

**BALD HEAD ISLAND  
PROPERTY RENTAL AGENCY AGREEMENT**

**THIS EXCLUSIVE RENTAL AGENCY AGREEMENT** is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between BALD HEAD ISLAND PROPERTY MANAGEMENT (hereinafter called "Agent") and \_\_\_\_\_ (hereinafter called "Owner"), based upon the following:

Owner desires to hire Agent, and Agent desires to be employed by Owner, as the exclusive rental and management agent to rent the Premises to third parties ("Rental Guests"), and to provide the services described in this Agency Agreement, under the terms and conditions set forth below. As used herein, "Premises" will mean that improved property described as:

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**NOW, THEREFORE**, in consideration of the terms, conditions, and the mutual covenants herein, and other good and valuable consideration, the adequacy of which is hereby acknowledged, Owner and Agent do hereby agree as follows:

1. **ENGAGEMENT:** Owner hereby engages Agent as Owner's sole and exclusive rental and management agent for the Premises for a term commencing on \_\_\_\_\_, 20\_\_\_\_ and terminating December 31, 20\_\_\_\_ (the "Term"), and automatically renewing for annual periods thereafter, unless either party terminates this Agreement as more fully set out hereinafter. Either party hereto may terminate this Agreement by written notice to the other party given at least ninety (90) days prior to the expiration of any annual term. Notice of termination of this Agreement will terminate Agent's authority to accept future reservations for the Premises, and Agent will use its best efforts to transfer any reservations on its books for the Premises to other accommodations; however, Owner agrees to honor any reservations confirmed prior to Agent's receipt of the termination notice, even if the reservations are for a time after the termination of this Agreement. Owner will be responsible for any expenses or liabilities incurred by Agent as a result of Owner's failure to honor such confirmed reservations.

**TERMINATION FOR DEFAULT:** In the event Owner fails to perform any obligation imposed upon Owner by this Agreement, or fails to abide by any restriction placed upon Owner herein, then Owner shall be in default and Agent shall have the absolute legal right, with or without prior notice to Owner, to terminate this Agreement, effective immediately, any other provisions of this Agreement notwithstanding. In addition to termination of this Agreement, Agent may pursue and seek judgment against Owner in the courts of appropriate jurisdiction for any loss or damages incurred by Agent as a result of Owner's default.

2. **AGENT'S OBLIGATIONS:** Agent agrees to use its best efforts to advertise and promote the Premises and to secure Rental Guests for the Premises, and to also provide:
  - a. Housekeeping Services, as set forth in Paragraph 11;
  - b. Maintenance Services, as set forth in Paragraph 13;

- c. A Property Management Department, which will coordinate periodic inspections, inventories, and quality ratings of the Premises;
- d. A Reservation Service through which all reservations for the Premises will be processed;
- e. A Reception/Front Desk to provide check-in and check-out for all Premises occupants;
- f. Accounting Services to process Rental Guest and Owner charges, collections of rental income, payments to or charges from Owner, and the filing of all required documents.

AGENT SHALL CONDUCT ALL OF ITS ACTIVITIES IN REGARD TO THIS AGREEMENT WITHOUT RESPECT TO THE RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, HANDICAP OR FAMILIAL STATUS OF ANY PARTY OR PROSPECTIVE PARTY TO THE AGREEMENT.

3. RENTAL RATES: Agent will, at its discretion, establish reasonable rental rates for the Premises, based on competitive market conditions and the quality rating of the Premises; such rates may change seasonally without notice. Rental seasons shall be determined at the discretion of Agent. Agent may offer weekly, package, seasonal, and/or other rental rate adjustments and discounts when, in Agent's opinion, adjustments or discounts could increase the occupancy of the Premises or are deemed necessary because of Premises condition or other circumstances. Discounts may include, but are not limited to, coupons, credits, "added value" packages and similar promotions, designed to promote higher occupancy, and which have the effect of reducing gross rental revenues.

For the Premises, Agent will establish a published rental rate ("Published Rate") and an Owner/Agent rate ("Owner/Agent Rate"). These dual rates will be established for each rental season, and each rate will be adjusted for package plans, discounts, or other changes to Published Rate. The Published Rate may include the cost of the daily temporary club membership for the term of the rental, the Rental Guest cleaning fee for cleaning the Premises when the Rental Guests vacate the Premises, and other administrative or guest service fees. It is expressly understood by the parties hereto that the difference in the Published Rate and Owner/Agent Rate is not necessarily the exact cost to Agent of temporary club membership, administrative and guest service fees, and Rental Guest cleaning for any particular Rental Guest, but rather is based upon an annual estimate of the total cost of such products and services for all estimated rental occupancy of the Premises. To the extent that the actual cost of such products and services exceeds the amount collected from Rental Guests, such shortfall shall be paid by Agent; to the extent that more money is collected than is actually required to be expended for such purposes, Agent shall be entitled to retain such overage. In all cases, the management commission as more fully described in Paragraph 4 hereunder shall be based upon the Owner/Agent Rate. To the extent there is any

percentage discount offered on the Published Rate for any season or for any package or promotion, without there being specified a particular adjustment in the Owner/Agent Rate, the Owner/Agent Rate shall be reduced by the sum necessary to maintain the identical spread between the Published Rate and the Owner/Agent Rate for the applicable period, as discounts do not apply to the actual cost of providing temporary club membership, Rental Guest cleaning, or administrative and guest service fees. Agent may charge Rental Guests, in addition to temporary club membership, Rental Guest cleaning, administrative and guest service fees, a reservations cancellation fee for reservations cancelled within the cancellation period as determined by Agent. All such cancellation fees shall be retained by Agent.

Agent reserves the right to require Rental Guests to purchase travel insurance to assure a refund of rental monies in the event of adverse weather or death or sickness. Agent further reserves the right to require Rental Guests to purchase guest damage insurance, with coverage not exceeding three thousand (\$3,000) dollars, to assure that monies will be available to repair or replace property damaged while Rental Guests occupy the Premises. The Agent may receive commissions from referring the sales of these insurance policies, which commissions shall be the property of the Agent. In the case of travel-insured rentals, no refund will be made to any Rental Guest whose occupancy is canceled or shortened.

In the event a Rental Guest's reservation deposit is forfeited, the amount of such deposit actually held by the Agent shall be divided and paid to Owner and Agent in the proportions set forth in paragraph 4 herein.

Agent may, during each calendar year, use the Premises on a complimentary basis for a period not exceeding five (5) nights, for use by (but not limited to) meeting planners, travel agents, travel writers, VIP guests, and key employees of Agent. Complimentary nights will be booked no earlier than seventy-two (72) hours in advance of stay, unless an observed holiday falls within the period to be reserved, in which case complimentary nights will not be booked earlier than forty-eight (48) hours in advance of stay.

4. MANAGEMENT COMMISSION: For its services as specified in this Agreement, Agent shall receive as commission and as reimbursement for expenses a percentage of the Owner/Agent Rate rental revenues on incremental receipts as follows:

<u>Owner/Agent Rate Annual Rental Receipts</u>	<u>Commission Charged</u>
The first \$30,000	40%
\$ 30,001 – above	25%

All occupancy or use taxes or charges will be charged to the Rental Guests, and will, to the extent lawful, be based upon the Owner/Agent Rate. Said sums shall be collected by Agent, and remitted to the appropriate governmental authority. The commission payable to Agent and the net rental proceeds payable to Owner will be based upon monies actually received at the Owner/Agent Rate, except that Agent will be responsible for paying travel agent

commissions and Agent and Owner will share credit card expense as follows: 60% shall be Owner's responsibility and 40% shall be Agent's responsibility. Agent is specifically authorized to deduct its commissions and administrative fees from Owner's share of rental proceeds.

5. ACCOUNTING: Agent will provide Owner with a monthly accounting of rental activity for the Premises, including all revenues, expenses and disbursements to Owner. Agent will use its best efforts to supply statements to Owner by the 15<sup>th</sup> day of each month, but no later than the last day of the month of the reporting period.

Agent is authorized to deduct from Owner's share of rental proceeds any amount which is chargeable to Owner in accordance with this Agreement, to the extent allowed by this Agreement, such charges to include (but not be limited to) those described in Paragraphs 4, 7, 9, 10, 11, 12, 13 and 15, as well as those specified in this Paragraph 5. Agent is further authorized to deduct from Owner's share of rental proceeds an amount equal to membership dues owed to the Bald Head Island Club and to the Shoals Club, if Owner's Club account(s) should become delinquent.

Agent is not allowed to advance funds on behalf of Owner from Agent's property management trust account unless Owner's funds therein are sufficient to cover the advance. If expenses exceed income, then such expenses will be billed to Owner's account, which Owner must maintain in a good and current status at all times. For any balances due on Owner's account that are not paid within thirty (30) days of receipt of a statement, a finance charge not to exceed one and one-half (1-1/2%) percent per month will be applied to the unpaid balance.

Advance payments from Rental Guests shall be deposited by Agent in an interest bearing trust account maintained at First Citizens Bank, North Howe Street location, P.O. Box 27131, Raleigh, North Carolina 27611-7131. OWNER UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ALL INTEREST EARNED ON DEPOSITS MADE TO SAID TRUST ACCOUNT SHALL BE AND REMAIN THE SOLE PROPERTY OF AGENT. Prior to a Rental Guest's occupancy of the Premises, Agent is authorized to disburse up to fifty (50%) percent of the total rental amount to pay fees owed to third parties for goods, services or benefits procured by Agent for the benefit of Rental Guest, as well as administrative fees to Agent, to cover the costs of processing Rental Guest's reservation and any transfer, re-scheduling or cancellation of reservation.

6. RESERVATIONS: All reservations for the Premises will be made through Agent's Reservations Service. The Owner agrees not to rent the Premises directly, or through any other agent. Remuneration from Rental Guests should be paid directly to Agent in all cases. In the event Owner receives remuneration directly from a Rental Guest, all such remuneration must be forwarded to Agent. In any event, the full Commission is due to Agent on all rental payments for the Premises, to whomever paid. Breach of this provision may, at Agent's option, result in termination of this Agreement. Agent shall have the sole discretion

to assign check-in and check-out days and times.

Agent will use its best efforts to inform each prospective Rental Guest about properties that best fit the Rental Guest's description of needs. In this effort, it is acknowledged that it is not always possible to suggest every property that fits the potential Rental Guest's needs. Priority will be given to units with higher-quality ratings, as set forth in Paragraph 10, when informing Rental Guests about specific accommodations. Discounted rental rates for lower quality rated properties may also be charged. Agent makes no guarantee of rental occupancy, nor does Agent guarantee that units will be proportionately rented. Owner understands and acknowledges that the majority of rentals booked by Rental Guests are units selected by the Rental Guests. Owner further understands and agrees and that Agent may be required, from time-to-time, to move Rental Guests from Owner's Premises to another unit after arrival, in order to accommodate the specific needs of said Rental Guests. If, after arrival of a Rental Guest, Agent has no option but to move said Guest into the Premises from a property with a lower Published Rate, Owner hereby accepts the lower Published Rate in lieu of the Published Rate for the Premises for the subject reservation period, only, and Owner agrees that Agent shall have no liability for applying the reduced rental rate, and will not be responsible for making up the difference between the Published Rate for the Premises and what is actually collected from the Rental Guest.

7. OWNER'S OCCUPANCY: The only limitation on the number of nights an Owner or Owner's nonpaying guests may occupy the Premises is between the Memorial Day and Labor Day holidays. During such time period, use and occupancy by Owner (including Owner-requested discretionary maintenance periods) and/or Owner's nonpaying guests will be limited to four (4) weeks, and such use will not take precedence over reservations made by Agent prior to notification by Owner to Agent of Owner's desired period of use. Owner and Agent will use their best efforts to avoid reservation conflicts; however, prior confirmed reservations will be honored, and Owner understands and acknowledges that it may not be possible to relocate a confirmed Rental Guest reservation to a substitute rental property whenever Owner wishes to reserve the Premises.

Owner agrees to notify Agent's Property Management Department in writing, no later than the date specified on the Owner occupancy calendar worksheet, of the desired Owner occupancy dates for the forthcoming year. This written notice shall be effective only upon actual receipt of said notice by Agent on or before the due date. Owner shall be responsible for ensuring that the notice is, in fact, received by Agent in a timely manner. Once Owner's desired occupancy dates have been timely submitted to and received by Agent, reservations for all other dates will be settled in favor of Rental Guests. Additional personal use by Owner shall be subject to availability.

Owner and guests of Owner must make advance reservations through Agent's Reservation Service, and must check-in and check-out at the Bald Head Island Reception front desk. Owner and guests of Owner must strictly adhere to the check-in and check-out times as assigned by Agent's property manager for the Premises. Late Owner check-outs may result

in arriving Rental Guests being reassigned from Owner's Premises to another rental unit at Owner's expense. If an arriving Rental Guest must be moved to another rental unit as a result of Owner's non-compliance with this Agreement, Owner will incur all costs associated with moving the Rental Guest, and shall be charged a \$500.00 administrative fee, payable to Agent, for the incident. If no rental units are available to which to move the Rental Guest, Agent will receive, as 100% commission to Agent, an amount equal to one-half day's rental from this reservation, as well as the \$500.00 administrative fee. Owner agrees not to enter the Premises, other than during confirmed times of occupancy by Owner, without prior approval of Agent.

8. OWNER'S REFERRAL COMMISSION CREDIT: Should Owner furnish a reservation at the full, non-discounted, non-promotional rate for his or her own property managed by Agent, the management commission payable to Agent, as set out hereinbefore, shall be reduced by ten percent (10%), and this reduction shall be credited to Owner's account. The Owner's referral commission credit shall not apply to any Owner who operates a travel agency, as only one commission will be paid. To qualify for an Owner's referral commission credit, Owner must write Agent's Reservations Office, giving the referred Rental Guest's name, address, and telephone number. Owner must instruct Rental Guest to contact Agent with arrival and departure dates, and the reservation must not be subject to any claim for a commission other than Agent's commission.

9. OWNER RESPONSIBILITIES:

- a. Owner shall establish and maintain the Premises in suitable rental condition as defined by Agent, including but not limited to, floors, carpets, appliances, heating and air conditioning, plumbing, electrical wiring, phone service, cable television service and maintaining a complement of furnishings and equipment as specified in the attached Basic Equipment List (Exhibit A).
- b. Owner will be responsible for all expenses incidental to ownership, including all dues and assessments owed to any property owner association, and the expenses of maintaining the furniture, furnishings, appliances, and electric motor vehicle(s) (including normal wear and tear). Owner will provide for trash collection and landscape maintenance if not provided by the Village of Bald Head Island or by a property owner association. Pest control will be arranged by Agent at Owner's expense as needed, but not less frequently than once each calendar quarter and, for each such visit by the pest control service to the Premises, Owner shall be billed eighty-five (\$85.00) dollars for a one- or two-bedroom unit and ninety-five (\$95.00) dollars for a unit with three or more bedrooms.
- c. Owner agrees to maintain in effect throughout the term of this Agreement, at a minimum, property damage, personal injury and homeowners liability insurance coverage of not less than one million (\$1,000,000.00) dollars for each occurrence. Owner will also, at his or her expense, maintain property damage, personal injury and liability insurance coverage of not less than one million (\$1,000,000.00) dollars

covering the electric motor vehicle(s) appurtenant to the Premises and any incidents related thereto. Owner agrees to name Agent as additional insured, to furnish Agent Certificates of Insurance evidencing that the above coverage is in effect, and to cause any notices of cancellation to be provided to Agent by the insuring company. Agent makes no representation that the insurance coverage required by this Agreement will be sufficient for Owner's needs, and suggests that Owner consult with a qualified advisor to determine whether different or additional coverage would be appropriate. Agent strongly encourages Owner to procure and maintain, at Owner's expense, liability insurance on a standard "Landlord's Policy".

- d. Owner will install and maintain expanded basic cable or satellite television with local channels in the Premises.
- e. Owner will 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 service charge of fifty (\$50.00) dollars per occurrence.
- f. There must be a touch-tone telephone in the living area and in the master bedroom and, if applicable, the crofter cottage. All phone service must be touch-tone.
- g. Owner must secure a preventive maintenance agreement with a professional third party provider for the purpose of maintaining in good repair, appearance and condition, for the use of Rental Guests, not fewer than one (1) four-passenger electric vehicle with side curtains, charger and fire extinguisher, registered with the Village of Bald Head Island; provided, however, that if the Premises are listed for rental or sales as having four (4) or more bedrooms, and if the Premises have garage capacity, Owner will provide two (2) such vehicles (or alternatively, one (1) six-passenger and one (1) four-passenger electric vehicle). Owner must submit a copy of the preventative maintenance contract to Agent. In the event that the aforesaid required vehicle(s) is (are) inoperable or in unsatisfactory condition, Agent will attempt to provide an alternative ("loaner") vehicle for the Rental Guests, and will charge Owner's account the daily rate charged by the source of the loaner vehicle for each day or portion of each day for which the loaner vehicle is provided. Owner acknowledges that Agent's Facilities Maintenance and Vehicle Maintenance Departments may have loaner vehicles available on a limited basis, and Owner agrees that Agent shall have the option of providing a loaner vehicle from one of its departments rather than from an independent source. Agent may charge Owner's account at the prevailing commercial rate for each day or portion of each day for which a loaner vehicle is provided by one of Agent's departments.
- h. Owner agrees to maintain throughout the term of this Agreement a valid Founding Social, Sports, or Golf membership in the Bald Head Island Club and a valid

membership in the Shoals Club. In the event of multiple ownership of the Premises, the regulations of the respective Clubs will govern usage privileges.

- i. Owner must notify Agent, in writing, a minimum of thirty (30) days in advance of any proposed physical change in the Premises, of the exact nature and description of such physical change. Owner also agrees to inform Agent when maintenance work scheduled by Owner is to be performed at the Premises. Agent is reserved the right, if such maintenance will adversely impact Rental Guests, to accept no rental reservations during any such periods of maintenance. Owner shall be responsible for any expenses incurred as a result of changes made to the Premises which adversely impact a Rental Guest reservation period. Owner understands and acknowledges that, once Agent is notified of any changes to the Premises, such information will be communicated to Rental Guests with existing reservations for the Premises, as well as to prospective Rental Guests.
  - j. Owner agrees to maintain, in good working order, at Owner's expense, any miscellaneous items offered in advertisement of the Premises (e.g., grills, bikes, beach chairs), and not to remove such items until the end of the year. Agent suggests that such items be clearly tagged. Agent is not responsible for the security, care, or replacement of such items, and Owner shall be fully responsible should they become damaged or missing.
  - k. Owner shall provide fire detection, monitoring, and/or suppression system(s) as are required by the ordinances of the Village of Bald Head Island, and must inform Agent of the name, address, and telephone number of the fire monitoring entity responsible for the Premises. The Agent shall have no liability for Owner's failure to comply with these requirements.
10. QUALITY STANDARDS: In order to ensure high quality standards, Agent will periodically inspect the general condition, decor and furnishings of the Premises, inventory all basic equipment and housewares, and assign one of the following quality ratings to the Premises:

Q1 = V.I.P.  
Q2 = Deluxe  
Q3 = Traditional.

Agent will furnish Owner with an inspection report, indicating the assigned quality rating, and including any recommendations for improvements. Rental rates will be established in accordance with the quality rating assigned to the Premises; higher rental rates will be established for higher-quality units.

Premises which do not earn a rating of "Traditional" or better will not be rented. Owner will



be given forty-five (45) days to improve the quality to a rating of “Traditional” or better, failing which, this Agreement may be terminated by Agent at its option. During this forty-five (45) day period, the Premises will not be rented, nor will reservations be accepted.

At any time during the term of this Agreement, Agent may designate Premises as “Out of Order” due to mechanical or electrical failure, unacceptable conditions, pest infestations, construction, repair, or maintenance work in or around the Premises, or any circumstances rendering the Premises not suitable for Rental Guests. Owner agrees that Agent may offer a Rental Guest up to a one hundred (100%) percent rebate or reduction in the Owner/Agent Rate in the event of a failure of the heating / air conditioning systems or of a major appliance, a pest infestation, or other condition rendering the Premises wholly or partially unsuitable for Rental Guest occupancy, regardless of the cause. Owner further agrees that any Rental Guest may be transferred, at Owner’s expense, to another rental property in such circumstances, if the rebate or reduction in rental is unacceptable to the Rental Guest. Agent will use its best efforts to transfer Rental Guests to comparable properties, but Owner shall pay any difference between the Owner/Agent rate for the Premises and the actual rent charged for the property to which the Rental Guests are transferred. In the event the unsuitability of the Premises is due to Owner’s failure to maintain the Premises as required by this Agreement, then Owner shall also be charged a service fee of fifty (\$50.00) dollars for each instance in which a rebate, rent reduction, or Rental Guest transfer is necessary. Agent may offer hurricane evacuation rebates of up to one hundred (100%) percent of the rental amount, subject to the provisions of Paragraph 3.

11. HOUSEKEEPING: Routine housekeeping services for Rental Guest comfort, including the provision of linen rental service, towels, and a starter kit which includes paper towels, toilet paper, dishwasher detergent, laundry detergent, kitchen towel and cloth, liquid dish soap, and bathroom amenities will be provided by Agent. The cost of such housekeeping services, as more fully specified hereinafter, shall be included in the Published Rate. Owner or non-paying guests of Owner occupying the Premises receive a departure cleaning only. Departure cleans will be done following all maintenance reservations.

Two-bedroom unit	\$85 per service
Three-bedroom unit	\$95 per service
Four-bedroom unit	\$110 per service
Five-bedroom unit or larger	\$135 per service

(One-bedroom guest cottages are considered as 2 bedroom units.)

An extensive interior cleaning, as described below, shall be performed by Agent when the Premises are initially accepted into Agent’s rental program. Agent will further perform at least one (1) extensive interior cleaning of the Premises each year, the cost of which will be paid by Owner and which will include the cleaning of the following: walls, blinds, behind all major appliances, baseboards, cabinets inside and out, light fixtures, ceiling fans, behind splash boards, washing all washable bed linens, shams and throw pillows, and cleaning other areas generally attended to during regular housekeeping services. A check-sheet specifying

what was done and inventory completed will be provided by Agent. The cost of the annual cleaning, based upon the size of the unit (counting crofter as one of the bedrooms), will be :

Two-bedroom unit - \$275	Five-bedroom unit - \$ 525
Three-bedroom unit - \$325	Six-bedroom unit - \$ 625
Four-bedroom unit - \$ 425	More than six BR - \$ 725.

The separate cleaning of a crofter, only, will be \$110.

Carpets and upholstery cleans, as well as cleaning of non-washable bed linens and drapery, will be ordered on an as-needed basis, as determined by Agent at Agent's sole discretion, and charged to the Owner's account separately. Power washing is not included, but is offered at an additional fee. Agent is authorized to order such services without Owner's approval for extensive interior clean. Agent is also authorized to order carpet, upholstery and drapery cleaning as needed, in the sole discretion of Agent, without notice to or approval from Owner.

12. LINEN RENTAL SERVICE AND FEE: Agent shall provide linens for the use of Rental Guests and shall collect a fee of two hundred eighty-five (\$295.00) dollars annually from Owner for this service. Said rental fee shall be charged to Owner's account. Linens provided hereunder remain the property of Agent, and shall not be removed or retained by Owner.
13. MAINTENANCE: Basic maintenance services will be provided by Agent to the Premises on behalf of Owner. These basic maintenance services will include the following:
  - a. Regular monthly inspection of the Premises; and
  - b. Replacement of HVAC filters and standard 40-60 watt or 3-way light bulbs.
  - c. Customer calls which result in "basic service", meaning skilled or unskilled services that can be performed by Agent's in-house general maintenance staff (excluding parts and supplies).

All maintenance materials, including replacement equipment and housewares, parts and supplies other than the standard light bulbs and filters described above, will be provided at Agent's actual cost plus twenty (20%) percent of actual cost, at Owner's sole expense, and will be charged to Owner's account. Agent will respond to maintenance request calls. Calls serviced at Agent's request that require skilled labor are charged hourly, at the rate of forty five (\$45.00) dollars per man-hour, plus parts and supplies, with a minimum charge of one (1) hour. Notwithstanding the above, for the non-emergency replacement of any major systems or system components at the Premises (e.g., HVAC, hot water heater) Agent will submit a quote to Owner for labor and material, and will require Owner's written approval before proceeding.

Maintenance services demanding more extensive repairs beyond the scope of that provided as basic service shall be arranged by Agent, but may be performed by a third party contractor. All third party maintenance services will be at the expense of Owner and may be charged to Owner's account. If Agent arranges for and/or oversees the work of a third party contractor, Agent may also charge Owner's account for a maintenance administration and coordination fee equal to twenty (20%) percent of the amount charged by the third party contractor for the work. Agent does not warrant any services performed or materials supplied by Agent or by any third-party contractor. Any third-party warranties are between Owner and the contractor providing same.

Agent has full authority to cause repairs and/or replacements of equipment or housewares to be undertaken without prior notification or approval of Owner. If the estimated cost of such repair or replacement is in excess of three hundred (\$300.00) dollars, Agent will use its best efforts to contact Owner for approval prior to undertaking such repair or replacement, EXCEPT in the event of an emergency. However, once a good faith effort is made to contact Owner, such repairs may be undertaken without Owner approval if necessary to render the Premises in accordance with the terms of this Agreement or with the most recent Owner's amenities/inventory list on file for Rental Guests then occupying the Premises. Agent will not be responsible for any of the acts or omissions of any third party contractor, but will coordinate warranty activities between Owner and third party contractors as may be requested. Emergency repairs will be considered repairs that are needed to protect person or property, or repairs that may necessitate discounting a rental rate or relocating a Rental Guest, as loss of revenue would exceed cost of repair. Agent shall have unlimited discretion to determine what constitutes an emergency hereunder.

Owner shall maintain the exterior grounds in a sightly and functional condition. Failure to do so may result in a lowering of the assigned quality rating. Agent may, but is not required, to cause grounds maintenance to be performed at Owner's expense. Owner hereby authorizes Agent and Rental Guests to use over-the-counter pest remedies in and around the Premises as Agent deems necessary.

Agent is hereby authorized to install, at the expense of Owner, a master key system at the primary entrance to the Premises, at the entrance to any separate lockout unit, and, if applicable, at the garage vehicle entry and garage pedestrian door. Agent is authorized to maintain possession of the keys throughout the term of this Agreement, and to re-key the master key system, at Owner's expense, as deemed necessary or desirable by Agent. Owner shall be provided access to the Premises upon reasonable notice and request. Agent is further authorized to re-key, at Owner's expense, any golf cart assigned to the Premises to the master key golf cart system (EZGO cart key), and to maintain such cart keys during the term of this Agreement.

14. OWNER COVENANTS: Owner agrees, at his sole cost and expense at all times during the term of this Agreement, to save and hold harmless Agent, its employees and those of its related entities, free, harmless, and indemnified from all injury, loss, claim and/or damage

(including without limitation attorney's fees and court costs) to any person or property arising from, related to, or in connection with, the use and/or occupancy of the Premises or the use of any personal property or vehicles associated with the Premises, provided the same are not caused by the gross negligence or intentional misconduct of Agent. The Owner will store his or her personal property on the Premises in a secure, locked closet, at Owner's own risk. Owner is solely responsible for the security of Owner's personal property on the Premises, and Agent assumes no liability for the loss or damage thereof. Agent has no obligation to Owner to take any action, not specified herein, to prevent such loss or damage.

Regardless of any minimum insurance requirements set forth herein, Agent and its employees shall not be liable for any loss or damage to the Premises or to any equipment, vehicles, furniture, furnishings, or appurtenances thereto, or to any property of any nature brought to the Premises, whether such loss or damage results from accident or other occurrence in or upon the Premises, including (but not limited to) claims for damage resulting from the actions or omissions of Rental Guests or their invitees, injury done or occasioned by wind, rain, or other elements, or by theft, vandalism, fire, or acts of God.

Agent agrees to use reasonable efforts, short of taking legal action, to recover damages caused by Rental Guests from any security deposits paid to Agent and from guest damage insurance policies (if any) purchased by such Rental Guests. All costs of Agent's recovery efforts will be paid by Owner, and Agent is authorized to deduct such costs from Owner's rental proceeds. Agent shall have no other or further obligation to seek recovery of damages caused by Rental Guests.

Owner shall indemnify and hold Agent free and harmless from all damages or injuries to person or property, from any claims, actions, obligations, liabilities, costs, expenses and fees suffered or incurred by reason of any cause whatsoever when Agent is acting upon the directions of Owner or carrying out the provisions of this Agreement, except in the case of Agent's gross negligence.

15. LISTING: To facilitate coordination of simultaneous sales and rental efforts, the Agent will not issue keys to any salesperson prior to receiving written notice from Owner, by certified or registered mail addressed to Agent, of the existence of a brokerage agreement for the sale of the Premises. Such notice must contain the name of the listing broker and, unless Owner directs otherwise in writing, such notice shall be deemed an authorization by Owner allowing Agent to release to the listing broker the rental history for the Premises. The use of lock boxes at the Premises is prohibited. Violations will result in the Premises not being made available for rental. Designated salespersons must personally appear and sign for keys to the Premises at Agent's office. To insure proper preparation of the Premises, and for Rental Guest privacy, keys will not be issued within twenty-four (24) hours of a Guest/Owner's scheduled arrival and continuing through their occupancy. The Agent specifically disclaims, and Owner hereby releases the Agent from all responsibilities for any loss or damage suffered by Owner as a result of the delivery or issuance of keys to salespersons or as a result

of the release of rental history information to the listing broker. Should a Rental Guest be inconvenienced or disturbed as a result of any salesperson's failure to comply with procedures established by the Agent from time-to-time for the Premises which are for sale, this Agreement may be canceled immediately by Agent, upon written notice to Owner, and Owner will have no recourse against the Agent, Rental Guest, or existing reservation holders.

16. SALE OF PREMISES: Owner shall notify Agent of the sale of the Premises, if such should occur during the term of this Agreement. Such notification shall occur within five (5) business days after a contract is signed for the sale, and shall include the name and address of the purchaser, the selling and listing brokers (if any), the attorney who will handle the closing, and the anticipated date of closing. Agent shall have no liability to Owner or to the purchaser of the property for loss or damage, should Owner fail to comply with these notice requirements.
17. LAWS: This Agreement will be governed and construed in accordance with the laws of North Carolina. The courts of North Carolina will have personal jurisdiction over the parties hereto, and will be the exclusive forum for any legal action brought in connection with this Agreement. The prevailing party in any legal action brought hereunder will be entitled to collect all costs of such action, including, without limitation, reasonable attorney fees.
18. NOTICES: Unless otherwise provided herein, notices required or permitted by this Agreement will be effective on the date received if not sent certified mail with return receipt requested, and two days after mailing if sent certified / return receipt with postage prepaid, addressed to Agent at:

Bald Head Island Limited, LLC  
Property Management Department  
Post Office Box 3069  
Bald Head Island, North Carolina 28461,

and to Owner at the address set forth below.

19. CO-OWNERSHIP: If the Premises are owned by more than one person, one person must be designated as the single point of contact with Agent for purposes of notices, payments, billings, authorizations, consents, and all other communications between Agent and Owner hereunder. If one person has signed this Agreement as Owner, said person warrants and represents to Agent that he or she is, in fact, an Owner of the Premises and has full authority from his or her co-owners, if any, to enter into this Agreement and bind all of the co-owners of the Premises to the terms and provisions hereof. Agent shall have the right to (and will) rely upon this warranty and representation. Owner shall indemnify and hold Agent free and harmless from any claims arising out of or in connection with the breach of Owner's warranties and representations set forth in this paragraph. Any changes in ownership and/or address shall be sent in writing to Agent's Property Management Department set forth above.

20. MISCELLANEOUS:

- a. This Agreement inures to the benefit of, and is binding upon, the respective heirs, successors and assigns of the parties hereto. Any amendments must be in writing and must be signed by all parties herein. This Agreement may not be assigned by Owner without the prior written consent of Agent, which consent will not be unreasonably withheld.
- b. Agent is hereby granted permission to utilize pictures, depictions, text or other descriptions of the Premises in advertising and promotional literature, at the sole discretion of Agent, and without incurring any obligation or liability to Owner for such use.
- c. Agent may, but is not required, to provide advance reservations and occupancy information to Owner upon request of Owner. Any such information shall be deemed preliminary, and is subject to change for a number of reasons, including, but not limited to, cancellation of reservations by a Rental Guest. Agent is not responsible for providing rental revenues or proceeds to Owner in any circumstance in which the Premises are not occupied by a Rental Guest with compensation paid to Agent for such occupancy.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed effective as of the date first above written.

OWNER:

\_\_\_\_\_(SEAL)

\_\_\_\_\_(SEAL)

[AGENT SIGNATURE FOLLOWS ON NEXT PAGE]

AGENT:  
BALD HEAD ISLAND LIMITED, LLC d/b/a  
BALD HEAD ISLAND PROPERTY MANAGEMENT  
(N.C. Real Estate Firm Broker License #C12072)

By: \_\_\_\_\_ (SEAL)  
Title: \_\_\_\_\_

OWNER INFORMATION:

(Name - please print) --

\_\_\_\_\_

(Address) \_\_\_\_\_

\_\_\_\_\_

(Home Telephone Number) \_\_\_\_\_

(Work Telephone Number) \_\_\_\_\_ (continued on next page)

(Cell / Mobile Telephone Number) \_\_\_\_\_

(Telephone Number at BHI Premises) \_\_\_\_\_

(Fax Number and Location) \_\_\_\_\_

(Social Security Number or Federal ID Number) \_\_\_\_\_

(E-mail Address) \_\_\_\_\_

(Insurance Provider) \_\_\_\_\_

(Insurer Telephone Number) \_\_\_\_\_ (Insurance Policy Number)

\_\_\_\_\_

OPTIONAL AUTHORIZATION:

Owner specifically authorizes Agent to disclose information about this Agreement, the rental Premises, and Owner's rental account to the following person(s):

(Name[s] – please print) \_\_\_\_\_

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(Address[es]) \_\_\_\_\_

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(Telephone Number[s]) \_\_\_\_\_

(Fax Number[s]) \_\_\_\_\_ (E-mail Address[es]) \_\_\_\_\_



EXHIBIT A  
RENTAL PROPERTIES BASIC EQUIPMENT LIST

LIVING ROOM

Comfortable seating for sleeping capacity  
Appropriate tables, lamps, pictures and accessories  
Sufficient lighting, including 3-way-reading lamp(s)

DINING ROOM

Comfortable seating for sleeping capacity; minimum of six  
Sufficient lighting

BEDROOMS (per bedroom):

Bed(s) of suitable high quality as determined by sole discretion of Agent, for two persons, with headboards.

Suggested:     1 bedroom unit - King or Queen  
                  2 bedroom unit - 1 King or Queen (master bedroom)  
                  3 bedroom unit - 1 King or Queen (master bedroom)  
                  4 twins in other bedrooms

One (1) mirror (minimum 10 sq. ft.)  
Nightstands - 2 if king, queen or double bed; 1 between twin beds (if space allows)  
Lamps (for dresser and nightstand; nightstand lamps must be 3-way)  
Chest or dresser  
Appropriate pictures and accessories  
One (1) chair (If space allows)  
One (1) wastebasket  
One (1) alarm clock (electric)

BATH

Mirror  
Wastebasket  
Shower curtain with liner  
Commode brush and container  
One (1) plunger per bathroom  
One (1) hair dryer per bathroom

OUTDOOR

Living room decks/porches - outdoor furniture (including a table) adequate for sleeping capacity.  
All bedroom decks/porches to have two (2) chairs or lounges, with a table.  
Water hose.

#### WINDOWS

The Agent requires drapery and/or blinds if Agent determines that uncovered windows inhibit the privacy of tenants.

Traverse rods are required for sliding doors. Drapes on sliding doors should have one-way draw away from the opening.

#### DISHES AND FLATWARE

Package may be provided by Agent at Owners expense.

Place settings for 1-1/2 times maximum sleeping capacity, i.e., sleeps 6, minimum service is 9; minimum service for four (4) (plastic dishes not acceptable).

#### GLASSWARE

Package may be provided by Agent at Owners expense.

Service for double the sleeping capacity of the following glass types:

16 oz. water glasses  
10 oz. juice glasses  
16 oz. wine glasses  
Set of plastic glasses recommended.

#### LINEN

Two (2) blankets per bed, including sofa bed, if applicable.

Two (2) pillows (king and/or standard sized for the bed) per person sleeping capacity.

One (1) mattress pad per bed (must be machine dryable; if plastic must have cloth pad covering).

One (1) complementary coordinated bed cover per bed.

One (1) pillow protector for each pillow.

#### APPLIANCES

Clothes washer/dryer.

Refrigerator with icemaker.

Upright vacuum cleaner w/attachments, replacement bags, and beater bars (suggest Hoover, Eureka or Panasonic or other comparable leading brands).

Steam Iron

DVD player

VCR (optional)

Cable-ready color television (main TV 27" and others a minimum 19") with cable-ready remote control.

For units larger than one (1) bedroom, there must be a TV in at least the master bedroom and the living room.

#### KITCHEN EQUIPMENT (Dishwasher safe)

Mixing bowls (set of 3)

Salt and pepper shakers

Cream and sugar service

Salad bowl set (with bowls and servers)

Juice pitcher

Meat platter

Tea kettle

Cutting board

Pot holders

Large ovenproof casserole with cover

Colander

Pierce type can bottle opener

Open baking dish (large Pyrex)

Corkscrew

Electric mixer

Can opener (electric)

Kitchen knife set

Refrigerator containers (set of 3)

Microwave

Large skillet (cast iron skillets not acceptable)

Medium skillet (cast iron skillets not acceptable)

Small skillet (cast iron skillets not acceptable)

Grater

Muffin pan

2-qt. saucepan (covered)

3-qt. saucepan (covered)

Cutlery tray (if necessary)

Knife sharpener

Cookie sheet

Measuring spoons (set)

Roasting pan  
Measuring cup  
Large boiling pot with cover (minimum 8 quart)  
Steampot  
Potato peeler  
Eggbeater  
Pancake turner  
Spatulas  
Slotted spoons  
Wastebasket  
Cooking fork  
Coffee maker (12 cup)  
Blender  
Two (2) vegetable bowls  
Toaster  
Steak knives set

#### MISCELLANEOUS

All items must be of acceptable quality:

Ashtrays for each room (if smoking)  
Fly swatter  
Ironing board, pad and cover  
Placemats for dining capacity  
Coat hangers (plastic and/or wood with a minimum of 12 per closet, including specialized hangers for slacks, skirts and coats)  
Two 32-gallon heavy-duty plastic garbage cans  
Broom/dust pan  
Garbage cans with lockable lids (where dumpsters are not provided by regime)  
Ice bucket  
Six (6) ice trays  
Doormats for all outside entrances  
Sponge mop and bucket  
One (1) toilet plunger (per bathroom)  
Flashlight with batteries (Agent provides at Owners expense)  
Fire extinguisher (N.C. Code) (visible in kitchen)  
High chair  
Crib  
One (1) full-length mirror  
Yes/No garbage sign mandated by the Village of Bald Head.

#### MOST REQUESTED AMENITIES & UPGRADES (Optional)

All items must be of acceptable quality:

Extra golf cart with side curtains  
DSL connection  
DVD recorder  
Beach towels  
Bicycles  
Gas grill (in permitted areas)  
Extra quality pillows  
In pet friendly homes, animal food and water dishes