

WATERBURY INN OWNERS ASSOCIATION
RENTAL POLICY STATEMENT

I. INTRODUCTION

The Waterbury Inn Rental Service (hereafter referred to as the “Rental Service”) has been established by the Waterbury Inn Owners Association, Inc. (hereafter referred to as the “Association”) for the purpose of operating a lodging facility, in accordance with the State of Wisconsin statutes chapters 703 and 704. With the exception of the Declaration and the Bylaws of the Association, this policy statement supersedes any other policy or document previously applicable to the unit Owners (hereafter referred to individually as “Owner” or jointly as “Owners”), the Association or the Management of the Rental Service.

II. ORGANIZATION

The Rental Service is governed by the Board of Directors of the Association (hereafter referred to as the “Board”). The Board designates the General Manager (hereinafter referred to as “Manager”) as the administrator of the Rental service. The Manager reports to, and coordinates with, the Board regarding policy, operational procedures, and budgets and is responsible for effective management of the property, all employees, and continued business growth. Any Owner concerns or comments should be directed in writing to Waterbury Inn Owners Association, Board of Directors, PO Box 149, Ephraim, Wisconsin, 54211.

III. RENTAL SERVICE

A. OBJECTIVES

1. The intent of the Rental Service is to maintain the highest standards in the lodging industry for our guests, thereby maintaining or increasing unit rentals while maintaining the capital investment of the Owners.
2. The annual budget of the Rental Service is created in October of each calendar year for final approval by the Board at its December meeting. The annual budget may be adjusted by the Board during any year.

B. SOURCE OF REVENUE

The operating funds for the Rental Service are generated from four (4) sources:

1. Rental Service fees assessed to the Owner for Guest stays.
2. Housekeeping and related charges assessed to the Owner for Owner stays.
3. Resort Fees
4. Miscellaneous Income (vending, souvenir items, etc.)

C. GENERAL SERVICES

1. Definitions

- a. "Owner Stay" means a stay at the Waterbury Inn by:
 - i. An Owner of record or a spouse/partner or Owner's children over the age of 20.
 - ii. "Charitable Contribution Stay" means a guest who purchased or received a stay from the Owner via a donation to a charitable organization. Such charitable contribution stays are limited to two (2) stays per calendar year per unit, must be outside the High Season, and are not to exceed a two (2) nights consecutively.
 - iii. "Guest Owner Stay" which means a stay by a party other than the "Owner Stay" qualified parties. This applies to those Owners involved in the Resorts Condominium International (RCI) exchanges.
- b. "Owner Referral" means a stay at the Waterbury Inn which is arranged by the Owner for a person or persons who are not accompanied by an Owner or qualified Owner Stay members of the family. This type of stay must be reserved directly through the Front Desk directly or via phone contact.
- c. "Complimentary Stay" means a non-Owner stay at the Waterbury Inn arranged by the Rental Service to promote the Waterbury Inn.

2. The Rental Service will provide housekeeping and related services, front desk operations and reservation services. The Rental Service also includes sales, marketing, and general administration services.

3. The Rental Service will make reasonable efforts to rent each Owner's unit on a fair and equitable basis. Reservations are assigned on a rotating basis using these factors:

- a. Revenue total at time of reservation
- b. Owner Referrals
- c. Complimentary Stays
- d. Unit availability

4. Rates, except as stated herein, for any stay shall be at the advertised rack rate. Standard discounts to be applied with proper identification are Senior (over 60 years of age for specific occupant of room on reservation) and Military (current and former). Owner Referral rates will be at the published rack rate.

D. HOUSEKEEPING AND RELATED SERVICES AND FEES

1. DEFINITION: Housekeeping and related services and fees consist of:

- a. Charges based on a formula established by the Rental Service that includes administrative and staff wages, benefits, payroll taxes, preparation and stock time, supply replacement (consumables), linen cleaning costs, and carpet cleaning of the units.
- b. Owner item replacement including: Broken or missing amenity items such as dishes, hairdryers, kitchen items, small appliances. Replaced items will be billed to the Owner quarterly.

2. HOUSEKEEPING SERVICES:

- a. Daily Housekeeping is not provided.
- b. Replacement of linens, paper goods and other consumables are available to Owners and Guests upon request.
- c. All rooms are cleaned and restocked before the next arrival after previous departure.
- d. A complete linen change is available to Guests Stays and Owner Referral Stays midway through stays of longer than 6 nights. This is not a service provided for Owner Stays unless requested at the time of check in or at the time the reservation is made.
- e. An annual cleaning of each unit by the Rental Service is to take place between November 1 and April 1.

3. HOUSEKEEPING FEES

- a. Board approved cleaning fees will be assessed (based upon the formula noted in section D.1) by Rental Services for Owner Stays.
- b. Cleaning fees will be waived and absorbed by the Rental Service for Charitable Stays.
- c. Cleaning fees will be waived and absorbed by the Rental Service for Complimentary Stays.
- d. Cleaning Fees will be waived for Board members and Owner Representatives who stay in their unit while performing official duties associated with their position(s)
- e. Housekeeping charges and the formula to calculate charges can be adjusted at any time by a majority vote of the Board. Adjustments are effective after thirty (30) days' advance written notice to the unit Owners at the email address maintained by the Association.

E. OTHER RELATED FEES

1. OWNER STAY FEE STRUCTURE

- a. Owners will pay the established cleaning fee per stay outside dates considered High Season (peak tourism season). “High Season” is June 15 through August 15, Labor Day weekend, festival dates, and every Friday, Saturday, and Sunday in October.
- b. Owner Stays during High Season can be up to 7 nights in total while incurring only the established cleaning fees. Stays past 7 nights during High Season require the Owner Stay to pay 50% of the established Rack Rate for each additional day rather than a cleaning fee. That 50% payment goes to the Rental Service with no revenue split via Owner Proceeds for the extra days.
- c. The seven (7) days, if used consecutively, should not use portions of consecutive weekends; meaning that a Friday, Saturday and Sunday may only be used once during a 7 day stay. For example, a stay during High Season should not start on a Sunday and end on the following Saturday.

F. FRONT DESK OPERATIONS AND RESERVATIONS

1. Front desk operations and reservations are provided to all Owners. All Owners and Guests will check in at the front desk upon their arrival. This service is provided by the Rental Service.
2. The Rental Service shall assess fees for services provided to the Owners and Guests pursuant to this Rental Policy Statement (Room Rates). These fees are a percentage (currently 50/50 split) of each Owner’s monthly gross room revenue to partially fund the cost of the Rental Service and related services. The percentage of each Owner’s monthly gross room revenue split can be adjusted at any time by a majority vote of the Board. Any adjustment will be effective after a thirty (30) day written notice is issued to all Owners at the email address maintained by the Association.
3. The Rental Service will collect all room revenue and disburse to the Owners monthly, their 50% of the gross room revenue. An itemized monthly statement of the revenue will be emailed to each Owner.
4. All Owners are required to provide necessary banking information to allow the Rental Service to electronically deposit Owner Proceed Funds and debit the Quarterly Maintenance Fees.
 - i. It is the policy of the Rental Service that all disbursements of rental income will be electronically transferred on or about the 12th of each month covering the previous month’s transactions. In the event the Rental Service does not have sufficient funds to

cover both the Owner Proceeds and current obligations (e.g., payroll, utilities, Visitor Bureau dues, taxes, etc.), the Owner Proceeds will be held until there are sufficient funds available. Owners will still receive an itemized monthly statement if funds are held. Any exception to this policy requires approval of the Board.

5. The Rental Service will establish its advertised rental rates on an annual basis.
6. The Rental Service will advertise in various media, based on the available funds, demonstrated efficacy of the advertising vendor, and direction from the Board. The Waterbury Inn will be a member of the Door County Visitor Bureau. The Rental Service may, with the approval of the Board, advertise special promotional packages, offering lower rental rates than published from time to time.
7. The Rental Service has the discretion to negotiate rates for people who are seeking immediate lodging (walk-ins) for the purpose of increasing the number of rentals.
8. The Rental Service will establish and adhere to an advance deposit policy appropriate to the current market trends.
9. The Rental Service will not procure a rental for a unit that exceeds the maximum occupancy allowable.
10. The Rental Service may use a unit as a Complimentary Stay for promotional purposes as it deems necessary. No unit will be used more than two (2) nights per calendar year for this purpose, without the consent of the Owner. Owners and the Rental Service may agree to acceptable compensation for stays exceeding two (2) nights per calendar year. Owners will be notified prior to their unit(s) being used for a complimentary stay by the Rental Service. All housekeeping fees will be covered by the Rental Service.
11. The Rental Service is authorized to offer a travel agency reduced rate or a special group rate at the Manager's discretion that will not exceed 10% of the daily rack rate.
12. The Rental Service will not discriminate against any guest for any reason prohibited under applicable federal, State, or local laws.

NOTE: Section 106.50 (1m) (h) of the Wisconsin Statutes defines discrimination related to open housing rights: "Discriminate" means to segregate, separate, exclude or treat a person or class of persons unequally in a manner described in sub. (2), (2m) or (2r) because of sex, race, color, sexual orientation, disability, religion, national origin, marital status, family status, status as a victim of

domestic abuse, sexual assault or stalking, lawful source of income, age or ancestry.

13. The Rental Service will make reasonable efforts to accommodate the Owner's use of their unit for an Owner Stay and Owner Referrals by moving pre-existing reservations to another available unit of the same room type if possible, and thus, saving rotational sequence for the Owner. An Owner must make a reservation with the Rental Service before committing any dates to avoid double bookings, whether for an Owner Stay or Owner Referral Stay and identify the guests who will be using the unit, identify the nature of the stay (Owner Stay, etc.). The Rental Service's reservations will take precedence when booked prior to an Owner Referral or Owner Stay.

IV. OWNER RESPONSIBILITIES

- A. Each Owner has the responsibility to maintain their unit in a rentable condition. Rentable condition refers to those standards as established by the Building and Ground Committee and approved by the Board. Items that need to be replaced or repaired, and repairs to the unit itself costing less than \$150.00 will be billed Quarterly (via the Quarterly Maintenance Statement) to the Owner by the Rental Service. Items or repairs which exceed \$150.00 will be brought to the Owner's attention and the unit will be taken off rotations until the Rental Service has received email notification from the Owner to replace/repair the item or make the necessary repairs to the unit. The Manager will attempt to secure the most cost-effective service that is available at that time.
- B. In the event of any emergency in which immediate repairs are necessary to prevent harm to persons or damage to the unit, adjacent units or any other property, the Rental Service shall cause such repairs to be made as expeditiously as possible while attempting to make the repairs as cost-effectively as possible.
- C. Each unit Owner will abide by all rules and regulations established by the Board. Current rules and regulations are available in the Owner Portal on the Association's website.

V. OWNER REFERRALS

- A. Unit Owner understands that "Owner Referrals" are an advantage to the Owner: (1) for referring guests to the Waterbury Inn and (2) being able to obtain extra rentals of their unit that do not count as a "rotation night". To take advantage of this

option the Owner must call the Rental Service with the referral's name, phone number, and length of stay. The Rental Service will then call the guest to complete the reservation details.

VI. NONCOMPLIANCE WITH THIS POLICY STATEMENT BY UNIT OWNER

A. SANCTIONS AGAINST AN OWNER

The Rental Service has the right to hold or to offset monthly rental proceeds against delinquent Quarterly Maintenance Fee or assessments for maintenance and other fees unless other arrangements have been approved by the Rental Service. In addition, interest charges may be assessed to the Owner for having a late payment. The Owner's proceeds payment will be held in the Rental Service account until all delinquent payments have been made or an offset against such delinquent payments has been completed.

B. REMOVAL OF UNIT OWNER FROM ROTATION

1. The Rental Service, based on a majority vote of the Board, shall have the authority to remove an Owner from the normal rental rotation of the Rental Service for the failure to follow the policies or standards of the Association with the approval of the Board.
2. The removal of an Owner will be preceded by:
 - a. A written notification, delivered via US certified mail, from the Board to the unit Owner at the address maintained by the Association, citing the policy or standard upon which the removal is based.
 - b. A thirty (30) day period, commencing from the date of the notice in which the Owner may correct the failure indicated by the Board; and
 - c. A final review or evaluation at the end of the thirty (30) day period by the Board and the Rental Service to determine if the unit has conformed to the established policies and standards. The Rental Service will issue a written notification, via US certified mail, notifying the unit Owner if the unit was found in compliance with all requirements, terminating the process of removal. If the unit was not found to be in compliance, removal from the normal rental rotation would move forward.

NOTE: Unit Owners remain responsible for maintenance fees and special assessments whether the unit is part of the normal rotation with the Rental Service or not.

C. REINSTATEMENT OF THE UNIT TO ROTATION

1. An Owner whose unit was removed from the normal rental rotation with the Rental Service may petition the Board to be reinstated to the normal rental rotation. The Owner must present evidence that all deficiencies

have been corrected and all fees and assessments have been paid through the date of the petition. Reinstatement must be approved by majority vote of the Board.

VII. CONDITIONS FOR SALE OF A UNIT

Each new Owner of a unit is bound to, and any unit Owner selling their unit will bind any purchaser of the unit to, any existing reservations in that unit unless the reservation can be moved to another unit in the same room category at the time of the sale. Each new Owner will be charged a start-up fee equal to the quarterly fees due for their unit; provided that the start-up fee will not be applied where the new Owner acquires the unit from a member of their immediate family (grandparents, parents or siblings) or where an individual owning one or more units acquires one or more additional units.

VIII. CONDITIONS OF PURCHASE

As described in the Declaration, Waterbury Inn is zoned as “commercial transient lodging”, the primary purpose of which is to engage in rentals of the units on a short-term basis to the general public. Owners are required (except as explicitly stated herein) to participate in the rental program managed by the Rental Service. Under no circumstances may the Rental Service be bypassed for use of the Owner’s unit as an Airbnb or similar vacation rental service or for direct rentals by the Owner to others.

- IX. This document does not require an approval Owner signature as all owners are required to participate in the Rental Service in accordance with this Rental Policy Statement, the Declaration, and the Bylaws.

This Policy Statement approved as of November 11, 2023.

By: _____

President of Board of Directors, Waterbury Inn Owners Association, Inc.