RENTAL SURCHARGE
Policy 610.10R1

12/11/2025 **Dan Sheehy**
Effective Association President Previous 610.10

POLICY
As provided by the Master Deed and Bylaws, the Board of Trustees has established a rental surcharge of **11.25% of the actual rental rate** listed on the lease and an Accidental Damage Charge (ADC) of $55 per rental lease. The procedure of estimating, calculating and invoicing the rental surcharges, and examples, are provided below.

PURPOSE OF THIS POLICY
The Rental Surcharge & Accidental Rental Damage Insurance charge (also known as the Surcharge Calculation and Collection Policy) has been developed 1) to make the calculation and invoicing of surcharges easier for the office staff to manage, 2) to improve the cash flow of collecting rental surcharges prior to paying for rental-related expenses and 3) to improve final reconciliation for annual in-season rental surcharges.

SCOPE OF THIS POLICY

This policy applies to all owners who rent their units.

RESPONSIBILITIES AND AUTHORITIES

The Board of Trustees maintains the responsibility and authority to make necessary changes to this policy. The rental administrator and other managing agents have the responsibility and authority to execute the procedures listed herein.

If an owner uses an outside party to rent their unit, it is the renting owner's responsibility to provide evidence of the actual rental amount via: 1) ***a copy of the rental lease*** submitted to the Tides office or (2**) a *photo or screenshot of the lease*** *agreement* from the rental platform that they used. **In the absence of evidence of the actual rental rate of the lease, the rate used to calculate the rental surcharge will be the peak rate set by the owner for their in-season rental weeks.**

PROCEDURES

1 - The renting owner will set their own rental rates for both in-season and off-season, ***and provide them to the Tides Office regardless of rental platform being utilized*.**

If an owner uses an outside party to rent their unit, it is the renting owner's responsibility to provide evidence of the actual rental amount via: 1) a copy of the rental lease submitted to the Tides office or (2) a photo or screenshot of the lease agreement from the rental platform that they used. In the absence of evidence of the actual rental rate, the rate used to calculate the rental surcharge will be the peak rate set by the owner for their in-season rental weeks.

2 – Calculation and invoicing of rental surcharges for In-Season rentals. The Total Annual Rental Surcharge is 11.25% of the **actual** lease rental rates. The calculation and invoicing for **In-Season** rental surcharges is an estimate of the total annual in-season surcharge amount owed, divided into 4 payments (March, May, July and November) where the 4th payment will be reconciled and adjusted to reflect the actual amount of the total annual in-season rental surcharge.

Calculation. The Tides will calculate an **estimated** annual in-season rental surcharge for each renting unit.
- For a returning renting owner, the estimated total surcharge will be calculated using the rental activity of the prior year using the rental rates set by the owner in the current year (provided to the Tides Office).
- For a new renting owner, the estimated total surcharge will be based on the peak rate that the owner has set multiplied by the number of weeks rented by the end of February.

Invoicing. The **estimated** annual in-season rental surcharge will be divided into 4 invoices and payments (March, May, July and October/November). The first three invoices will be 1/4th of the **estimated** annual in-season rental surcharge. The fourth invoice will be reconciled and adjusted to reflect the **actual** amount of the final payment for the total annual in-season rental surcharge.

3 - Due Dates for <u>In-Season</u> rental surcharges.
Four invoices will be sent out to collect annual In-season rental surcharges. The first three invoices will be 1/4th of the **estimated** annual in-season rental surcharge. The fourth invoice will be reconciled and adjusted to reflect the **actual** amount of the final payment for the total annual in-season rental surcharge.

Invoices will be sent out on or about March 1, May 1, July 1, and Oct 20. Corresponding payments will be due March 10, May 10, July 10, and November 1.

4 - Calculation and invoicing of rental surcharges for <u>Off-Season</u> rentals: (November 1 through April 30), The Total Annual Rental Surcharge is 11.25% of the **actual** lease rental rates. The rental surcharge amount is based on 11.25% of the actual rental amount for all leases in each month. The property management company will invoice the owner monthly.

5 – Late Fee Policy. If no payment is received after a seven-day grace period after the due date, a $25 late fee will be charged + 2% of the balance that is due by an owner. This late fee policy will repeat itself each month.

Note that examples of calculations are on the last page.

OWNERS RIGHTS UNDER THIS POLICY

The affected unit owner has the right:

- To receive a copy of this policy
- To be promptly notified of any rental cancellations
- To petition the Board of Trustees if the owner deems the surcharge not to be valid

RELATED POLICY

132.10 Official Communication
133 Alternative Dispute Resolution
611 Surcharge Fee for Rental Cancellation

RELATED DOCUMENT

Tides Association By-Laws (Article VI 9)

Example 1: new renting owner with same number of weeks rented at end of season as on February 28

1. *Unit 123 has a peak actual lease rate of $2,500 per week and 8 leases have been signed by February 28. The estimated annual in-season total income is $20,000. The estimated annual in-season total surcharge is: $20,000 x 11.25% + 10 x $55 = $2690. The first three surcharge payments invoiced will be $2690 x 0.25 = $672.50.*
2. *Unit 123 actually rented for 8 weeks: 1 at $1,500, 1 at $2,000, and 6 at $2,500. The annual in-season total income is $18,500. The annual in-season total surcharge is $18,500 x 11.25% + 8 x $55 = $2521.25.*
3. *The fourth in-season surcharge payment equals = $2521.25 – 3 x $672.50 = $503.75.*

Example 2: new renting owner with a greater number of weeks rented at end of season than on February 28

1. *Unit 123 has a peak actual lease rate of $2,500 per week and 8 leases have been signed by February 28. The estimated annual in-season total income is $20,000. The estimated annual in-season total surcharge is: $20,000 x 11.25% + 8 x $55 = $2690. The first three surcharge payments invoiced will be $2690 x 0.25 = $672.50.*
2. *Unit 123 actually rented for 10 weeks: 1 at $1,500, 1 at $2,000, and 8 at $2,500. The annual in-season total income is $23,500. The annual in-season total surcharge is $23,000 x 11.25% + 10 x $55 = $3193.75.*
3. *The fourth in-season surcharge payment equals = $3193.75 – 3 x $672.50 = $1176.25.*

Example 3: returning renting owner keeping rates the same with same rental activity

1. *Unit 124 rented for 10 weeks in 2025: 1 at $1,500, 1 at $2,000, and 8 at $2,500. The annual 2025 in-season total income is $23,500. The annual in-season total surcharge in 2025 is $23,000 x 11.25% + 10 x $55 = $3193.75.*
2. *Unit 124 chooses to keep their rates the same. The first three surcharge payments invoiced in 2026 will be $3193.75 x 0.25 = $798.74.*
3. *If Unit 124 actually rented for 10 weeks: 1 at 1 at $1,500, 1 at $2,000, and 8 at $2,500. The annual in-season total income is $23,500. The annual in-season total surcharge is $23,500 x 11.25% + 10 x $55 = $3193.75.*
4. *The fourth in-season surcharge payment equals = $3418.75 – 3 x $798.74= $798.74.*

Example 4: returning renting owner increasing their rates

1. *Unit 124 rented for 10 weeks in 2025: 1 at $1,500, 1 at $2,000, and 8 at $2,500. The annual 2025 in-season total income is $23,500. The annual in-season total surcharge in 2025 is $23,000 x 11.25% + 10 x $55 = $3193.75.*
2. *Unit 124 increases rental rates by $250 per week in 2026. The estimated annual in-season total income is $23,500 + 10 x $250 = $26,000. The estimated annual in-season total surcharge is: $26,000 x 11.25% + 10 x $55 = $3,475 The first three surcharge payments invoiced in 2026 will be $3475 x 0.25 = $868.75.*
3. *If Unit 124 actually rented for 10 weeks: 1 at $1,750, 2 at $2,250, and 7 at $2,750. The annual in-season total income is $25,500. The annual in-season total surcharge is $25,550 x 11.25% + 10 x $55 = $3418.75.*
4. *The fourth in-season surcharge payment equals = $3418.75 – 3 x $868.75 = $812.50.*

Example 5: returning renting owner decreasing their rates

1. *Unit 124 rented for 10 weeks in 2025: 1 at $1,500, 1 at $2,000, and 8 at $2,500. The annual 2025 in-season total income is $23,500. The annual in-season total surcharge in 2025 is $23,000 x 11.25% + 10 x $55 = $3193.75.*
2. *Unit 124 decreases rental rates by $250 per week in 2026. The estimated annual in-season total income is $23,500 - 10 x $250 = $21,000. The estimated annual in-season total surcharge is: $21,000 x 11.25% + 10 x $55 = $2,912.50 The first three surcharge payments invoiced in 2026 will be $2912.50 x 0.25 = $728.13.*
3. *Unit 124 actually rented for 11 weeks: 1 at $1,250, 2 at $1,750, and 8 at $2,250. The annual in-season total income is $22,750. The annual in-season total surcharge is $22,750 x 11.25% + 11 x $55 = $3164.38.*
4. *The fourth in-season surcharge payment equals = $3164.38 – 3 x $728.13 = $980.*