



CHEROKEE MOUNTAIN CABINS HAS SOMETHING NEW AND EXCITING!

A new cabin on the river and a creative way for you to own it! Many guests desire to purchase property at Cherokee Mountain Cabins, but the task becomes daunting and overwhelming when you consider building a home long distance. We don't want you to be discouraged anymore, as Cherokee Mountains is currently building your second home for you. Our solution is Riverlodge Cabin currently under construction. The solution to such an arduous task is to allow us to build it and make it affordable for you to purchase! The costs of construction for our cabins have ranged from \$400,000 to over a million, but Riverlodge will be affordable for you.

This new cabin is a one of a kind 3 bedroom, 3.5 bath two story log cabin constructed on the river. We are utilizing 15 years of cabin building experience to create the perfect second home for you and your family.

These are some of the top requests that are desired to create the special experience at CMC:

- Fireplaces – We are putting 5 of them into Riverlodge. Three inside, two outside
- Hot Tubs – It's the biggest we could find and it will be located right on the river
- Big Screen TVs – 5 flat screen TVs all with premium Direct TV channels (one located outside so you don't miss your favorite event)
- Outside deck space – with over 1300sq. feet of outside decks, it's the most of any cabin we have built. All decks are covered and will include an outside living room with a sectional sofa in front of your fireplace. A dining area to enjoy breakfast or romantic evening meals along with your hot tub next to the creek. We are adding rocking chairs for morning coffee or afternoon wine.

Riverlodge will also include:

- Two master bedrooms with Jacuzzi tubs, fireplace and TV in each
- Exposed beams, high ceilings and lots of glass to soak in your picturesque views
- The great room is 18X30 with exposed beams and the 23' tall ceilings enhances your Pella windows and fixed glass

- Riverlodge is on homesite #3 in the Village with your cabin located only 25' from the river's edge. You will own 235' of river frontage on your 1.43 acres
- Large covered wrap around decks, breathtaking
- Upstairs game room

How can this luxurious log cabin be affordable when the homesite alone is valued at \$200,000? We have designed a solution. We are selling functional interest to four purchasers who each will own 25% of this cabin.

Riverlodge will have a completed value of over \$750,000. The completed date is April 2017. Each owner will have 3 designated months to enjoy for personal use or rental income or both! The cost for each interest will range from \$180,500 to \$195,000. The difference in pricing is due to the potential rental income the Riverlodge will generate. Imagine an income producing property that you can enjoy relaxing in as well.

Renting your designated months will not be required, but if you choose to then Cherokee Mountain Cabins will maintain the same high quality service and maintenance that is offered to all our valued guests. The rental income is based off a current two year history of Slippery Rock log cabin. Slippery Rock is also a 3 bedroom, but considering Riverlodge is larger, your rental income will have a 10% higher rental rate.

- For pricing of each interest along with the two-year rental history of Slippery Rock

Questions you may have:

1. How is ownership of my cabin interest defined?

An LLC will be formed under the name Riverlodge LLC. When you purchase ownership, you will purchase 25% ownership in Riverlodge LLC, which owns the cabin. Riverlodge is available at 25% increments. The four owners will enjoy 3 delegated months.

2. How will expenses be paid?

As a homeowner you are responsible for your 3 months of electricity, telephone, exterminator, and Direct TV. These monthly cabin expenses are estimated at \$462/month. You are also responsible for the Riverlodge HOA fees of \$7,450 per year and your 25% is \$1,862 annual payment. If you rent your cabin, it will be deducted from your 3 months of rental income. Your Owners Report will have a \$620 HOA deduction for these 3 months. If you choose CMC rental program to enjoy additional income, then CMC will pay all

monthly expenses along with making your HOA deduction which will be made on your Owners Report.

- To view a sample Owners Report and explanation of utilities and how the Riverlodge LLC HOA fees were estimated see attached documents.

3. How will the cabin be managed and maintained on the rental program?

Cherokee Mountain Cabins will manage your cabin with the same focus on detail and with the highest standard you will have been accustomed to. We have great records of maintenance costs on our cabins that we have used to base your estimated costs for your new home.

- See attached sample copy of our Cabin Management Agreement

4. Is it required to rent my allotted months?

No, allowing your interest to be included in CMC rental program is your option, but we would recommend it. Our cabins are well maintained as rentals because our staff is in and out of the cabins constantly inspecting for maintenance and housekeeping needs.

5. I have purchased an interest with a summer month, but would occasionally like to stay over a winter holiday that I do not have. How would that work?

Trading days can be negotiated amongst the four owners. CMC will accommodate all decisions.

Riverlodge will be sold completely furnished in the same style as our other luxury cabins. All furniture, decorations, kitchen and bath will be complete and ready for your immediate use.

I'm sure not all of your questions have been answered, but feel free to call me anytime. I'd like the opportunity to explain more. My cell number is 985-969-7711.

We look forward to hearing from you.

Tom and Coleen Enmon
Owners
(O) 985-370-7700 ext. 111
tenmon@janikinggcr.com



TERMS DEFINED

Management Fee - 52% and includes all bookings/leasing of cabins, preparation of cabin for use, cleaning, hot tub sanitizing, stocking of all linens, bath soap, shampoo, conditioner, toilet tissue, paper towels, trash receptacle liners, hauling trash away from cabins, cutting grass, grading driveways, gutter cleaning and replacing light bulbs. Management Fee does not include Maintenance and Repairs to actual Cabin. We, Cherokee Mountain Cabins, will pay these expenses from the deductions from the owners reports for utilities and HOA dues. Note that Earnings are Seasonal, marked by a steep increase during certain seasons, however, for purposes of this Prospectus, we will assume a levelized rental.

Utilities - based on last 12 months historical average. This is the average for which each owner would be responsible, and would be deducted from your 3 owner's reports issued for the year.

Electricity	\$ 200.00	monthly
Telephone	\$ 75.00	monthly
Exterminator	\$ 26.00	monthly
Direct TV	\$ 181.00	monthly
Monthly Amount	<u>\$ 482.00</u>	
3 Months in Each Interest		x 3
Annual Amount of Utilities Per Interest	<u>\$ 1,446.00</u>	

\$482 Deduction on your 3 Owners' Reports

River Lodge, LLC HOA - based on last 12 months historical average. This is the average for which each owner would be responsible, and would be deducted from your 3 owner's reports issued for the year.

Insurance (see Definition Below)	\$ 2,000.00	annual
R/E Taxes (see Definition Below)	\$ 1,500.00	annual
Cabin Maintenance (see Definition Below)	\$ 2,000.00	annual
Propane	\$ 1,200.00	annual
Village HOA	\$ 750.00	annual
Annual Total of HO Dues	<u>\$ 7,450.00</u>	
4 Separate Interests		/ 4
Annual Amount of HOA per Interest	<u>\$ 1,862.50</u>	

\$620 Deduction on your 3 Owners' Reports

Insurance - Estimate based on \$1,000,000 liability, replacement cost, \$1,000,000 umbrella

Real Estate Taxes - Estimate includes both State and Macon County taxes

Cabin Maintenance - broken down into three areas:

1. Normal Maintenance

Includes items such as light bulbs, broken lamps, A/C and hot tub filters, broken or damaged kitchen ware such as plates, glasses, cups, pots, pans, serving utensils, coffee pots, etc.

	\$ 700.00
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2. Cabin Restaining/Painting

Required every 6 to 7 years at approximately \$6,000	\$ 857.14
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3. Appliance Replacement

Approximately \$3,000 over 7 years	<u>\$ 428.57</u>
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Annual Cabin Maintenance	<u>\$ 1,985.71</u>	(Round to \$2,000)
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VILLAGE INTERST SHARE

These figures are only estimates and do not represent any earnings claims or guarantees.

	<u>Interest 1:</u> Jan, May, Jul	<u>Interest 2:</u> Feb, Jun, Oct	<u>Interest 3:</u> Mar, Sep, Nov	<u>Interest 4:</u> Apr, Aug, Dec
Interest Investment:	\$ 184,000.00	\$ 195,000.00	\$ 190,500.00	\$ 180,500.00
Annual Income/Mgmt Fees:				
Estimated Earnings per Cabin	\$ 18,673.00	\$ 19,876.00	\$ 19,373.00	\$ 18,294.00
Less: Management Fees *	<u>\$ (9,709.96)</u>	<u>\$ (10,335.52)</u>	<u>\$ (10,073.96)</u>	<u>\$ (9,512.88)</u>
Net Income to Owner	<u>\$ 8,963.04</u>	<u>\$ 9,540.48</u>	<u>\$ 9,299.04</u>	<u>\$ 8,781.12</u>
Annual Expenses:				
Utilities *	\$ (1,446.00)	\$ (1,446.00)	\$ (1,446.00)	\$ (1,446.00)
HOA Dues *	<u>\$ (1,862.50)</u>	<u>\$ (1,862.50)</u>	<u>\$ (1,862.50)</u>	<u>\$ (1,862.50)</u>
Net Expenses to Owner	<u>\$ (3,308.50)</u>	<u>\$ (3,308.50)</u>	<u>\$ (3,308.50)</u>	<u>\$ (3,308.50)</u>
Annual Profit	<u>\$ 5,654.54</u>	<u>\$ 6,231.98</u>	<u>\$ 5,990.54</u>	<u>\$ 5,472.62</u>
Investment	\$ 184,000.00	\$ 195,000.00	\$ 190,500.00	\$ 180,500.00
Annual Profit	\$ 5,654.54	\$ 6,231.98	\$ 5,990.54	\$ 5,472.62
Net Return	<u>3.07%</u>	<u>3.20%</u>	<u>3.14%</u>	<u>3.03%</u>

* - See Attached Term Definitions for additional details.



61 Bear Creek Road Tipton, NC 28781 828-321-2010 www.cherokeemountaincabins.com

Two Year Rental/Revenue History Slippery Rock Cabin

2015		2016	
January	\$2,446.60	January	\$2,446.60 *
February	\$3,448.00	February	\$4,178.10
March	\$4,630.75	March	\$6,418.80
April	\$5,030.50	April	\$4,062.00
May	\$6,550.75	May	\$3,400.45
June	\$8,395.25	June	\$8,683.55
July	\$10,513.00	July	\$11,990.25
August	\$10,269.00	August	\$7,385.60
September	\$5,723.76	September	\$8,189.25
October	\$6,630.75	October	\$8,439.00
November	\$4,526.25	November	\$9,260.25 **
December	\$5,112.75	December	\$4,731.00
	\$73,277.36		\$79,184.85

*Slippery Rock off line in January for master bedroom and bath renovations.
We used January 2015 rental income.

**Reservations booked as of 11/1/2016.

Sample Owner Report (We used the October Rental Income for Slippery Rock Cabin)



October 2016

Owner:
To be Determined

Property:
River Lodge Cabin
196 Bear Creek Cove
Nantahala, NC 21878

Name	Nights	Check Out	Total	Notes
N. Agar	2	10/03/16	\$ 950.00	
L. Gaddy	2	10/10/16	\$ 950.00	
L. Casto	8	10/11/16	\$ 3,301.00	
D. Bonner	2	10/19/16	\$ 887.30	Military Discount
M. Lawless	2	10/21/16	\$ 966.30	
J. Coombs	2	10/28/16	\$ 917.70	Return Guest Discount
T. Strader	1	10/31/16	\$ 467.00	
Totals	19		\$ 8,439.30	

Vendor/Employee	Hours/Quantity	Date	Job Description/Purchase	Unit Price	Total Due
Duke Entergy		10/1/2016	1/3 HOA Dues Deduction	\$ 620.00	\$ 620.00
Frontier Comm.		10/5/2016	Electricity Service	\$ 200.00	\$ 200.00
Bee Gone Pest		10/7/2016	Telephone Service	\$ 75.00	\$ 75.00
		10/10/2016	Exterminator Service	\$ 26.00	\$ 26.00
DirectTV		10/28/2016	Cable Service	\$ 181.00	\$ 181.00
Total Due					\$ 1,102.00

Total Income for Month: \$ 8,439.30
 Management Fee for Month: \$ 4,388.44
 Total Expenses for Month: \$ 1,102.00
 Net Proceeds to Owner(s): \$ 2,948.86

Check Date: 10/06/16
 Check Number: 12345
 Date Mailed: 10/06/16

**Due to credit card billing & payment cycles, some expenses may take 2 - 3 months to process.



MANAGEMENT AGREEMENT

ADVERTISING

- Cherokee Mountain Cabins (CMC) will handle and pay for all advertising
- Each cabin will have its own page listing on the Cherokee Mountain Cabins website - www.cherokeemountaincabins.com

OFFICE MANAGEMENT/SECURITY

- Telephone Inquiries
- Reservations
- Collect cabin rental charges from the guest
- CMC will collect and pay all North Carolina rental taxes
- Send check-in info, driving directions, etc. to guests
- Advise guests on activities in the area and on the property
- On-site property management ensuring security of all cabins

CABIN CLEANING

- Cabin will be cleaned after each guest
- All cleaning supplies provided by CMC
- Bed linens and towels are provided for each cabin
- An initial supply of shampoo, conditioner, and soap for each bathroom in the cabin
- Initial supply (about 2 days) of toilet paper, paper towels, laundry detergent, dishwasher detergent, and dish soap
- Installation of new light bulbs as needed.

LAUNDRY FACILITIES

- Cabin owner must furnish all bedspreads, comforters, bed skirts, pillows and pillow shams
- All towel and linens laundered/sanitized in our on-site high tech laundry facility

GARBAGE

- All garbage and recyclables will be removed after each guest vacates the cabin.



HOT TUBS

- Each hot tub will be sanitized before each guest arrival
- The hot tub will be emptied and refilled as required to maintain sanitation

OUTSIDE DECKS

- All decks will be inspected for cleanliness and safety reasons before each guests' arrival
- Any debris on the deck will be removed and a two-day courtesy supply of firewood will be left for the guests' campfire.

MAINTENANCE PROGRAM

- Complete maintenance coverage. All repairs up to \$150 will be carried out at no charge to the owner. (ALL charges will be calculated to include labor and material costs.)
- Any repairs over \$150 will be the owner's responsibility and the Management of CMC will get the owner's approval prior to having the work done.
- The owner needs a detailed "Spring Cleaning" twice annually at a charge to be decided depending on the size of the owner's cabin. This charge is usually double the normal cleaning fee.
- Other Charges that will be the owner's responsibility. From time to time the owner will request the staff at CMC to help accomplish different projects. When this occurs an hourly rate plus materials (if applies) will be charged to the monthly owners report. Examples are:
 - Assist with set up of new cabin furniture and fixtures.
 - Set up TV, Satellite Dish and Internet
 - Install landscaping
 - Furniture change outs
 - Construction Cleans or Emergency Cleans
 - Light Bulbs and A/C Filter, inventory for your cabin. (*We will change at no charge.*)

LAWN AND DRIVEWAY MAINTENANCE

- CMC will cut and weed eat the grass around the cabin and driveway as needed.
- Gravel driveways will be graded as needed
- Snow removal as needed

GUTTER MAINTENANCE

- CMC will clean out gutters as needed. (CMC does recommend gutter guards.)

MANAGEMENT FEES

- The owner agrees that CMC will deduct 52% from the owner's cabin gross rental income. (Gross income does not include our \$35 reservation fee or North Carolina Rental Tax.)
- The 52% deduction is CMC's management fee
- Monthly payments will be made to the owner on the 15th of each month for the previous month's rental income.
- When the owner or owner's guest uses their cabin, the standard cleaning fee does apply and the fee will be charged to the owner's account.



CABIN RENTAL FEES

- Cabin rental fees will be determined by the number of bedrooms of the cabin.
- All cabins will be priced similar to or the same as CMC rates. This is done so pricing competition between cabin owners in The Village will not occur.

INSURANCE

- The owner agrees to carry a One Million Dollar Liability Policy. With this policy the owner must name Nantahala Holdings, LLC dba Cherokee Mountain Cabins as an additional insured.

TERMS

- The owner agrees to the terms of this agreement for one year. After one year has passed, the owner can cancel at any time with a six month written notice.
- This term will automatically renew at the end of it's agreement date.

Owner's Name

Cabin Name

Cabin Address

Signature of Owner(s)

Date

Cherokee Mountain Cabins

Date

Date