

SECTION II – DIRECT BILL / CREDIT POLICY

Objective

To establish policy, responsibility and procedures for the granting and control of direct billing privileges.

Policy

It is the policy of The Management Company that "Account Settlement" will be determined prior to providing any room facilities (guest or meeting), catered functions, and/or other related services. Account Settlement is defined as one of the following:

- Advance Deposit (Advance Payment)
- Credit Card Billing Authorization
- Direct Billing

It is also the policy of the Management Company to minimize the risk associated with the extension of credit by only extending direct billing privileges to companies and individuals which have a proven credit and payment history, and, when certain specified criteria are met.

Responsibility

The Controller/Accounting Manager and/or General Manager is responsible for ensuring procedures are in place to comply with "Account Settlement" requirements. Specifically, he or she is responsible for the review and approval of the Credit Card Billing Authorization forms (Exhibit #1). With respect to Request for Direct Bill, they are responsible for review of the Request for Direct Bill form (Exhibit #2), the verification of references, definition of specific billing procedures, analysis of minimum volume performance probability, and granting or denial of direct billing privileges. It is the responsibility of the General Manager and the Controller/Accounting Manager to ensure that the procedures and controls are being complied with on an ongoing basis.

A. CREDIT CONTROL

1. Account Settlement Presentation

The hotel's presentation of account settlement options will only include Advance Payment/Deposit and Credit Card Billing, using the Account Settlement Policy form (Exhibit #3). Direct Billing is reserved for "Special, Qualified, Pre-approved" customers only. Accordingly, the hotel should not make any written or verbal reference to the availability of Direct Billing or Credit. Should the customer request Direct Billing, the immediate response will depend upon whether the customer can qualify for "consideration" of such a privilege:

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- a. The following types of businesses do not qualify for "consideration" of granting the direct bill privilege.
1. Any business relating to social functions such as weddings, family reunions, bar mitzvah, high school proms, amateur sporting events and tournaments, beauty pageants, etc.
 2. Any business generated by political organizations, entertainers and entertainment production companies, foreign companies, student social organizations, religious groups, construction companies, and amateur, semi-pro, and minor league sports teams.
 3. Any business that operates under a "pyramid" type of arrangement for developing its sales.
 4. One time only pieces of business that will generate less than \$1,000 in revenue.
 5. There is less than two weeks until the customer's arrival/function date.

Under such circumstances, the guest should be immediately informed that direct billing cannot be granted. Any exceptions to allow direct bill privileges to these groups must be approved by the General Manager. Any direct bill privileges extended to the groups listed above, that results in slow payment on account, will require the involvement of the General Manager in collection efforts.

- b. If the guest is not immediately disqualified from direct bill privileges and, the time before the guest's arrival/function date is less than three weeks, the customer should be advised that they will need to make arrangements to settle the account by Advance Payment or Credit Card payment. In the meantime, the process to request Direct Billing privileges can begin. Upon obtaining the Advance Deposit, the customer should be presented a Request for Direct Bill form (Exhibit #2) and the Credit Card Billing Authorization (Exhibit #1). The customer should be advised to provide all requested information, have an authorized party sign the forms, and return them to the sales associate who is handling the customer's account (hereafter referred to as the "sales contact").

If direct billing is approved before the arrival/function date, the advance payment can be refunded. See the refund guidelines in Section XIV – Operations. However, the credit card will be fully authorized for the entire estimated amount of the stay / function. The card will be charged if the bill is not paid within 25 days of the initial billing.

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- c. If the guest has not been immediately disqualified from direct billing privileges, and the time until the guest's arrival/function date is more than three weeks, the guest should be presented a Request for Direct Bill form and the Credit Card Authorization. The client should be advised to provide all requested information, have an authorized party sign the forms, and return them to the "sales contact".

The guest should also be advised that the application is pending, and if approval is not obtained by a specified date (at least ten days prior to the arrival/function date), the guest will need to make arrangements for Advance Payment or Credit Card Authorization.

When the forms are returned, the "sales contact" should review the forms to make sure all requested information has been provided. If not, the "sales contact" should immediately follow-up with the customer to obtain the missing information.

Once all the requested information has been received, the "sales contact" should make a copy of the information for his/her files, and forward the original Direct Bill application and Credit Card Authorization to the Controller/Accounting Manager for processing. The credit card will be fully authorized for the entire estimated amount of the stay / function. The card will be charged if the bill is not paid within 25 days of the initial billing.

The Credit Card Authorization requirement can only be waived by the hotel's Divisional Vice President of Operations. Such a waiver must be in writing and retained with the direct bill application.

2. Direct Bill Application

Any company or individual requesting direct billing for the first time must provide all the information required on the Request for Direct Bill form (Exhibit #2) and the Credit Card Billing Authorization form (Exhibit #1).

The credit history / trade references may be furnished in letter form or by the use of the Request for Direct Bill form. (Exhibit #2) It is the responsibility of the "sales contact" to obtain the requested information. The information must be received a minimum of 15 business days in advance of the function/arrival date to allow time for verification of references.

Where the company has been approved by the Brand as a "partner", the company is not required to complete the Management Company's application or provide references. The Direct Bill application is to be supported by evidence of the Brand's approval. For example, a company approved by Marriott would have an active Global Service Agreement. This Agreement can be supplied to the Sales Manager by the Marriott Global Sales Manager. Keep in mind such agreements do have an expiration date. Hilton, as well as other brands, can also provide support for the company's status. A direct bill limit and approval by the General Manager is still



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required. The completed Credit Card Billing Authorization form is also still required. This requirement can only be waived by the Divisional Vice President. Such a waiver must be in writing and attached to the Direct Bill application.

3. Credit Review and Approval

The Controller/Accounting Manager, Credit Manager or Accounts Receivable Clerk will contact all references and complete the Bank Reference Check form. (Exhibit #4), and the Trade Reference Check form (Exhibit #5). The Controller/Accounting Manager, Credit Manager or Accounts Receivable Clerk will also call the "Billing Contact" to verify billing address, phone numbers, and any special billing requirements. Based on the response of the references and Billing Contact, direct billing will be granted or denied. Denied requests will be maintained for one year in an alphabetical file. A copy of the denied request will be provided to the "sales contact". The reasons for denying direct billing must be stated on the form. The form must be signed by the General Manager.

An approved direct bill application will be filed in the individual city ledger file for easy access. A copy must also be maintained in an alphabetical file. The approval should bear the signature of the General Manager. When direct billing has been approved, the direct bill limit (amount) must be recorded on the form and signed by the General Manager. (See Exhibit #2 "For Office Use Only"). A list of approved direct bill customers should be given to the Front Office Manager and the Director of Sales.

Once direct bill has been established, a new application is not required for each subsequent booking. However, a new application is required and direct billing re-approved when six or more months have elapsed since the last function or the amount of the direct bill limit being requested is substantially higher than the averages of their past functions. Additional trade references should be provided and verified. If the additional references support continued direct billing privileges or an increase to the direct bill limit, the updated limit is to be entered on the new application and the General Manager must sign and date the form. At no time should the limit on the original application be struck out or over written with an updated limit. The updated application should be attached to the original application and filed in the individual city ledger file with a copy maintained in an alphabetical file.

Additional direct billing will be denied to any company or individual who is delinquent by more than 60 days on a past billing. Notification of the suspension of direct billing privileges should be done by means of a certified letter (Exhibit #6). Exception to this must be approved by the Divisional Vice President.

The Front Office Manager/Supervisor has point of sale control over all accounts in the Guest Ledger, House Accounts, and Group Master Accounts to ensure proper



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account settlement arrangements are in place. The Front Office Manager/Supervisor is responsible for making sure that no unapproved accounts are settled to City Ledger for billing without the General Manager's knowledge. The Front Office Manager / Supervisor is responsible for ensuring all account balances in the Guest Ledger, House Accounts and Group Master Accounts are settled to an approved and authorized credit card or to city ledger to be billed within five business days of the guest's / group's departure.

4. Advance Deposit

Advance deposit (Advance Payment) may be provided by one or more of the following methods:

- a. Cash – Must be received five business days in advance of arrival or function date. A credit card guarantee will be required for any room or function to be paid by cash at check-in or at the conclusion of the function. The credit card is to be authorized for the estimated charges.
- b. Certified Check, Travelers Check or Money Order – Must be received three weeks in advance of arrival or function date. The certified check, travelers check or money order must be deposited immediately in order to allow sufficient time for the bank to notify the property of any irregularities.
- c. Company or Personal Check – Must be received at the lockbox three weeks in advance of arrival or function date. The Customer is to send the check directly to the lockbox three weeks in advance in order to allow sufficient time for the bank to notify the property of a returned check. The property should immediately forward the check to the lockbox if received onsite.
- d. Bank Wire Transfer or ACH Transaction – Must be received in the hotel's account five business days in advance of arrival or function date. There is often a delay in receiving ACH transfers. Therefore, it is recommended the guest/client initiates the transfer at least seven business days prior to arrival or function date. Verification of receipt of funds must be confirmed by the Hotel Controller / Accounting Manager or General Manager.
- e. Credit Card Payment – The credit card must be authorized and settled at least five business days in advance of the function. If the client is unable to present the credit card in person, a Credit Card Billing Authorization form may be submitted (Exhibit #1).

5. Credit Card Billing Authorization



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Clients or guests may submit credit card authorization information through a secure payment alternative if supported by the Brand (i.e. Marriott- CI/TY).

If the option to use a secure payment alternative is not available through the Brand and a guest's room charges are to be paid by a third party located off site, then the Credit Card Billing Authorization form may be used to secure the method of payment (Exhibit #1). The form must be received by the Front Office Manager / Supervisor and the credit card authorized for the total estimated charges prior to the guest receiving the room key. Once the credit card information has been entered into the guest's reservation and the card authorized, the original Authorization form is to be hand delivered to the Controller / Accounting Manager. A copy of the form may not be retained by the Front Desk.

At no time should credit card numbers (or copies of credit cards) remain in any file that has checked out and is older than 6 months. This includes any file that may be in storage. All credit card authorization forms must be secured in Accounting; not located at the Front Office, Sales or other unsecured location. All credit card information (numbers), including completed credit card application forms, must be deleted from all Shared Drives, Emails and/or PC's. We should never request this information via email; however, if it is received via email, it must be deleted (Shift + Delete) immediately after the document is printed and securely filed.

If a function is to be paid upon conclusion, the Credit Card Billing Authorization form must be provided to the Front Office Manager / Supervisor and the credit card authorized for the total estimated charges at least five business days in advance of the function date. Once the credit card information has been entered in the group master account the original Authorization form is to be hand delivered to the Controller or Property Accountant for secure filing. A copy of the form may not be retained by the Front Desk, Sales or any other department. Acceptance of the Credit Card Billing Authorization as a method of payment is subject to the approval of the Controller / Accounting Manager or General Manager.

Property should request the client to inform the property when a fax is being transmitted, prior to initiating the fax. Property should confirm to the client that the fax has been received. Facsimiles with Credit Card information should be sent to a secured area, preferably the GM or Accounting office.

If a credit Card Authorization form is received after hours by the Front Desk for a reservation checking in, the Front Office Manager or Supervisor should ensure the data is entered in the PMS system and authorized for the amount of the entire stay. The Authorization Form should be placed in an envelope, sealed and dropped in the Cash Safe and logged. On the log, print the name of guest on authorization form and write CC Form in the amount. The General Cashier is to give form to Controller or GM for filing.



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The disposal of all sensitive information should be handled as stated in section 5.2 in the Remington Information Technology Policy.

6. Purchase Orders

A purchase order issued by a government agency, university or college may be accepted in place of a completed Direct Bill application. However, a P.O. is not a substitute for an approved Direct Bill application. The following minimum procedures must be followed when extending direct billing privileges based upon a Purchase Order.

- a. If the purchase order requires signatures, it must be fully executed prior to the start of the function. Any payment terms referenced on the P.O. cannot contradict the Management Company's approved policies.
- b. The Sales/Catering contact will receive the purchase order from the institution. The contact will attach a direct bill application to the P.O. and complete the billing contact information at the top of the form. The original P.O. and direct bill application are to be forwarded to the Controller/Accounting Manager at least three weeks prior to the start of the function. A copy of the P.O. is to be retained in the Sales/Catering files. The Controller/Accounting Manager will confirm the billing information with the contact listed on the direct bill application.
- c. The Controller/Accounting Manger will also confirm the legitimacy of the P.O. and the amount. The amount of the P.O. is to be entered on the direct bill application as the Direct Bill Limit.
- d. The General Manager will review the P.O. and sign the attached direct bill application at his or her discretion.
- e. If approved the Controller/Accounting Manager will assign the City Ledger account number and inform the Sales/Catering contact. If it is not approved, the original documents will be returned to the Sales/Catering contact who will need to pursue advance payment or credit card authorization.
- f. Under no circumstances will the charges be allowed to exceed the approved PO limit. Any additional room nights, food, beverage, etc. will be provided once a credit card, or Credit Card Billing Authorization form, has been received and authorized.

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7. Credit Committee

Each hotel will have a Credit Committee and at a minimum consist of the following members (when such positions exist in the hotel):

- General Manager
- Controller/Accounting Manager
- Front Office Manager/Supervisor
- Director of Sales & Marketing/Sales Manager
- Director of Catering
- Food & Beverage Director

The General Manager will schedule the committee to meet at least once during each month. At the General Manager's discretion, the Controller/Accounting Manager may be named Chairman for the committee, and as such, will be responsible for running the monthly meeting. The status of all accounts 60 days and older are to be discussed and documented (for follow-up purposes). In those instances where direct billing was extended based on data furnished from the various departments, it will be the responsibility of those managers to assist in the collection efforts of the accounts.

A credit meeting must be held weekly if the account balances in 60 days in older are equal to or greater than 8% of total city ledger. Meeting minutes and action plans must be retained as evidence of the meeting and the steps taken to resolve the 60 day and older balances.

8. High Account Balances

To avoid losses in the Guest Ledger, the Controller/Accounting Manager, General Manager, and the Front Office Manager are to be informed of every account that exceeds \$1,000.00 even if a higher approved line of credit has been established or a credit card authorization has been obtained.

The Front Office Manager and/or Supervisor (on days the FOM is off) will ascertain if the front desk has secured an adequate account settlement arrangement. The Front Office Manager and/or Supervisor will contact any guest about payment of their account if the information at the front desk is not satisfactory. This review of the guest ledger should also include any "Cash Only" guests' accounts that have a debit balance. The Front Office Manager and/or Supervisor will contact the guest by 9:00 a.m. to obtain additional payment on the account.

Long term guests with Direct Billing as the method of payment should be settled to city ledger weekly and the account billed. The only exception would be where a contract stipulates other billing arrangements.



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9. Room Guests

Unless payment of all charges is guaranteed by a customer with approved direct billing, all guests will be required to provide the following information in a legible manner on a registration card: Guest Name, Guest Home Address, and Home Telephone Number. The guest should also provide their signature in the appropriate place on the registration card. Where paperless check-in is the brand requirement, the guest information will be verified in the PMS.

Credit will be extended to room guests who present a valid credit card honored by the hotel. At the time of check-in, the credit card will be recorded in the manner prescribed by the credit card processing system used by the hotel. An imprint of the credit card will also be made on the guest registration card for all credit cards that must be manually keyed into the credit card processing system. The guest must then sign the registration card. An authorization will be obtained at check in by the front office associate or cashier for an amount equal to room and tax for the anticipated length of stay plus estimated incidentals.

Room guests paying in cash are required to pay in advance an amount equal to the room and tax for the expected length of stay plus \$30.00 per day for incidentals (movies, phone, etc.). A credit card must also be presented and authorized for the estimated charges. A "cash only" guest may not occupy a room without an authorized credit card as a guarantee of payment. The front desk will furnish the food and beverage cashiers with a list of guests which are on a "cash only" basis, if this information is not interfaced with the POS. These guests are not permitted to charge food and beverages to their room. Guests that insist on this privilege should be referred to the General Manager. All "cash only" guests whose room shows as occupied by the P.M. housekeeping check and do not have a credit balance sufficient to cover the room and tax charge for that night, plus \$30.00 for incidentals, must be contacted by the Front Office Manager and/or Supervisor or Manager on Duty for additional payment on their account. If payment can not be secured from the guest by no later than 3:00 p.m., the room should be checked for personal belongings and if the room is indeed still occupied, a new key card should be used on the door's lock which would delete the cash paying guest's key card and forcing he/she to come by the front desk to establish additional credit on their folio in order to get access to the room.

10. Banquet Functions

Prior to providing any banquet services/facilities, satisfactory account settlement must be established. The only way a customer may have a "Pay at Function" or "Pay Upon Conclusion" catering event is when a Credit Card Billing Authorization form or a Request for Direct Bill form has been approved. Allowing a catering group to



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pay at the conclusion of their function is the same as extending that group credit for a very short term. Their credit worthiness should not be assumed. In the event that there is a breakdown in controls and unapproved banquet accounts are settled to City Ledger, the appropriate Catering or Banquet Manager will be responsible to contact the group leader for payment on the account.

When a banquet function or group rooms block is to be paid with a Credit Card Billing Authorization, the credit card must be authorized at least five days prior to the function/arrival date. The authorization must be for the total estimated charges.

Additional food, beverage and other services, above and beyond the previously agreed upon maximum, cannot be provided without the signature of the function's authorized representative and the valid authorization of a credit card for the additional amount.

11. Contracts

Formal contracts for room business, such as airlines, military billeting, etc. for which billing is a provision, require the following.

- a. A Request for Direct Bill form needs to be completed and its references confirmed, prior to signing the contract.
- b. Billing frequency should be as often as possible, but never less frequent than monthly.
- c. The terms cannot contradict our Payment Terms of "Net Due Upon Receipt" as defined in the Request for Direct Bill unless approved by the Divisional Vice President.
- d. There must be a provision for suspension of billing privileges, whenever the account becomes more than 60 days old. This provision should indicate rates and room blocks will still be honored. Prepayment options should be clarified in the event billing is suspended.

