



## **SUBLET TERMS & CONDITIONS**

Dear Lessees: This is to clarify lessors' policy for the conditions for approving direct subleases scheduled by tenants. As you probably know, our lease agreement provides that you may not sublet without Lessors written permission

Under Oregon law a sublease transfers only a portion of the lessee's interest in the leased property, in this case usually for a few days of the lease's duration, to a person with whom the lessors have no contractual relationship. This practice would create several problems for the lessors and is the reason why the lease says that there can be no sublet without the owners written consent. By this letter lessors explain the nature of the problem and set out the five conditions under which lessors will provide written consent for a tenant direct sublet.

Lessors owe duties to all tenants on the property that requires lessors, maintain common areas, keep utilities working and to know who is on the property and to insure they are familiar with and are bound by the rules for use that apply to the tenants.

We will accomplish this by conditioning approval of tenant direct sublet requests [1] first on the requirement that the request be made in writing, a reasonable time in advance to allow for lessors' written approval and with sufficient information to allow proper identification of the sublessees when they arrive. [2] Second, any approval will require that your sublessees on arrival go to the office and properly identify themselves and establish their right to be on the property. [3] At the same time the sublessees will be supplied with use rules and they will be required to agree in writing to adhere to them. Since we have no independent relationship with the sublettee this is required to insure that rules are followed and to allow the lessors to enforce the rules directly with the sublessees. [4] At the time of arrival, the sublettee will be required to go through a normal check in procedure, the duration of the stay will be recorded and on departure the sublessees will be required to check out, [5] on the requirement that each Lessee electing to sublet shall provide evidence of an all risks policy of insurance with an AA rated company naming the Alan and Elizabeth Murray and Chetco River Resort, LLC as additional named insureds and shall provide minimum coverage of \$1,000,000. If Lessee sublets thru the park-wide rental pool then the insurance requirements herein shall be subordinated to the insurance requirements of the rent sharing agreement with the park-wide rental pool company.

Beyond the desire to be able to properly supervise the common area and protect the park as a whole, the lessors incur significant costs that vary based on the levels of occupancy. An example is the need to keep the office staffed to provide the level of oversight described above and the greater the overall use the greater the extent of staffing time that is required. Other examples of use dependent costs are maintenance for access roads and on site, utility and common area repairs, sewer use cost and trash disposal.

In the past, when the lessors operated a rental service and now with a relationship with the independent rental service, fees were generated that offset the additional use dependent costs described above. While the monthly rental amount does include these same costs, monthly rent is based on an average use of the owner without sublessees. The common Lease Agreement does allow the lessors to increase overall rents in the event of increased costs. However, a general rent increase to cover uncompensated sublet operations by some lessees would be grossly unfair to the other tenants. Clearly, the additional cost of independent sublet use should be paid for by those financially benefiting from that activity.

As a result, [6] the final condition for lessors' approval of a direct sublet is that those benefiting pay the additional costs that are created. Reviewing these costs, lessors have concluded that a fair division of costs is for those lessees to pay lessors a fee of \$30/day of stay as a final condition for lessors' approval of a request for a direct sublet.

Payment of sublet fees shall be due on the 15<sup>th</sup> of the following month; i.e. August sublet fees are due by September 15. Fees must be submitted with a statement listing the name of sublet and their check in and check out dates. Sublet fees and statements can be mailed to PO Box 6411, Brookings, OR 97415. Make

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97748 N. Bank Chetco River Rd.  
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all checks payable to Chetco River Resort, LLC.