

# 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. All other owners who wish to benefit from short term rentals must join the short-term license agreement or the hotel partnership. If you are not in either program or do not qualify for a license, you must rent for more than 30 days or as stated by the City & County.

### 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. If your unit is in the process of renovations, they must be finished before the inspection is completed. If renovations are not completed at the time of your scheduled inspection, the inspection must be rescheduled.

Once your unit is approved, you may then apply for your license. Below are the list of required documents, additional forms and other info. Your application must be complete with all required documents before it is reviewed.

#### Documents and Fees

- Certificate of Insurance
- Copy of GET License
- Copy of TAT License
- Tax clearance
- Room Inspection Approval
- Payment of the Initial license fee equal to \$1000.00

#### Forms

- Signed license agreement
- Owner registration form

#### Others

- Approved Property Manager
- Approved Maintenance Company
- Approved Cleaning Company

# islandcolonypartners

445 Seaside Avenue, Mezzanine, Honolulu, HI 96815

When your application and all required documents and forms are reviewed and approved 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.

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

There are three different fees as follows:

- a. Initial License fee – \$1000 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. Annual Renewal Fee is \$500
- b. Front desk fee – a pro rata share of the cost to operate the 24-hour front desk costs. This amount is calculated annually. The front desk fee will be billed monthly and is due by the 15<sup>th</sup> of the month. This monthly fee is adjusted annually based on cost.
- 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 15<sup>th</sup> of the month.

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

## 5. How are my fees billed if I join mid month?

Unfortunately, we do not prorate front desk or royalty fee payments. For ex: If you join on July 15, 2023 you will need to pay the entire month of July. You have the option to join at the beginning of the following month.

## 6. When can I start renting out my unit?

- a. When your unit is APPROVED. Advertising your unit prior is not allowed. Once all required documents are submitted, and your unit inspection has been completed your documents will be reviewed for approval. If you are missing documents our office will notify you via email. **Allow up to two weeks for review & processing before a license is issued.**

## 7. 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. Unit owner will also be responsible for

# islandcolonypartners

445 Seaside Avenue, Mezzanine, Honolulu, HI 96815

## **8. How is the front desk fee calculated & billed?**

The front desk fee is calculated by taking the actual all cost associated with 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.

## **9. 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.

## **10. 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.

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

Yes through Tenant Cloud only. We do not mail or email over invoices. Front desk and royalty fees are owed whether the unit is under renovation or being used personally.

## **12. 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 buyer (new owner) must apply for their own license.

## **13. How much advance notice must I give to cancel my license agreement?**

45 days notice is required to terminate licenses. Cancellations notices received after the 1<sup>st</sup> 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 and you will be responsible for all fees (Front desk & Royalty fees till May 31)

## **14. Can I switch while I have the license agreement and join the Hotel rental program?**

Yes, but you must bring your room to hotel standards. When inquiring about the Hotel Rental Program, we inspect your unit and offer a renovation/furniture package estimate that will bring

# islandcolonypartners

445 Seaside Avenue, Mezzanine, Honolulu, HI 96815

your unit to hotel standards. Please note that in this transition, your one-time license fee will not be refunded.

## **15. 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.

## **16. Can I hire a property manager?**

Yes, you may use any of our approved property managers to manage your short-term rentals. If you select a property manager that is not approved, they must submit an application and get approved by our office before your license can be approved.

## **17. 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 and Third Party Agreement (provided by us), submit all required documents and meet the qualifications listed on the agent registration form. They will be notified within five business days upon receiving all documents.

## **18. How long is the unit approval process?**

You will be notified whether your unit meets the minimum standards within 2 weeks. 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.

## **19. Can I use my own housekeeping and maintenance staff for my room?**

Yes, but all vendors including cleaners and maintenance personnel must also be qualified and approved by our office.

## **20. Am I able to self-manage by unit(s) and not hire a property manager?**

Yes, but you must be a resident on the island and manage the unit. If you do not reside in Oahu, you may designate a local representative for your unit. This person must be able to respond to all issues and be available on your behalf. A local representative by Real estate guidelines can only be a local representative for one unit.

# islandcolonypartners

445 Seaside Avenue, Mezzanine, Honolulu, HI 96815

## **21. Can I self-manage my cleaning and maintenance services?**

If you live on an island, you can personally clean and maintain your unit. If you do not reside on the islands, you must have an approved cleaner and maintenance company listed. Your local representative must register as a vendor if they will be providing these services for you.

## **22. 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.