

Ledge Rock Management LLC Cottage Rental Pool Participation Agreement

This Agreement is made and entered into this ____ day of _____, 2023 ("Effective Date") by and between: (Cottage Owner's legal name), (hereinafter referred to as "Owner"), who reside at (Cottage Owner's mailing address), and Ledge Rock Management LLC (hereinafter referred to "LRM"). This Agreement shall continue until terminated as provided for herein.

RECITALS

WHEREAS: The Owner of Cottage desires to participate in the rental management program operated by LRM for the Cottage referred to above; and

WHEREAS: LRM, as an independent agent on behalf of Owner, will provide rental management services as enumerated herein; and

WHEREAS: LRM has a business relationship with Cove Point Lodge, which is adjacent to the Cottage, to provide seamless services to rental guests;

NOW, THEREFORE, it is agreed as follows:

1. **EXCLUSIVE AGENT.** Owner hereby appoints LRM as the exclusive rental agent for Owner's Cottage # ____ located at _____ when such Cottage is not personally utilized by the Owner. Owner agrees to not to rent nor receive remuneration from any other party for the rental of his/her Cottage other than from LRM. Owner reserves the right to use his/her property or to designate certain periods for its use by his/her immediate family which shall be considered personal use and not that of a rental. However, utilization by the Owner or designate is subject to availability. Guests will be allowed to make reservations for the Owner's Cottage up to 365 days in advance and guest reservations, made before an Owner usage request, will take priority over Owner requests for use of their Cottage. Owner understands that prior reservations made by a guest will have absolute priority over any personal use by Owner; however, LRM shall make a "good faith effort" to determine if the guest would be willing to move to alternative accommodations for which Owner shall not be entitled to any Rent or compensation therefrom. If the guest is not willing to move, the guest's reservation will take priority over any subsequent Owner request.

Owner agrees to make available the Cottage a minimum of 200 nights per year including a minimum of 100 nights between June 15 and November 1 of each year. Owner understands that this is an exclusive rental agreement and that no other agent is authorized to lease/rent the Cottage at any time.

2. **DUTIES AND RESPONSIBILITIES OF COTTAGE OWNER.** Owner, at its sole cost and expense, is required to remain current on all charges, expenses, fees and assessments from whatever source derived, due to any organization, including those associated with LRM and Cove Point Lodge and any Home Owner related association expenses.

Each Cottage Owner is required to demonstrate that they have obtained paid up insurance for theft, fire, water, vandalism, and accidents involving contents, interior and liability coverage in an amount not less than \$500,000 covering rental guests and shall name LRM as an additional insured on such policy. By signing this agreement, Owner agrees to hold Ledge Rock Management LLC harmless for any damage to Cottage or any liability or harm to a guest and their property while renting Owners Cottage.

Owner must obtain and remain current on all utility expenses including but not limited to electrical, telephone, gas, satellite television and other related services.

Owner agrees to allow LRM to complete two full inspections each year and further agrees to allow LRM full access to each Cottage 24 hours a day and 7 days a week when not occupied. Owner understands that continuation in the rental pool is contingent upon completion of all issues raised in the inspection report which is developed at the sole discretion of LRM management staff. Failure to complete the elements contained in the inspection report can, at the sole discretion of LRM, result in termination of the rental agreement.

Owner agrees to immediately complete any “must do” item determined by LRM during any inspection or housekeeping activity. The lodge will use its best discretion to only designate “must do” items that in the judgment of LRM are necessary for life safety, safeguarding of property, or customer satisfaction that is important to the overall character of Cove Point Lodge and all cottages within the rental program. See appendix 1.

Owner agrees to comply with all covenants, rules and regulations of Cove Point Lodge, LRM, and related Home Owner Association for which the Cottage is a member.

Owner agrees to allow LRM or its agents the ability to provide emergency service without prior approval of the Owner in order to protect the safety of people and/or buildings and contents. All services will be billed directly to the Owner of the Cottage.

Owner agrees to complete any requirement determined necessary by any authority such as the fire department, county health department or other agency as a requirement of rental pool participation.

Owner understands that personal use will reduce the availability of the Cottage and negatively affect potential rentals and his/her remuneration. This is especially true on weekends and holidays throughout the year.

Owner understands that Owner or Owners’ agent shall not enter Cottage without prior notice and approval of and coordination with LRM manager.

Owner understands that any valuables or other personal property within the Cottage is subject to theft or damage and such damage or loss is the responsibility of the Cottage Owner and LRM assumes no liability for the loss or damage thereto. When possible LRM will seek compensation from rental guests for Cottage damage or stolen property but no assurances can be given that such collection can be obtained on behalf of Owner.

3. DUTIES OF LEDGE ROCK MANAGEMENT LLC

LRM and its contracted agents will provide reservation services including check in and check out service, verification of credit card information, settling of all bills, and 24 hour desk service.

LRM and its contracted agents will use its best ability to rent cottages within the rental management program. However, no implied or explicit guarantee is made or offered regarding future Cottage rental. Furthermore, it is understood that some cottages are more appealing to guests than other cottages. Therefore, LRM makes no guarantee that all cottages will be rented at the same number of nights per year. Specific cottage rental decisions are at the discretion of the guest.

LRM will provide full accounting service including a monthly report of occupancy, revenue and expenses charged against the Cottage.

LRM will provide advertising, brochures, trade show attendance and promotional support for Cottage related activities.

LRM will provide housekeeping services to rental guests including, cleaning, clean linen, garbage removal, firewood, inspection of the Cottage, fresh cleaning supplies, including dishwasher, soap and shampoo, and paper products.

LRM will provide fresh linen to rental guests for each cottage every fourth day (after third night) upon request.

LRM will set rental rates for each cottage based on market condition, economic conditions and trends in the industry.

LRM will provide general management services including the supervision of staff, establishing policies and procedures, and providing information to cottage Owners.

4. RENTAL INCOME DISTRIBUTION. In exchange for services rendered, LRM will receive 50% of all collected gross rental income derived from rental of the Cottage with the remaining 50% being payable to Owner. Gross rental income will not include income derived from food and beverage, incidental or other charges posted on a rental guest’s bill including any resort fees payable to Cove Point Lodge, as a result of purchases made at Cove Point Lodge.

Any fees and expenses due LRM or Cove Point Lodge or related entities by Owner will be deducted from the income due to the Cottage Owner plus a 2% monthly late charge for all charges 45 days past due.

5. **OWNER RELATED HOUSEKEEPING CHARGE.** Upon the checkout of an Owner or Owner authorized guest (other than rental guests), LRM will clean and re-fresh the Cottage. Owner shall be charged a checkout fee for the Owner's housekeeping charges, late checkout, smoking, and other services which are published from time to time by LRM. A copy of the fees can be obtained by calling the LRM office.
6. **MAINTENANCE CHARGES.** Charges to repair or replace items related to each Cottage will be responsibility of each Owner. All repairs must be completed to the satisfaction of LRM. Charges for services completed by LRM or its agents or vendors/contractors hired by LRM will be billed as provided on Exhibit A.
7. **DAMAGES.** LRM, or its owner(s), officers, agents or employees, shall not be held liable for any loss or damage whatsoever caused to the property or the personal property therein, which is not directly caused by an employee or agent of LRM. LRM will devote its best effort to obtain voluntary reimbursement from a guest for damage caused by the guest, however, the risk and responsibility to recover such loss or damage is solely that of the Owner. Owner shall provide LRM with a complete inventory on an annual basis including photographs of the interior of the property.
8. **EMERGENCY AUTHORIZATION.** Owner grants to LRM and Cove Point Lodge the authorization to take any necessary action to protect guests and property from harm or damage. This authorization includes the ability to make prudent decisions to hire experts to provide necessary emergency services, remove guests from the Cottage, remove the Cottage from the rental pool, and enter the property at any time for the purpose of protecting the property, adjacent properties, guests and employees.
9. **COTTAGE PAINTING AND SPRING AND FALL CLEAN.** As part of keeping the Cottage in first class condition, LRM will establish a painting schedule for the interior of the Cottage, however no more frequently than every three years. Further, each fall and spring the Cottage will be extensively cleaned and a maintenance inspection will occur. The Cottage Owner will be charged for these services. LRM will incur the first \$100 of maintenance corrections including touch up paint, hardware fastening and tightening of doors and windows. Corrections that are required beyond \$100 will be the responsibility of the Cottage Owner.
10. **SALE OF UNIT.** If the Owner sells his/her Cottage, Owner agrees to inform LRM and to ensure that the new Owner will honor all reservations already booked for said Cottage or to provide remuneration to LRM for loss of rental income in addition to compensation for the rental guest's reservation in the event that the reservation cannot be honored.
11. **COMPETITOR.** Owner understands that if Owner becomes a competitor of LRM by providing food or beverage services or lodging services including lodge management service, that this agreement may be terminated immediately or at any time at the sole discretion of LRM upon 30 days written notice.
12. **USE OF BRAND NAME.** Use of any brand name associated with Ledge Rock Management, Cove Point Lodge or Cove Point that would suggest a business relationship, partnership, joint venture, Ownership or endorsement is prohibited. An Owner is allowed to indicate that they are an Owner of real estate at Cove Point Lodge only if they participate within LRM's rental management program; otherwise, any such use of the names referenced herein shall be a violation of trademarks owned by Cove Point Lodge and LRM and Owner shall be liable for damages accordingly including Cove Point Lodge and LRM's legal costs and expenses. Owners are further authorized to indicate that they participate in a rental pool sponsored by Ledge Rock Management.
13. **TERMINATION.** This agreement will commence on the date shown and continue unless the Owner cancels the agreement with 120 days notice, or the property is sold to another party or LRM provides at its complete discretion 30 days notice of termination of the agreement.

This agreement can be canceled by LRM without notice if the Owner fails to meet financial obligations as outlined above including the maintenance of insurance as provided for within this Agreement. Failure to complete the "must do" section of the inspection report or failure to meet the rules, regulations and bylaws of the association or failure to abide by the policies, rules and regulations of Cove Point Lodge is also cause for termination of this agreement.

The Owner may cancel this agreement without notice if LRM fails to provide timely payment of rental income to the Owner within 30 days of the close of the month for which rental income is due.

14. **AGREEMENT IS NOT TRANSFERABLE.** In the event the Owner sells his/her Cottage, it is understood that this agreement is not transferable to the new Owner and that LRM, at its sole discretion, may or may not extend a rental management agreement to the new Owner.

15. NO SMOKING. It is fully understood that in order to qualify for participation within the rental management program of LRM, the Owner of the Cottage shall not smoke within the Cottage at any time. Failure to comply with this provision constitutes grounds for immediate termination of this rental management agreement.
16. TUB AND WHIRLPOOL TUB HOLD HARMLESS AND NOTIFICATION. Owner recognizes that bath tubs and whirlpool type tubs can be slippery and dangerous. Any tub constructed with a platform or step or any tub more than 25" high from the base of the floor to the entry rim of the tub should at a minimum have adequate grab bars. Owner understands that at any time, LRM can immediately revoke this agreement with 24 hours notice if the tub rim is more than 16" from the floor (not the step if any) and if grab bars are not installed. Owner further agrees to indemnify and hold harmless LRM for any injury whatsoever related to activity involving the operation entry or exit from the tub.
17. DOOR LOCK. LRM will install and own an electronic card based lock on the front door of the Owners' Cottage at Owner's sole cost and expense. If the Owner chooses to leave the rental management program, the lock will be removed by LRM. Owner understands that Owner the replacement lock and door hardware will be an expense of Owner and that Owner will be required to find and install replacement door hardware accordingly.
18. COMMON WALL. If at any time, the above-named Owner intrudes in any way into a common wall space between units or onto the common wall for the purpose of insertion or placement of speakers, alarm systems, video equipment or any device that could create noise for the neighboring unit, is cause for the immediate cancellation of this agreement by LRM. Further, if a neighbor intrudes into the common wall or places speakers, video equipment or alarms or other devices on his/her common wall, it is the responsibility of the Owner to work with its neighbor to have such items removed. If the neighbor refuses to remove the above referenced equipment, this agreement can be cancelled by LRM.
19. RULE OF LAW. This agreement is subject to the laws of the state of Minnesota. If a dispute arises the parties shall agree to binding arbitration in accordance with the rules of the American Arbitration Association. If either party selects binding arbitration, the arbitration service shall appoint within 60 days in arbitrator and the arbitrator shall serve notice on both parties as to timetable and process. It is understood that the arbitrator shall not be permitted to award punitive damages.
20. FOREIGN OWNERSHIP. Pursuant to 1441 and 1442 of the Internal Revenue Code of 1986, as amended, LRM is obligated to withhold taxes of approximately 30% of rental income paid to foreign persons or entities unless such person is subject to exemption from the withholding requirement. **By signing this Agreement, Owner hereby asserts it is not a Foreign Person as defined by the Internal Revenue Code and regulations thereunder unless explicitly asserted in writing.**
21. COVE POINT LODGE POLICY, PHILOSOPHY AND ASSOCIAION DECLARATIONS AND RULES. Owner acknowledges receipt of Owner handbook and rental handbook provided by LRM. Owner also acknowledges it has received, understands, and will comply with the Home Owner Association declarations, by-laws, and rules and regulations.

In witness thereof, the parties have executed this agreement.

Owner _____
Date _____

LRM _____
Date _____

Address: _____

Ledge Rock Management LLC
Box 504
Beaver Bay, Minnesota 55601

Telephone: _____

218 226 3221

Appendix 1

Furniture, Fixtures and Equipment

At its sole expense the Owner is responsible for the replacement of, but not limited to, any item of furniture fixture and equipment necessary to maintain the Cottage in a first class condition. Owner shall not hold LRM responsible for repair, restoration or redecorating.

As an illustration of the expected life of some major items so that a Cottage Owner might allow time to budget appropriately, the following time lines are presented (however, the actual useful life may vary by more or less than the period stated). Before work proceeds on these items, the Owner will be notified and a discussion will be conducted regarding next steps. No work will proceed without Owner approval

Paint the interior	3 years
Sofa bed	3-5 years
Carpet	5-7 years
Mattresses	6 years
TVs	6-8 years
Tile	As needed
Furniture	6-8 years
Appliances	8-12 years

The following are examples of items will be replaced on an as needed basis and at the discretion of LRM and billed directly to the Owner.

Linens
Towels
Bedspreads
Kitchen items such as toasters, pans, plates, silverware, spatula, knives, bowls,
Mugs, glassware
Place mats
Waste basket
Bath mats