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6	IN THE CIRCUIT COURT FO	OR THE STATE OF OREGON			
7	FOR THE COUNTY	OF MULTNOMAH			
8 9 10 11 12 13 14 15	` -	Case No. COMPLAINT Claim for \$3,000,000.00 Fee Authority: ORS 21.160(1)(d) CASE NOT SUBJECT TO MANDATORY ARBITRATION JURY TRIAL REQUESTED Plaintiff"), on behalf of herself individually and			
17	others similarly situated, alleges as follows for her Complaint:				
18	I. INTRODUCTION				
19	1.1 Representative Plaintiff brings this class action against Defendant VACASA LLC				
20	("Vacasa") to redress Vacasa's widespread violations of Oregon law. As detailed below, Vacasa				
21	has engaged in a common scheme to systemically breach the contracts it enters with home				
22 23	owners in Oregon, breach its fiduciary duties to those home homeowners, and engaged in				
24	unlawful business practices.				
25	1.2 Vacasa is in the business of managing vacation rental properties for the owners of				
26 27	those properties pursuant to a written and integra	ated contract it enters with each property owner.			
28	CLASS ACTION COMPLAINT - 1				

1.3 That contract narrowly defines the compensation Vacasa is entitled to for its management services as 35% of the nightly rate charged to renters, multiplied by the number of nights rented. Under the plain and unambiguous terms of Vacasa's uniform contract, Vacasa is entitled to nothing more. But Vacasa takes much more. It charges renters additional monies per night under the guise of "fees," which are in actuality nothing more than disguised rent that must be shared with Vacasa'a home owner clients. These so-called "fees" include nightly pet fees, nightly hot tub fees, and fees for early check-in and late check-out, as well as a so-called "booking fee" which is typically around 10% of the nightly rental rate. Under the contact, Vacasa is required to remit these fees to property owners, but instead keeps them for itself, in violation of Oregon law.

1.4 As set forth more fully below, Ms. Fisher and all other property owners in Oregon who contracted with Vacasa for property management services are entitled to actual damages, an injunction, and their costs and attorneys' fees incurred in bringing this action.

II. PARTIES

- 2.1 Representative Plaintiff Barbara Fisher is an individual residing in Portland,
 Multnomah County, Oregon. Ms. Fisher owns a cabin on Mt. Hood, in Rhododendron, Oregon
 ("the Property").
- 2.2 Vacasa LLC is an Oregon limited liability company, with its corporate headquarters and principal place of business in Portland, Multnomah County, Oregon. Vacasa is in the business of providing professional rental management to home owners who wish to rent out their properties as vacation rentals. Vacasa manages a portfolio of over 1,300 vacation rentals in the State of Oregon. Vacasa requires each property owner for whom it performs property management services to execute a standard form contract.

2.3 In or about October 2015, Ms. Fisher entered into a contract with Vacasa to manage Ms. Fisher's Mt. Hood vacation rental.

III. JURISDICTION AND VENUE

- 3.1 Jurisdiction is appropriate because Vacasa has purposefully availed itself of the privileges of doing business in Oregon by operating from its headquarters in Oregon, by registering as an LLC in Oregon, and by managing over 1,300 vacation rental properties in Oregon. The acts and/or omissions complained of in this Complaint occurred in Oregon.
- 3.2 Venue is proper in Multnomah County because Vacasa and, on information and belief, its principals, reside in Multnomah County. Venue is proper because Vacasa employs hundreds of people in Multnomah County, and conducts regular and sustained business activity, including having an office for the transaction of business, in Multnomah County, Oregon. Venue is proper because Vacasa's authorized agent for the service of process is in Multnomah County. Upon information and belief, Vacasa is an Oregon resident. Upon information and belief, the individual members of Vacasa LLC live in Oregon. Upon information and belief, more than 2/3rds of the members of the class defined below live in Oregon.

IV. FACTS

- 4.1 In or about October 2015, Ms. Fisher—like all other property owners who use Vacasa's property management services—entered into a contract with Vacasa to provide property management services for her home. At all relevant times, Vacasa has required all of its home owner clients to execute contracts with substantially similar terms. A copy of the form of contract Ms. Fisher entered is attached hereto as Exhibit 1.
- 4.2 Paragraph P of the contract is titled "Management Fee." It and only it defines the compensation Vacasa is entitled to for its services. It provides:

Management Fee. Vacasa's compensation ("Management Fee") shall be 35% of the rental proceeds. Rental proceeds shall be calculated by multiplying the nightly rate by the number of nights booked for each reservation. Owner shall be entitled to rental proceeds as defined above, less the Management Fee and any expenses incurred on Owner's behalf. Vacasa shall remit to Owner the net rental proceeds less the Management fee by the 10th of each month for the previous month's rentals. Owner agrees to carefully review all account statements. If there are presumed errors or questions, it is the responsibility of the Owner to notify Vacasa in order to resolve the error or question by the 28th day of the month in which the statement is sent.

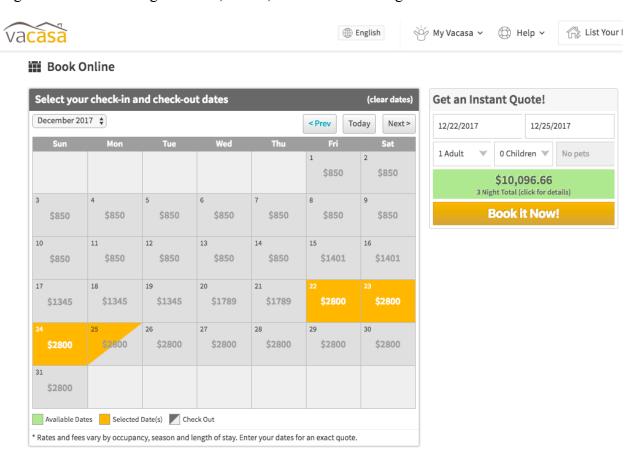
Thus, under the plain terms of the contract, the total compensation Vacasa may earn for its property management services is 35 percent of the nightly costs associated with each rental, multiplied by the number of nights rented. Vacasa's website and marketing materials describe this management fee as comprehensive and all-inclusive.

- 4.3 Paragraph D of the contract gives Vacasa exclusive authority and discretion to determine what rental rate to charge. According to Vacasa, it has developed a "sophisticated rate optimization system that has proven to be the most effective way to maximize vacation rental revenue." Vacasa touts this alleged "rate optimization system" heavily in its marketing materials to owners, in media appearances, and on its website.
- 4.4 Vacasa routinely charges renters money in addition to that it categorizes as the nightly rental rate, in the guise of "fees." Those fees include a "booking fee," hot tub fees, pet fees, and fees associated with early check-in and late check-out. Each of these so-called fees is nothing more than recategorized rent that Vacasa is required to share with its home owner clients, but which Vacasa keeps entirely for itself.

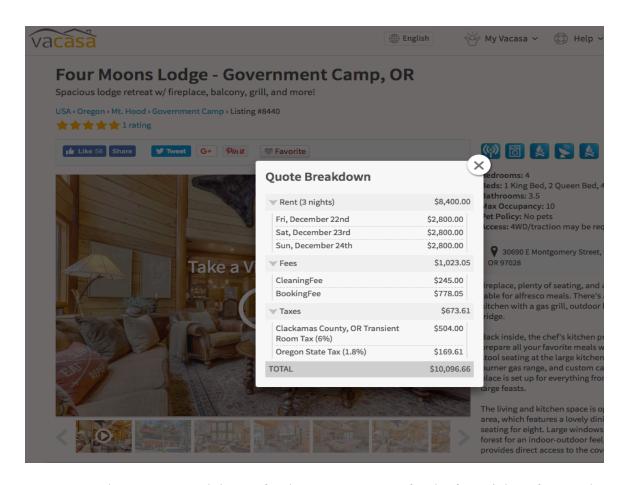
Booking Fee

4.5.1 For each reservation Vacasa makes for homeowners, it charges renters additional money, separate and apart from the sums Vacasa characterizes as "rent," which it describes as a "booking fee." This so-called "booking fee" varies with the nightly rental rate and the number of nights booked, and is approximately 10 percent of the total rental cost of the property.

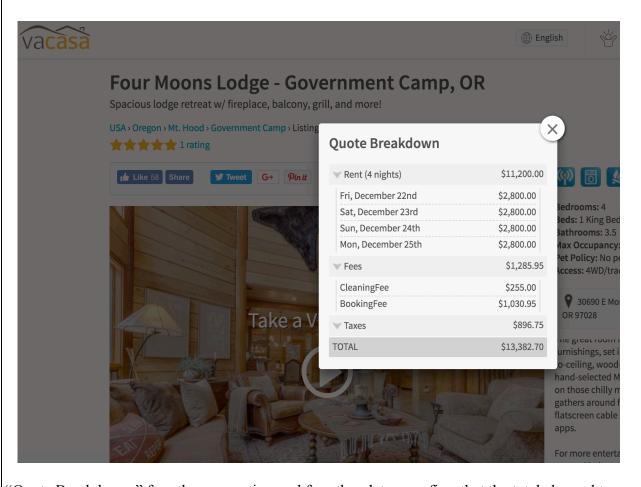
4.5.2 The following series of screen shots from Vacasa's website is illustrative. As shown below, the nightly rental rate for December 22nd to 24th, 2017 for the "Four Moon's Lodge" property in Government Camp, Oregon is \$2,800 per night. The total rent and "fees" charged for those three nights is \$10,096.66, as indicated in the green box below:



4.5.3 Clicking on the green box containing the total cost of \$10,096.66 reveals the following breakdown, including a "booking fee" of \$778.05, or \$259.35 per night.



4.5.4 The "Quote Breakdown" for the same property, for the four nights of December 22nd through December 25th, shows a booking fee of \$1030.95 commensurate with the addition of one more night.



"Quote Breakdowns" for other properties, and for other dates, confirm that the total charged to renters as a "booking fee" varies because it is simply a percentage—typically between 9 and 10 percent --of the total rental cost. Thus, Vacasa's alleged "booking fee" is nothing more than disguised rent.

4.5.5 Vacasa does not remit <u>any</u> of this disguised rent to owners. Moreover, Vacasa actively conceals from property owners all pertinent facts regarding this so-called booking fee, including that it charges this booking fee and that the "fee" is calculated by simply adding on a certain percentage of the nightly rent. This so-called booking fee is not disclosed in the contract with property owners nor is it disclosed on the account statements it remits to the property owners.

Hot Tub Fee

- 4.6.1 Vacasa's marketing materials encourage owners to install hot tubs in their homes, because, according to Vacasa, homes with hot tubs rent for more money, and are more desirable, than comparable homes without hot tubs.
- 4.6.2 Paragraph H of the contract authorizes Vacasa to advance costs associated with maintenances and repairs of hot tubs, but also provides that "owner will be responsible for all expenses" associated with such services. Thus, under the terms of the contracts, owners and owners alone are fully responsible for all costs associated with hot tub maintenance. These costs are billed to owners in addition to the 35 percent Management Fee described above and in Paragraph P of the contract.
- 4.6.3 Nevertheless, Vacasa charges guests a co-called "hot tub fee" above and beyond the nightly rental rate. This fee is not used for hot tub maintenance, as owners are contractually required to pay all costs associated with hot tub maintenance, as desribed above. Nor is the "hot tub fee" otherwise used to off-set other costs associated with hot tub ownership or use, such as chemicals or increased electric bills, as owners are separately contractually responsible for those costs as well.
- 4.6.4 Like the alleged "booking fee" described above, the so-called "hot tub fee" is nothing more than disguised rent, as it, too, varies with the number of nights rented. Specifically, Vacasa charges renters an additional \$10.00 per night for each property that has a hot tub.
 - 4.6.5 Vacasa does not remit <u>any</u> of the rent disguised as a "hot tub fee" to owners.

Pet Fee

4.7.1. Vacasa allows individual property owners to determine whether to allow renters to bring pets. Some owners choose to allow pets, while others do not.

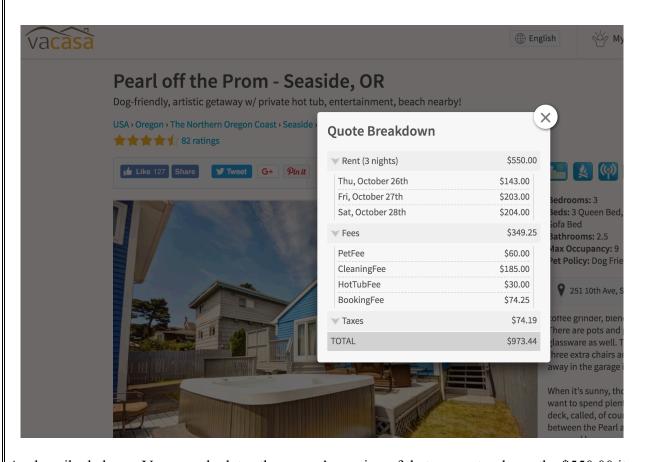
- 4.7.2 Vacasa charges renters who bring pets a nightly pet fee above and beyond the nightly rent. The standard fee is \$40 per pet, per night, with a minimum rate of \$40 per reservation. Vacasa charges this fee regardless of whether a particular pet causes any additional damage, or requires any additional cleaning.
- 4.7.3 Vacasa charges this pet fee notwithstanding the fact that under Vacasa's contract, owners and owners alone are responsible for the cost of making all repairs, and for maintenance, and for keeping the rental property in good, rentable order, and for otherwise bearing all costs associated with allowing pets to stay in their homes.
- 4.7.4 Vacasa does not remit any of the so-called "pet fee" to owners. Nor does it use the "pet fee" to off-set costs associated with increased cleaning times or maintenance as a result of pet damage to rental homes. Instead, Vacasa keeps all "pet fees" for itself.

Early check-in/Late check-out fees

- 4.8.1 Vacasa makes early check-in and late check-out available to renters on an asavailable basis, depending on the cleaning and rental schedule of the particular home.
- 4.8.2 Vacasa chargers renters additional money for the additional time stayed in properties as the result of early check-in and late check-out. Vacasa refers to this additional money as an "early check-in fee" and/or "late check-out fee."
- 4.8.3 Vacasa does not remit any of these early check-in fees or late check-out fees to property owners, keeping them in their entirety.

Vacasa Fees Represent A Significant Portion of the Rental Cost

4.9.1 As a result of these practices, Vacasa charges home owners much more than the so-called "comprehensive" 35 percent fee described in its marketing materials and set forth in its contract. For instance, for a three-night stay, with two dogs, at the "Pearl off the Prom" house in Seaside, Oregon, the total rent and fees (less the cleaning fee) is \$714.25.



As described above, Vacasa calculates the owner's portion of that amount only on the \$550.00 it identifies as "rent," which is \$357.5 (0.65 x \$550). However, as described above, Vacasa, keeps the remainder of moneys collected, or \$356.75. Thus, Vacasa's portion of the total per-night cost is approximately 50%, which is much more than the 35% to which it is entitled under the contract.

4.9.2 As set forth more fully below, Vacasa's actions violate Oregon law.

V. CLASS ALLEGATIONS

- 5.1 Representative Plaintiff brings this action on her own behalf, as well as on behalf of all other similarly situated persons.
 - 5.2 Plaintiff's proposed class is defined as follows:

All persons or entities who entered into a contract with Vacasa LLC or any of its parents, subsidiaries, agents or representatives to manage vacation rental property in the State of Oregon from September 1, 2011 to the date of certification of the class.

- 5.3 As set forth above, Vacasa engaged in common acts, practices and policies that violated the Representative Plaintiff's rights under Oregon law. Accordingly, Representative Plaintiffs seek certification of the proposed classes under ORCP 32. On or about July 21st, 2017, Representative Plaintiff sent Vacasa a letter, via certified mail, outlining the facts and legal theories that form the basis of her claims herein. Vacasa received the letter, and to date has not changed its business practices or taken any other measure to compensate class members for the injuries claimed in this lawsuit.
- 5.4 Representative Plaintiff's claims meet the requirements for certification. There is a well-defined community of interest in the litigation and the identity of the Class Members are readily ascertainable from Vacasa's business records.
 - a) Numerosity: The class is so numerous that joinder of all Class Members is infeasible and impractical. The membership of each of class is unknown to Plaintiff at this time. However, based on Plaintiff's investigation, and on information and belief, the number of class members is reasonably estimated to exceed 1,300.
 - b) <u>Typicality</u>: Representative Plaintiff's claims are typical of those of the other Class Members because:
 - Representative Plaintiff is a members of the class, having entered a contract for Vacasa to manage her vacation rental property in Oregon in or about October 2015.
 - ii. Representative Plaintiff's claims stem from the same practice or course of conduct that forms the basis of the class claims.
 - iii. All of the Class Members' claims are based on the same facts and legal theories.

- The common questions of law and fact described below predominate over questions affecting only individual members, and the questions affecting individuals primarily involve calculations of individual damages.
- ii. The prosecution of separate actions by the Class Members could either result in inconsistent adjudications establishing incompatible business practices or, as a practical matter, dispose of the legal claims of Class Members who are not parties to such separate adjudications.
- iii. Individual Class Members would have little interest in controlling the litigation due to the relatively small size of most claims, and because Representative Plaintiff and her attorneys will vigorously pursue the claims on behalf of the Class Members.
- iv. A class action will be an efficient method of adjudicating the claims of the Class Members.
- e) <u>Public Policy Considerations</u>: Business in Oregon regularly violate unlawful trade practices statutes, breach contracts, and violate fiduciary duties. The value of individual claims is often small as compared with the relative cost of litigation. Class actions provide putative Class Members who are not named in the Complaint with a type of anonymity that allows for the vindication of their rights while at the same time protection their privacy.
- f) Predominance: There are questions of law and fact common to the Class Members, which predominate over any issues involving only individual class members, including but not limited to:
 - a. Whether Vacasa enters standard form contracts with property owners;
 - b. Whether Vacasa's standard form contract defines its compensation as 35% of the nightly rental rate;

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	c.	Whether Vacasa charges renters additional monies on a nightly basis
		that Vacasa categorizes as "fees";
	d.	Whether Vacasa shares those alleged "fees", in whole or in part, with
		its property owner clients;
	e.	Whether Vacasa is legally required to share those "fees" with its
		property owner clients;
	f.	Whether Vacasa has breached its contractual obligations to home
		owner clients;
	g.	Whether Vacasa's practices violate ORS 646.607608;
	h.	Whether Vacasa is a "real estate property manager" under ORS
		696.890;
	i.	Whether Vacasa owes its home owner clients fiduciary duties;
	j.	Wether Vacasa breached those fiduciary duties;
	k.	Wether Vacasa breached the covenant of good faith and fair dealing
		inherent in every contract.
		VI. FIRST CAUSE OF ACTION (Breach of Contract)
6.1	Representa	ative Plaintiff repeats each of the preceding paragraphs as if set forth
fully herein.		
6.2 Vacasa entered enforceable contracts with Representative Plaintiff and Class		
Members.	, , , , , , , , , , , , , , , , , , , ,	
6.3	All conditi	ons precedent to Vacasa's performance under its contracts with
Representati	ve Plaintiff a	nd Class Members have been performed or occurred.
6.4	Vacasa has	s breached its contracts with Representative Plaintiff and Class
Members by	charging ren	ters additional amounts for their nightly use of properties, but not

negotiating with renters, accepting payment for use of real estate, contracting for the repair of real estate, holding rental funds in trust, advising owners regarding the renting of real estate, and providing staff and services to accommodate the financial and/or accounting needs of real estate.

- 8.3 Vacasa owes fiduciary duties to the owners of the real estate it manages, including the duty to deal honestly and in good faith, to disclose material facts it knows and which are not readily apparent to owners, to exercise reasonable care and diligence, to account in a timely manner for all funds owing to owners, to act in a fiduciary manner in all manners relating to funds it holds in trust, to be loyal by (*inter alia*) not taking action that is adverse or detrimental to the owner's interest, and to disclose in a timely manner any existing or contemplated conflict of interests.
- 8.4 Vacasa has breached its fiduciary duties to owners by charging renters money for the nightly use of the property and (a) not fully disclosing the fact and nature of the charges to owners; and (b) not accounting to owners for such charges; and (c) not sharing any of such charges with owners.
- 8.5 Representative Plaintiff and Class Members are entitled to damages in an amount to be proven at trial, but estimated to be \$3,000,000.

FOURTH CAUSE OF ACTION (Unjust Enrichment)

- 9.1 Representative Plaintiff repeats each of the preceding paragraphs as if set forth fully herein.
- 9.2 Representative Plaintiff and Class Members provided a benefit to Vacasa by not receiving any portion of the money Vacasa designated as "fees" and collected for the nightly use of the properties owned by Class Members and managed by Vacasa, as described above.

1	D.	Reasonable attorney's fees and costs pursuant to ORS 646.638, and
2	E.	Whatever further and additional relief the court shall deem just and equitable.
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4	D	10.11 1 1 1 20th 1 CA 2017
5	Respe	ectfully submitted this 30 th day of August, 2017.
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8		/s/ Peter Stutheit
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