for determination of the final adjusted room block, which is the figure that will be used to calculate attrition. Indicate there will be no charge for room block adjustments up to that date or time frame.
- Include the following formula for calculating the amount due if the group fails to pick up a specified minimum percentage of the final adjusted room block. This amount is considered “liquidated damages” and should be labeled as such.
 - Determine the Minimum Commitment by multiplying the number of rooms blocked per night by the negotiated percentage. Then subtract the actual group pickup, including miscoded and relocated rooms.
 - Determine the number of Unsold Rooms Available for Sale in the hotel by subtracting complimentary, out-of-order rooms and total occupancy from the hotel’s total inventory.
 - For each night, the group will pay 75 percent of the group’s single rate (representing the lost profit on the rooms revenue) multiplied by either the Minimum Commitment or the number of Unsold Rooms Available for Sale for the night, whichever is lower.
- When adding the amounts due for each night to arrive at the cumulative total, factor in resold rooms, rooms unavailable for sale, miscoded and relocated rooms, rooms outside the block and rooms exceeding the block that offset slippage on other nights. Require documentation for the hotel’s numbers.
- State that after receipt of the attrition charge, the hotel will not seek additional performance damages.



CONTRACT MANAGEMENT ISSUES

- Include a force majeure clause that is mutual, incorporates at least one broad standard for excuse of performance (like “inadvisable”), allows for attrition, establishes a benchmark of percentage of attendees affected (25 percent, for example) and provides a catch-all phrase such as “any other emergency.”
- Stipulate that if the hotel is overbooked, the hotel will pay for a room at another comparable property and daily transportation until a room in the hotel is available. State that the hotel also will pay for two five-minute phone calls and attempt to upgrade the guest upon return. Require that relocated rooms and room revenue will be credited to the group’s overall pickup.
- Do not allow charges added after the contract is executed unless the group agrees to such charges in writing or unless the charges are an additional tax or otherwise required by law.
- State that the hotel may not cancel except for the causes specified in the contract. Refrain from including a mutual cancellation clause that spells out liquidated damages for the hotel and group since it is more difficult to calculate the cost to the group if the hotel cancels.



GROUP CANCELLATION

- Create a sliding scale of day or date ranges prior to arrival, along with percentages of room revenue profit that the group will pay if cancellation takes place within that range.
- Provide a specific formula where the amount due is the lesser of two calculations per night. For example:
 - Determine the Maximum Cancellation Charge by multiplying the number of rooms blocked per night by the applicable percentage in the scale.
 - Determine the number of Unsold Rooms Available for Sale in the hotel by subtracting complimentary, out-of-order rooms and total occupancy from hotel’s total inventory.
 - For each night, the group will pay 75 percent of the group’s single rate (representing the lost profit on the rooms revenue) multiplied by either the Maximum Cancellation Charge or the number of Unsold Rooms Available for Sale for the night, whichever is lower.
- Require documentation for resold rooms and rooms unavailable for sale.
- State that after receipt of the cancellation charge, the hotel will not seek additional cancellation damages.



- Establish that the group may terminate the contract if it determines that construction or remodeling will interfere with the event. Provide a time frame.
- Allow termination within a given time frame if the hotel changes management company, ownership, franchise, files for bankruptcy or is foreclosed.
- Prohibit the hotel from booking competing groups identified to the hotel and permit termination within a given time frame if the hotel is in violation.
- Prepare for possible unavailability of the convention center (or other required facility) by including a termination option within a given time frame.
- Add a reciprocal clause in which each party indemnifies the other for the negligence of the indemnifying party.
- Require that each party “defend” the other.
- Include the hotel’s service or sale of alcohol in its indemnification of the group.

- State that both parties will carry sufficient insurance to cover any claims.
- Require the hotel to warrant that its facility will not deteriorate, using a benchmark such as a commercial rating system (Mobil, AAA, etc.)
- Specify how notices are to be sent and that they are effective upon receipt.
- Establish that the hotel warrants compliance.
- Outline the limits of the group’s obligations.
- Stipulate that each party will indemnify the other for violations caused by the indemnifying party.

- Include a merger clause stating that the contract and attachments constitute the entire agreement and contain all terms, including benefits and liabilities.
- Stipulate that the contract prevails over ancillary terms, such as policies and procedures, and that changes can be made only in writing.
- Establish that the rest of the contract is still valid even if any provision is unenforceable under applicable law.
- State that the individuals signing the contract have the authority to do so. Add signature lines and identifying information – name, title, group name and date.