
Section 6.04 Residential Use Only

All lots shall be used for single family residential purposes only and no commercial use is permitted. This restriction does not prevent an Owner from conducting home occupations in a Dwelling, provided such occupations: (a) are subordinate to the primary residential use; (b) occupy no more than twenty percent (20%) of the Dwelling's floor area; and (c) employs not more than two (2) persons.

Examples of non-single family residential purpose uses of a Lot or any Dwelling include, but are not limited to: occupancy by two or more unaffiliated individuals or groups that function as independent housekeeping units; owners or their agents occupying any part of the property at the same time as renters; utilizing the Lot or any Dwelling as a fraternity, sorority, or dorm complex; or using the Lot or any Dwelling as a Group Home or Institution of any kind.

Examples of prohibited commercial uses of a Lot or any Dwelling, but are not limited to, include providing the services of or operating as a restaurant, an inn, a boarding house, or a bed-and-breakfast or providing other atypical rental services of a commercial nature.

All provisions of these Covenants and of any rules, regulations, or use restrictions promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.

Section 6.05 Short term rental regulations

Lots and Dwellings may be rented on a short term basis only for private single-family residential purposes subject to the following provisions.

Sec 6.05.0 Definitions

The following words and phrases when used in this section shall have the meanings as set out herein:

1. Short term rental property means a residential dwelling unit containing not more than six sleeping rooms that is used and/or advertised for rent, in whole or in part, for transient occupancy by guests as a transient rental unit for a minimum of seven (7) continuous days with no escape clause allowed (the term of a rental period must be completed by the original renter and none other during that term) but not more than 29 continuous days. Any structure or detached accessory unit rented to the same occupant for more than 30 continuous days, bed and breakfast establishments, boarding houses, hotels, and motels shall not be considered short term rental property.

2. Short term rental property owner means the holder of the title in fee simple. Any person, group of persons, company, association, or corporation in whose name tax bills on the property are submitted. It shall also mean any person who, alone or jointly or severally with others:

- a. Shall have legal title to any dwelling unit with or without accompanying actual possession thereof; or
- b. Shall have charge, care, or control of any dwelling unit as owner, executor, executrix, administrator, trustee, guardian of the estate of the owner, assignee of rents, lessee or other person, firm, or corporation in control of a building or their duly authorized agents.

3. Hosting platform means a person or entity that participates in short term rental business by providing a means through which a short term rental property owner may offer a short term rental property for transient use. This business service is usually, though not necessarily, provided through an online platform that allows a short term rental property owner to advertise through a website or mobile application and provides a means for potential tourist or transient users to arrange transient use and payment, whether the transient pays directly to the short term rental property owner or to the hosting platform.

4. Transient means any natural person, who exercises occupancy or is entitled to occupancy of any short term rental property, lodging, or accommodation.

5. Occupancy means the use or possession, or the right to the use or possession, of any short term rental property, lodging, or accommodation.

6. Dwelling means any building or structure or part thereof, including single family residence and occupied for human habitation or intended to be so used including any accessory building and appurtenances (right-of-way, i.e., driveway) belonging there or usually enjoyed therewith.

Sec. 6.05.1. Permit required.

A. No person or entity shall operate a short term rental property or advertise residential property for use as a short term rental property without the owner of the property first having obtained a short term rental property permit issued by the Board of the Lone Mountain Shores Homeowners Association. Any owner of more than one short term rental property shall be required to obtain a permit for each short term rental property. Review of an application for permit shall be conducted in accordance with due process principles and shall be granted unless the applicant fails to meet the conditions and requirements described herein or otherwise fails to demonstrate compliance with generally applicable local ordinances, state or federal law. A notarized affidavit attesting to compliance with said ordinances, state or federal laws including compliance with building codes and septic systems will be acceptable by the Board in lieu of a physical inspection.

B. Any advertising or description of a short term rental property on an internet website, mobile application, or other hosting platform must display a permit number for the short term rental property.

C. A legible copy of the Short Term Rental permit shall be posted within the unit and shall include all of the following information:

1. The name, address, telephone number and email address of the owner of the short term rental unit and the short term rental agent, if applicable;
2. The Business License Number;
3. The maximum Occupancy of the unit; and
4. The Short Term Rental Permit number

D. Short term rental property permits required by this article shall be applied for and renewed electronically or in writing, on such forms as the Board will prescribe including::

1. The maximum number of transient capacity per night for each short term rental unit.
2. The owner's agreement to use best efforts to assure that use of the short term rental property will not interfere with the rights or rules of neighboring property owners to the quiet enjoyment of their properties;
3. Proof of owner's current ownership of the short term rental property;
4. Verification of insurance evidencing fire, hazard, and liability coverage of not less than \$1,000,000.00 per occurrence;
5. A "compliance verification form" certifying that each short term rental unit currently complies with applicable building, health, and life safety code provisions of Claiborne County, the State of Tennessee and Federal statute;
6. The applicant's acknowledgement of receipt of the short term rental ordinance stating the applicant has reviewed and understands its requirements;
7. Particular instances in which conditions or conduct on the applicant's property resulted in issuance of any citation by a local state or local law enforcement or regulatory agency within the last 12-months;
8. The identification of one or more adult persons, entities or businesses ("responsible party") of the subject short term rental property who shall be engaged to appear on the premises of the short term rental property to respond to alleged violations of the Lone Mountain Shores Homeowners Association covenants or other applicable state law, including those pertaining to alleged noise, disorderly conduct, overcrowding, traffic or nuisances existing on the property.

E. Prior to the issuance of any permit, a signed statement attesting to the compliance with the requirements of this article by the deed holder OR the representatives from the Board shall be permitted, but not required, to conduct an on-site inspection of the property for which a permit or permits are sought to confirm the units comply with the requirements of this article. An inspection is also authorized but not required, before any renewal of a permit is given.

F. Each applicant for a short term rental permit under the provisions of this article shall pay to the Lone Mountain Homeowners Association a non-refundable application fee of \$150.00 at the time of the filing of the application to cover new applicant screening; and

G. Failure of the responsible party to make a timely appearance on the premises of short term rental property to respond to alleged violations or other applicable state law including those pertaining to alleged noise, disorderly conduct, overcrowding, traffic, or nuisance existing on the property shall be grounds for permit suspension against the owner. The owner of the short term rental property shall be sent a notice of proposed suspension and given an opportunity to show cause as to why a short term rental permit should not be suspended. Failure to appear as requested or to satisfy the requirements of the notice to show cause shall result in suspension of the short term rental permit for a period of not to exceed 30 days.

H. An owner may replace the responsible party, temporarily or permanently, at any given time with written or electronic notice to the Secretary of the Board of the Homeowners Association. To replace a responsible party, the owner shall notify the Secretary of the new responsible party's identity, together with all information required by this chapter prior to making short term rental units available for transients.

I. The Board of the Lone Mountain Shores shall issue a permit under this article under the following conditions:

1. That the applicant's application for a permit has been fully completed, signed and the application fee included in the application; and
2. That the operation as proposed by the applicant, if permitted, will contemporaneously comply with the regulation described herein and comply with all local, state and federal regulations especially in regard to the health and safety of the occupants.
3. That the applicant has not knowingly made any false, misleading, or fraudulent statement of fact in the permit application or in any document required by the city in conjunction therewith; and
4. That the applicant has not had a similar permit denied, suspended, or revoked for any cause by any city or state agency within 365 days preceding the filing of this application; and
5. That the applicant has no unpaid assessed court fines or court costs related to violations of the short term rental property regulations; and
6. That the applicant is current on any local property taxes owed on the short term rental property owned by the applicant.
7. That the applicant is in good standing with the Lone Mountain Shores Homeowners Association.

H. A short term rental permit shall expire 365 days after it is issued. Short term rental permits may be renewed upon the payment of a \$150.00 fee to cover the applicant renewal screening and on-site inspection if requested by the Board. All renewal requests shall be received at least 30 days prior to the expiration date for their existing permit.

I. Any short term rental property found to be operating without the required permit being obtained shall be subject to double fees when the necessary permits are obtained.

J. A short term rental property permit shall not be transferred or assigned to another individual, person, entity, or address, nor shall the permit authorize any person, other than the person named therein, to operate a short term rental property on that property.

K. Any false, misleading, or fraudulent statement of fact submitted to the Board in furtherance of obtaining a short term rental permit shall be taken as grounds for permit denial or revocation by the division of public works. Upon a finding that such statement of fact has been submitted, the Board shall deliver notice giving an owner an opportunity to show cause as to why a short term rental permit should not be revoked. Failure to appear as requested or to satisfy the requirement of the notice of show cause shall result in revocation of the short term rental permit for a period of 12 months.

L. The Board of the Lone Mountain Shores Homeowners Association shall have the authority to enforce this article, including the authority to grant, deny, suspend, or revoke short term rental permits.

M. No person or entity holding an operating permit shall sell, lend, lease, or in any manner transfer the permit. Any unauthorized transfer or attempt to transfer a permit shall automatically void such permit. Persons violating this provision, including both the transferor and transferee, shall be subject to a citation and fine and revocation of said permit. Each unauthorized transfer or attempt to transfer of each permit shall constitute a separate violation.

Sec. 6.05.2. Regulation of short term rental property.

A. All short term rental property owners and their transient guests shall abide by all applicable noise control restrictions as described in the Covenants of the Association.

B. The short term rental property owner shall meet all applicable requirements of the state and local building and fire safety codes, including, but not limited to, having approved smoke alarms meeting underwriter's laboratory (UL) 217 standards meeting applicable state law standards installed as follows:

1. In all sleeping areas.
2. In every room in the path of the means of egress from the sleeping area to the door leading from the sleeping unit.

C. The short term rental property owner shall meet all applicable requirements of the state and local building and fire safety codes, including, but not limited to, having approved carbon monoxide detectors meeting applicable state law standards installed on every habitable floor if there is the presence of any open flame fixture or appliance.

D. The principal renter of a short term rental property unit shall be at least 21 years of age.

E. The name and telephone number of each short term rental property owner or their designee shall be conspicuously posted within the short term rental property unit. A short term rental property owner or their designee shall answer calls 24-hours a day, seven days a week for the duration of each short term rental period to address problems or complaints associated with the short term rental property.

F. It is the intent of the Board that all short term rental property owners, Hosting Platforms, and their designees refrain from discrimination against any person in the terms, conditions, or privileges of the rental of short term rental property because some or all of the Transients are members of classes protected by the Tennessee Human Rights Act.

G. The short term rental property owner shall ensure the property is in compliance with all local, state, and federal housing code ordinances including the Americans with Disability Act requirements.

H. Tenants are required to abide by all Lone Mountain Shores Governing Documents

I. Renting to unaffiliated individuals or groups at the same time is prohibited.

Examples of such activity include but are not limited to: fraternity or sorority parties, music festivals, or any other atypical usage of unaffiliated individuals or groups.

J. Owners are responsible for the actions of their tenants. Each Owner shall take appropriate steps and will put in place additional rules, limitations, and restrictions as necessary to ensure that tenants do not conduct deleterious activities or otherwise create a nuisance to other Owners.

K. Each short term rental unit was have a conspicuously placed and legible sign informing tenant(s) that use of the Lone Mountain Shores Owners Association common areas such as but not limited to, community center, docks, nature trails are forbidden for non-member use and constitute trespass. This provision is null and void if the tenant(s) are accompanied by the Owner of the rental unit.

L. All rules, regulations, or use restrictions of these Covenants promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.

M. A working fire extinguisher must be located in an easily accessible area in each unit.

Sec. 6.05.3 Minimum Standards For Short Term Rental Units

A. A short term rental unit must meet the following minimum standards:

1. A short term rental unit may include a primary dwelling unit but cannot include uninhabitable structures such as garages, barns or sheds;
2. A short term rental unit must meet all applicable laws related to zoning, housing, building, health, electrical, gas, plumbing and life safety;
3. Maximum occupancy: the maximum occupancy shall be determined by the total of
 - a. Two (2) persons per bedroom up to 140 square feet;
 - b. For bedrooms over 140 square feet the occupant load will be determined by the area of the room divided by seventy (70) square feet
 - c. The occupancy maximum shall be conspicuously posted within the short term residential rental unit.

Sec. 6.05.4. Compliance.

It is the intent of the Board that complaints regarding short term rental property be resolved according to existing state law and the Covenants of the Lone Mountain Homeowners Association pertaining to public nuisances, vehicles and traffic, health and safety, and public peace, morals, and welfare. The continued use of property as a short term rental unit will be prohibited, and the permit revoked, if, as a direct result of the operation of the short term rental unit, the unit has been found to be in violation of a generally applicable local law three or more separate times and the provider has no appeal rights remaining for any of the three violations. The burden of proof that a violation of a generally applicable local law was a direct result of the operation of the short term rental unit is on the Board of the Lone Mountain Shores Homeowners Association.

- A. The Board has the sole responsibility to investigate any violations of compliance with short term rental rules, regulations or obligations of the owner of record of a short term rental as indicated by the record of deed.
- B. The Board has the authority to enact fines, revoke permit(s) or take any other reasonable action in response to any violations in regards to the rules, regulations or obligations of the owner of record of a short term rental.
- C. The provider of short term rental services has the right to appeal any fine, permit revocation or other action taken in response to a perceived violation to the Board.
- D. A provider of short term rental service who accumulates three (3) violations within the time period of the permit to rent will be subject to loss of the permit for no less than twelve (12) consecutive months and up to a maximum of two (2) consecutive years.

Sec. 6.05.5 Allotted Number of Short Term Rentals

Objective: To promote the safety and welfare of the residents of Lone Mountain Shores subdivision and help maintain the environment of a residential community.

- A. The total number of permits and thereby number of lots available to short term rent will be no greater than five (5%) of the total number of lots in the subdivision.
- B. The owners engaged in short term renting as of the date of the filing of the amended Covenants with Claiborne County will be allowed to continue to short term rent provided they meet all of the regulations and receive a permit as outlined previously.
- C. Any owner desiring to rent who has not been actively renting as of the date of the filing of the amended Covenants with Claiborne County and provided there are available rental slots under the five (5%) limit, must file a petition to rent. All such petitions will be filled on a first come, first served basis. If multiple petitions are received within a 3 week time frame of the filing of the amended Covenants with Claiborne County and the number of petitions exceeds the five (5%) limit the petitions will be assigned a number and a random lottery will determine which owner will be able to apply for a permit.
- D. In the event that a lottery-assigned owner fails to qualify or does not apply for a permit within thirty (30) days of the lottery, the permit will be offered to the next highest lottery number and so on until the five (5%) limit is reached.
- E. Lottery numbers may not be bought, sold, traded, exchanged or transferred in any manner to any other owner or potential owner of property in Lone Mountain Shores. Any violation will result in the lottery number being retired and the owner(s) abdicating their right to petition to rent based on said number and must re-enter the lottery via new petition if there are lots available.
- F. If a property that is used as a short term rental changes name on the deed, the property may continue as a rental until the expiration of its current permit at which time the owner of record property must re-apply for a permit on a 'new property' basis. This means the property can only be considered for permit if the five (5%) limit has not been reached.

Sec. 6.05.5. Indemnification

Written acknowledgement and agreement by the operator that, in the event a permit is approved and issued, the operator and owner, if the operator is not the owner, agree to assume all risk and indemnify, defend and hold the Lone Mountain Shores Homeowners Association and its members harmless concerning the Association's approval of the permit, the operation and maintenance of the short term rental unit and any other matter relating to the short term rental unit.

Sec. 6.05.6. No vested rights

Except in instances where constitutional principles or binding state or federal laws otherwise provide, the provisions of this amendment and any ordinances or other measures concerning short term rental units are not a grant of vested rights to continue as a short term rental unit indefinitely. Any short term rental unit use and permits for short term rental units are subject to provisions of other ordinances, resolutions, or other covenant measures concerning short term rental units that may be enacted or adopted at a later date, even though such ordinances, resolutions, or covenant change may change the terms, conditions, allowance, or duration for short term rental unit use, including but not limited to those that may terminate some or all short term rental unit uses, with or without some period of amortization.