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**Tourism & Hospitality: Recent Developments and
Current Issues in Hotel Chapter 11 Cases**

Speakers

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What is a “Hotel Case”?

- How are hotels organized, from an entity and contractual perspective?

First Day Issues

- Wages and benefits
- Loyalty programs and gift cards
 - Related flag issues
- Utilities
- Taxes
- Insurance
- Pre-bankruptcy planning and notice

Cash Collateral Issues



- Income sources
 - Room revenues
 - Food and beverage sales
- Developments in the law - 11 U.S.C. 363(a)
 - 1994 Code amendments – Cash Collateral definition broadened to include post-petition rents and fees/charges for the use or occupancy of rooms in hotels. This change ensured that such income was treated as cash collateral regardless of whether a security interest in it had been "perfected" under state law prior to the bankruptcy filing.
 - *In re Hotel Sierra Vista L.P.* and *In re Premier Golf Props., LP*
- Perfecting liens in room revenues
 - *In re Days California Riverside L.P.*
- Post-petition lien issues
 - 11 U.S.C. 552(b)

Assumption, Assignment, and Rejection of Executory Contracts

- Hotel management agreements (HMA)
 - Parties to the HMA
 - Assumption to continue using luxury name
 - Revenue sharing, fees, expenses
- Franchise agreements
- Software agreements and other executory contracts
- Collective bargaining agreements (CBA)
 - Section 1113(a)
 - Expired CBAs
- Revenue sharing issues

Employee Wage and Warn Claims



- WARN claims as administrative expenses
 - Federal WARN
 - California WARN (including January 2026 amendments)
- Priority claims
- Who is the employer, the owner or the operator?

Hotel Specific Plan and Sale Issues



- “363” free and clear sale
- Plan issues
 - Single Asset Real Estate (SARE)
 - Definition, per 11 U.S.C. (51B): “real property constituting a single property or project, other than residential real property with fewer than 4 residential units, which generates substantially all of the gross income of a debtor who is not a family farmer and on which no substantial business is being conducted by a debtor other than the business of operating the real property and activities incidental thereto.”
 - Significance of SARE designation? If SARE case, 90-day deadline to either: A) file confirmable plan, or B) commence payments to secured lender at nondefault contract interest rate
 - Else, secured lender can seek relief from stay
 - [Combined] disclosure statements
 - Confirmation standards
 - 11 U.S.C. 1146 and transfer taxes

What's Next?

What's next for hospitality industry and hotel bankruptcies?