

AN AMENDMENT TO CC&Rs IS BEING MAILED

Like any HOA, the Desert Mountain Master Association (DMMA) is chartered to develop and uphold standards and practices known as Covenants, Conventions and Restrictions (CC&Rs) that are designed to deliver and maintain the quality experience you expect of our premier, private community. From time to time CC&Rs need to be revised to reflect changing circumstances. In the next few days, the DMMA Board will be mailing you a proposed amendment regarding short-term rentals that is designed to protect our property values, luxury lifestyle and privacy of our community. Please keep Desert Mountain's future in mind as you review that packet of information.

Why the Board Believes an Amendment is Needed Now

In recent years, many private communities across the country, including ours, have seen more and more of their members' homes being offered as short-term rental properties (less than 30 days) and/or as a luxury home swap/exchange. Currently, that global market is valued at \$100 billion per year. Until January of last year, Scottsdale had a 30-day minimum rental requirement, making it unnecessary (redundant) for our CC&Rs to explicitly restate this municipal ordinance. However, after concentrated lobbying efforts at the state level by online booking services, that ordinance was repealed, thereby allowing growth of the short-term rental sector. Desert Mountain now has an estimated 154 homes that are rented for short periods – some for as little as a single night or weekend at less than the going rate at local hotels. It is time to consider restrictions on short-term rental properties and home exchanges.

The proposed amendment you will be receiving will not restrict your ability to rent homes from rental property operators for short periods of time to meet the needs of your families and guests.

Desert Mountain is a private, residential community – not a resort. The proposed amendment allows our prestigious community to welcome the family and guests of our homeowners and Club members for long or short visits. However, like other private communities, we have become increasingly concerned about unvetted outsiders or “ineligible renters” (people unaffiliated with our community) who simply vacation here for a short period.

What We've Learned

During Phase I of its work, an ad hoc committee learned that many of our homeowners, Club management and realtors interviewed think these kind of short-term rentals (advertised and reviewed on popular websites) could degrade the Desert Mountain brand and home values. Additionally, the management of the Desert Mountain Club tells us short-term rentals are not the source of new memberships. Rather, new memberships almost always come from member referrals and real estate sales.

Importantly, the Club has reported unauthorized use of amenities by short-term tenants who are not hosted or accompanied by a Club member. That inappropriate access can strain Club resources and has caused difficult situations for staff members and management. Although DMMA is a sole and separate entity, it is important for us to be mindful of the impact our policies and practices might have on the Club (almost 90% of our homeowners are members). Therefore, we believe most homeowners and Club members at Desert Mountain would prefer tighter restrictions on property rented to outsiders (“ineligible renters”).

For your information, Anderson Security has been dispatched 289 times for security calls to rental properties since May 2013 (~65 calls per year). While that proportion of total calls is not excessive when compared to the number of calls for the whole of Desert Mountain, it is of

greater concern because renters do not face consequences. They simply leave after their vacation.

We expect that the proposed amendment would not have a negative financial impact on current owners of rental property. Demand is high for short-term rentals by our current population of homeowners and Club members (for events like weddings, family get-togethers, Club tournaments, etc.). By restricting the terms for rentals to outsiders, the supply of rental properties can better meet the short-term needs of our community of homeowners and Club members – i.e., those who have a vested interest in protecting the Desert Mountain brand and exceptional experience.

Enforcement

Naturally, any kind of restriction requires enforcement. Options under consideration include efficient ways to register rental properties, tenants and vehicles; a service/system to match DMMA and Club members who require short-term rentals with the available properties; regular review of advertisements to ensure Club amenities are not offered inappropriately, clear processes for identifying and reporting problems/issues; and escalating consequences for rental property owners who do not comply with the CC&Rs.

Thank you in advance for your thoughtful consideration of the forthcoming amendment.