

RENTAL AGREEMENT

This Is an AGREEMENT for the Exclusive Management and Rental of Property Code _____ (hereinafter PREMISES) located at _____ which is made and entered into this _____ day of _____, 20____, by and between Mountain Rentals of Gatlinburg (AGENT) and the person, partnership or corporation (OWNER) listed below on the terms and conditions set forth herein. This AGREEMENT will terminate on the _____ day of _____, 20____, and thereafter automatically renewed annually on the 1st day of January for subsequent periods of the same length as the initial Term unless terminated upon (90) days written notice of either party to the other.

OWNER: _____ Home Phone (____) _____
OWNER: _____ Office Phone (____) _____
ADDRESS: _____ Unit Phone (____) _____
FAX Number (____) _____

CITY: _____ STATE: _____ ZIP: _____

SOCIAL SECURITY NUMBER (OR, if corporation or partnership, FEDERAL IDENTIFICATION # _____)
LEGAL ENTITY _____ Individual _____ Partnership _____ Corporation of _____ (State)

Persons to whom billing and payments should be addressed must appear above. Any changes to the billing address should be sent to the AGENT by the above OWNER. If jointly owned, one OWNER must be identified to receive the statements and as primary contact.

WHEREAS, the OWNER wishes to engage the services of AGENT to offer the OWNER's PREMISES for rental under the terms and conditions set forth below; and

WHEREAS, the OWNER specifically reserves the right to remain as an "active participant" in the rental and operation of the OWNER's premises, as the term "active participation" is defined in the Tax Reform Act of 1986; and

WHEREAS, the AGENT agrees to advertise and promote the rental properties and facilities of Mountain Rentals of Gatlinburg as an overnight rental company in Gatlinburg and the Great Smoky Mountains.

WHEREAS, THE MAINTENANCE OF THE GOODWILL OF THE RENTERS AND PROSPECTIVE RENTERS SHALL BE CONSIDERED A PARAMOUNT OBJECTIVE OF BOTH PARTIES.

NOW, THEREFORE, in consideration of the terms, conditions and mutual covenants herein set forth, the parties agree as follows:

1. **Term:** The AGREEMENT and the AGENT's authority to accept reservations on behalf of the OWNER may be terminated upon ninety (90) days written notice of either party to the other. The OWNER shall be responsible for any expenses incurred by the AGENT as a result of the OWNER's failure to honor confirmed reservations "within the ninety (90) day period"
2. **Cancellation:** In the event this AGREEMENT is terminated prior to (1) one year from the contract date the OWNER will incur a \$500.00 cancellation fee relating to the initial set-up and administration costs incurred by AGENT to make the PREMISES available for rental.

_____ **Please initial you have read the cancellation terms above**
3. **Delegation:** Subject to the rights and authority reserved to the OWNER herein, the OWNER agrees to make available for rental and the Subject agrees to offer for rental the PREMISES identified above, subject to the terms and conditions set forth herein. The OWNER specifically reserves the right to actively participate in the management of the PREMISES by 1) the making of management decisions pertaining to the operation of the rental activity, 2) the performing and/or arranging and delegation through this AGREEMENT for the providing of services and repairs and 3) the right to become involved in a significant, meaningful and bona fide sense in management decisions pertaining to the approval of "long term" tenants, the deciding of rental terms, the approving of capital of repair expenditures and other similar management decisions.
4. **Exclusivity:** OWNER agrees to make the PREMISES available for rent only upon the terms and conditions set forth herein and not to rent the same except through AGENT. In the event OWNER should owe AGENT any funds as a result of the terms of this AGREEMENT, OWNER will reimburse AGENT within thirty (30) days of receipt of the statement rendered by AGENT under this AGREEMENT *Section 9, Rates*.
5. **Access to PREMISES:** The AGENT agrees to maintain a reservation system through which all reservations for the PREMISES shall be processed. The OWNER agrees not to enter the PREMISES or to permit any person, whether family member, repairman or guest, to enter the PREMISES other than during confirmed times of occupancy by OWNER, without prior notification to, approval of and coordination by the AGENT.
6. **Rental Services:**

- a) AGENT agrees to furnish the services of its organization for the advertising, leasing, maintenance and management of the PREMISES.
- b) AGENT agrees to maintain an office convenient for the use of GUESTS for checking in and out of the PREMISES and for making reservations for same. The offices will also maintain resort marketing information to promote the rental of all properties listed by AGENT.
- c) AGENT agrees to rent the PREMISES making every effort to provide equal occupancy for all similar type accommodations.
- d) AGENT agrees to advertise and promote the availability of rental PREMISES in media deemed most effective by the AGENT.
- e) AGENT agrees to provide departure housekeeping for all rental GUEST reservations. Housekeeping services include linens, towels and amenities based on sleeping occupancy. Cleanup of kitchens, bathrooms, bedrooms, all common living areas, outside porch areas and removal of trash is standard for all paid rental periods.
- f) AGENT agrees to provide one KABA Keyless Entry Lock for guest access to the PREMISES; a mandatory requirement for all PREMISES placed with AGENT. Upon termination of contract between AGENT and OWNER, KABA Keyless Entry Lock will be reclaimed by AGENT.

7. Reservations:

- a) All reservations for the PREMISES shall be made through AGENT's Reservations Office. OWNER agrees not to rent the PREMISES directly himself or through any other agent; remuneration from GUESTs should be paid directly to AGENT in all cases. In the event that OWNER receives remuneration directly from a rental GUEST, it should be forwarded to AGENT. In any event, the full commission is due to AGENT on such rental payments; breach of this agreement may result in termination of this Rental Agreement. AGENT is hereby authorized to accept reservations for the PREMISES up to twenty-four (24) months in advance, except for excluded dates submitted by OWNER prior to acceptance of such reservations.
- b) AGENT will use its best efforts to maintain a rental rotation system among all rental units within a given size, location and quality rating category. Priority will be given to units with higher quality ratings when assigning rental GUEST reservations to specific accommodations.
- c) If an OWNER requires the personal use of his/her PREMISES for a specific date that has been reserved by a rental GUEST, the AGENT will make an effort to transfer GUESTs to other accommodations. Advance rental reservations are binding to the OWNER if similar accommodations are not available or acceptable to GUESTs.

8. OWNER and Friends of OWNER Use:

- a) OWNER agrees to notify AGENT, in advance, of any dates that the PREMISES are to be occupied by OWNER, family members or friends of OWNER and **to honor any previous reservations taken by AGENT prior to such notification.**
- b) When unit is occupied by OWNER or "Friend of OWNER," housekeeping fees will be charged. An administrative charge also will apply when unit is occupied by "Friend of OWNER." Fee amounts are listed on the attached schedule. "Friend of OWNER" is any person other than the registered OWNER on the deed whose reservation has been arranged for by the OWNER and is not paying the AGENT for his/her stay. If administrative and housekeeping charges are not paid by the "Friend of OWNER" at check-out, it is understood that they are the OWNER's responsibility and will be billed accordingly.
- c) **AGENT Use – Promotion:** The OWNER, in an effort to promote additional rental business, will make his/her property available to AGENT for use at AGENT's discretion for up to seven (7) nights per year (without lodging fee). AGENT will pay housekeeping and other expenses during said use. AGENT agrees that for the benefit of both parties peak rental periods will be avoided when possible. AGENT agrees to identify all AGENT use on OWNER's monthly statement.

9. Rates:

- a) AGENT agrees to provide the OWNER with an annual recommendation of appropriate lodging rates for the premises for the coming year. The OWNER reserves the right to approve and/or modify such rental rate in cooperation with AGENT. If the OWNER desires to have the AGENT charge a rental rate different from that suggested by the AGENT, which will

cause the AGENT to incur additional expense and accounting and billing, then, and in that event, the OWNER agrees that the AGENT shall be entitled to a reasonable fee to cover its additional accounting expense.

- b) AGENT agrees to act as exclusive agency for collection and disbursement of all rents paid under this AGREEMENT. AGENT will provide a schedule of current rates.
- c) AGENT retains the right to offer discounts from published rates when AGENT determines that occupancy and revenue will be enhanced by such discounts.
- d) AGENT retains the right to quote and guarantee present rates for groups booking up to twenty-four (24) months in advance.

10. Bookkeeping and Statements: AGENT agrees to maintain and operate a booking function and issue statements to include the following services and information for OWNER: (1) the issuing of monthly statements showing AGENT's commission and expenses; (2) to mail the balance due on or about the 20th of the following month. AGENT is authorized to deduct from OWNER's rental revenue any amounts due for fees and services; (3) to issue an annual report meeting IRS and SCTC requirements which will assist OWNER in filing tax returns; (4) to report information regarding sales tax and bed tax to appropriate agencies.

11. Telephone:

- a) OWNER agrees to be responsible to provide local telephone service only to PREMISES with a block on long distance. Such service will, at all times, be maintained with payments kept current.

Please initial at the side to indicate that you have read the section above. _____

12. Utilities: OWNER shall be responsible for all utility bills for the PREMISES and for direct payment of these bills to the appropriate utility companies. Failure of OWNER to pay for utilities may, if deemed necessary by AGENT, result in AGENT paying the bill(s) and charging OWNER's account for the delinquent payment(s), plus a **\$25** service charge.

13. Inspections:

- a) AGENT agrees to physically inspect the PREMISES and report the state of condition thereof to OWNER upon the execution hereof.
- b) AGENT agrees to inspect the PREMISES and provide departure housekeeping, cleanup services and linen for all GUEST reservations.
- c) AGENT agrees to provide departure housekeeping and cleanup services for OWNER and for "Friend of OWNER" occupancy in accordance with the Mountain Rentals of Gatlinburg Housekeeping schedule of services and costs.
- d) If the AGENT deems the PREMISES to be unsatisfactory for rental, such decision to be in the sole discretion of the AGENT, the AGENT will notify OWNER in writing. In such case, AGENT reserves the right to hold PREMISES off the rental market until OWNER takes action to return PREMISES to a condition that meets quality standards.

14. Equipment and Furnishings:

- a) OWNER agrees to maintain the PREMISES (including the structure and all furniture, fixtures and furnishings) in first class rental condition and to maintain a complement of glasses, flatware kitchen utensils and other furnishings sufficient for the occupant capacity of the PREMISES. OWNER agrees that AGENT may replace missing or unusable items and charge OWNER's account for such expense up to \$200.00 per item without prior approval. AGENT will provide a list of basic furnishings.
- b) OWNER authorizes AGENT to perform an annual "deep" cleaning of PREMISES and to bill OWNER in accordance with the schedule of service and costs. AGENT will provide schedule.
- c) AGENT will allow OWNER to personally perform annual cleaning of PREMISES. Under all other circumstances, AGENT performs cleaning. Following OWNER cleaning, AGENT will inspect PREMISES to ensure quality standards have been met and charge appropriate fees.

15. Maintenance:

- a) OWNER agrees to continuously maintain in operational condition certain equipment (i.e. air conditioner, heating units, central heat/air units, televisions, refrigerator, dishwasher (if equipped), oven, range, etc.) and to authorize the AGENT to have such equipment repaired at AGENT's discretion. AGENT may charge OWNER's account up to \$200.00 per repair without prior approval for such services. AGENT will notify OWNER of (1) all such repairs

made and (2) the need for additional repairs and an estimate thereof, if the cost is more than \$200.00.

- b) In the interest of being able to make or contract repairs to equipment and the PREMISES as soon as possible to accommodate GUESTs, AGENT operates a repair business. OWNER must use the services of AGENT for such repairs.
- c) At the expense of the OWNER, AGENT has the discretion to change locks and keys of property from time to time due to wear and tear and scheduled security replacements.
- d) AGENT agrees to notify OWNER in writing of any major maintenance or repair expense above \$200.00 and any item of furnishing above \$100.00. OWNER agrees, under emergency conditions, as determined by AGENT, repairs will be made without notice to OWNER, if OWNER cannot be immediately contacted.
- e) OWNER understands and agrees to keep all Homeowners Association and Condominium Association dues current as to secure all services provided by said Association.
- f) OWNERS have a required monthly fee for pest control, Hot tub cleaning and trash collection. OWNER authorizes AGENT to contract for pest control, Hot tub cleaning and trash collection for all houses where these services are not provided by a regime fee.

16. Television and Cable Service:

- a) All OWNERS are required to furnish their units with at least one (1) 25-inch cable ready color television set and subscribe to a minimum of "extended basic" cable or satellite service.
- b) OWNER agrees that due to certain floor plans and sizes, a second television set will be a requirement.
- c) OWNER agrees to employ AGENT to maintain a television.

17. Refunds: The OWNER agrees that the AGENT may offer renter a rebate in the event of a failure of the heating or air conditioning systems or a major appliance, which cannot be repaired (or replaced) within twelve (12) hours on notification of failure and the OWNER agrees that renter may be transferred to another rental property if such rebate is unacceptable to renter. In the event of a transfer, the OWNER shall be credited with a pro rata share of the rents earned for such renter, the balance being credited to the OWNER of the PREMISES to which said renter is transferred. While a year-round Maintenance Department is maintained, with a goal of a forty-eight (48) hour maximum service period, the AGENT makes no representation that it is capable of providing major repairs on such basis in all circumstances and hereby advises OWNER that failure of the type herein discussed may periodically cause a loss of rental income.

18. Discounts and Transfers: The OWNER authorizes the AGENT to offer temporary and special rates to renters and expressly waives notice of such changes. GUEST transfers and/or discounts, as the result of dissatisfaction of the GUEST, are to be made at the discretion of the AGENT.

19. Travel Agents and Marketing Commissions: OWNER agrees that any commissions paid to third party agents (i.e. travel agents, third party websites, etc.) will be shared between the OWNER and the AGENT. Each one paying a percentage of the commission equal to their percentage share of the rental revenue.

20. Compensation of AGENT: Mountain Rentals of Gatlinburg will receive a commission equal to forty (40%) percent of all rental revenues.

21. OWNER Rental Incentive: The OWNER is offered an incentive to assist in the rental of units in the program. OWNER will receive a commission equal to ten (10%) percent of the gross rental revenue paid by the GUEST for a referral occupancy. OWNER agrees to write or verbally communicate with the Reservations Office, giving the GUEST's name, address and arrival and departure information in advance of OWNER referral.

22. Sale of PREMISES:

- a) OWNER agrees to advise AGENT in writing when the PREMISES are for sale and to provide a copy of any sales listing agreement so that sales persons may obtain keys from AGENT.
- b) Door Codes will be issued to sales agents on a "sign in/out" basis.
- c) OWNER or sales person will bear all responsibility for any loss or damage occurring as a result of issuance of a key to a sales person and AGENT will have no liability during such time.
- d) Neither OWNER nor sales person will inconvenience or disturb a GUEST nor cause a GUEST to leave the PREMISES.
- e) Term of agreement, as defined in *Section One (1)*, will transfer with sale.

23. Liability and Insurance:

- a) OWNER covenants, at OWNER's own cost and expense at all times during the term of this AGREEMENT to defend and save the AGENT, its employees or agents, free harmless and indemnified from all injury, loss claims or damage (including reasonable attorney's fees and

