

Hurricanes and Vacation Rentals

With hurricane season well underway, a review of the laws governing hurricanes, evacuations, and vacation rentals is appropriate.

(1) The first and most important thing to remember is that when state or local authorities order a mandatory evacuation of a coastal area, tenants occupying vacation rental properties must comply with the order. Evacuations are ordered to protect human life and health and are not undertaken lightly. Brokers managing vacation rental properties should support state and local authorities by encouraging and facilitating tenant compliance with evacuation orders.

(2) When a vacation tenant complies with an evacuation order, he or she is generally entitled to a refund of a share of the money he or she has paid for the rental (rent, security deposit, taxes, etc.) prorated for each night the evacuation order was in effect.

(3) There is an exception to this rule, however. If the tenant was offered travel insurance **that covered the risk of mandatory evacuation**, then the landlord has no obligation to refund the tenant's money. To trigger the exception, the cost of the insurance offered cannot exceed 8% of the cost of the vacation rental and the policy cannot exclude the particular storm. It is important to note that some vacation rental insurance companies exclude coverage for storms that have been named by the National Hurricane Center prior to date the insurance was purchased. If a storm is named prior to the purchase of travel insurance and, if the insurance will not cover the tenant for losses or damages resulting from a mandatory evacuation or from damages and losses caused by the named storm, then the tenant is entitled to a refund from the landlord of all monies paid.

(4) If, following the storm and after any mandatory evacuation has been lifted, the landlord or his broker cannot provide a promised rental property to a vacation rental tenant – whether the reason is that the house was significantly damaged or that it is inaccessible due to damage to or closure of roads or ferries – the tenant is entitled to either a refund of his money or the substitution of a reasonably comparable property at the same cost. This refund may come in the form of a paid claim against travel insurance. Tenants and vacation rental managers are encouraged to read and understand the limits of coverage being offered.

(5) Go to readync.org which provides emergency management planning tips including information about current mandatory evacuations.

(6) Go to <https://ncdoj.gov/price-gouging-law-in-effect-in-north-carolina-2/> for information about price gouging laws following the declaration of a state of emergency in North Carolina.