

## **THE SOUTH CAROLINA VACATION RENTAL ACT**

The South Carolina Vacation Rental Act requires that persons selling property subject to short term rentals disclose those rentals to purchasers, and that purchasers must honor all such rentals during the 90 day period following closing. The Act applies to any rental management company or property owner engaged in the renting or managing of residential property for vacation rental. A rental management company is a licensed property manager-in-charge or broker-in-charge and their associates and employees who manage vacation rentals. Vacation rental means the rental of residential property for a period of fewer than 90 days. It does not include the rental of residential property on a weekly or monthly basis under the South Carolina Residential Landlord and Tenant Act.

### **1. Vacation Rental Agreement Required**

An owner or rental management company and tenant are required to use a written vacation rental agreement for all vacation rentals subject to the act. Vacation rental agreement is a written agreement between an owner or the owner's rental management company and a tenant in which the tenant rents residential property belonging to the owner for a vacation rental. It includes agreements entered into over the internet and by facsimile.

### **2. Trust Account**

A rental management company under a vacation rental agreement must place any monies received from a tenant in a trust account. The company may require a tenant to pay all or pay part of any rent, security deposit or other fees in advance of the tenancy. The terms of the advanced payments, which may be nonrefundable, must be stated in the vacation rental agreement.

### **3. Sale of Residential Property Subject to Vacation Rentals**

A purchaser of residential property subject to a vacation rental takes title subject to any vacation rental agreement and any vacation rental management agreement for all vacation rental periods that begin no later than 90 days after the date the purchaser's interest is recorded in the Register of Deeds Office. If the vacation rental begins more than 90 days after the recording of the purchaser's interest, no party has the right to enforce the terms of the rental or occupancy agreement. However, the tenant is due a refund of any payments towards the agreement within 45 days of the recording of the transfer or interest.

### **4. Disclosure of Vacation Rentals**

Before ratification of any sale, the seller must disclose to the purchaser in writing all future time periods that the property is subject to a vacation rental. The seller must disclose in writing to the rental management company the purchaser's name and address within 14 days of entering into a contract of sale. The seller must also notify the rental management company in writing of the purchaser's name, address and date of transfer of record within 14 days of the recording of the transfer.

### **5. Consequences of Failure to Disclose**

Failure of the owner to disclose the existence of a vacation rental agreement to purchaser, closing attorney or title insurer does not:

- A. Void the sale agreement;
- B. Create an encumbrance or defect in title; or
- C. Create a cause of action against the purchaser, closing attorney, lender, title insurer for failure to discover the existence of the vacation rental agreement.

## **6. Liability for Failure to Perform**

A seller or purchaser who knowingly violates or fails to perform any duty prescribed by any provision of the Act is liable for actual damages proximately caused to the tenant and court costs. The court may award reasonable attorney's fees to the prevailing party. However, no action may be brought against an owner or rental management company by a tenant for any damages or injuries that occur as a result of property defects of which an owner or rental management company had no actual knowledge.