



**TERRACE BEACH RESORT
VACATION RENTAL MANAGEMENT AGREEMENT**

This Agreement dated as of _____, 2021 ____

BETWEEN:

MAIRET CONSULTING AND MANAGEMENT LTD.

Doing business as 'Mairet Rentals'
202 – 3750 Shelbourne Street
Victoria, BC V8P 4H4

(the "Property Manager")

AND:

XXXXXXXXXXXXXX
XXXXXX
XXXXXXXXXXXXXX
Cell: XXXXXXXXX

(the "Owner")

WHEREAS:

- A. The Owner is the legal and beneficial owner of the property with the civic address:
Unit# _____ Unit Name: _____
1002 Peninsula Road, Ucluelet, BC, V0R 3A0 (the "Property")
- B. The Owner desires to make the Property available as a vacation rental and marketed under the brand Terrace Beach Resort.
- C. The Owner desires to appoint the Property Manager as its manager for the management of the Property.
- D. The Property Manager has agreed to become the Owner's agent upon on the terms and conditions contained in this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

1. Definitions

- 1.1 "Accommodation Fee" is the amount of rent, exclusive of GST, any Damage Deposit and Housekeeping Fees paid by the Renter.
- 1.2 "Damage Deposit" means a sum of money collected from the Renter to be used as security against damage to the Property.

- 1.3 “Gross Rental Revenue” means the total fees charged by the Property Manager to the Renter, including but not limited to taxes, housekeeping fees and service fees for processing online credit card payments.
- 1.4 “Guest” means anyone who is the guest of the Owner and uses the Property with the permission of the Owner and is not paying the Property Manager any fee for such use.
- 1.5 “Housekeeping Fees” means the fees associated with having the Property cleaned following use of the Property.
- 1.6 “Renter” means those who pay fees for the use of the Property.
- 1.7 “Reservation” means a booking for the Property made by a Renter through the services of the Property Manager.

2. Appointment

- 2.1 The Owner hereby appoints the Property Manager as its sole and exclusive agent to manage the Property in accordance with the terms and conditions set out in this Agreement and the Property Manager hereby accepts such appointment.

3. Use

- 3.1 The Property will be rented out by the Property Manager to be used as vacation rental property.

4. Term

- 4.1 This Agreement shall commence on the ____ day of _____, 2021__ and shall continue until the Termination Date.

5. Fees

- 5.1 Booking and system fee – (the “Booking and System Fee”) amounts to 5% of the daily rate and is paid by the Property Manager to any one of the retail channels producing the booking or reservation.
- 5.2 Marketing Initiatives fee – (the “Marketing Initiatives Fee”) amounts to \$0.35 per square foot per month of each unit under contract. This fee is not based on rental volume and is used by the Property Manager to facilitate the Marketing and Promotion Initiatives that the Property Manager will initiate in order to promote the units under contracts.
- 5.3 Wi-fi Smart Lock fee - (the “Wi-fi Lock Fee”) amounts to \$6 USD per month per unit under contract. This fee is not based on rental volume and is paid to the lock/system vendor for ongoing maintenance and updates.
- 5.4 In consideration for the Property Manager initially making the Property ready to be rented as a vacation property, the Owner will pay to the Property Manager a one-time setup fee (the “Setup Fee”) in the amount of \$ _____TBD_____. The Setup Fee will be paid out of the Owner’s first month of Gross Rental Revenues for the Property and will be used by the Property Manager

to acquire toiletries, cleaning supplies, paper products, spare light bulbs, garbage bags, courtesy items and similar products for the Property (the “Supplies”), including but not limited to:

- (a) soap, shampoo, conditioner, toilet paper; and
- (b) cleaning products and detergents.

5.5 A re-stocking fee of \$20.00- inclusive of taxes (the “Re-Stocking Fee”) will apply following the use of the Property by each Renter or Guest and will cover the cost of replenishing the Supplies.

5.6 In the event more than basic re-stocking of Supplies is required, then an additional fee will apply consisting of the cost of the additional Supplies, plus 15% of such additional cost (the “Supplement Fee”).

5.7 In consideration for the ongoing services rendered by the Property Manager pursuant to this Agreement, the Owner will pay the Property Manager a management fee equal to 15% of the Accommodation Fee, plus GST (the “Management Fee”). This fee is inclusive of the 5% to Island Creek Development for brand licensing, website etc.

6. Accommodation Fee

6.1 After due consideration of prevailing market conditions, the Property Manager will set an Accommodation Fee for renting the Property and may adjust the Accommodation Fee from time-to-time as the Property Manager, in its sole discretion, deems appropriate.

7. Revenue and Expenses

7.1 The Property Manager will deposit all Gross Rental Revenue and other funds received on behalf of the Owner in a bank account held by the Property Manager (the “Management Account”).

7.2 The Management Account is to be maintained by the Property Manager on behalf of the Owner with a financial institution selected by the Property Manager. The Management Account shall contain funds from other owners for whom the Property Manager provides services, however each owner’s revenues, expenses and taxes will be calculated separately and only in relation to such owner’s property. The Property Manager shall keep a proper accounting of all funds in the Management Account pertaining to the Property.

7.3 Expenses shall mean:

- (a) the Booking and System Fee;
- (b) the Marketing Initiatives Fee;
- (c) the Wi-fi Lock Fee;
- (d) the Re-Stocking Fee;
- (e) the Supplement Fee;
- (f) the costs of other materials purchased for the Property by the Property Manager;
- (g) Housekeeping Fees;
- (h) Credit card processing fees; and
- (i) Any costs incurred to repair damage to or maintain the Property.

(collectively the “Expenses”).

- 7.4 “Optional Expenses” shall mean the cost of the supplies, materials and services which the Owner has expressly requested the Property Manager to provide in addition to the supplies, materials and services included in the Management Fee and Expenses.
- 7.5 The Owner is solely responsible for filing its own income tax returns, Goods and Services Tax, Provincial Sales Tax and Municipal and Regional District Tax as required by law and any present or future Tax that may be imposed on the property operation (the “Taxes”).
- 7.6 The Property Manager will **not** be responsible for paying any strata fees, property taxes assessed for the Property or any mortgage payments in relation to the Property (if applicable) on behalf of the Owner.
- 7.7 The “Owner’s Net Income” means the amount equal to the Gross Rental Revenue for the previous calendar month, less the sum of all of the following:
- (a) Setup Fee (for the first month only);
 - (b) Management Fees;
 - (c) Expenses;
 - (d) Optional Expenses; and
 - (e) Taxes.
- 7.8 The Property Manager will hold and disburse all amounts held on account of the Owner in the Management Account in accordance with this Agreement. The obligation of the Property Manager to disburse funds and carry out the obligations imposed by this Agreement is conditional upon funds being available in the Management Account. In case of a short fall, the Funding of the Management Account will be the Owner’s responsibility.
- 7.9 The Cash accounting method will be used when preparing Owner’s statement.

8. Property Manager Responsibilities and Authority

- 8.1 The Property Manager will and is hereby authorized to:
- (a) take whatever steps as are reasonably necessary to locate and select Renters for the Property, from time to time during the Term and to enter into rental agreements on behalf of the Owner with the Renters or as otherwise directed by the Owner, and to terminate such agreements, all at the discretion of the Property Manager, acting reasonably;
 - (b) to replace and maintain the Supplies for the Property at such levels as the Property Manager deems necessary for use by the Renters;
 - (c) use its reasonable commercial efforts to ensure that the Property is rented by Renters at all times during the Term and advertise the Property for rent;
 - (d) operate, supervise, inspect, manage, control and rent the Property in such manner as would a prudent owner of a similar property;
 - (e) occasionally collect a Damage Deposit from prospective Renters and if so collected, deposit such Damage Deposits into the Management Account. The Property Manager shall,

in its sole discretion, determine on a case-by-case basis whether a Damage Deposit shall be collected from a particular Renter;

- (f) collect the Gross Rental Revenues, damage deposits and any other amounts payable by Renters and due to the Owner in respect of the Property from time to time;
- (g) if the Property requires cleaning, whether after use of the Property by the Owner, Guests or Renters, the Property Manager shall arrange for the Property to be cleaned, provided that the cost of cleaning the Property after use by the Owner or Guests will be at the expense of the Owner;
- (h) arrange for repairs and maintenance of the Property. The Property Manager agrees to secure the prior approval of the Owner for all expenditures in excess of \$250.00, other than for emergency expenditures;
- (i) hire, discharge and supervise any employees and independent contractors required at the Property Manager's discretion, for repairs and maintenance of the Property;
- (j) keep, or cause to be kept, full and accurate books of account and such other reasonable records reflecting the Gross Rental Revenues, Management Fees, Expenses, Optional Expenses, Taxes and Damage Deposits. The Property Manager will permit the Owner, on reasonable notice, to examine such records. Such examination will be done at the cost of the Owner;
- (k) pay the Owner on or before the 15th day of each month by way of cheque or direct deposit, the previous month's Owner's Net Income and will provide the Owner with a statement setting out a breakdown of the income and expenses for that month;
- (l) grant the Owner access to the online platform of the Property Management System so that the Owner may view reservations and statements for the Property or generate reports;
- (m) determine and suggest repairs and upgrades to the Owner in relation to the Property, its furniture or any other amenities on the Property in order to maintain its market appeal, provided that the Property Manager will obtain the approval of the Owner prior to carrying out such suggested repairs or upgrades; and
- (n) has the authority to determine the adequacy of the linens provided for the Property and to immediately replace such linens to prevent loss of rental revenue if the Property Manager, acting reasonably, deems such replacement necessary or advisable, provided that the Property Manager will inform the Owner within a reasonable period of time that the replacement has been made.

9. Owner's Covenants

Owner's Responsibilities

9.1 The Owner covenants and agrees:

- (a) to obtain any licences or permits required by law for the Property to be used as a short-term or vacation rental property and to maintain such licences or permits for the Term of this Agreement;

- (b) to arrange and pay for an internet connection to the Property and to provide the Property Manager with any passwords required to access the internet, which will be shared with Renters;
- (c) to pay all utilities, hydro, telephone, internet and cable fees for the Property, as applicable, as such fees fall due;
- (d) to provide the Property Manager with keys to the Property and any parking facility attached to the Property as well as any other locked facility or storage devices in the Property to which the Renters will be permitted access. The Owner hereby authorizes the Property Manager to duplicate any such keys as required;
- (e) unless requested by the Owner as an Optional Expense, to provide bed linens, duvets, pillows, bath towels, face cloths and hand towels in a number sufficient for use by double the maximum number of occupants of the Property;
- (f) to indemnify and hold harmless the Property Manager from and against all claims, damages, liabilities and costs incurred by the Property Manager in connection with this Agreement and the management of the Property and to carry, at the expense of the Owner, adequate insurance to protect the Property Manager and its employees, agents, independent contractors and assigns against all such claims, damages and costs in the same manner and to the same extent as the Owner, naming the Property Manager as one of the insureds;
- (g) to provide the Property Manager with a copy of the licences or permits and a certificate of insurance, including copies of renewed licences, permits and certificates of insurance;
- (h) not to set off against any amounts payable to the Property Manager under this Agreement any uncollected arrears of Gross Rental Revenues;
- (i) that the Setup Fee, Management Fee, Expenses, Optional Expenses and Taxes may be deducted from the Management Account;
- (j) that if the Owner chooses to sell the Property, the Owner shall make any Contract of Purchase and Sale conditional upon a potential purchaser honouring any Reservation secured by the Property Manager prior to the completion date and so to provide in any Contract of Purchase and Sale;
- (k) prior to booking the Property for personal use or for the use of Guests, the Owner shall ensure that the Property is not subject to a Reservation for that time period; and
- (l) The Owner shall notify the Property Manager of any dates the Owner or Guests wish to stay at the Property.

10. Termination

10.1 This Agreement shall be terminated on any of the following events:

- (a) on 30 days' written notice by either party;
- (b) the day the Property is damaged or destroyed by fire or other casualty; or

- (c) in the event that the Owner enters into an unconditional Contract of Purchase and Sale for the sale of the Property, this Agreement shall be terminated as of the date of completion provided for in such Contract of Purchase and Sale.

whichever shall first occur.

(the "Termination Date")

- 10.2 The Owner agrees to honour any Reservation taken by the Property Manager prior to the Termination Date.
- 10.3 The Owner and the Property Manager agree that the Property Manager will continue to collect the Gross Rental Revenues and Deposits and to disburse the Owner's Net Income for any Reservation secured prior to the Termination Date in accordance with the terms of this Agreement.

11. Legal, Tax Advice and Information

- 11.1 The Owner will not hold the Property Manager liable for any legal or tax information which may from time to time be provided by the Property Manager to the Owner and acknowledges that the Property Manager has advised the Owner to retain at the Owner's cost, its own legal and tax consultants with respect to advice on all legal and tax-related matters, including but not limited to, any information regarding required business licences or permits, Good and Services Tax, Provincial Sales Tax and any other eligible taxes or tax levies.

12. Relationship

- 12.1 This Agreement is not a lease, partnership or joint venture agreement and nothing contained herein will constitute the parties as landlord, tenant, partners or joint ventures.

13. Disclaimer of Warranty

- 13.1 The Property Manager is providing its services on an "as is" basis and expressly disclaims and excludes all representations and warranties, express or implied, whether statutory or otherwise.
- 13.2 The Owner acknowledges and agrees that although the Property Manager will use its reasonable commercial efforts to ensure that the Property is rented and will manage the Property in such manner as would a prudent owner, due to factors outside of the control of the Property manager, such as competitiveness in the vacation rental sector and seasonal and market factors, the Property Manager cannot guarantee any results, including but not limited to any minimum number of days that the Property will be rented or that the Owner will receive a minimum Owner's Net Income.

14. General Provisions

- 14.1 The parties shall not assign this Agreement or any interest herein without the prior written consent of each party, which consent may not be arbitrarily withheld.
- 14.2 This Agreement shall ensure to the benefit of and shall be binding on each of the parties hereto and their respective successors, heirs, representatives and permitted assigns.
- 14.3 If the parties are unable to agree on any dispute concerning this Agreement, the same shall be

resolved through binding arbitration in accordance with the rules and procedures of the *Commercial Arbitration Act* of British Columbia. The decision of the arbitrator, including a determination of the amount of any damages suffered, shall be conclusive, final and binding on the parties, their successors and assigns. The fees and expenses of the arbitrator shall be borne equally by the parties the Owner and the Property Manager.

- 14.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia, Canada, without regard to principles of conflicts of laws.
- 14.5 Headings herein are for convenience only and do not control or affect the meaning or interpretation of any terms or provisions of this Agreement.
- 14.6 No change, modification or amendment of any of the terms or conditions of this Agreement shall be authorized or effective unless they have been agreed to in writing by each of the parties hereto. No course of dealing or other conduct of the Owner or Property Manager shall constitute an amendment to the terms of this Agreement.
- 14.7 This Agreement is the complete and exclusive statement of the agreement between the parties regarding to the subject matter hereof, and supersedes any proposal or prior agreement, written or oral, and any other communications between the parties relating to the subject matter hereof.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

[CORPORATE OWNER], by its authorized signatory:

Print Name:

OR

SIGNED, SEALED AND DELIVERED)
in the presence of:)

Print Name:)

Address)

Occupation)

[Name of INDIVIDUAL OWNER]

MAIRET CONSULTING AND MANAGEMENT LTD.
by its authorized signatory:

