

RISK COMMUNIQUÉ

Rental Agreements

Many organizations have social halls, picnic pavilions, meeting rooms and other facilities that are available for use by the public at large. While these are typically good sources of revenue and are also a good public relations tool, they do present some additional liability exposures to the organizations.

For those organizations that lease their facilities to others, GRP recommends the use of a contract which details the terms and conditions of the rental and also provides that the lessee/rental party will hold the organization harmless in the event of injury or other damages related to the use of the premises. When reviewing Rental Agreements, GRP Risk Control finds that many contracts are not appropriately worded with needed protection or are incorrectly completed, often with provided spaces left blank. This Communiqué offers risk management guidelines to assist your organization in reducing your liability exposure. Enclosed is a sample rental contract with a hold harmless agreement that may be used in whole or as an example for your organization. Whether you use the sample agreement or develop your own, you should have it reviewed by an attorney. If you should choose to create your own form, consider including the following points:

- Make certain that you have all of the parties who are actually responsible for the event listed and obtain a signature. An organization should have an officer sign the agreement. If several individuals or parties comprise the Lessee, then you should have a clause holding them jointly and severable liable.
- Define exactly what is being rented including any room(s), accessories, utilities, equipment, and related structures.
- Make certain you know exactly what type of event is going to take place and that it is described on the agreement in writing. For example, a party could be a children's birthday party, an adult birthday party or it could be a bachelor party. You will want to know what kind of activity they intend to have and what activities you will or will not allow. You should specify any activities that you do not wish to take place.
- Define when the event will begin and end, including set-up and clean up times.
- Require a certificate of insurance or a copy of their insurance policy showing the existence of liability insurance, even from individuals. They are free and should be easy to obtain by having the individual contact their insurance agent. (You may be surprised by the number of people and organizations that don't have liability insurance.)
- Include any restrictions that you may have (e.g. no tape or thumb tacks on walls & ceilings; no alcoholic beverages, no illegal or immoral activities, etc...)
- List specifically the amount of deposit(s); when they are required; how & when they will or will not be returned.
- Define who will be responsible for any and all damages, and how they will be assessed.
- Have a hold harmless and indemnification clause included in the contract.
- List an emergency contact(s) from your organization on the contract.
- Include a statement explaining that your organization has the right to terminate the event or expel any person or persons for unruly, unsafe, illegal or dangerous behavior or who is in violation of any other clause of the contract.

Any forms/contracts should be reviewed by an attorney for compliance with local laws and suitability to the particular needs of the organization involved. Once developed, the contract should be used for all rentals, even if the hall is being used gratis or by a member. A copy of the contract should be given to the lessee and the original kept on file.

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ABC Organization Sample Rental Agreement

Date: _____

Person(s) or Name of Organization: _____ (Lessee)

Contact Person: _____ Address: _____

Phone Number: _____ Cell Phone: _____

Rental Date: _____ Set-up Date: _____ Rental Time In: _____ Rental Time Out: _____

Type of Event to be held _____

The Lessee(s) shall pay to the Organization the sum of \$_____.00 Dollars being hereinafter referred to as the "Deposit Amount." In the event that the reservation is cancelled by the Lessee without sixty (60) days prior written notice, the Deposit Amount shall be retained by the Organization as liquidated damages.

In addition to the Deposit Amount, a valid certificate of insurance indicating in force liability insurance shall be provided to the Organization at least ten (10) days prior to the event. (Received Date _____ Copy attached)

The total sum for the aforementioned event will be \$_____ to be paid in full by _____ (Date).

All Rental Payment will be made in full and in advance of the event with keys not being assigned until that time. Applicable deposit will be returned only if the following conditions are satisfied:

- Floors Swept
- Spills wiped up
- Lights off
- No property damage
- Garbage bags placed in hopper
- Table tops washed
- Doors locked
- Furniture repositioned
- Heat/Air conditioning thermostat set per instructions
- Key returned to proper person

Once the event is held and the remaining clauses of this agreement have been, in the reasonable opinion of the Organization, properly executed, the Deposit Amount will be applied to any outstanding portion of the rental sum OR returned as overpayment within 15 days by the Organization. The following persons should be contacted if problems arise during the event: John Smith 555-0000 or Joe Deer 555-1111.

Event Restrictions:

- No illegal activities or drugs
- No firearms
- No taping, nailing or thumb tacking of decorations or signs to any wall, door or ceiling
- All alcoholic beverages brought in must be served by bartenders assigned by the Organization. During the event the beverages are released to and to remain in the care, custody and control of the bartenders. The fee for the bartenders for the aforementioned event is \$_____ payable in addition to and in full with the rental fee. No alcoholic beverages may be removed from the building at any time.

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- The premises leased and related services are described and limited as follows:

- The premises shall be used for the type of event described above and for no other purposes.

The Lessee shall be responsible for all persons who attend the function and shall ensure that all persons act in an orderly, responsible and safe manner. The Organization retains the right to terminate the event or expel any person or persons who are deemed to be unruly, unsafe, illegally or acting with dangerous behavior or who are in violation of any other clause of the contract.

In consideration of the leasing of the premises of ABC Organization (otherwise referred to as The Organization) to the undersigned, the undersigned hereby releases The Organization, its officers, directors, members and employees (collectively the "The Organization Parties") from any and all suits, actions, compensation, consequential and punitive damages, any and all property damage, personal injuries, illnesses, death resulting from any occurrence or accident that may occur as a result of or arise out of leasing or use of the described premises by the Lessee.

The undersigned hereby agrees to indemnify, defend and hold harmless The Organization Parties against any such claims brought by any person or entity.

Name of Lessee (print): _____ Name of Lessee (sign): _____

Name of Lessee (print): _____ Name of Lessee (sign): _____

For the Organization (print): _____ Signature: _____

Date: _____

Addendums (Initial each):

