

**Vail Racquet Club
Unit Lodging Rules and Regulations**

TABLE OF CONTENTS

1.	Association as Exclusive Lodging, Leasing and Overnight Occupancy Agent.....	1
2.	Rule Limiting Lodging, Leasing or Occupancies to others for Compensation	1
3.	Owner Participation in the Association’s Lodging Program	1
4.	Termination for the Lodging Program Sale of a Unit.....	1
5.	Lodging Revenues, Disbursements, Billing and Accounting	2
6.	Lodging Management Obligations of the Association	3
7.	Owner Reservation System.....	4
8.	Check-In and Check-Out Times	4
9.	Limitation on Possession and Entry to the Unit by Owner.....	4
10.	Owner’s Duties and Obligations for Units in the Association’s Lodging Program	5
11.	Owner to Supply or Purchase Items through the Association	5
12.	Housekeeping Services of the Association.	5
13.	Normal Maintenance.....	6
14.	Maintenance and Repair of the Interior of Units in the Lodging Program.....	6
15.	Major Repairs, Replacement and/or Maintenance.....	7
16.	Rotation System of the Association.....	7
17.	Association Inspection of Units in the Lodging Program/Independent Evaluations	7
18.	Owner’s Personal Property in the Unit.....	7
19.	Owner to maintain HO-6 or Contents Insurance on their Unit.....	7
20.	No Income Projections are Made by the Association.....	8
21.	Promotional Uses allowed by the Association.....	8
22.	Indemnification of the Association by Owner	8
23.	Additional Lodging Operating Procedures of the Association.....	8

Vail Racquet Club **Unit Lodging Rules and Regulations**

1. Association as Exclusive Lodging, Leasing and Overnight Occupancy Agent. To manage lodging, leasing and overnight occupancies, the Association has had and continues to operate a “Lodging Program” for the benefit of all owners. The Association is the exclusive rental, lodging and overnight occupancy agent for all rentals, lodging or overnight occupancies allowed by Owners to paying guests, tenants and occupants. This requirement and rule (limiting the use of any third party lodging or rental agents in the Community) is based on historic practices, past and current rules and provisions of the Bylaws. This requirement and rule is in lieu of a separate written agreement and so that the Association may better manage lodging and occupancies within the Community. Owners who chose to offer their Units for short and long-term lodging, rental or occupancy are deemed to be participants in the Association’s “Lodging Program” without the necessity of a separate written agreement. These Rules and Regulations of the Association are in lieu of past separate agreements that the Association entered into. These rules are intended to further explain the Lodging Program, to more clearly address the rights and responsibilities of the Association, to more clearly address the rights and responsibilities of the Owners participating in the Lodging Program and to explain the process and procedures of the Association.
2. Rule Limiting Lodging, Leasing or Occupancies to others for Compensation. Owners shall not provide their Unit to others for lodging fees, rent, rental, rentals or occupancy for compensation, except as provided for by these Rules and Regulations or under the Bylaws. The terms “lodging fees,” “rent,” “rental,” or “rentals” shall mean that the guest or lodger staying in Owner’s Unit is afforded a license or right to use the Unit (if their stay is for less than 30 days) for a fee, or is granted an interest in real property through a fee, charge or rental fee (if their stay is for 30 days or more). Any paying guest of an Owner that is not in the Owner’s Unit under the Association’s Lodging Program shall not be entitled to any services of the Association. If that guest obtains services of the Association, the Association can charge back the Owner, for the value of the services or for the net the Association would have received for a comparable paying guest in the Association’s Lodging Program.
3. Owner Participation in the Association’s Lodging Program. The Association may require Owners to sign an acknowledgment, on the form attached to these Rules, for participation in the Association’s Lodging Program. Failure of an Owner to sign the acknowledgment of these Rules shall not affect the enforcement of these Rules to an Owner that obtains the benefits from the Association’s Lodging Program, or who receives distributions from the Association’s Lodging Program.
4. Termination for the Lodging Program/Sale of a Unit. An Owner in the Association’s Lodging Program may terminate the participation of their Unit, by providing 60 days advance written notice to the Association. The Association may terminate the

participation of an Owner and their Unit in the Lodging Program, by providing 60 days advanced written notice to the Owner, if the Owner fails to comply with these Unit Lodging Rules and Regulations. Additionally, prior to any sale of a Unit, Owner agrees to notify the Association, in care of the general manager, in advance of listing of the Unit for sale. The real estate listing must include the fact that the property is in the Association's Lodging Program and that any future occupancies or stays that cannot be reallocated need to be honored by any buyer. Twenty-four hour notice for showings is required. Only vacant units may be shown. In the event of a sale, Owner is responsible for paying the Association a fee to relocate any stays that buyer will not honor. If a similar property is available, no fee will be charged.

5. Lodging Revenues, Disbursements, Billing and Accounting.

- a) As compensation to Owner for actual usage of guests placed in their Unit through the Association's Lodging Program, Owners shall receive 55% of the net proceeds obtained by the Association from the Owner's Unit and the Association, for all services provided, including short term club guest fees, shall retain 45% of net proceeds.
- b) The net proceeds to be disbursed by the Association to the Owner of a Unit in the Lodging Program, and the net proceeds to be retained by the Association may increase or decrease, to adequately fund a Lodging Program reserve fund maintained by the Association. As of the date of these Rules, the Association seeks to maintain the sum of \$350,000 in a Lodging Program reserve fund in order to cover the seasonal operating fluctuations, capital expenditures and other operational needs of the program. To balance the fund, the Association may make additional distributions, or charge back Owners in the Lodging Program, from time to time, as the Board of Directors determines.
- c) Net proceeds are the balance obtained after taxes and service fees which are currently at 13.9% (State tax, County tax, Town of Vail tax, State Marketing tax, and service fee initiated for amenities, soaps, etc. provided in Units for guests), and after deduction of any other fees or charges approved by the Board of Directors. Net proceeds are calculated on actual guest usage of an individual owners unit.
- d) The Association will maintain a separate ledger to reflect all lodging revenues received by the Association for the Unit and all charges applicable to the unit.
- e) Travel agent commissions, administrative fees and other charges of a character or nature chargeable to all Units in the Lodging Program (as determined from time to time by the Board of Directors) will be deducted from the gross proceeds to arrive at the net proceeds.
- f) The Association shall provide Owner with a monthly statement showing revenue, Association split and other charges, if any, and net proceeds due to the Owner/or sums due to the Association.

- g) The Association shall distribute, with each monthly statement, a payment for the net proceeds due to the Owner, less any sums due to the Association from the Owner. The monthly statement is to include all known expenses incurred by or with respect to the Lodging Unit. Expenses may include, but are not limited to:
- Condominium association assessments as imposed by the Board of Directors of the Association.
 - Repair, replacement, maintenance charges.
 - Housekeeping services.
 - Unit Service Charges incurred by Owner and/or Owner's guests.

Statements are a billing from the Association to the Owner for any sums due. Owner is required to pay the sum due upon receipt of the statement. Interest and other charges (as allowed for in the Association's collection policies) shall accrue on unpaid balances. For any balance owing thirty (30) days after a statement date, the Association shall have the right to transfer and apply any Owner net lodging proceeds that would otherwise be disburseable to the Owner until such balance is paid in full.

6. Lodging Management Obligations of the Association. The Association shall:

- a) Make Units in the Lodging Program available for lodging by guests under such conditions and for such periods as are deemed desirable by the Association, in the discretion of the management of the Association, and subject to any limitations contained in these Rules. Where specific Unit types for individual lodging guests are not available (e.g., one (1) bedroom), other available Units of a different type may be assigned to accommodate a lodging guest at the same rate as the specific unit type that is unavailable.
- b) Charge lodging guests of Units according to a rate schedule which shall be established by Association and which maybe changed from time to time. Discounting for wholesalers is expressly authorized, as management of the Association may reasonably determine. Association's rate schedule may reflect seasonal markets, group business opportunities and such other circumstances as the Association, in its sole discretion, determines most beneficial to the entire lodging program. Association shall decide all policies concerning lodging of the Unit including, without limitation, the rates, minimum and maximum occupancy stays, deposit and cancellation policies and housekeeping and maintenance service levels, which in Association's sole business judgment may optimize the lodging potential for the Unit. Association reserves the right to establish discounts for the Unit at less than the advertised rates when, in Association's sole discretion, circumstances justify such a rate. Association has the right to assign a classification to the Unit and to set rates.

- c) Use all reasonable efforts to obtain lodging occupants for all of the Units in the Lodging Program, except when the Owner has reserved their Unit in a manner compliant with the following “Owner Reservation System” (as set forth in these Rules and Regulations).
 - d) Perform all acts or functions necessary for the proper and efficient management and operation of the Owner’s unit in the Lodging Program, with the goal of maintaining the Vail Racquet Club Community as a first class vacation accommodation and recreational facility.
 - e) Provide, manage or subcontract professional personnel including front office, sales and marketing, reservation, housekeeping, maintenance and accounting departments with necessary support for the running of lodging operations and with operating hours as determined by the Association.
7. Owner Reservation System. For all Units in the Lodging Program, Owners and Owners’ personal guests must register at the Association’s office before entering the Unit.

Owners in the Association’s Lodging Program may reserve their Unit for use by Owner, by Owner’s immediate family or Owner’s personal (non-paying) guests, if Owner gives reasonable advanced written notice to the Association on the “Occupancy Calendar” form provided by the Association. The Owner must meet the published deadlines of the Association, in order to reserve their Unit. Subject to change by the Association, these deadlines are currently as follows:

Notification Date - on or before August 1 for use of the Unit November 1 – April 30
 Notification Date - on or before April 1 for use of the Unit May 1 – October 31

If the Owner has not reserved the Unit in compliance with the “Owner Reservation System,” the Owner may still use their Unit, if the Unit is not already in use for lodging of a guest or reserved for lodging use by a guest, and if the Owner receives or is given a confirmation number for the use desired from the Association, and the Owner or the Owner’s guests vacates the Unit before the next reservation of the Unit for a lodging guest.

8. Check-In and Check-Out Times. Owners and Owner’s guests must abide by the standard check-in and check-out times established or published by the Association. The times are currently set at check-in 4:00 PM and check-out 10:00 AM. If an owner wishes to check-in earlier or check-out later, then they should increase the length of stay on their reservation.
9. Limitation on Possession and Entry to the Unit by Owner. Owner may not enter the Unit or allow any person (i.e. family members, repair persons, guests, sales agents, etc.) to enter the Unit other than during confirmed times of occupancy by Owner, without proper notification to, approval of and coordination by the Association. The Association possesses the authority to deny access to protect the privacy of guests.

10. Owner's Duties and Obligations for Units in the Association's Lodging Program. In order to participate in the Lodging Program, Owner must maintain the Unit and furnishings in a first-class condition, as determined by the Board of Directors. The Board of Directors may require the Owner to provide improvements, additions, furnishings or additional contents or inventory in order to maintain or bring the Unit to a first-class condition for lodging guests. Owners should refer to the Lodging Operation's Rental Requirements for a description of the necessary items and standards which an owner must comply with in order for the unit to qualify for the Lodging Program. The Owner's failure to properly maintain and install improvements, additions, furnishings or additional contents or inventory will result in the Owner no longer being able to participate in the Lodging Program. The Association, acting through the Board of Directors, may adopt or impose additional duties and obligations on Units and Owners participating in the Association's Lodging Program.
11. Owner to Supply or Purchase Items through the Association and Comply with Minimum Lodging Requirements of the Association.
- a) Linens. Upon entering the Association's Lodging Program, the Owner must purchase linens through the Association at prices as determined by the Board of Directors. The charge will be reflected on the next statement. Once purchased, the linens become the property of the Association.
 - b) House wares. Upon entering the Association's Lodging Program, the Owner must purchase and maintain the Association's common dishware, including all dishes, glassware, silverware and kitchen items. Missing items will be replaced as necessary by the Association. Once purchased, house wares become the property of the Association.
 - c) Other Minimum Lodging Requirements. Upon entering, or once within the Association's Lodging Program, Owners may be required to purchase or maintain such items in the Unit as the Association may determine, through the Board of Directors.
12. Housekeeping and Other Services of the Association.
- a) The Association will provide the following Housekeeping Services for paying guests, booked by the Association, at no charge to the Owner:
 - a. linens;
 - b. housekeeping services on a scheduled basis during and/or after periods of lodging by guests; and
 - c. a final cleaning of the Unit after checkout of those guests.
 - b) The Association possesses the discretion to determine the condition of the Unit and the extent of cleaning required following each use by guests.

- c) The Association shall possess the authority to alter charges for housekeeping services from time to time.
 - d) Owner will be charged and required to pay for periodic cleanings and preventative maintenance programs (typically, at least one per season or twice per year) in order to maintain the Unit in a condition commensurate with the standards of a first class unit, and to address maintenance and replacement issues on such schedule as determined by the Board of Directors. Periodic cleanings may include grill cleanings, window washing, and spring and fall cleanings of the Unit.
 - e) The Association may have carpet, drapes, upholstery, bedspreads and carpeting cleaned, provided that the expense to Owner shall not exceed one hundred fifty dollars (\$150.00) in any one (1) month, or such amount as the Board may establish, without Owner's written approval.
 - f) Housekeeping services shall also be provided to Owners and guests of Owners upon request of Owner. The Association shall charge Owner a fee for such requested housekeeping services, with a final cleaning fee after the Owner and/or Owner's guests have checked out, since the Unit must be clean and ready for the next occupancy. The Association shall have the sole discretion as to the determination of the condition of the Unit and the extent of cleaning required following each occupancy by guests or each use by guests. No Owner or Owner's guests shall be allowed use of housekeeping supplies during their stay, unless purchased from the Association.
 - g) Owner will be responsible for paying a final cleaning fee after the Owner and/or Owner's guests have checked out.
 - h) The Association shall also provide firewood for guest usage and will invoice the Owner according to rates as established by the Association from time to time.
13. Normal Maintenance. Normal wear and tear on personal property is a lodging cost incurred by Owner. Owner releases the Association from all liability resulting from damages caused by lodging guests and their invitees. Should purposeful or apparently intentional damage occur to the Unit's furnishings and contents by a guest or a guest's invitees, the Association shall use its best efforts in discovery of that damage, and then, after discovery, collecting the cost of repairs and/or replacement from that guest.
14. Maintenance and Repair of the Interior of Units in the Lodging Program. The Association has the authority to enter the Unit in order to undertake any routine repair, replacement and/or maintenance that may be required to maintain the Unit and furnishings in a first-class condition capable of occupancy by lodging guests. The Association may not spend more than \$150.00 in one month, or such amount as the Board may establish, without the Owner's permission. The Owner will be charged these costs as a deduction prior to any disbursement, or, in the event of no revenues to deduct against; the Owner shall be responsible for paying for these expenses.

15. Major Repairs, Replacement and/or Maintenance. The Association shall notify the Owner if major repairs, replacement and/or maintenance become necessary. Whether repairs, replacements or maintenance is ‘major’ or not shall be determined by the Association’s management personnel. If Owner does not consent to such work, or does not immediately proceed to arrange for such repair by Owner, the Association may remove the Unit from the Association's lodging program until the needed work is completed. Despite the foregoing, the Association is authorized, upon any emergency, to cause such repairs to be made at the expense of Owner as the Association shall deem necessary to preserve and protect the Unit and the Condominium Communities.
16. Rotation System of the Association. To the extent Units are comparable (based on ratings of Units by the Association, as allowed for in these Rules), and subject to the requirements or requests of guest, the Association will rotate lodging Units of a similar size and character. The Owners are deemed to have acknowledged that guests generally prefer and request upgraded Units and Units with additional amenities. The Association’s determination of the placement of lodging guests will be based upon various factors, including but not limited to, the following: the requirements of the lodging guests, Owner’s use, guest preference for bedding arrangements, location, amenities, and repair and maintenance activities.
17. Association Rating of Units. The Association has and may continue to evaluate the Units in the Lodging Program under such categories or characterizations as the Association may determine (i.e. platinum, gold, silver and bronze).

Inspection of Units in the Lodging Program. The Association may inspect Units in the Lodging Program as it determines, and in order to detect whether the Unit conforms to minimum standards as determined or otherwise set by the Association’s Board of Directors.

Independent Evaluations. The Association may engage or employ, at an allocated cost to Owners in the Lodging Program, outside, independent evaluation companies or services to rate any Unit in the Lodging Program, and if the Association determines, all other Units available in the Community for lodging, for such purposes as the Association may determine, including the Association suggesting, recommending or requiring upgrades or other changes to any one or more Units.

18. Owner’s Personal Property in the Unit. Owner must remove and keep out of their Unit all personal linens and other personal effects that the Owner desires to keep secure, other than those items the Owner desires to leave in the Unit or in the Owner’s locked “Owner’s Closet.” Articles of value left in owner’s Unit or in the “Owner’s Closet” are not the responsibility of the Association.
19. Owner to maintain HO-6 or Contents Insurance on their Unit. Owner must maintain, at Owner’s expense, and the Association may require (with no liability if it does not) an HO-6 insurance policy covering the contents of their Unit and also covering bodily injury, property damage and personal injury public liability insurance in limits of not less than \$1,000,000.00 during the term the Owner’s Unit is in the Lodging Program. All

such insurance policies shall contain an endorsement evidencing the Association as an additionally named insured. Owner recognizes that insurance coverage of personal property contained in the Unit is the responsibility of Owner and Owner shall insure such property at its full replacement value as determined by Owner. The deductible on such policies shall not exceed \$1,000.00 or such greater sum as the Board of Directors may allow. Owner must keep the Association updated with proof that such coverage is in full force and effect by providing a copy of policy coverage to the Association. If proof is not provided, the Association may purchase, to the extent practicable, the insurance required under these Rules and Regulations and charge the Owner, as is also provided for in these Rules and Regulations.

20. No Income Projections are Made by the Association. The Association makes no warranties or representations regarding income or the number of lodging nights that the Association may obtain for the Owner, rates to be charged for lodging, or the amount of net proceeds to be disbursed to the Owner.
21. Promotional Uses allowed by the Association. The Association possesses the authority to utilize the Unit for promotional purposes (other than during the Christmas and New Year holiday season) for a maximum of 6 days in any twelve month period. With the prior approval of the Board of Directors of the Association, the Association may have additional promotional use of the Unit for valley-wide promotional events that require housing.
22. Indemnification of the Association by Owner. Owner agrees to save the Association harmless from any and all lawsuits, claims and action concerning the management or lodging of the Unit and from any liabilities for injuries suffered by any employee or other person whomever. Owner agrees that the Association shall not be liable for loss or damage done to Owner's Unit or Owner's personal property by negligent, intentional or wanton acts of any lodging guests of the Unit, their invitees, or any other third person or persons. While the Association is not responsible for such losses, the Association shall make an effort to determine the parties responsible for such losses and attempt to collect damages on the Owner's behalf. The Association shall promptly investigate and make full report to Owner as to all accidents or claims for damages related to guest occupancies of the Unit, including any damages or destruction of the Unit or its furnishings, fixtures or household goods when the same may be discovered or made known to the Association. At the direction of Owner, the Association shall cooperate with the appropriate insurance company to report said loss or accident. The Association shall not be held liable for any error of judgment or for any mistake of fact or law, or for anything that it may do or refrain from doing after this, except in cases of the Association's willful misconduct or gross negligence.
23. Additional Lodging Operating Procedures of the Association. The Association may implement additional operating procedures, controls and regulations as the Association, in its reasonable judgment, deems to be in the best interests of Owners and the Association, as adopted by the Board of Directors.

**OWNER ACKNOWLEDGMENT OF
OWNER'S PARTICIPATION
IN THE
VAIL RACQUET CLUB LODGING PROGRAM**

The Owner(s) (below) desire to have their Unit (below) in the Lodging Program of the Association. The Owner(s) acknowledge that the Association's Lodging Program is subject to the Lodging Rules and Regulations of the Association and the Basic Rental Requirements copies of which the Owner(s) have reviewed and agree they are bound by.

Building and Unit Number	
Received - Vail Racquet Club Short Term Rental Program: Basic Rental Requirements: Initial.	
Owner #1 - Name	
Owner # 2 - Name	
Address line 1	
Address line 2	
City / State / ZIP	
Email Address	
SSN / Taxpayer ID Number	
Home phone	
Office phone	
Mobile phone	
Fax no. (home or office)	

Signature of Owner

Date

Signature of Owner

Date

<u>System Info Updated:</u>	VRC Office Use
-----------------------------	----------------