

# VACATION RENTAL MANAGEMENT AGREEMENT

**NOTE:** This form is used by a vacation rental operator when entering into an employment agreement with an absentee vacation rental owner for the management of a vacation rental property, hotel, motel, inn, boarding house, lodging house, tourist home or similar transient accommodations for periods of 30 days or less, to document the duties of the manager and obligations of the vacation property owner under the employment.

**DATE:** \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_, California.

## **1. FACTS:**

- 1.1 This vacation rental agreement is entered into by \_\_\_\_\_, as the Manager,
- 1.2 and \_\_\_\_\_, as the Owner.
- 1.3 The subject of this agreement is a residential unit (Unit) located at \_\_\_\_\_, in \_\_\_\_\_, California.
  - a. Owner holds vested title to Unit or is a co-owner with authority to enter into this agreement on behalf of all other vested owners. \_\_\_\_\_.
- 1.4 This agreement is to commence on \_\_\_\_\_, 20\_\_\_\_\_, and expire on the first occurrence of the following events:
  - a. Termination of ownership by Owner;
  - b. Expiration of a written 30-day notice of termination from Owner to Manager; or
  - c. Expiration of a written 30-day notice of termination from Manager to Owner.
  - d. Terminations under subparagraphs "a." and "b." of §1.4 are subject to the conditions in paragraph §1.5.
- 1.5 If, on termination of this agreement under §1.4 subparagraphs "a." and "b.", reservations exist for Unit beyond the termination date, then the following applies:
  - a. Manager will use its best efforts to transfer the reservations to another unit.
  - b. If Manager is unable to transfer the reservations, this agreement will remain effective after termination for the periods covered by the non-transferable reservations.

## **2. Employment of Manager:**

- 2.1 Owner hereby employs and grants to Manager the exclusive right to act on behalf of Owner and provide services for the care, management and occupancy of Unit as a vacation residence available to the public for rent.
- 2.2 Manager is hereby authorized to enter into occupancy agreements conveying the right of exclusive occupancy of Unit to guests, called **reservations**, collect rents, taxes and security deposits from guests on behalf of Owner. All other services Manager renders for guests are the sole responsibility of Manager.
- 2.3 Manager agrees to use diligence in the performance of its obligations under this agreement.
- 2.4 Manager compensation for this employment will be an amount equal to:
  - a. \_\_\_\_\_% of the net rent collected from guests for reservations of 30 nights or less duration; or
  - b. \_\_\_\_\_% of the net rent collected from guests for reservations of more than 30 nights in duration.
  - c. Net rent is defined in §4.5.
- 2.5 Manager is authorized to disburse Manager's compensation under this employment when rents are received.
- 2.6 Manager is to deposit all funds received under this agreement in a trust account maintained by Manager.
- 2.7 Manager is to collect, pay and keep records as required of the local transient occupancy tax ordinance.

## **3. Possession of Unit:**

- 3.1 Manager is authorized to:
  - a. Show Unit to prospective guests;
  - b. Enter Unit for the purpose of this agreement; and
  - c. Transfer occupancy to guests under reservations.
- 3.2 A guest during the period of occupancy under a reservation entered into by Manager can expect Owner will not enter Unit or otherwise disturb the guest without prior written consent from Manager.
- 3.3 Owner reserves the right to occupy and use Unit for other than rental purposes, except for periods during which Manager has entered into reservations of Unit with guests.

- a. Owner will not exercise their right to occupy without first giving Manager a written seven-day notice of intent to occupy and the period of occupancy.
- b. If Owner interferes with a guest's reservation entered into by Manager without Manager's prior consent, Owner is to pay any non-administrative costs incurred by Manager to transfer the guest to suitable replacement accommodations.

**4. Rents:**

- 4.1 The rental rates charged each guest for occupancy under a reservation will be set by Manager based on rents received for comparable units available in the local vacation rental market. Rates may vary greatly due to weather, seasons, length of stay, availability, holidays, days of the week, number of occupants, etc.
- 4.2 Manager is to collect all rents due for a reservation in advance of the guest's occupancy.
- 4.3 In the event a guest takes possession of Unit and is moved for any reason to another unit, the rent collected for the entire length of the guest's stay in both units will be allocated to Owner's Unit pro rata based on the number of nights the guest stayed in the respective units.
- 4.4 In the event a dispute arises with a guest regarding Unit, on or after taking possession and for any reason, which is resolved by a reduction in rent, the rent amount is to be the amount collected in settlement of the dispute.
- 4.5 **Gross rent** consists of the rent collected from guests on fully prepaid reservations for Unit.
  - a. Rent does not include any government taxes, cleaning fees, security deposits or any other charges incurred by guest for services rendered by Manager.
  - b. From gross rents, Manager is authorized to deduct, as reimbursement to Manager, any credit card charges and travel or reservation agent fees incurred under reservations for Unit.
  - c. Rents remaining after deductions for the credit card charges and travel/reservation agent fees constitute **net rent**.
  - d. The rent amount remaining from the net rents, after deducting Manager's compensation under §2.4, will be paid to Owner by Manager with the monthly statement record referenced in §5.4a., less any other amounts due Manager or others as provided for in this agreement.
- 4.6 A security deposit will be collected by Manager prior to the commencement of each guest occupancy to cover any damages or excessive wear and tear caused by the guest to Unit or its contents and discovered by Manager when the guest vacates Unit, including any charges for extra cleaning brought about by the guest.
- 4.7 The security deposit collected by Manager will be returned to the guest on the following events:
  - a. Cancellation by guest due to death, sudden serious illness or injury to guest or an immediate family member, war, acts of flood, government regulations, disaster, civil disorder, failure of transportation facilities or other like emergencies.
  - b. On the expiration of the guest's occupancy, less any charges for damage, excessive wear and tear and extra cleaning determined to exist by Manager on inspection concurrent with the guest vacating Unit.
- 4.5 Manager may refund a guest's rent and security deposit without reductions if a reasonable likelihood exists of a continuing dispute or litigation with the guest arising for any reason, such as cancelled reservations, shortened stays, removal to other units, etc.
- 4.6 In the event the collection of rent or an eviction of a guest becomes necessary, Manager is to incur only those administrative expenses associated with correspondence, billing notices and telephone calls. All other collection or eviction expenses will be Owner's responsibility, including attorney fees. Manager will not incur collection or eviction expenses on behalf of Owner without Owner's prior approval, except in an emergency.
- 4.7 In the event a collection agency is employed by Manager to recover monies due from a guest, Owner hereby authorizes payment to the agency of a collection fee based on a percentage of monies collected by the agency. Any collection fee paid will be deducted entirely from Owner's share of the rent collected.
- 4.8 Manager makes no representation to Owner about the amount of rental income Owner may anticipate receiving under this agreement. However, the rental income from reservations under this agreement will be derived solely from operations of Unit, there being no pooling of income or expenses with other units.

**5. Manager's Services:**

- 5.1 Manager is to provide all personnel necessary to accomplish guest check-in and check-out, key services, book-keeping services, collection and refund of security deposits and on-site inspections of Unit both preceding and following each occupancy.
- 5.2 Manager is to provide the guest with cleaning and linen services, paid for by the cleaning fees collected from the guest on each reservation, including:
  - a. To clean Unit on departure of each guest, limited to ordinary housekeeping operations and excluding maintenance due to damages or wear and tear such as carpet cleaning, laundry of drapes, cleaning of windows and any wall-mounted mirror, or the repair or replacement of property damaged or removed by a guest; and
  - b. To provide fresh linen service at the beginning of each occupancy under a reservation, which includes bed sheets, pillow cases, bath towels, wash cloths and kitchen towels.
- 5.3 Manager is to provide additional maid services and linen service as requested by guests during their occupancy, or by Owner at the beginning or during Owner's occupancy, for a special services fee to be agreed to and paid by the party requesting the additional services. \_\_\_\_\_
  - a. Owner may elect to clean Unit following Owner's personal use of Unit. If Owner elects to clean Unit, Owner to give Manager 72 hours notice of the election. The cleaning fee charged Owner for cleaning by Manager will be discounted \_\_\_\_\_% from the cleaning fee charged guests.
  - b. If Owner elects to clean Unit on Owner's vacating of Unit and, on Manager's inspection preceding a guest occupancy, Manager in its sole discretion deems further housekeeping and linen service is necessary to properly prepare Unit for occupancy, Manager may perform the services at Owner's expense and deduct the service fee from Owner's share of rents.
- 5.4 Manager is to maintain a separate accounting record of all receipts, expenditures, disbursements and reservations regarding the operations of Unit, which records will be available for Owner's inspection during normal business hours.
  - a. A **statement record** for each month of operation will be delivered to Owner by the 10th day of the following month.
- 5.5 Manager is to provide services as a liaison between Owner and any guest who may make a claim or have a dispute with Owner, and assist in negotiating the resolution of any such claim or dispute, but will in no way be responsible for the solution to any such claim or dispute.

**6. Maintenance of Unit by Owner:**

- 6.1 Owner agrees:
  - a. to provide furniture and furnishings, including eating utensils and electrical appliances, and interior design appointments of a first class nature, acceptable to Manager;
  - b. to maintain Unit, any patios, atrium or courtyard and all furniture and furnishings in first class condition by periodically eliminating build up of normal wear and tear imposed on Unit by its occupants, which will require painting and repair, or replacement of such items as floor covering, fixtures and furnishings. Owner may elect to authorize Manager, or outside vendors hired by Manager, to provide the services necessary to eliminate wear and tear, for which Owner will be charged and the amount deducted from Owner's share of rents;
  - c. to pay before delinquent all charges incurred by Unit for gas, electricity, trash collection, telephone, television, cable and all other similar public services, including installation, connection and disconnection charges;
  - d. to pay before delinquent all property taxes and assessments of all kind imposed on Unit and its improvements, facilities, personal property and appurtenances, and every other lien or expense of ownership of the property;
  - e. to maintain a valid and current membership for Unit at \_\_\_\_\_;
  - f. to hand Manager a master set of keys to Unit, a garage door opener if applicable, and a list of any warranties on equipment and appliances located in Unit; and
  - g. if Owner fails to meet their obligations in this paragraph, Manager is authorized to pay all amounts necessary to cure the failure and deduct the amounts paid from Owner's share of rent.
- 6.2 Owner authorizes and instructs Manager to arrange for equal access/easy network access telephone services to Unit to allow guests to place a telephone call and make person-to-person, credit card, collect or third-party

billings by dialing a designated number for operator assistance. Owner will be given a code number to bypass the equal access service during Owner's occupancy of Unit. The service may be disconnected at any time on Owner's request.

- a. Owner is aware some long distance prefixes can be dialed directly, circumventing the operator-assisted services, and will appear as charges on the Owner's telephone bill. Owner is to submit any guest-originated telephone billings to Manager within two weeks of Owner's receipt of the charges and Manager is to use its best efforts to obtain reimbursement from the guest responsible for the charges.
- b. Owner agrees to pay for the equal access service out of Owner's share of rents.

## **7. Damaged or missing property:**

- 7.1 Owner is to immediately report to Manager any damages to Unit or items of personal property missing from Unit which Manager did not observe on its previous inspections as each guest vacated. Upon notice of damage or loss of items, Manager will attempt to establish the specific guest responsible for the damage or loss and will make a demand on the guest and use its best efforts to obtain restitution from the guest.
- 7.2 Owner, not Manager, is responsible for:
  - a. repairs for any damages to Unit and replacement of any missing property from Unit not covered by the security deposits collected from guests, or unobtainable or uncollectible from guests;
  - b. maintenance of an itemized inventory of personal property in Unit; and
  - c. any items stored in the garage or other storage space on the property, such as skis, boots, snow removal equipment, etc., or exterior items on or about Unit.

## **8. Miscellaneous conditions:**

- 8.1 Owner agrees to give Manager a written 30-day notice of Owner's intent to place the property on the real estate market for sale. Since it is not feasible to rent Unit while it is on the market for sale, Manager may choose to terminate this agreement after notice of the intent to sell. Owner and their sales agent, if any, will not show Unit to prospective buyers during any occupancy by a guest and will advise prospective buyers of any future reservations created under this agreement.
- 8.2 Manager may change the terms for management fees and charges in this agreement by giving Owner a 30-day notice of change in terms, listing the terms which will apply to this agreement after the 30-day period.
- 8.3 Manager is to market and promote Owner's Unit as a vacation rental, as well as units of other owners who have also contracted with Manager to locate guests.
  - a. Marketing and promotion of vacation rentals may require Manager to employ the services of commissionable agents, such as travel and reservation agents, real estate brokers, publishers and distribution of brochures, and the posting of rental signs, or the use of other marketing techniques as Manager deems appropriate.
  - b. Manager is authorized for promotional purposes to make Unit available on a complimentary basis for up to five days per year to advance meeting planners, tour planners, travel writers, golf/ski/tennis professionals or celebrities and others related to bona fide vacation rental promotional activities. Complimentary use of each Unit managed by Manager will be equitably allocated between all units managed by Manager, and where possible, will be limited to days when Unit would not be occupied under a reservation. Manager is to provide all linens and cleaning services required during the complimentary use and be responsible for any damage to Unit occurring during the complimentary occupancy.
  - c. Manager is authorized to offer promotional discounts from time to time to encourage and increase the occupancy of Unit.
- 8.4 Owner hereby indemnifies Manager from any liability, loss, damage, cost or expense, including attorney fees and judgments, arising from injury to person or property, sustained by anyone in connection with the rental of Unit, not caused by the negligence or willful conduct of Manager or its employees or agents. Owner is to maintain a policy of liability insurance coverage for personal injury and property damage occurring on Unit, which policy will be made available to Manager on request.
- 8.5 The local taxing agency imposing and collecting transient occupancy taxes periodically audits Manager's records for payment of these taxes. In so doing, they obtain the address for Unit and Owner's name for their records, as well as data on Manager's rental activity or personal occupancy, which may cause an imposition of additional local and federal taxes for non-family occupancies and excess family occupancy.
- 8.6 This agreement constitutes the entire understanding of the parties, and no other representations, statements, warranties or agreements exist with respect to the subject matter of this agreement.

- 8.7 Before any party to this agreement files an action on a dispute arising out of this agreement which remains unresolved after 30 days of informal negotiations, the parties agree to enter into non-binding mediation administered by a neutral dispute resolution organization and undertake a good-faith effort during mediation to settle the dispute.
- 8.8 The prevailing party in any action on a dispute will be entitled to attorney fees and costs, unless they file an action without first offering to enter into mediation to resolve the dispute.
- 8.9 This agreement is to be governed by the laws of the State of California.
- 8.10 All notices and demands under this agreement between Owner and Manager are to be mailed postage prepaid and addressed to Manager:

(Name) \_\_\_\_\_,  
 (Street Address) \_\_\_\_\_,  
 (Mailing Address) \_\_\_\_\_,  
 (City of) \_\_\_\_\_, California (Zip) \_\_\_\_\_,

and Owner at Owner's address on the Owner Information Section.

- a. Any notice or demand mailed is to be deemed delivered three days after deposit postage prepaid in the United States mail.

8.11 Other \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**OWNER INFORMATION SECTION**

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Home phone \_\_\_\_\_  
 Work phone \_\_\_\_\_  
 Email \_\_\_\_\_  
 Fax \_\_\_\_\_  
 Social Security or Tax ID Number \_\_\_\_\_  
 Name on SSN or Tax ID Number \_\_\_\_\_  
 Unit phone \_\_\_\_\_  
 Health club:  Yes, or  No.  
 Title vesting \_\_\_\_\_  
 Square feet \_\_\_\_\_ Year built \_\_\_\_\_  
 Alarm:  Yes, or  No. Alarm company \_\_\_\_\_  
 Manager's takeover date \_\_\_\_\_, 20\_\_\_\_\_  
 May guests smoke in Unit:  Yes, or  No.  
 Boat dock \_\_\_\_\_ Size \_\_\_\_\_  
 Is there a nightly rate you do not want to go below? \_\_\_\_\_  
 Can a portion of the unit be locked off and leased at a reduced rate?  Yes, or  No.  
 Will you allow pets:  Yes, or  No.  
 Dates of Owner's personal use periods. Cleaning by:  Owner, or  Manager

from \_\_\_\_\_, 20\_\_\_\_ to \_\_\_\_\_, 20\_\_\_\_

from \_\_\_\_\_, 20\_\_\_\_ to \_\_\_\_\_, 20\_\_\_\_

from \_\_\_\_\_, 20\_\_\_\_ to \_\_\_\_\_, 20\_\_\_\_

How did you become aware of our company?

Comments \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SIGNATURE SECTION**

**Owner agrees to the terms stated above.**

Date: \_\_\_\_\_, 20\_\_\_\_

See attached Signature Page Addendum [RPI Form 251]

The undersigned is the authorized representative of all Owners of the subject property.

Owner's Signature: \_\_\_\_\_

Owner's Signature: \_\_\_\_\_

Owner's Signature: \_\_\_\_\_

Date Owner's signed contract was received by Manager: \_\_\_\_\_, 20\_\_\_\_

**Manager agrees to the terms stated above.**

Date: \_\_\_\_\_, 20\_\_\_\_

Manager: \_\_\_\_\_

By: \_\_\_\_\_

**Call Manager at:** \_\_\_\_\_

**Fax Manager at:** \_\_\_\_\_

**Email Manager at:** \_\_\_\_\_