

NEWSLETTERS

Option, Cutoff Dates Matter In Hotel Contracts

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With increased demand for rooms and space comes the importance of the option and cutoff dates in hotel contracts. While many groups assume that the option dates will be automatically extended by hotels, many groups have discovered, to their unpleasant surprise, that the hotels will not extend the option dates as the hotels have alternate pieces of business ready to be booked. So if groups need more time to consider a contract, the groups should contact the hotel and secure a written modification to the option date. The cutoff date is also critical as many hotels seek to have this date extended to 30 days so that they can sell the remaining portion of the group's room block. As such, groups should ensure that they are comfortable with the cutoff date.

The cut-off date is the date in advance of the meeting until which the Hotel is legally obligated to hold rooms on behalf of the group at the group rate. Once the cut-off date passes, the hotel can release rooms for general sale. As such, it is important for groups to negotiate a cut-off date by which the majority of its attendees will register. Typically that date is 21 days in advance of the meeting date but often groups are able to negotiate a 14 day cutoff date with the group committing to promote a 21 day cut-off date to its attendees to encourage them to register. The other key aspect to the provision is to ensure that the group rate will be available to group's attendees after the cut-off date subject only to space availability.

Here's a sample cut-off date provision:

Room Block Cutoff Date - The Hotel shall hold the room block until [insert date] ("the cut-off date"). Room reservations received on or before the cut-off date shall be confirmed at the Group rates. After the cut-off date, the Hotel may release any rooms not guaranteed for sale to the general public, after written review and approval from Group. The Hotel shall continue to accept reservations, at the Group rates, after the cut-off date, on a space available basis. Such rooms, as well as any room sales through the internet, shall accrue to the room block and be counted in the calculation of complimentary rooms.

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