

islandcolonypartners

445 Seaside Avenue, Mezzanine, Honolulu, HI 96815

Island Colony Partners License Agreement FAQ

1. Do I qualify to sign up for the license agreement?

All current owners who are currently doing illegal short-term rentals qualify for this program.

2. Can a new owner, potential buyer, owner in escrow, or owner who has a long-term renter in my unit join the license agreement?

Yes, as long as all required documents have been submitted and approved by ICP. If you are not in the hotel program or do not have a License Agreement you must rent your unit for 30 days or more.

3. What are the additional qualifications?

First, your unit must meet a minimum improvement standard. You must schedule an appointment to have your unit inspected.

Once your unit is approved, you may then apply for your license. Please have all of the required documents and additional forms listed below. Your application will not be reviewed until all documents and forms are completed.

Documents and Fees

- Certificate of Insurance
- Copy of GET License
- Copy of TAT License
- Tax clearance
- Verification of Real Property Tax as Hotel & Resort – All Residential classed units must sign acknowledgment of the declaration from the City & County of Honolulu (C&C)
- Room Inspection Approval
- Payment of the Initial five-year license fee equal to \$1,250.00

Forms

- Signed license agreement
- Owner registration form

When your application and all required documents and forms are received you will receive your license via mail or you may pick it up at the Island Colony Partners office on the Mezzanine floor. We will also keep a copy for our records.

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4. What are the fees involved with the license agreement? *

There are three different fees as follows:

- a. License fee – equal to \$250 per year or \$1,250 for the initial five year license. Thereafter, \$250 per year or an amount not to exceed that amount charged by the C&C for non-conforming Use certificates for Transient Vacation Units. These fees are non refundable.
- b. Front desk fee – a pro rata share of the cost to operate the 24-hour front desk costs. For the first two years, this amount has a ceiling not exceed \$2,000 per year or \$166.67 per month. The front desk fee will be billed monthly and is due by the 15th of the month.
- c. Royalty Fee – equal to 5% of the average monthly revenue per hotel room. For example, if the hotel's average monthly revenue per hotel room is \$3,000 your monthly royalty fee charge would be \$150. The royalty fee will be billed monthly and be due by the 15th of the month.

* All fees are subject to the Honolulu General Excise Tax currently 4.712%.

5. Is the License Fee refundable if I decide to switch to long-term rentals (30 days or longer), or sell my unit before my license terminates?

The license fee is non-refundable. However, you are allowed to cancel the license and commit to other types of rentals such as joining the hotel program or committing to rentals over 30 days.

6. How is the front desk fee calculated & billed?

The front desk fee is calculated by taking the actual total cost of the front desk divided by the number of units doing short term rentals (hotel program units and license agreement units combined).

For example: If the total annual cost for the front desk is \$500,000 and we have 100 units in the hotel rental program and 100 units under the license agreement, the annual front desk fee would be $\$500,000/200 = \$2,500$ per year or \$208.33 per month.

For the first 2 years, the front desk fee shall not exceed \$2000 annually.

7. What services are offered for the Front Desk fee?

Check in and check out services are included. However, you can opt out of this service but your guests must still register at the front desk.

8. Will you be offering other services such as housekeeping, maintenance, payments etc?

Not at this time. In the future, we may consider offering additional services based on demand.

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9. Will I get billed the monthly Front desk fee & Royalty fee if my unit is under renovation or during my personal use?

Yes. Front desk and royalty fees are owed whether the unit is under renovation or being used personally.

10. If I join the license program can I transfer the agreement?

The license agreement is non-transferrable and non-refundable. Once your contract is terminated or if you sell your unit the only option for short-term rentals is through the hotel partnership.

11. How much advance notice must I give to cancel my license agreement?

All cancellations notices received after the 1st of any month will be effective the end of the following month.

For example: Notice given on April 12 will be terminated effective May 31.

12. Can I switch while I have the license agreement and join the Hotel rental program?

Yes, as long as you bring your room to hotel standards, you are always welcome to join the Hotel Rental Program. When inquiring about the Hotel Rental Program, we inspect your unit and offer a renovation/furniture package estimate that will bring your unit to hotel standards. Please note that in this transition, your one-time license fee will not be refunded.

13. I want to join the rental program, but I have reservations until the end of the year.

The hotel can assist you in honoring those reservations by repositioning them into a hotel unit. We are still working on how to best handle this situation, but we will honor all previously confirmed reservations. All reservations must be turned over to the Hotel Rental Program and we will use our best efforts to place those guests in your unit or a similar or better one.

Please make an appointment with Kristie Maruyama to further discuss details.

14. Do I need to manage my short-term rentals myself since the license agreement is with me?

No, you may have a licensed realtor manager manage your short-term rentals, but they must be an approved property manager.

15. How does my property manager get approved?

All property managers wishing to conduct short-term rentals must be qualified and approved. They must fill out an agent registration form (provided by us), submit all required documents

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and meet the qualifications listed on the agent registration form. They will be notified within five business days.

16. How long is the unit approval process?

You will be notified within three to five business days whether your unit meets the minimum standards. If your unit is not approved, we will inform you of the improvements needed to meet the standards. Once you have made the necessary improvements you may schedule another inspection.

17. Can I use my own housekeeping and maintenance staff for my room?

Yes, but all vendors including cleaners and maintenance personnel must be also be qualified and approved. We will provide a vendor registration form. Every vendor must complete their own form.