

Apple View Farms River Resort™ Rental Program Q and A



From time to time, owners and perspective buyers have questions about our rental program and in this document we will attempt to answer those questions, as well as other questions about our rental program that perhaps have not yet been asked.

1. Question: As an owner, may I rent my condo and or townhouse out?

The Apple View Farms River Resort™ allows any owner to either lease or rent out their unit for both short- and long-term rentals. There are no restrictions on how many of the units are rented nor on the length of rentals e.g., one day or more.

However, the controlling documents, which all owners agree to abide by, state *“The following restrictions apply to all Members, in order to promote a high quality of life and protect individual values of the residents and property of the Apple View Farms Community. The Association shall contract with a property management company to manage any and all overnight rentals of a Residential Unit. **Members wishing to rent their Residential Unit must do so through the property management company selected by the Association.** The Association will endeavor to select a property management company which will uphold the Community - Wide Standard and protect the value and desirability of the Apple View Farms Community.”*

2. Question: Who is the property management company selected by and what criteria is used to select them?

In accordance with the controlling documents, the Apple View Farms Community Board of Directors has the unilateral right to select the property manager (Designated Rental Agent). This is done on a periodic basis.

The current property management company, often referred to as “the Designated Rental Agent” is Twelve 2 Resort Management, LLC, which is owned and operated by Angel Foster. Twelve 2 Resort Management was selected by the Resort Developer, Apple View Farms IV, LLC, chaired by Randy Massey in November of 2013. Two of the requirements that the Developer set forth in seeking a property management firm were, (a) the rental agent would only be focused on renting units within the Apple View Farms Community and (b) would agree to have an office and presence on site at the Resort.

As a result of Twelve 2’s performance over the last 8 years and the last year in particular, the Board has extended the agreement with them on a sole source basis. The Board believes they do an excellent job handling the rental program for the Resort. The criteria the Board has used to evaluate the Designated Rental Agents performance is shown in the table below.

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CRITERIA	EVALUATION OF TWELVE 2
Only Rents Apple View River Resort properties.	Yes
Maintains an office and has a highly visible site presence.	Yes
Have occupancy rates increased significantly over past five years.	Yes. Rentals in 2021 were up an average of 35-40% over 2020 and an average of 25-35% over pre-pandemic 2019.
Is the Owner Rental agent split competitive in the local market?	Yes The 65/35 split now in effect with minimal add on fees is competitive in the Sevier County market
Does the Designated Rental Agent uphold the Community -Wide Standard and protect the value and desirability of the Apple View Farms Community?"	Yes. One of the best indicators of this is the high scores the Resort gets from renters on Trip Advisor. The Resort using Twelve 2 as the rental agent has scored first or second out of 48 similar properties in Sevier County. The Resort is in Trip Advisors Hall of Fame for getting consistently high marks over a 5-year period. Expedia also ranks the Resort giving it an Excellent rating of 4.9 out of 5.
Has the Board received any significant complaints from owners whose units they handle?	No
Does the Rental Agent's insurance policy carry the HOA as an additional insured party	Yes/ The rental agent carries \$4,000,000 insurance for bodily injury in the aggregate.
Does the Designated Rental Agent make a significant investment in the Resort in order to enhance the rental business?	Yes. For specific examples of the investment Twelve 2 has made over the last year and continues to make see Question 4.

3. Question: What responsibility does the owner have to see that renters or lessees follow the rules required by the Resort?

When an owner leases out a unit or allows overnight rentals, they must adhere to the following requirements as set forth in the controlling documents, **Article 12, Section 25:**

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(a) **Lease Provisions.** Any lease or overnight rental of Residential Unit in the Properties shall be deemed to contain the following provisions, whether or not expressly therein stated, and each Member covenants and agrees that if such language is not expressly contained therein, then such language shall be deemed incorporated into the lease by existence of this covenant and the lessee, by occupancy of the Residential Unit, agrees to the applicability of this covenant and incorporation of the following language into the lease:

(i) **Compliance with Declaration, Bylaws, and Rules and Regulations.** The Lessee agrees to abide and comply with all provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto. The Member agrees to cause all occupants of his or her Residential Unit to comply with the Declaration, Bylaws, and the rules and regulations adopted pursuant thereto and is responsible for all violations thereof and resulting losses or damages caused by such occupants, notwithstanding the fact that such occupants of the Residential Unit are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto.

4. Question: What services does Twelve 2 provide?

These services are provided as an investment in the resort in order to enhance the rental program. These services also benefit all owners of Resort properties and if Twelve 2 elected not to do them in many cases equivalent services would have to be purchased by the Owners. Twelve 2 does this completely voluntarily and not by directive of the Master Board. Twelve 2 has the unilateral right to terminate any of these services at any time.

For Club house Operations:

- To enhance the appearance of the resort during the Holiday Season for their rental clients. they provided award-winning Fall and Christmas decorations which are entirely handled and paid for by Twelve 2 at a cost last year of over \$5,000.
- They oversee daily operation of the Fitness and Game Rooms as an investment in the resort to enhance the rental program including assuring that hand sanitizing supplies are available, water is available, TV is working, and towels are laundered and put out.
- As an investment in the resort to enhance the rental program, they provide the Television and Wi-Fi services for the Fitness, Game Room, and Party rooms without any cost to the HOA.
- They handle the booking of all reservations for the Party Room as an investment in the resort to enhance the rental program and as a benefit to the owners.
- They provide the Security System for the building and monitor the security cameras as an investment in the resort to enhance the rental

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program. They replace any faulty or broken security cameras and arrange for archiving of the security camera footage.

- They provide all paper and soap supplies needed for the two bathrooms as an investment in the resort to enhance the rental program.
- They have made significant investments in the equipment and furnishings of the fitness room and game room over the years as an investment in the resort to enhance the rental program and have provided, (a) a new punching bag, (b) a treadmill, (c) increased the number of lifting weights by 50%, (d) added an electronic game, and (e) provided a number of decorative items and sports balls to the rooms.

For the Swimming Pool:

- To ensure that the pool area is ready for daily use for their rental clients and the owners, they provide the staff to open and close the pool each day and check to see that it has been cleaned and ready for operation.
- As an investment in the resort to enhance the rental program, they are listed on all pool signage as the contact for handling problems that swimmers may encounter.
- They provide all the paper supplies, soap, and cleaning supplies for the two bathrooms as an investment in the resort to enhance the rental program.
- To enhance the appearance of the pool area for their clients and the owners, they provide some of the deck furniture and or flowers at the pool
- They handle the interactions with the Sevier County Health Department and their periodic pool inspections to ensure the pools are properly maintained for their clients and the owners.

For the Resort:

- For the benefit of their business, Twelve 2 is the interface for the Resort with the local business groups e.g., the Chamber of Commerce, the Sevier County Hospitality Association, and the RV Park. They pay any dues required by these organizations at a cost of ~\$1,000 per year.
- For the promotion of their business, they provide and maintain a Web Site dedicated to the Apple View River Resort™. This is frequently used by potential renters and buyers to view information about the property.
- To further promote their business, they maintain a presence on social media and their Facebook page has over 65,000 followers.
- As an investment in the resort to enhance the rental program and as a benefit to all owners, they are a source of information for local attractions, restaurants and shopping destinations. In season they staff

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the office in the Clubhouse and are available part time to answer owners' questions year-round.

Question: What services does Twelve 2 provide owners whose condo or townhouse they contract to rent?

Twelve 2 is a full-service rental agent who is dedicated to only handling Apple View Farms River Resort™ properties. They obtain the needed business licenses from Sevier County and schedule the required Fire Department inspections for the units they rent. Their employees and contractors handle all cleaning services of the units and will arrange for repairs as needed. They provide all renters with a document setting forth the rules and regulations for the complex and are available 24/7 to enforce them if needed. They issue parking passes to their guests and provide them full-service linens including beach towels for the swimming pool.

They provide an extensive advertising program to promote only the Resort as a desired destination for your vacation and answer all Trip Advisor reviews for the complex. They have an onsite presence so are always available to handle problems encountered by renters without bothering the owners.

The agreement with the Apple View Farms Community Association requires that Twelve 2 shhave a representative who shall be available twenty four (24) hours per day, seven (7) days per week for the purpose of: (i) being able to physically respond, as necessary, within sixty minutes of notification of a complaint regarding the condition, operation or conduct of occupants of any Short-term Rental Unit THAT THEY ARE UNDER CONTRACT TO HANDLE: and (ji) taking any remedial action necessary to resolve any such complaints.

5. Question: Are there other requirements that must be followed if an owner elects to allow overnight rentals of their unit?

In many cases, a Business License and Fire Department Inspection is required. Since each circumstance is different, an owner that wants to rent out their unit should check with Twelve 2 or the City and County Clerks, the Sevierville Fire Department and the Electric Company to answer this question.

Question: Does Apple View River Resort™ HOA charge renters a Resort Fee to help offset the cost of used amenities, e.g. swimming pool etc.

Yes, beginning May 1, 2022 the HOA began charging a \$20 Resort Fee per rental transaction to offset costs associated with the rentals. The Resort Fee will be collected by Twelve 2 directly from the renters and distributed to the neighborhood HOAs (minus a CC service charge)

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6. Question: Why does the Resort not allow me to rent my unit through Vacation Rentals by Owner (VRBO) or Airbnb or a rental agent of my choice?

As all owners know when they buy a condo or a townhouse at the Apple View River Resort™ they agree to abide by the rules set forth in the Declaration of Covenants and Restrictions that have been established for the Resort from its very beginning. The developers of the Resort strongly believed that requiring the use of a common property manager for handling all short-term rentals was in the best interest of all owners, not just those that rent. We believe that is still true today for the reasons shown in Table I below. By having one rental agent, owners living next to rental units know exactly who to call if there is a problem with a renter; that is, Twelve 2, who will deal with the problem with actions that may include asking the renter to leave without a refund. Renter problems in units rented through other rental companies must be addressed directly with the owners of those units or through the Sevierville Police Department.

Table I. Rational for Requiring the use of a single designated rental agent.

Function	Using Twelve 2	Using VRBO or Airbnb
Onsite/Local Presence to Address Problems and Provide Assistance	Local Contact Available 24/7	None
Providing Support Services to All Resort Owners	Many Services Provided at No Cost to HOA	None
Providing Renters with Rules and Regulations for Resort	Documents Provided to Renters. Auditable by HOA	Unknown
Enforcing Rules and Regulations	Employees Available to Deal with Complaints	Owners, often not local, must be contacted. Sometimes not available.
Providing Cleaning Services	Known Employees or Contractor Help. Local Supervision	No local supervision. Unknown individuals and companies on site.
Setting Standards for Rental Units	Uniform Across Resort	Unknown and Varying
Assuring That All Needed Business Licenses are obtained from the City and County and Paying the Required Business Taxes	Twelve 2 Obtains the needed licenses and pays the required taxes. They also handle the mandatory Fire Department Inspection of the units.	Owners must obtain their own licenses, pay the taxes and arrange for the needed Fire Department inspection
Providing Insurance Coverage for HOA	Certificate of Insurance Provided. HOA Additional Insured	None

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Setting Nightly Rental Rates	Uniform and Available to All Owners That Rent	Varying and Unknown. Known examples of Owners Deeply Under Cutting the Going Resort Rates.
Renters Vehicles Identified	Parking Tags Provided	None

A Sanction of \$225 per month will be charged to all owners who do not comply with the use of the Designated Rental Agent beginning 30 days after the enforcement letter is sent out by the Association. The sanction will be included on the quarterly invoices sent out by the Neighborhood HOAs. The Sanctions will be invoiced as part of the quarterly dues collected by the Neighborhood Associations. Any late or unpaid Sanctions will be charged a late fee. The Sanctions are payable on or before the due date established by the neighborhood Associations for payment of quarterly dues.

The Apple View Farms Community Association believes that Twelve 2 works hard to up hold the Community -Wide Standards and protect the value and desirability of the Apple View Resort.