

WELCOME

By **Matthew Manz, Partner**

Welcome to our very first issue of MotelOne. As you would no doubt be aware Mahoney Lawyers have a long history in the management rights industry. What you may not know is that we are also experienced in acting for buyers and sellers of motels and have a number of lawyers who are experienced in this area. As with all of our work we offer highly specialised, practical, friendly and thorough advice giving our clients a high level of certainty and comfort in achieving their desired outcomes.

We hope that you find the articles in our regular newsletter informative, and naturally, if you have any queries that relate to the specific articles, or any queries in general, you are more than welcome to contact our office.

MAKE SURE YOU GET WHAT YOU EXPECT

By **Amy McKee**

Motel sellers and buyers often believe that they are purchasing the motel as inspected, including all plant and equipment, furnishings and fittings, intellectual property and stock in trade. This is not necessarily the case!

The assets being sold as part of a motel sale include -

- (a) the land or the lease (depending on what the contracts provide);
- (b) the intellectual property noted in the Business Contract including the specified business name, trademarks, email addresses and domain names;
- (c) the phone numbers and facsimile numbers noted in the Business Contract;
- (d) the furniture, fixtures and fittings;
- (e) the plant and equipment noted in the Schedule to the Business Contract; and
- (f) the stock in trade.

If the intellectual property, phone or facsimile numbers or plant and equipment are not listed in the Business Contract then they do not form part of the sale. Accordingly, it is vital that the Business Contract includes all of the assets that are being purchased.

Buyers should conduct a thorough inspection of the business prior to signing any contract to ensure that all furniture, office equipment and plant and equipment on the premises is noted on the Business Contract in the plant and equipment schedule. A further inspection should also be conducted by buyers prior to settlement to ensure that all of these items are still on the premises.

Motel buyers can be caught out if they do not receive the right advice on the inclusions and exclusions during the purchase process.

At Mahoney Lawyers we strive to give simple and accurate advice regarding assets being purchased during a motel purchase. As lawyers, we don't conduct physical inspections of the motel business to double check that everything is listed on the Business Contract. This is the role of the buyer.

To ensure that nothing slips between the cracks we ensure that buyers are aware of the role they are to perform during the motel purchase process by providing informative Information Sheets and detailed but easy to understand checklists that a buyer can follow from the moment that the contract is signed to finalising the matter following settlement.

LICENSING

By **Amy McKee**

Compared to a management rights business, a motel business will often require a significant number of licences in order to legally operate the business. What licences are required will depend on a number of factors including the relevant local council that the business is operated from and the particular services that the motel provides to its guests.

Licences may include the following -

- (a) food licence if food or beverages are provided;
- (b) liquor licence if liquor is supplied to customers;
- (c) sign licence if there is a sign on the motel premises;
- (d) APRA music licence if music is played in the motel or used as "on hold" music as part of the telephone system;
- (e) specific drivers licence if a transfer service is offered to guests; and
- (f) chair licence if chairs are located on the footpath.

Before you contract to sell a motel business it is important that you have the appropriate licences in place. Failure to do so may give a buyer an automatic right to terminate a business contract.

Alternatively, buyers often choose to proceed on the basis that the licences are put in place prior to settlement. This can be a stressful and expensive exercise as the lack of the appropriate licence is often not discovered until close to settlement.

Licences are obtained from various government departments and licences are not granted instantly. Trying to get the licences in place before settlement can result in a "mad rush" and frustrations when the licences are not approved within short timeframes.

Ensuring compliance can be a costly and unexpected expense so close to settlement of the contract. Expenses include the application fee, costs to comply with the various conditions in obtaining the licences and expert advice if such advice is required to prepare the application for the licence.

Get it right the first time and don't prejudice your sale. Get the required licences in place now.

At Mahoney Lawyers we can provide assistance to motel operators by asking the right questions and performing suitable searches to determine the licences that are required to operate the motel business.