

**ARTICLE VI**  
**Damage Fund**

**Section 6.01. Purpose.**

The parties confirm that it is in their mutual interest to deal with renter related incidents in a manner which minimizes expenses, encourages revenues and provides for a smooth working relationship between the parties involved.

**Section 6.02. Coverage.**

Proceeds from the Damage Fund shall be available for dwellings enrolled in Smugglers' renter program to pay for broad areas of renter damage to and theft of items originally provided or reasonable replacements thereof, including loss or damage to furniture, fixtures and equipment required by the Five Star or Five Star Plus ratings, damage to floors, carpets, doors and other physical components of the Unit; reasonable repairs of furniture or major appliances so as long as the repairs are economically feasible and under \$500 per occurrence; the loss or replacement of blankets, kitchen utensils, table service items, etc.; and any small personal additions to the Unit which were placed in an effort to enhance its rentability.

Any item placed in a Unit that is of unusual value, such as a home computer or a valuable painting, is not covered.

Some specific items not included are:

- ▶ Normal wear and tear of furniture, furnishings and equipment; building components; paint and finishes
- ▶ Spring and/or fall housecleaning
- ▶ Annual maintenance and repair rounds
- ▶ Betterments in the dwelling and repair or replacement of homeowner's personal property, furniture, etc.
- ▶ items that are of material value
- ▶ Replacement of alcohol, food, or sports equipment
- ▶ Malicious damage caused by tours, groups, or conference renters if covered by a damage deposit (non-malicious damage is included in the Damage Fund program)
- ▶ Damage or inventory loss from Owner use, use by an Owner's Family, an Owner's Accompanied Guest or an Owner's Unaccompanied Guest, or natural causes

Any qualified repair or inventory replacement shall be charged to the Damage Fund up to the maximum \$500 and any remaining amount over \$500 will be charged to the Owner.

**Section 6.03. Contributions.**

Smugglers' and the Owner shall each contribute quarterly a sum equal to 2.5 percent of the Unit's total gross rental income reported in the quarterly statement to the Damage Fund. Smugglers' shall deduct the Owner's contribution from the Owner's funds. If, at the end of any calendar year the amount in the Damage Fund is

(a) insufficient to pay all costs of repair or replacement, Smugglers' shall contribute one-half of the shortfall and all owners participating in the renter program shall contribute the balance in proportion to the amounts contributed by all of them for that year; or

(b) greater than all costs of repair or replacement, Smugglers' shall be credited with one-half of the surplus and each owner participating in the renter program shall be credited with the portion of the surplus that is in proportion to the amounts contributed by all of them for that year.

**Section 6.04. Claim Limits.**

Under no circumstances is it the responsibility or intention of the parties that the Damage Fund pay an amount, per occurrence or per claim, in excess of \$500.