

today's hotelier

May 2022 | todayshotelier.com

The Official Publication of AAHOA

The Urgency of Strong Leadership



Time-Management for Those Stretched Thin

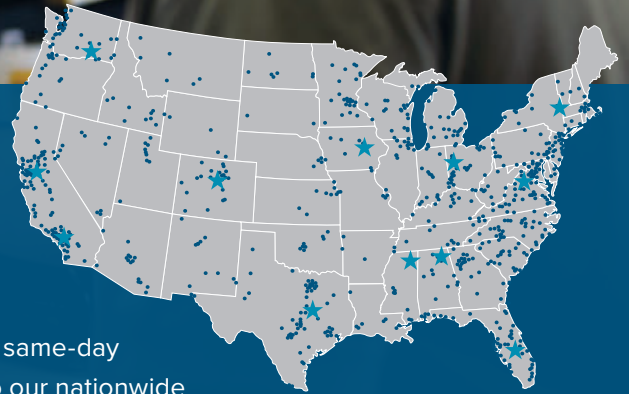
New AAHOA Chairman **NEAL PATEL** looks to the future

“AAHOA is a major driving force behind us as hoteliers, allowing us to flourish and grow, and I hope everyone can feel the momentum we’re creating.”

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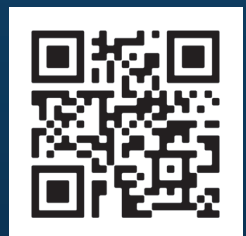


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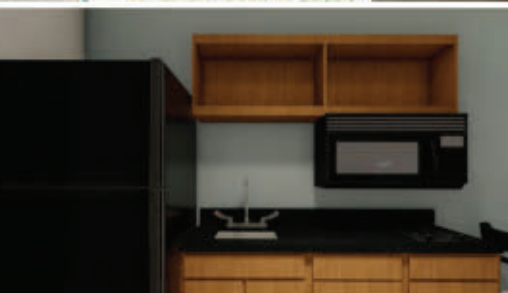
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5 Things To Know About AAHOA This Month

1

AAHOA WELCOMES A NEW CHAIRMAN.

Last month, Nishant (Neal) Patel, CHO, CHIA, took the helm as AAHOA Chairman, becoming the youngest person to lead our association. In this edition of *Today's Hotelier*, he shares his vision and priorities for 2022-2023. Please join us in congratulating and welcoming Neal!

See article on page 12.



AAHOA CHARITY GOLF TOURNAMENT SEASON TEES OFF ON MAY 25.

AAHOA's 2022 Charity Golf Tournament schedule gets underway this month, beginning with the North Central Region event on May 25. We invite players and sponsors to join us as we come together to support local charities and ongoing COVID-19 relief efforts. It also will be a great opportunity to network while enjoying a beautiful day of competitive golf at some of the country's top golf courses. Check the link below and sign up for the event near you! AAHOA.com/golf



AAHOACON22 USHERS IN A NEW ERA.

The 2022 AAHOA Convention & Trade Show brought together the industry for education, networking, and deal-making. However, it also saw the election of the 2022-2023 Board of Directors. The 2022 AAHOA Elections were fully electronic for the first time and, as always, were electric, momentous, and filled with excitement. Congratulations to AAHOA Secretary – Kamallesh (KP) Patel and all our newly elected 2022-2023 leaders! AAHOA.com/About-AAHOA/Board-of-Directors



2022 REGIONAL CONFERENCES & TRADE SHOWS KICK OFF THIS MONTH.

AAHOA launches its 2022 Regional Conference & Trade Show schedule this month. Our regionals give attendees access to top vendors, incredible networking opportunities, and region-specific industry updates you won't see anywhere else. These events are open to all hotel owners, even if you're not already an AAHOA Member.

AAHOA.com/EventsCalendar



AAHOA CONGRATULATES 2021 AWARD WINNERS.

Each year, AAHOA honors hoteliers for their contributions to the hospitality industry and the challenges of the past year did indeed reveal greatness. Our industry continues to grapple with the fallout from the pandemic, as well as several natural disasters that have impacted the nation. But those events uncovered a strength of will and spirit of giving that was unprecedented and our 2021 award winners proved to be some of the brightest lights. Help us celebrate them!

AAHOA.com/2021Awards





**NISHANT (NEAL) PATEL,
CHO, CHIA**
AAHOA CHAIRMAN (2022-2023)

“
AAHOA is a team. A family. And I know the best is yet to come. Thank you for putting your faith in me.”

The best is yet to come

ANOTHER SUCCESSFUL AAHOA CONVENTION & TRADE SHOW IS IN THE books! It's hard to believe AAHOACON22 has come and gone – our second in-person convention, third overall since the pandemic began. And now, you're looking at the youngest AAHOA Chairman in the history of the organization. My goal is to bring fresh ideas to the table, keep everyone up to date on the latest technology benefiting and innovating our industry, and show that the next generation is ready to leave its mark.

I want to thank Past Chair Vinay Patel for his guidance, leadership, and unwavering support during the past few months, and I hope to continue to build on his accomplishments as Chairman. I know with the support of this year's Vice Chairman, Bharat Patel, I will be able to follow in the footsteps of the past chairs who came before me.

I also look forward to working with the new 2022-2023 AAHOA Board of Directors. AAHOA's leadership team is the backbone of this organization, and it's with their oversight, guidance, and dedication that we will continue to thrive.

My roots within AAHOA run deep, and growing up within this association has allowed me to understand the ins and outs and watch it evolve over time. I am humbled and thankful for the opportunity to lead for the 2022-2023 year.

Speaking of watching AAHOA evolve, we've recently updated our 12 Points of Fair Franchising. Initially introduced in 1998, AAHOA continues to update the 12 Points to educate you, our members, about important provisions in your franchise agreements. We released the latest 12 Points of Fair Franchising at AAHOACON22, and it's my hope you'll familiarize yourself with this document and use it to educate yourself on franchise agreements and best practices.

As the hospitality industry continues to bounce back from the impacts of COVID-19, we are reminded that we are all in this together, and I am committed to propelling and advancing fair franchising initiatives, as it is a fundamental need in preserving this successful path to entrepreneurship in America.

As my parents always told me, if you're talking, you're not listening and, therefore, not learning. I plan on being attentive to membership needs, leaning on those who are more knowledgeable than me, and seeking advice when needed.

AAHOA is a team. A family. And I know the best is yet to come.

Thank you for putting your faith in me. ■

Midterm madness

Republicans aim to upset the Democratic majorities

by SEAN GROSSNICKLE

THE UPCOMING MIDTERM elections on Nov. 8, 2022, have a total of 469 Congressional seats up for election. All 435 seats in the U.S. House of Representatives and 34 of the Senate seats are on the ballot this year. Primary elections to determine each party's candidate for the state's congressional seats have already begun in Texas. Each state has its own timeline for the congressional primaries. The first set of primaries runs from May 3 through the end of June. Following that, the second set will run from early August through the middle of September.

Midterm elections are historically troublesome for the sitting president's party, particularly in the House where every

seat is up for election. In the past four midterm elections, the president's party has lost ground in the House. This caused Republicans to lose control of the House in 2018 under President Trump and Democrats to lose control with President Obama at the helm in 2010. This pattern is less prevalent in the Senate where only about one-third of the seats are up for election.

Democrats swept through Washington, D.C., in the 2020 elections, gaining the presidency and slim majorities in both chambers of Congress. However, the 50-50 split of the Senate allows Vice President Harris to cast the tie-breaking vote, so Republicans are seeking to strike up a net gain of just one seat to win the upper chamber.

In the House, a five-seat shift to Republican candidates would be enough to take over as the majority party. Redistricting, which

“

Engagement in these incredibly important civic activities ensures trust, legitimacy, and accurate representation in the democratic process.”

occurs every 10 years, has shaken up congressional districts in a number of states. State legislatures, courts, and other political entities handle the redistricting process. Both parties have engaged in intense legal battles in states where their party does not control the line-drawing process. Republicans have the edge in the reapportionment as they oversee more than twice as many seats undergoing this process as Democrats.

GET GEARED UP FOR THE PRIMARIES AND BEYOND

AAHOA Members have free access to our Civic Action Center, featured both on our website and in many of our Daily Digest eNewsletters. Registering to vote is quick, simple, and a civic duty of all Americans. Check the status of your registration through our action center or through your local election authority.

Now is the time to make a plan to vote! Vote early, request a ballot, or locate your in-person polling location. Engagement in these incredibly important civic activities ensures trust, legitimacy, and accurate representation in the democratic process. ■

VICTOR MOUSSA/SHUTTERSTOCK.COM



Congress clears bipartisan government funding bill

Common Ground profiles members of opposing parties who are working together to advance issues important to hoteliers

by SEAN GROSSNICKLE

THE ISSUE

The federal budgeting and appropriations process is a yearly staple of politics in Washington, D.C. While Congress maintains “the power of the purse,” the budget formation process begins in the Executive Branch, where the White House Office of Management and Budget works with federal agencies to structure their budgets based on their needs and the current administration’s priorities. Once settled, the president submits a budget request to Congress. The House of Representatives and Senate then go through their respective appropriations committees, where they produce the

appropriations bills. Once approved, the bills go to the House and Senate floors to be further amended, debated, and reconciled.

In recent years, Congress has careened toward the funding deadlines. Setting and approving the budget for FY 2022 was no different. Congress avoided a government shutdown for more than five months using stopgap measures that kept the federal government functioning under the previous fiscal year’s funding levels. The effects of a government shutdown during crises at home and abroad could have had lasting impacts on the nation’s budding economic recovery.

COMMON GROUND

In early March, Congress rallied to approve the Omnibus Appropriations Package for Fiscal 2022, an amended version of H.R. 2471. After many months of frenzied negotiations, members of Congress in both chambers found a patch of common ground. The House passed the spending package with a 260-to-171 vote, clearing the way for a 68-to-31 vote in the Senate. President Biden signed the legislation on March 15. The appropriations package allocates \$1.5 trillion to fund the federal government through Sept. 30, 2022. ■

Senate Majority Leader Chuck Schumer (D-NY) and House Speaker Nancy Pelosi (D-CA-12)

“The agreement will execute the framework for FY2022 negotiated by Chairs DeLauro and Leahy, and we thank them for their tireless leadership. We thank President Biden for his bold vision and all the members of the Appropriations Committee and the Republican leadership for working together on this historic legislation.”

Senate Minority Leader Mitch McConnell (R-KY)

“After months of bicameral, bipartisan debate, and committee work, the United States Senate has passed a government funding bill containing significant achievements for the people of Kentucky. While neither side sees this legislation as perfect, it is the exact type of compromise bill the Senate was designed to consider.”

a new start

From humble beginnings to his current role as AAHOA Chairman, Nishant (Neal) Patel looks to the future

by CARTER DAVIS

A **T THE CONCLUSION OF AAHOACON22 IN BALTIMORE, NISHANT (NEAL) PATEL,** CHO, CHIA, officially transitioned into the role of AAHOA Chairman. As the youngest person elected to lead the AAHOA Board of Directors, Patel recognizes his extreme fortune at being able to lead an organization that was founded two years before he was born, as his parents' start in the industry was undertaken without the support of a group like AAHOA, because such a group didn't yet exist.

Neal pictured with his wife, Priyanka, and their son, born in 2021, Zeeyan.



BACK TO THE BEGINNING

Like many AAHOA Members, Patel is an immigrant, having spent his childhood in Surat, India, before his family left everything they'd known to start a new life in Mississippi.

"It's a common story among AAHOA Members," Patel said, "but we were in search of the American Dream, and my parents wanted to create a better life for their children and leave a legacy of which generations to come would be proud."

Not long after arriving stateside, Patel's parents began to operate a small hotel in Laurel, MS, a city in which 1 out of every 3.2 residents lives in poverty. Operating a profitable hotel in a city with little expendable income and few visitors was an enormous challenge, but the family persisted and

soon expanded its portfolio to include a 31-room motel in Texas not far from Austin.

"We certainly had humble beginnings," Patel said, "and we didn't have a lot of resources as we began that entrepreneurial journey at a time when we had a lot to learn. My parents didn't have AAHOA as a resource, but by the time I took over the family business, AAHOA was there for me as I navigated the industry, providing me with the educational tools I needed to run a hotel successfully."

EYES ON THE HORIZON

A self-admitted tech junkie, Patel makes no secret of his belief that the industry should increase the pace at which it adopts new technologies.

"Technology is going to play an increasingly important role in the industry and COVID only sped this up," he said. "For

example, thanks to continuing labor shortages during the pandemic, many of us implemented self-check-in kiosks, which are helping our bottom lines, and that wouldn't have happened outside of a situation the pandemic helped exacerbate."

Beyond technological offerings that hoteliers can implement to improve their financials, Patel also is keen to educate AAHOA Members on the mere value of data itself. Many other industries are taking advantage of data monitoring and metrics and, he said, it's well past time for hotels to follow suit.

"In five or 10 years," he said, "every company will be a technology company. Data is more valuable than oil. Take companies like Uber, Airbnb, or VRBO, for example. They don't own their assets, yet their values are only increasing because they've found ways to capture data and then monetize that data to their advantage. Hoteliers can, and must, be doing this to adapt to the market and evolve."

BIG PLANS

Also chief among Patel's initiatives for his year as Chairman are to focus heavily on ensuring all AAHOA Members are treated equally and fairly with a goal of advocating for members on sensitive topics and help them when they need it most to improve their bottom line.

"Brands and franchisors need to be equal partners with our membership," he said. "It should be a mutually beneficial relationship for everyone, but it sometimes doesn't feel like we're on equal footing."

As a hotelier himself, Patel is aware of the challenges facing the industry right now, but he is confident that, along with AAHOA, these challenges can be met and overcome.

"We all have things that keep us up at night, including uncertainties about the future," Patel confessed. "But, not everyone has the courage or tenacity to rise up and conquer those fears. AAHOA is a major driving force behind us as hoteliers, allowing us to flourish and grow, and I hope everyone can feel the momentum we're creating. A rising tide lifts all boats, and I'm excited to see how high the tide will take us if we all work together." ■

“

A rising tide lifts all boats, and I'm excited to see how high the tide will take us if we all work together.”



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Navigating rough waters

The importance of leading well

by ZOHREEN ISMAIL

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AS THE OLD ADAGE GOES, “WHEN THE GOING GETS tough, the tough get going,” and there have been fewer times in this industry as challenging as the past two-plus years. As a result, the mettle of everyone, from executive-level decision-makers to entry-level workers new to the industry, has been tested like never before, and hoteliers have been forced to get creative to address a raft of challenging situations.

To deal with an ongoing labor shortage, the ongoing anticipated return of business travel, competition from OTAs, evolving brand standards, and much more, it seems everyone is doing more with less these days. But, that doesn’t mean the situation is hopeless. Some of the best leaders in the industry have used this period of time to better understand their team members and further develop their leadership skills.

Throughout our lives, we all will find ourselves in situations where we need to lead others and where we need to let others lead us – whether that happens at home, on the neighborhood HOA, or in the workplace. No matter where each of us may fall on an organization’s hierarchy, we likely

all have experience working for a difficult boss or even playing for a joyless coach who made you dread going to practice. Those are simply the character-building speedbumps that make us who we are today. And, whether we realize it or not, those experiences offer endless lessons on leadership. Sometimes, determining what type of leader you want to be can come from experience with a leader you don’t like.

Many business owners believe that if they can hire a good leader, success will naturally follow, and some experts cite solid leadership as the cornerstone of a strong team. So, what does it take to be a good leader and how can we identify the people already on our teams who might be best suited for these roles?

What is authentic leadership?



Though definitions can vary slightly, this style of leadership typically exhibits four key traits, according to leadership expert Bill George in his book “Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value.”

1. SELF-AWARENESS

This includes emotional awareness, an ability to accurately assess one’s own strengths and weaknesses, and an understanding of one’s own self-worth.

2. RELATIONAL TRANSPARENCY

This is demonstrated in an ability to maintain a balance between thoughts and emotions, including admitting mistakes and openly welcoming input from those with good ideas.

3. BALANCED PROCESSING

For anyone who has ever worked in foodservice, you know that the ability to remain calm in stressful situations is a skill not everyone possesses. Balanced processing simply means grace under fire, listening to all sides of an issue, and taking a measured approach to decision-making.

4. STRONG MORAL CODE

This one should be self-explanatory. And, as noted elsewhere in this article, the youngest generation of workers, Gen Z, often values morals over money, so they often will respond well to a leader who uses his or her personal values as a compass for making important decisions.

THE FOUNDATION FOR SUCCESS

A strong foundation is essential to lasting success. Our incredible growth and momentum are built on strong relationships.

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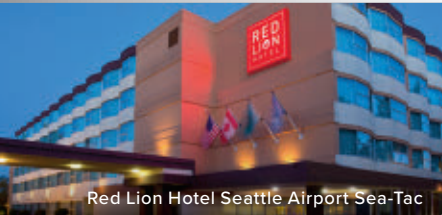
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Gen Z

- 1 Gen Z employees are frequently up to date on trends, are acutely aware of diversity, and many prefer to work with little assistance from a supervisor.
- 2 Managers often find it best to give Gen Z employees independence while clearly sharing expectations.
- 3 Due to lack of experience, Gen Z will make mistakes in the workplace. However, transforming mistakes into a learning opportunity will help them become more loyal and skilled employees.

Finding Authenticity

Some of the strongest leaders our country knows can be found within the ranks of the various military branches. To understand why, theoreticians have accumulated multiple military leadership case studies analyzing commanders and their command styles, finding these common traits among effective and ineffective leaders:

Positive Traits

- Encourages collaboration
- Organizes planning
- Encourages new ideas
- Flexibility
- Holds themselves accountable

Toxic Traits

- Highly competitive
- Doubletalk
- Blames others
- Talks down to employees
- Stingy with resources



In a hotel, as is true of many industries, the success of the business is largely dependent on employee performance. Service employees, especially those in customer-facing roles, directly drive customer satisfaction and loyalty, which can result in growth and increased profitability. It stands to reason, then, that nurturing strong leadership skills among those employees is in everyone's best interests – from the employees to the managers to the business itself.

And if there's a ray of sunshine in all the dark clouds hoteliers have had to navigate the past two-plus years, it's that there is an approach to leadership that has been proven to work within a hotel setting, especially in difficult situations. As a quick history lesson, though, during the early 21st century, there were countless incidents of corruption and corporate scandals across various industries. To rebuild trust in ethical business practices, social scholars and business leaders developed a new leadership theory called "authentic leadership." In the intervening years, this approach has been found to be successful across many industries including nursing, commerce, education,

the airline industry, and yes, hospitality.

Recent research found that managers who demonstrate authentic leadership behaviors can positively impact hotel employees' psychological capacities, including hope, optimism, resilience, and self-efficacy. Described by social scientists as a form of positive, transparent, and ethical leadership within an organization, authentic leadership can have a direct impact on employees in the service industry resulting in greater job satisfaction, organizational citizenship behavior, and even improved job performance.

JACK BE NIMBLE

When Millennials entered the workforce, individuals in leadership positions quickly learned the effect of positive reinforcement. Confident and hardworking, Millennials seek appreciation and job growth in any job they take on. Each generation that enters the workforce comes with its own values, attitudes, and strengths. Realizing that fitting people into a cookie-cutter mold would no longer work, leaders began identifying the traits and qualities of each generation.

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Service employees, especially those in customer-facing roles, directly drive customer satisfaction and loyalty, which can result in growth and increased profitability of the business.”

For example, Gen Z employees are often more willing to leave a job due to the work environment rather than staying for the sake of employment. It's no surprise that diversity in the workplace improves productivity and creativity, and age diversity requires leaders to be flexible and take the time to understand how to manage varying groups of people differently.

WHAT WORKS FOR WORKERS?

The hospitality industry is an integral part of any country's economic development and a huge provider of jobs. But, even prior to the pandemic, hotels had been struggling with high turnover for a long time and it persists today. A study conducted in 2018 on hotel employment found that a 1% increase in

Leadership styles

Examining three types of leadership styles that positively and negatively affect staff, according to a survey of 101 hotel employees*



TRANSFORMATIONAL LEADERSHIP

Working beyond one's own self-interests for the good of everyone, and creating a shared vision through influence and inspiration to complete necessary tasks.

Highest correlation with hotel employees job satisfaction



TRANSACTIONAL LEADERSHIP

Focusing on supervision, organization, and performance to ensure tasks are completed.

Moderate correlation with hotel employees job satisfaction



LAISSEZ-FAIRE LEADERSHIP

Relying on trusting employees to work independently and complete tasks with minimal guidance.

No correlation with hotel employees job satisfaction

**Work cited: "The impact of transformational, transactional and non-leadership styles on employee job satisfaction." Kathrin Rothfelder, Reutlingen University, Germany, Michael C. Ottenbacher, Heilbronn University, Germany, Robert J Harrington, University of Arkansas, USA, 2013*

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employee satisfaction resulted in a 54% increase in employees' intention to remain at work. Job satisfaction is one of the primary factors that contributes to employee retention, especially in the hospitality industry. Savvy hoteliers realize the lack of effective management leads to losses in profitability, and research shows that the hospitality industry needs to apply appropriate leadership styles to maximize job satisfaction for hotel staff.

The definition of leadership has changed during the past 100 years, but many of the tried-and-true values of good leadership remain the same. The role leadership and mentorship play in hospitality is crucial to continuing to build the hospitality industry as a cornerstone of our country's economic recovery and advancement.



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Hotel operations à la carte

Turning limited-service hotels into vending machines with technology

by LARRY and ADAM MOGELONSKY

FROM HUMBLE BEGINNINGS NEARLY half a century ago, as of 2020, vending machines have become a \$35-billion industry for the United States alone. Pretty much anything that can fit into an automatic dispenser and meets the branding criteria is now sold that way.

Thinking about our current hospitality problems, vending machines are immune to labor market hiccups. One rep can service multiple units across a wide geography, while newer vending machines monitor utilization to eliminate stockouts and further optimize labor. Importantly, once installed, such automated machines enhance profit margins by reducing both fixed and variable costs. Can this mode be applied to limited-service properties to drive profitability? Let's investigate.



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Instead of reacting day by day, think of our current staffing shortage as a wake-up call to truly rethink your operations and drive the bottom line.”

LEARNING FROM VACATION RENTALS

Without drilling into any specific statistics from 2021, as this is the making of another article altogether, the broad trend from the past year shows that short-term rentals – Airbnb, Vrbo, Homestay, onefinestay, Sonder, Homes & Villas by Marriott, and their ilk – grew in overall market share to comprise roughly a third of all stays in the United States. Besides the immediate demand for contactless travel due to COVID-19, key benefits include variety, flexible room configurations, and a direct appeal to the modern tempo of travel.

Variety is easy to understand; each room, apartment, villa, or rental house is typically distinct in some way, adding a new zest to the discovery phase as well as to the on-site experience, which also feeds into the flexibility value proposition. But, what do we mean by modern

tempo, especially in the face of how COVID-19 has altered or catalyzed certain trends?

The modern tempo of travel is fast, automated, and frictionless, with in-person contact largely seen as a point of this friction, and this extends across all segments and star ratings. Guests still will enjoy meeting new people and chatting while abroad, but many no longer want to waste time on transactional conversations. They don't want to line up at the front desk for check-in. They want to be able to reserve dining or spa appointments off a website or app without any human interactions. They want a frictionless journey so their time is better allocated toward meaningful experiences.

ELIMINATING MOST ON-SITE LABOR

In a deflationary world propelled forward by rapacious technology, the hotel with the fewest expenses wins because such businesses can charge less while sustaining profitability or, alternatively, only somewhat undersell the market while diverting lots of cash back into R&D and marketing. For this, the only way forward is replacing labor with cheaper SaaS costs.

So, what happens when we try to turn a limited-service hotel into a vending machine? A tad extreme, but a time will come soon when properties can use technology to eliminate on-site staff, save for security, maintenance, and housekeeping, although the latter two also can be outsourced to on-demand services. Such a hotel would have an envious EBITDA! Let's examine 11 daisies in the tech chain that can make this happen, either today or very soon in the future.

1 SEARCH

Mapping platforms can now automatically update all OTA content while AI-driven revenue-management products can analyze travel intent data in real time then yield rooms up to the minute. With these tools in place, a revenue manager working at a corporate office can run more than a dozen hotels at once.

2 RESERVATIONS

Besides using a seamless booking engine, intake can be fully outsourced to call centers or AI-based voice services along with integrated chatbots for SMS or social media. You won't need a reservations time save for a front-office manager who also can work out of a regional office to handle complaints or complex bookings for multiple properties.

3 PROPERTY MANAGEMENT

There's no need to host on-premises and devote IT resources to maintaining your own servers. Cloud-everything is the way forward, especially for your PMS, for which there are a plethora of secure options already on the market.



4 PRE-ARRIVAL

Advances in CRMs, CDPs, and open APIs allow for rich data integrations so hotels know their guests before they arrive and offer bespoke, one-to-one upsells, with all of it automated through a robust PMS or communications platform of choice.

5 CHECK-IN AND CHECKOUT

This can be wholly contactless to eliminate the front desk. Mobile keys will reside in a digital wallet, accessible via a phone, smartwatch, or smart ring, as prompted by a pre-arrival check-in portal. Or, in the rare case that a guest doesn't do this in advance, a kiosk will be available in the lobby.

6 IN-ROOM

AI-based voice-command speakers can act to address guest questions instead of a live agent at the front desk or concierge. Everything in the room will be IoT-controlled, while casting to the TV to access a guest's preferred streaming service will be made increasingly frictionless.

7 FOOD & BEVERAGE

While on-site restaurants are critical for four stars and above, for midscale and economy hotels, online food ordering like Uber Eats, Grubhub, and Doordash will suffice. Once you set up the drop-off rules for security, you can scale back this entire department.

8 PARKING

It all will be self-park with automated ticketing and monitoring. Realistically, though, most people will be using Uber or Lyft to get around.

9 HOUSEKEEPING

This can be only upon guest departure for short stays. Or, via integrations to the PMS, you can let the guest choose between no stayover cleans and leaving fresh towels at the door or daily cleaning for an extra charge. Using existing systems, room attendant routing can be optimized with cleaning schedules updated in real time and pushed to a staffer's phone.

10 ACCOUNTING

No cash transactions will be allowed on-site, with mobile payments becoming the norm. Moreover, new centralized payment operations platforms are emerging to expedite audits, workflows, reporting, clearing, and reconciliation so that, much like other departments, accounting can be moved to a regional office with one controller for multiple properties.

11 RECRUITMENT

Networked on-demand labor platforms are emerging to verify and onboard staff members, giving HR quick access to a large pool of potential hires with little extra work.

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THE END OF ON-SITE ADMINISTRATION

What's fascinating here is that, in a vending machine model, there's no need for a front desk manager, rooms division manager, executive housekeeper, or even a general manager. Let that sink in. Hotels at the low end of the spectrum will need only a regional manager who oversees the guest value chain and runs the IT team that safeguards all the connections that make this end-to-end automation a reality.

This may seem revolutionary, but it's really a matter of survival in the face of heightened competition from new brands, the rise of home sharing, and impending commodification. Instead of reacting day by day, think of our current staffing shortage as a wake-up call to truly rethink your operations and drive the bottom line. Technology is the salvation for owners, and with the expectation of a modern tempo, your guests will thank you for it or not even notice. ■



Together, Larry and Adam Mogelonsky represent one of the world's most published writing teams in hospitality, with more than a decade's worth of material

online. As the partners of Hotel Mogel Consulting Limited, a Toronto-based consulting practice, Larry focuses on asset management, sales, and operations, while Adam specializes in hotel technology and marketing. Their experience encompasses properties around the world, both branded and independent, and ranging from luxury and boutique to select-service. Their work includes six books "Are You an Ostrich or a Llama?" (2012), "Llamas Rule" (2013), "Hotel Llama" (2015), "The Llama is Inn" (2017), "The Hotel Mogel" (2018) and "More Hotel Mogel" (2020). You can reach Larry at larry@hotelmogel.com or Adam at adam@hotelmogel.com to discuss hotel business challenges or to book speaking engagements.

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The sage and the saboteur

Leadership skills to help you get out of your own way

by GREG ADEN

THE SAGE AND THE SABOTEUR EXIST WITHIN EVERYONE. BUSINESS STRATEGIST TONY ROBBINS does a great job of explaining how they manifest:

“**Saboteurs** are the set of mind patterns that govern your every move. They automatically influence your beliefs, thoughts, and behaviors, and they are steering you in the wrong direction – that is, you’re sabotaging yourself. The **sage** is your infinite wisdom and it’s the good part of this equation. When your sage is activated, you’re operating from another part of the brain. It guides you to your deepest insight. It helps you make good decisions. It’s balanced and does not involve the ego.”

The inner sage and saboteur act as cycles of decision. One can become either the saboteur (victim) or the sage (owner). The sage or wisdom-filled parts of ourselves lead us to recognize, own, self-examine, and take action.

The saboteur wants us to deny, blame, rationalize, resist, and ultimately, hide. Hiding always seems like the easier option because you don’t have to face whatever’s challenging you, but this means no

self-examination or subsequent growth.

POSITIVE INTELLIGENCE

Shirzad Chamine, an author and past CEO of a large executive coaching companies, wrote a book on positive intelligence. He describes it as the difference between your mind serving you instead of sabotaging you. Chamine’s research reveals that teams working to strengthen their positive intelligence quotient

perform 30%-35% better on average and report being far happier and less stressed.

QUESTIONING THE INNER SELF

The big difference between the saboteur and sage might sound as simple as having a positive outlook. However, simple rarely gets us where we want to go. First, we must recognize when the saboteur has taken over. Second, we need

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The ultimate leadership skill is recognizing where you went wrong and shifting your behavior in the future.”

to consistently intervene saboteur behavior and pivot to sage-like actions. This is where self-awareness and internal intentions become tools and sidekicks.

Pause and ask questions to pinpoint what has gone wrong or right in a situation. When is the saboteur triggered? When am I able to be more reflective on my choices?

Our inner sage gives us deeper insight where the saboteur creates a clouded view where there will be

only regression. Once triggered, the choice is ours to show up with the sage power or sabotage our situation.

Create awareness around your choices. Recognize and bring attention to how you instinctually react and where your actions could be more sage and insightful. The ultimate leadership skill is recognizing where you went wrong and shifting your behavior in the future. It also is the hardest part of being a

leader, but the tool that will pay off the most. ■

Greg Aden is a leadership consultant, executive coach, master facilitator, and speaker whose mission is to develop leaders to empower change. He is a highly prolific franchise development professional who helps organizations see creative solutions to difficult problems by focusing on efficiencies and results. He can be reached at greg@adenleadership.com or (469) 879-8211.

Do your homework

Value associated with a hotel's flag is nontaxable. So, how do you calculate it?

by ANDREW CHOY and MICHAEL MILLER

A **S MANY INDUSTRIES CONTINUE TO RECOVER FROM THE PANDEMIC, HOTELS ARE DEALING WITH SIGNIFICANTLY** diminished revenue, searching for any good news they can find. Fortunately, the industry is seeing a continued evolution in the accepted methodologies for property tax valuation, which is changing the way hotels are being taxed and can drastically improve a hotel's bottom line.

A hotel's valuation for ad valorem taxation purposes is unique, complicated, and highly challenging to even the best tax attorneys or consultants. A significant portion of a hotel's value lies in its flag, and RevPAR is likely to drop significantly when its brand is removed. However, for ad valorem taxation, only real properties and tangible business properties are subject to tax. Real properties include land and improvements, and tangible business properties can include furniture, fixtures, and equipment. The value associated with a hotel's franchise, such as trade names, goodwill, franchise contracts, customer base, quality control, management skill, marketing, etc., are legally defined by law as intangible assets, which are exempt from ad valorem taxation in all 50 states.

SHORTCOMINGS

The problem many hotel owners encounter is most tax assessors, tax consultants, and hotel management companies don't know the difference between total market value and taxable market value. Practitioners generally agree that intangible value exists in hotels, but there's no general

agreement regarding how to estimate the value of intangible assets. Perhaps the most controversy in property tax law today is the dispute between taxpayers and tax authorities over the existence, quantification, and application of business value vs. real and tangible personal property value of a going concern. For years, the hotel and property tax consulting industries have been searching for a logical solution to this debate.

The method used by most tax assessors, the Rushmore approach, measures the value enhanced by a hotel's flag by the amount of management and franchise fees paid to the franchisor. The flaw with this method, and one that many courts have commented on or ruled against the tax assessors, is that it fails to take into account an economic ROI because no rational economic investor would franchise their business or hire management to earn merely a return of their investment. There needs to be an adjustment to gross income for intangible value prior to making the expense deductions.

Another existing method, the business enterprise approach, used by many tax consultants, identifies

significantly more intangible business enterprise value associated with an ongoing hotel's franchise. However, that approach has been frequently disputed by tax assessors for double dipping in revenue and expenses. Until the conflict is resolved, hotel owners will continue overpaying property taxes year after year.

FINDING VALUE

It's clear that an alternative solution is necessary. So, after years of research and development, the O'Connor Approach was created. This method uses historical data, if available, or uses comparable brands and classes where data is unavailable, to measure a brand's contribution to a hotel's performance. It's measured by quantifying the change in revenue that occurs when a brand is added, removed, or when it's compared to other brands or classes of hotels. After deducting all payments made to franchisors, the net gain clearly defines the intangible value of the brand. By separating the nontaxable portion from the total market value, property taxes can be drastically reduced.

The O'Connor Approach has been tested successfully at tax appeals

in multiple states. A landmark court case may have opened the door to hoteliers in future property tax appeals. The Utah States Tax Commission issued its ruling on March 7, 2022, against the tax assessor in favor of an upper mid-scale hotel using the O'Connor Approach in his argument, resulting in a 32% tax reduction.

But, regardless of what approach hoteliers choose to utilize, it's imperative that franchisees do their homework and adequately assess the value they're getting from their brands.

Many hotel franchisors are now joining the ride to help their franchisees, but hotel management companies have been slow in adapting new methodologies to assess value. Sooner or later, though, what's beneficial for the hotel industry will triumph across all sectors of the industry. If the entire hotel industry can stand together in a united front, we all will see drastic changes in the ways tax assessors are taxing hotels. ■



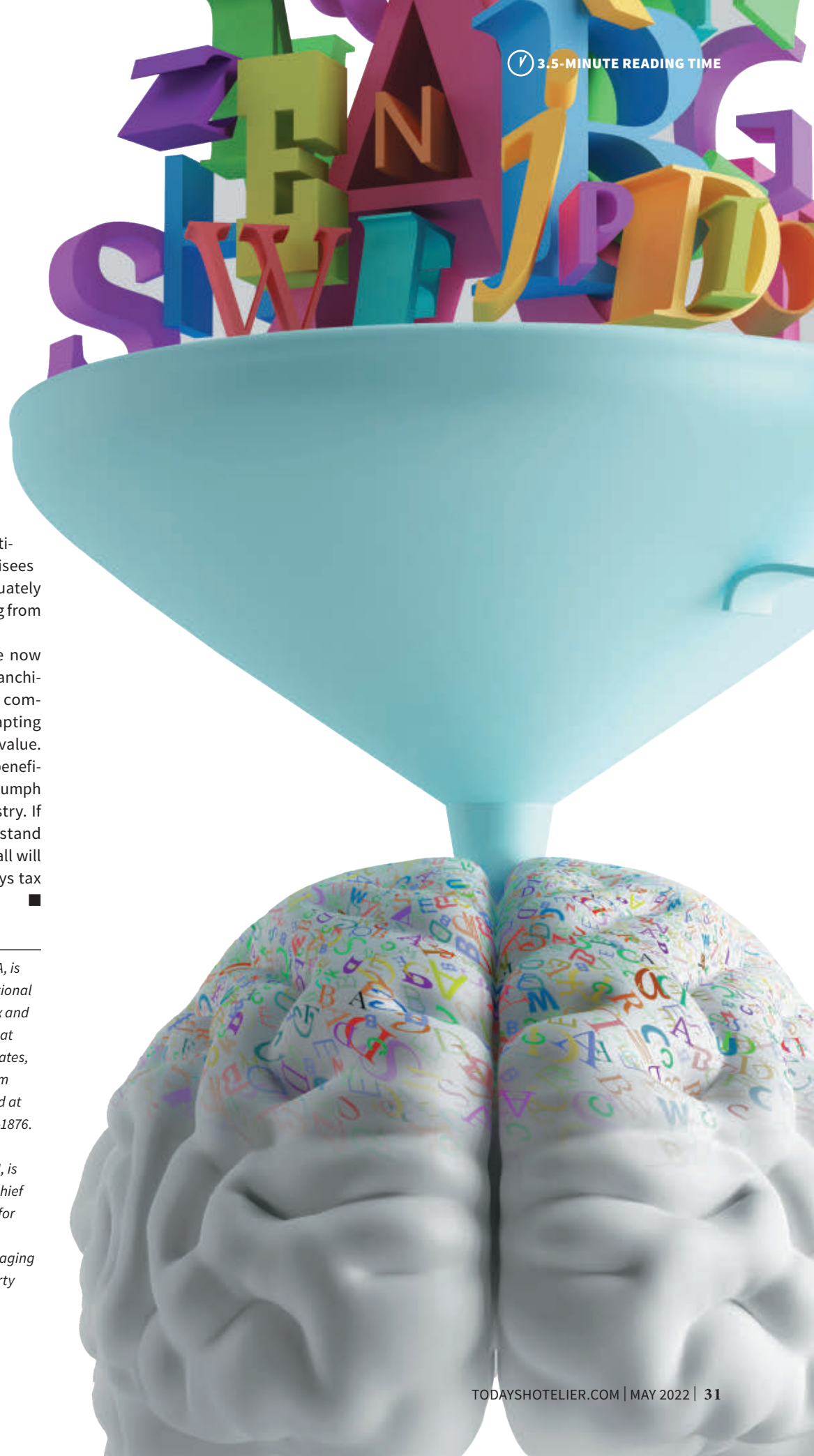
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Analytics, and is an exp Commercial Agent.



Decisions, decisions, decisions

Is it time to refinance your SBA 7(A)
loan with an SBA 504 loan?

by MAC DOBSON

MANY HOTELIERS HAVE taken advantage of the SBA 7(a) loan program to finance a new development or acquisition + PIP. There are many benefits to 7(a) loans, including low down payments, no technical default, short prepayment penalties, reasonable interest rates, etc.

If there is a downside to 7(a) loans, it's that they're usually floating-rate loans pegged to the Wall Street Journal prime rate. The prime rate is set by banks to convey what banks charge their most credit-worthy customers. SBA lenders generally charge a "spread" over the prime rate ranging from 1.25% to 2.75%. When the pandemic hit in March 2020, the Federal Reserve Board swiftly lowered the Federal funds rate to its minimum, and the prime rate followed suit. As a result, prime was 3.25% for a full two years.

As expected, the Fed increased the funds rate by 0.25% at its most recent meeting on March 16, 2022, and prime followed suit by increasing 0.25% to 3.50%. While there are myriad economic and geopolitical factors that may cause the Fed to shift course, at present the expectation is that the Fed will increase The Fed funds rate (and therefore prime) by as much as 1.50% the next 12 months.

Up until 2021, options for refinancing 7(a) loans secured by hotel properties generally were limited to conventional loans and CMBS loans, both of which come with challenges. Fortunately, a new and very powerful solution emerged in July 2021 when the SBA authorized lenders like LendingClub Bank to use 504 loans to refinance existing 7(a) loans.

BACKGROUND

SBA 7(A) loans are simply loans from a bank, credit union, or finance company where the government provides a guaranty to the financial institution on the loan. Typically, the guaranty is for 75%.

As you might expect, this guaranty allows lenders to make loans they wouldn't make but for the guaranty.

The 504 program, however, marries a loan from a financial institution with what's called a "debenture loan," which is a fully amortizing, fixed-rate loan that does not balloon. What's more, the rates on debenture loans are subsidized by a government guaranty, so they feature interest rates significantly below market. Additionally, while using the 504 program to fix your rate for up to 25 years, you can also increase your loan amount to borrow funds for line items like salaries, utilities, real estate taxes, and other operating expenses.

Let's review an example of this to see the power of this opportunity. Suppose three years ago you used a \$5 million 7(a) loan to finance a hotel purchase for \$5 million and then complete a PIP of \$1 million. At the time, the property was in dire need of a PIP and was poorly managed. Due to your management and diligent completion of the PIP, RevPAR has grown dramatically, and the asset is now producing \$600,000 per year in NOI, meaning it's worth roughly \$7.25 million (using an 8% cap rate). Your lender made you a loan at prime + 2.25%, so your current interest rate is 5.75% (expected to be 7%+ by the end of 2022), and your loan balance is ~ \$4.7 million.

Assuming an interest rate of 4.50% on the senior bank loan, your blended interest rate (combined interest rate on the bank loan and debenture) using the March 2022 504 25-year debenture rate of 3.93% would be 4.29%. Further, you'd be locking



When the pandemic hit in March 2020, The Fed swiftly lowered the Federal Funds rate to its minimum, and the Prime rate followed suit."

in the interest rate on the debenture portion of your loan for a full 25 years, and as much as 10 years on the bank loan. In this hypothetical scenario, assuming six additional Fed rate hikes in 2022 of 0.25%, you will have lowered your rate by approximately 300 bps and financed \$450,000 for future operating expenses.

This is a very powerful opportunity and one you should discuss with a bank that is adept at guiding you through the 504 program. There is significant upward pressure on rates right now. So, all else equal, the sooner you refinance, the lower your rate is likely to be. ■

Mac Dobson is a Senior Business Development Officer with LendingClub Bank's Government Guaranteed Lending team ("GGL"). He delivers the full suite of government guaranteed loan products to businesses including SBA 7A, SBA 504, and USDA. He can be reached at mdobson@lendingclub.com or (734) 604-6962.

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Game-winning strategies

Time management for those who are stretched thin

by APRIL ESKELSON

SHORT-STAFFED, OVERWORKED, AND EXHAUSTED SEEMS TO BE THE new standard for many of us in hospitality. If you feel stressed, overwhelmed, and unproductive, keep reading. This article is for you. We all have the same 24 hours in a day. What you do with them will determine your success.

Perhaps hiring more employees, or the right employees, is at the top of your list right now. Are you making it a priority to accomplish this goal? When spread thin, it's even more critical to take stock of your priorities and take steps each day to achieve the results you desire.

It's important to not overcomplicate what needs to be done right now. Breathe. Try implementing these five changes to make progress on what's most important to your success.



1 SET SPECIFIC GOALS

Busy does not equal productive. You're going to be busy whether you set goals or not. If you spend all your time reacting to things that happen during the day, you likely will lose sight of what matters most. That can quickly lead to frustration and boredom. Setting goals provides you with a clear plan of defined actions to gain the results you want and keeps your focus on what you've determined is most important.



2 DEFINE THE ACTIVITIES NEEDED TO REACH YOUR GOALS

What is the return on your time investment in the activities you perform in a day? Consider each activity and assign it an ROI value between zero and infinite. What is the value of the things you are doing? Are you getting out what you put in? Are these activities directly related to your success? After you have set your goals, it's equally important to set specific, trackable activities that you need to complete toward those goals.





5

STAY FOCUSED

Prioritize and schedule the right tasks at the right time. Consider when you are your best self. If you're a morning person and start to deteriorate by mid-afternoon, schedule your most important or challenging tasks in the morning. If you have the calendar blocked for a half-hour to work on a project, dedicate that time only to the project at hand. Multi-tasking is for the birds. When you multi-task, you're more likely to start multiple tasks and not finish any of them or not do them well. Focus allows you to put your best self into the task at hand.

AN ONGOING PROCESS OF IMPROVEMENT

Time management is an ongoing process of exercising conscious control of your time on specific activities to increase your effectiveness. It is never "finished," which is good news. There always is room to improve, every day. Making this time to plan and practicing it over and over adds up. Soon, you'll find that your success has skyrocketed and you're enjoying your work more. ■

3

ENGAGE OTHERS

Consider how people in different roles could help complete various tasks throughout the day. If you aren't comfortable with delegating, start practicing this today. You may be capable of doing plenty of things, but that doesn't mean these activities are the most productive use of your time. I'm perfectly capable of buying groceries or running errands. Still, if I can use a service like DoorDash to handle these tasks, I may not only save time, but I may save money as well by not making my way down an additional aisle and grabbing 10 things that weren't on my list. This is no different than on-the-job tasks.

4

SCHEDULE IT AND STICK TO IT

How many of us have intended to get something done during the day only to realize the day got away from us? Studies show you're more likely to commit to something if you schedule it. The time you plan out your calendar will help you gain minutes and hours back into your day. Setting aside specific time also will enable you to complete more items on your list and do them well.



As a dynamic presenter who facilitates training workshops to sales professionals, management companies, and hotel

brands, April Eskelson's sales knowledge and transformative concepts have established her as a leading speaker and facilitator in the industry. In her role as Director of Instructional Design for Jacaruso Enterprises, an AAHOA Silver Industry Partner, April provides education and techniques based on current, in-the-trenches experience that gets results.

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Leadership
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Unlocking the secrets

IT TAKES A LIFETIME OF LEARNING AND leadership training programs to transform a founder into a true leader, and it's a journey I trust we all are undertaking. These skills and expertise, attained through an incalculable investment of time and energy, allow leaders to reinforce a company's vision, achieve outstanding business success, drive better results, explore innovative opportunities, and make informed decisions for the company's future.

Countless universities and business schools offer comprehensive leadership and management programs to teach the skills necessary to maximize employee productivity, minimize risk, and widen profit margins across a variety of industries. Key among them, hotels and restaurants are seeing an increased urgency in the need for skilled management abilities and philosophies during just the past 10 years. In 2021, hotels in the U.S. alone accounted for an estimated \$133 billion in market size – in a recovery year – so the need for strong leadership throughout the industry is indisputable.



The brands are fully aware of this need and a majority have programs in place to address it. For example, many of them offer extremely valuable college-level studies and specialized training opportunities to their executives and managers to further develop their leadership abilities, thus improving the value of their properties and, ultimately, strengthening the brands themselves.

Unfortunately, these resources aren't as readily available to independent hotel owners, many of whom don't have built-in

leadership or hotel-management education programs on which to rely. And programs such as these are especially vital during times of economic difficulty. Instead, the independents are forced to look elsewhere for such opportunities. Similarly, the brand's network of resources becomes even more pertinent during a crisis like the pandemic. COVID-19 has been devastating to our industry, yet branded properties, though still very much operating within the same market forces as the independents, have enjoyed

the resources afforded to them by way of their extensive networks and deeper pockets.

THE TRUTH IS OUT THERE

So, then, what outside resources do independent hoteliers have at their disposal for the development of strong leaders of their own? Thanks to the nature of the modern world, hoteliers are just a click or phone call away from an ever-growing pool of online resources that can be found by way of a simple Google search or a meeting with a local business-development office. For example, Cornell University offers a wide range of hospitality-centered courses online, and it's a strong bet the local university and/or community college do as well. Also, AAHOA offers the AAHOA Certificate in Hotel Ownership™, which includes an entire module on leadership, among 11 other learning tracks.

Another valuable resource comes by way of free online groups, such as HMBForum.com, which is a hotel, motel, and boutique owners and operators forum with a community of more than 19,000 members collectively helping to solve operational challenges.

These resources, though not as easy to locate as simply calling a brand representative, are indeed out there, and it's up to us to ensure we take advantage of them. If there's a commonality among us, it's our independence, which means we are resourceful, headstrong, resilient, and comfortable working out problems for ourselves.

Thanks to scores of hardworking men and women, the hotel industry is getting back on track despite the imminent challenges we all face together. The brands understand the instability and the dynamics of the economy, and they're training their leaders accordingly. It's time we did the same. ■



Timesh Patel is an AAHOA Independent Hoteliers Committee (2021-2022) member, the Hospitality Director for Paloma Realty Partners, and he specializes

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AT PRESENT, COMMERCIAL real estate investors are facing increasing uncertainty on growth and stagflation. The Federal Reserve has started the tightening process and begun its campaign to raise rates and curb inflationary pressure. The macro-geopolitical issues surrounding the war in Ukraine, as well as the lingering effects of the pandemic, are only adding to this uncertainty. As owners and developers maneuver through these unknowns, knowing when to manage leverage, and the stress of high-leverage debt service on their properties' future cash-flow, will be a critical strategy.

IS MORE ALWAYS MORE?

Conventional wisdom suggests that torquing up a commercial

real estate asset to its maximum potential debt is a smart game plan. While a solid play for more normal times, this may not be the most prudent end goal at the moment. Owners and developers are wired to maximize cash-out on their stable assets and then reinvest that monetized value to grow their portfolios. Many have relied on non-recourse CMBS financing as the best and often only way to execute this high leverage strategy. What many borrowers don't realize, however, is the wider world of options and features available to real estate owners who have added significant value to their assets, want to position

their portfolio for the long haul, and don't want to stress future cash flow by putting on excessive debt. This right-leverage structure is known as a low-level, non-recourse loan. Let's explore how it can be used effectively.

A NEW LIGHT

CBMS financing often suffers from a bad reputation. Stories from seasoned borrowers that depict the transaction process

as full of friction, uncertainty, and re-trades are always circulating. Many owners consider CMBS loans as inflexible, fee-heavy, and a servicing nightmare. They also are put off by the looming threat of cash management, which would allow the lender to control the property's income if there is

NIU M moment

Is maximizing leverage the best strategy in today's market?

by RUSHI SHAH

disruption in or stress on cash flow. When owners consider a lower-leverage CMBS loan in the 45%-55% of value range, however, a host of attractive, flexible features become available.

When the goal isn't maximizing cash-out or the loan amount, there's more room

to negotiate. An experienced intermediary may be able to get the lender to extend the loan's interest-only period and change the prepayment penalty structure from defeasance to yield maintenance. While still connected to prevailing interest rates, yield maintenance is similar to an

interest swap breakage fee and simpler and more predictable than defeasance. The need for cash management and lock-box requirements also may be negotiable. This reduces the hard cost of bank fees. On low-leverage transactions, an intermediary also can often give owners more control over their

cash by convincing the lender to lower, cap, or fully waive reserves. The lower spread on a low-leverage CMBS loan also translates into a better interest rate for borrowers, typically one full percentage point under higher leverage option. Even CMBS servicing becomes less onerous when leverage is reduced. Loan document language can be adjusted to ensure servicers respond to

“When leverage isn’t pushed out to maximum levels, getting to closing becomes easier for the intermediary and lender.”

borrowers’ requests within a reasonable timeframe (i.e., 10 days) and fulfill those requests without charging additional fees.

FINDING FREEDOM

Depending on the time of origination, owners choosing lower leverage also may consider a five- or seven-year loan term, instead of the cookie-cutter 10 years of the majority of higher-leverage CMBS deals. The owner will have the flexibility to recapitalize and pull more cash out or sell the asset sooner than a long-term hold. For example, we are working on closing a seven-year loan with four years of interest-only payments followed by 30-year amortization, yield maintenance pre-payment

penalty, and all of the features discussed above, for a portfolio of 13 limited-service hotels. The CMBS loan will be at 52.5% leverage with a debt-yield (NOI/loan amount) of just under 16%. This is a \$90-million loan, which at full leverage with no flexibility would be a \$108-million loan.

When leverage isn’t pushed out to maximum levels, getting to closing becomes easier for the intermediary and lender. Subsequently, borrowers can expect a smoother transaction with more certainty of execution. While still an important strategy in certain situations, torquing up a commercial real estate asset to its maximum potential isn’t the only route to prudent portfolio management. ■



Rushi Shah is Principal and CEO of the commercial mortgage and real estate

investment banking firm and AAHOA Allied Member Mag Mile Capital. As a leader in hospitality financing, Shah specializes in structuring and placing high leverage, nonrecourse bridge and permanent debt with cash out for full- and limited-service hotels nationwide. Since joining the firm’s predecessor, Aries Capital, in 2015, Shah has structured and closed hundreds of millions in financing for all property types. Shah has held previous positions at Northern Trust and has an MBA from the University of Chicago’s Booth School of Business.

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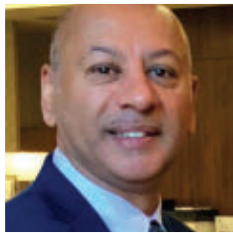
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AAHOA MEMBERS IN ACTION



North Texas Regional Director Dhiren Masters and the Ambassadors welcomed a crowd of more than 100 attendees to a Town Hall in Midland.



Scott Joslove, President & CEO of the Texas Hotel & Lodging Association, addressed more than 60 attendees as North Texas Regional Director Dhiren Masters and the Ambassadors hosted a Town Hall in Waco.



Nearly 100 attendees were on hand for a North Texas Region Town Hall in Amarillo, hosted by Regional Director Dhiren Masters and the Ambassadors.



About 100 people turned out at an Upper Midwest Region Town Hall in Elmhurst, IL, to hear from Michael Jacobson, President & CEO, Illinois Hotel & Lodging Association, and motivational speaker Gopi Nair.



Larry Cuculic, President & CEO, Best Western, and Ron Price, President of Visit Phoenix, spoke to a full house of about 200 people during a Southwest Region Town Hall in Phoenix.



Female Director Eastern Division Lina Patel introduced guest speaker Marti Winer, VP, MGM Resorts Event Production, to an enthusiastic crowd of more than 100 at a North Central Region Women Hoteliers Town Hall in Cincinnati, OH.



AAHOA Chair Vinay Patel met with Oregon Congressman Kurt Schrader (left photo) and House Democratic Caucus Chair Hakeem Jeffries during a visit to Capital Hill. AAHOA is proud to maintain working relationships with industry partners and legislators on both sides of the aisle.



Northwest Regional Director Hiten Patel and the Ambassadors hosted a well-attended Town Hall in Tigard, OR.

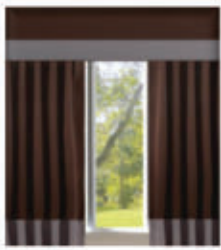
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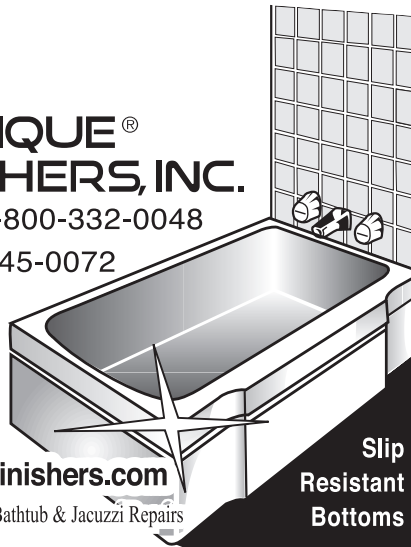
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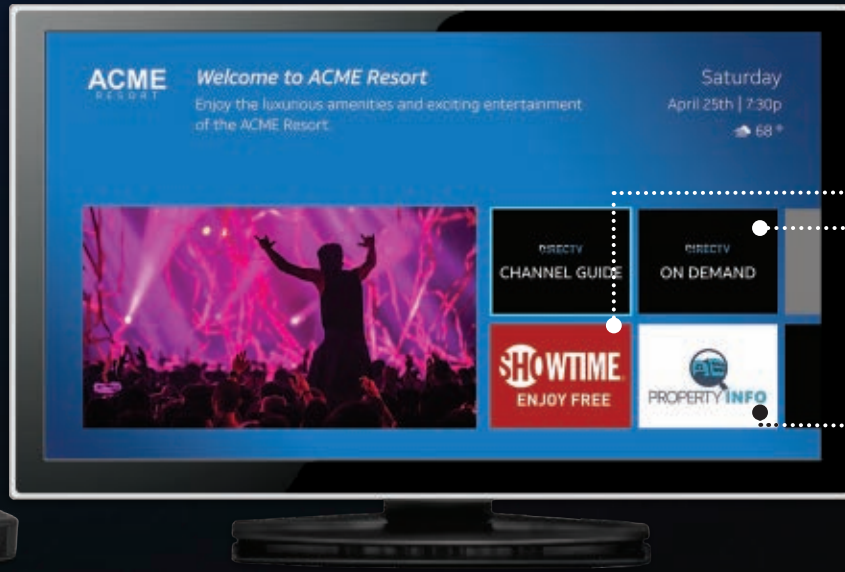
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\$80/room
in equipment
subsidies² for your
property.

- Technology that's easy and compatible with most wiring schemes
- No Pro:Idiom TVs needed
- Access to over 100 HD channels¹
- Easy-to-clean remote features antimicrobial additives
- 15-room minimum

PLUS, OFFER INCLUDES (Conditions apply.)



**2022
NFL SUNDAY
TICKET**
at no
additional cost.³
Offer ends 1/8/23.



**GET THE
HBO
&
CINEMAX
PACKAGE
STARTING AT
\$2.25
per room
per mo. 4**
Offer ends 6/30/22.



**ADD
SHOWTIME
AS A SECOND
PREMIUM FOR
99¢
per room
per mo. 5**
Offer ends 12/31/22.

¹To access DIRECTV HD service, HD equipment req'd. Number of HD channels varies based on package selection. ²**DIRECTV RESIDENTIAL EXPERIENCE (DRE) OFFER:** Offer ends 12/31/22. Offer is available to new or renewing Hospitality and Institutions customers with a 5-year programming agreement. Properties must subscribe to SELECT™ (\$700/room/mo.) or above. SELECT™ promotional bundle price includes SELECT™ (\$6.50/room/mo.) and technology fee (\$0.60/room/mo.). Bundled rate will be listed as two separate line items on customer bill. Offer is eligible for an HD Equipment Subsidy of \$80 per room for a DRE System. 15 room minimum is req'd per property. IN THE EVENT YOU FAIL TO MAINTAIN YOUR SUBSCRIPTION TO THE REQUIRED PROGRAMMING PACKAGES, YOU AGREE TO PAY AN EARLY CANCELLATION FEE EQUAL TO THE FULL SUBSIDY AMOUNT YOU RECEIVED PRORATED BY THE NUMBER OF MONTHS YOU PAID FOR THE REQUIRED PROGRAMMING PACKAGES DURING THE COMMITMENT PERIOD. Payment is due within thirty (30) days of receipt of a notice of failure to complete the commitment period. **INSTALLATION:** Custom installation charges apply, and installation fee is based on property size. Applicable use tax adjustment may apply on retail value of installation. Availability of DIRECTV service may vary by location. In certain markets, programming/pricing may vary. Make and model of system at DIRECTV's sole discretion. Offers void where prohibited or restricted. Programming available separately. Receipt of DIRECTV programming subject to terms of the DIRECTV Terms of Service for Hospitality Establishments and the DIRECTV Terms of Service for Institutions; copy provided with new customer information packet. Taxes not included. DIRECTV programming, hardware, pricing, terms and conditions subject to change at any time. ³**2022 NFL SUNDAY TICKET OFFER:** Offer ends 1/8/23. 2022 NFL SUNDAY TICKET will be delivered at no extra cost in all guest rooms for the 2022 season for all new DIRECTV Residential Experience (DRE) customers and COM System customers; customers must subscribe to FAMILY™ (\$3.50/room/mo.) or above, with a 3- or 5-year programming agreement. Other conditions apply. Subscription will automatically continue in the 2nd year at a special renewal rate of \$99 and renew at regular rate thereafter provided that DIRECTV still carries these services at the time of renewal and unless customer calls to cancel prior to start of the season. Subscription cannot be canceled (in part or in whole) after the start of the season and subscription fees cannot be refunded. Commercial locations require an appropriate licensee agreement. Offer excludes University accounts, NFL, the NFL Shield design and the NFL SUNDAY TICKET name and logo are registered trademarks of the NFL and its affiliates. ⁴**HBO® AND CINEMAX® PACKAGE (New Customers):** Offer ends 06/30/22. Only available to new customers that have not received or subscribed to DIRECTV for 12 months prior to activation. Monthly rate is (\$2.25/room/mo.) and requires a 5-year programming agreement. Customer must also subscribe to SELECT™ (\$6.50/room/mo.) or above (with DRE or COM) or ENTERTAINMENT (\$7.40/room/mo.) or above with the Advanced Entertainment Platform. University accounts excluded. **HBO AND CINEMAX PACKAGE (Existing Customers):** Available to existing DIRECTV subscribers with a 5-year programming agreement. Monthly charge is (\$2.75/room/mo.). University accounts excluded. **IN THE EVENT YOU FAIL TO MAINTAIN YOUR PROGRAMMING AGREEMENT, YOU AGREE THAT DIRECTV MAY CHARGE YOU AN EARLY CANCELLATION FEE. CANCELLATION FEES ARE BASED ON PROGRAMMING PACKAGE SELECTION AND COMMITMENT PERIOD.** In certain markets, programming/pricing may vary. Offers void where prohibited or restricted. Hardware and programming available separately. Taxes not included. DIRECTV programming, hardware, pricing, terms and conditions subject to change at any time. HBO®, Cinemax® and related channels and service marks are the property of Home Box Office, Inc. ⁵**SHOWTIME OFFER:** Offer ends 12/31/22. The SHOWTIME programming offer (\$0.99/room/mo.) is available only as a 2nd Premium add-on. Offer available to qualifying new or existing Hospitality accounts with a 3- or 5-year programming agreement and must not have received SHOWTIME programming from DIRECTV or any other distributor during the 24 months prior to activation. Offer is available for accounts activated on or before 12/31/22. After the applicable promotional period (3- or 5-years) ends, then-prevailing rate for SHOWTIME applies unless canceled or changed by customer prior to end of the promotional period. Offer may not be combined with any other SHOWTIME offer. SHOWTIME and related marks are trademarks of Showtime Networks Inc., a ViacomCBS Company. Premium Channel subscriptions are only available for Private Viewing or Lodging & Institution customers. 2022 DIRECTV, LLC. DIRECTV is a trademark of DIRECTV, LLC. All other marks are the property of their respective owners.