

LENDER COMFORT LETTERS – FREQUENTLY ASKED QUESTIONS

- Q1: *How can I get a lender comfort letter for my hotel?*
- A1: Please complete the LCL Questionnaire and send to Lender.Comfort.Letters@hilton.com. In the subject line, please identify the hotel by **Brand/Hotel Trade Name** and/or **facility number** and/or **Inn Code** to confirm that we have properly identified the hotel.
- Q2: *Is there a fee or charge for a lender comfort letter?*
- A2: Yes, there is typically a \$3,000 processing fee that must be paid before issuance of the final comfort letter. We will discount the processing fee for portfolio loans. We will waive the fee if the comfort letter is issued as part of a transaction on which we received a franchise application fee. We will advise you of the exact amount owed, if any, after receiving the request.
- Q3: *How long does it take to get a lender comfort letter from Hilton Worldwide?*
- A3: Hilton Worldwide comfort letters are specific to a loan transaction. We must have at least 14 days advance notice, and request 30 days advance notice before your scheduled closing date. If the lender requires any restructuring of franchisee, the changes will need to be submitted for review by franchisor, and may require franchisor's consent, which may take up to 60 days to process, which may delay delivery of the final comfort letter. Any failure to give us sufficient advance notice or to provide complete information could mean that we cannot deliver a comfort letter by the preferred closing date.
- Q4: *I need a comfort letter on an expedited basis. Can you help me?*
- A4: Our team members endeavor to deliver a draft comfort letter as quickly as possible after receiving the information needed to draft the comfort letter but must have sufficient time to adhere to Hilton Worldwide policies affecting issuance of comfort letters. Failure to give us sufficient advance notice may result in our inability to deliver a comfort letter for a closing. We process comfort letter requests in the order received unless there are extenuating circumstances.
- Q5: *Are there any restrictions on who can receive a lender comfort letter?*
- A5: Yes. Hilton Worldwide issues comfort letters to banks or other financial institutions that are engaged in the business of making arms-length loan transactions. We will not issue a comfort letter to a lender who is affiliated with the franchisee/borrower, or is otherwise not engaged in an arms-length lending transaction. If the lender is a special purpose entity, or another entity that may not be exclusively engaged in the business of making loans, we may require a provision that states we are replying on the identity and experience of a controlling entity, and may limit the ability of the controlling entity to sell the lender (as opposed to the loan).
- Q6: *My loan transaction has multiple lenders. Does that matter?*
- A6: Hilton Worldwide will issue a comfort letter to multiple lenders. Lenders must either designate a "lead lender" who is authorized to give instructions to Hilton Worldwide on behalf of all lenders, or the lender may represent to us that the lenders have an intercreditor agreement, so that we may rely on instructions from any lender without checking with the other lenders.
- Q7: *Does Hilton Worldwide ever refuse to issue a comfort letter?*
- A7: Yes. We conduct due diligence on both the hotel and the lender when a request is received for a comfort letter. We will not issue a comfort letter for a franchised hotel that is subject to an active

default. We will not issue a comfort letter to a lender who is affiliated with the franchisee/borrower, or is otherwise not engaged in an arms-length lending transaction.

Q8: *Will Hilton issue a comfort letter if my hotel is managed by a Hilton affiliate?*

A8: If the hotel is also under a franchise agreement with a Hilton affiliate, we will issue a comfort letter. If the hotel is only under a management agreement with a Hilton affiliate, we will refer to the request to a different team for handling.

Q9: *My lender needs franchisor to approve my management company. Can you help me?*

A9: Management company approval letters are issued by Brands. Please contact your designated Brand Performance Manager to obtain a copy or have an approval issued.

Q10: *Does Hilton Worldwide issue comfort letters for mezzanine loans?*

A10: Yes, Hilton Worldwide has a standard form of comfort letter for mezzanine loans. The rights of the mezzanine lender will be subordinate to the rights of a mortgage lender for the same hotel.

Q11: *Does Hilton Worldwide negotiate the terms of its comfort letter?*

A11: Hilton Worldwide has over 4,000 hotels and many of those hotels have active comfort letters. Each comfort letter states that it is not precedent for any future comfort letter. In order to maintain consistency, we do not negotiate the terms of the comfort letter but will consider requests for changes if lender will explain why it needs the change.

Q12: *Will Hilton Worldwide give a release to franchisee and lender?*

A12: No.

Q13: *Why does Hilton Worldwide require a release and indemnification from the franchisee?*

A13: The comfort letter requires us to assume additional obligations that affect our rights and creates liabilities for us as a franchisor. In return for undertaking these obligations, we want to know that the franchisee does not have any existing claims against us under the franchise agreement or under any prior comfort letter. We use it as an opportunity to resolve any issues.

Q14: *Why does Hilton Worldwide require a release and indemnification from the lender?*

A14: The comfort letter requires us to assume additional obligations that affect our rights, including granting extended cure periods, and creates liabilities. The lender's release and indemnification is limited to claims related to the comfort letter that may arise in the limited time period from the date the request is made until the comfort letter is executed, and includes only claims that could have been created by the lender's actions. The lender's release does not include matters related to the franchise agreement.