

Excerpts from Written Objections to Proposed DMMA Use Restrictions

Editorial comment by Gary Moselle: Many of the over 650 written objections received by the Desert Mountain Master Association office make good reading – thoughtful, persuasive, incisive and sometimes amusing. A few were clearly hostile. Excerpts from about 50 objection letters are reproduced below. Most of the 600 written objections received at the DMMA office are very short, i.e. “Please record my objection and schedule a vote.” Short letters like that have been omitted from this archive.

Arizona law makes these written objections official records of the association. All are available for review at the DMMA office. You can request a copy of any record at a cost of 15 cents per page.

Names and numbers that could be used to identify the letter’s author have been redacted from this archive.

Excerpts reproduced here are images created from copies of the original documents received by DMMA. Other than the redactions mentioned, there has been no attempt to edit or verify any information in this archive. An index number has been added to support an audit of this archive, if required.

Presumably, DMMA also received letters supporting the proposed use restrictions. Only one such letter was included in the 680+ documents released by DMMA. But the editor of this archive received one letter and two phone calls supporting the use restrictions. All letters, both pro and con, will remain available to members at the DMMA office.

The Written Objection Archive

Dear Desert Mountain Board,

As property owners and permanent residents of _____, Desert Mountain and golf members of Desert Mountain Club, we are writing to object to the proposed amendment regarding rental restrictions. We feel these restrictions are inappropriate and short-sighted and will reduce the economic benefits to many property owners and negatively affect property and club values. We also believe that having an inventory of short term rentals in the community is a powerful marketing advantage for DM club membership and property liquidity. There are numerous examples of short-term rental guests who became enamored of the club and community during their stay and, as a result of this experience, made the decision to purchase a club membership and home. The recovery in the health of the market for DM club memberships and properties is still in an early phase and we believe that any limitations on use will impede the recovery.

My wife and I own two properties at Desert Mountain and wish to voice opposition to the Board's proposed action to prohibit certain types of rentals and all exchanges of property in the community.

Our first property at DM was in _____ where we lived for 12 years before leaving shortly before club turnover. Six years later in 2015 we bought a cottage with the idea of part time use and supplemental rental. Soon we opted to move back full time, rent the _____ Cottage to the degree possible and move into our current home in _____. We are full time residents and club members.

We strongly object to the proposed rental and exchange ban suggested by the Board.

Our objections focus in the following areas:

- Unreasonable impacts on owners
 - Owners who rent their properties will incur losses in tens of thousands of dollars
 - Owners who rent their properties on an occasional basis to offset expenses may be forced to sell.
- Direct and indirect negative impact on real estate
 - Baring the ability for real estate prospects to rent prohibits "try before you buy" options for Desert Mountain including the 1-2 week pre-sales program for DM prospects.
 - Real estate prospects often want to rent while looking at homes. We came here twice for short term rentals in the process of buying our home.
 - Reducing the ability of buyers to offset expenses with rental income will discourage many buyers particularly younger buyers wanting to purchase now and move here permanently in the future
 - History has shown that many non-member guests buy real estate. We had three such guests rent our Cottage last year alone!
 - Eliminating non-owner rentals restricts visitors who may be here for events. These people could become real estate buyers.
- Banning exchanging residences with friends appears to be an infringement on our rights as property owners

The fact that the Board chose to issue an edict and not hold *town halls* or accept pre-decision *comments* displays a complete disregard for the direct impact on good, rule-following members of this community. Also there are clear and obvious ways to handle this the perceived problems with rentals:

1. The Disciplinary Committee if there is a rule violation.
2. Registering all guests with not just with the Gate (as we do now) but with the HOA office.
3. Requiring standard verbiage in rental contracts that says all tenants will abide by Desert Mountain rules, are liable for fines if they speed, can't use DMC properties except if they purchase the DMC approved "Trial week/2 week pass" (which we already include in all out leases)

4. Have verbiage that is DMMA approved that everyone that rents/exchanges must have in their contracts
5. And more

The fact that the Board has not implemented these and other approaches to manage the real or perceived issues of rentals shows a lack of creativity as well as a disdain for members that incorporate rent into their financial models for buying their property. It also shows a lack of trust in owners who want to exchange property with those of their out of state friends/family.

This approach taken by the DMMA Board carries an odor with it which will linger over this community for some time and will tarnish the feelings of us and many others about how they feel about living in Desert Mountain.

Please register our objection to the initiative in the strongest possible terms.

08

Dear Mr. Pollock

My wife and I are the owners . We are deeply opposed to the proposed Amendment to the Use Restrictions in Section 1.2.2 of the Second Amended and Restated Declarations. We have owned our property since 2009 and have never experienced the invasion of "nuisance-type rental activities". VRBO and other "owner direct to renter" sites have been around for over 15 years. I believe we would have felt the impact of invading renters by now.

Regardless of the rules to make Major Decisions, I do not see any urgency to this change. Before a decision involving the taking of property rights is made, I recommend that the Board have a more open comment process in a public meeting.

10

Stated simply we totally disagree with the Boards proposed action on rentals and exchanges and object to its implementation. We are against this proposal and feel that it deprives us of rights we purchased when we bought our home and is short sighted as to real impact on our rights and community.

We do use our home for these activities (both exchanging and rentals) and hope to be able to continue to do so in the future. We love Desert Mountain and would never sacrifice the value of the community nor our home or friends for the value of exchanging homes. The issue here is that we believe the Board is addressing a perceived problem that does not exist. In fact, we believe that rentals and exchanges add great value to our community in that they allow others to experience the development and are attracted to become members.

There are several reasons for our position:

- 1) When we purchased our home, there were no such restriction in our village (Desert Greens) and we knew we would be able to use our home to facilitate travel. We specifically checked for any restrictions on this time of home use. Your proposed action taking away this right without any real due consideration for those of us who relied on the existing rules as a basis for decision making. We very likely would not have invested in Desert Mountain had we known that this action would potentially be forthcoming or even considered. The Board may have the right to take this action, however to be able to arbitrarily change the bylaws to direct how an owner can use their investment and who uses their home is lacking vision.
- 2) When we exchange our home with others the homes we exchange for are all worth in excess of \$1MM. These are successful people of means and we have never had a problem with any behavior. The fact that we end up staying in their homes and providing feedback and ratings on exchanges really makes this a non-issue. In addition of the perhaps dozen exchanges we have made at least five of them have stayed in touch and become friends and more importantly, have vowed to become homeowners in Desert Mountain. We didn't have to invest in a very expensive golf tournament to draw attention to our community, these people fall in love with Desert Mountain because they have experienced what it is like to be here. These stays are all for at least a week.
- 3) Related to item 2) above. The homes in this community are expensive and come with obligations to commit to monthly fees and expenses that are substantial. BY taking away this tool to introduce and indoctrinate prospective buyers into the community will definitely make our homes harder to sell and thus less desirable in the marketplace at a cost to current owners and members.
- 4) As some exchanges, we have committed to are non-simultaneous (as travel availability schedules are difficult to coordinate), we personally commitments for future exchanges over the next three years which we intend to honor regardless of any action taken by the Board. It would be

Dear Mr. Pollock,

We purchased our home in Desert Fairways in December of 2015 after several visits to Desert Mountain and although we do not reside full time in Desert Mountain, we have a vested interest in the future success of the community. We are "younger" community members and it will be at least 15 years before we will retire; Desert Mountain is where we intend to live full time. One of our overriding concerns with the community is two-fold; we continually see a number of houses on the market along with an aging population. We feel the proposed amendment restrictions referenced above pose a great threat to exposing and attracting the next generation of home owners as well as place a completely unreasonable restriction on the use of our home by members of our own family and close friends.

We are tremendously concerned with the proposed amendment. We have met a number of people during the short time we have owned our home at Desert Mountain who rented property prior to purchasing. One of our closest friends, who owns in the Apache Peak neighborhood, has large holiday gatherings and with our express permission, uses our home for guests that he cannot accommodate in his own home. To be left with the understanding that our own Home Owner's Association has absolutely no faith in property owners who spend millions of dollars investing in their futures in a community they have come to love is absolutely disappointing and completely unacceptable.

There certainly exists a number of avenues that the DMMA could pursue in order to abate what may be considered nuisance activities other than to ban "exchanges" or short term rentals. Ultimately, the property and home owners of Desert Mountain compensate you to act in good faith on our behalf; by not extending trust to us in terms of the use of our own homes is preposterous. If the Association is not able to creatively resolve the likely few issues that result from short term rentals or non-owner family and friend stays, we should not continue to employ you.

The Desert Mountain Home Owners and Club Members spend heavily to promote interest within the community as we all have a vested interest in the success, growth, and stability of this community. The common desire shared by all is to keep our property values at the very least consistent, and ultimately rising. A ban on use activities described in your amendment will seriously hinder economic stability and growth and will drastically reduce the number of potential property owners in the future. I am sure you are completely aware, Desert Mountain is often the last home our aging population resides in; we expect our Association to support future homeownership in our community and not restrict non-Owners from discovering it.

We understand DMMA is exempt from recent State law which bans the restrictions on short-term rentals and promotes economic development throughout Arizona but your proposal stands completely for the opposite; it stands in the way of preserving and growing our community and our personal economic interests. We also find it extremely discouraging that you elected to introduce this amendment during the time of year when it is expected the least amount of home owners are residing in Desert Mountain; it is obvious to us the timing was carefully planned in order to ultimately receive the least amount of resistance.

In closing, we fully expect that the DMMA will revisit the proposed amendment and adopt a much more reasonable position on the use of our own homes and recognize the governance of the use of our property, residentially, should not and cannot be unreasonably restrictive. It is the job of the Association to resolve individual issues and not punish all community members by creating universal bans on use. It is also expected that the Association does not enact regulations that are sure to ultimately negatively impact the financial investments that property and home owners have made in Desert Mountain.

12

Dear Kevin,

Thank you for taking my call earlier today to discuss the amendment and other topics. My husband and I oppose any change to the current use restriction. It feels unwarranted and in the climate of today any more restrictions and laws just feel controlling to us.

This brings me to my second area of conversation. When we built our home in which was completed I believe in 2009. We were mandated to have 30 percent of the exterior in stone. Now we see other homes in our neighborhood with no stone at all. We currently have our home on the market but reside for the summer in Colorado. It seems that the quality of construction in new builds has diminished. Our value has gone down. What is the philosophy of Desert Mountain with regards to maintaining quality? What is happening to the community? Why did things become more lenient instead of the same or better?

We just want to understand what is happening and why this was allowed. It has hurt the value of our home. We puit every bell and whistle into the home to make it marketable and now it seems it was a waste.

I hope our understand our concern. Having more regulation is not of interest to us.

Respectfully,

Hi Donna -

Thanks for the quick callback. Based on your comments, this email is our **objection** to the Proposed Amendment To Use Restrictions. Kevin Pollock's letter dated July 28 states that our objections must be "in writing" which implies a letter must be sent instead of an email. Also, there are no specifics or addresses in his letter as to where our objections should be sent, it was sent out when 70% of our residents are gone for the summer, and it gives no reasons why the Board is proposing this change.

DMC currently has approximately **1850** golf members, 300 short of our desired **2150** goal to maintain a healthy club. I know several people who rented once or twice for a short term before deciding to live at DM, and I'm sure there are dozens of such examples. When the DMC management is trying so hard to increase our membership, this proposed amendment threatens to cut off a reliable source of new members. If membership declines, both the DMC and the DMHA will suffer.

I have been very outspoken about the excellent job the DMHA Board has done in recent years - this appears to be a misstep. The Board should at least tell the members the reasons driving this proposal at this time.

Sincerely,

14

Ms. Hardin - I already emailed Mr. Pollock, but understand he is on vacation.

I hear the reason for proposing this change is due to a few incidents of Members providing their tenants with their number to allow them free use of the DM facilities. In some other cases, the tenants have been noisy. Certainly, these issues must be dealt with but why throw the baby out with the bathwater?

I disagree with this proposed change for several reasons:

- 1) I think short-term renters are a great source of new members.
- 2) Many current members purchased their DM home with the ability to rent it a key component of their decision. Without that income, many of these Members will sell their homes and we lose more Members.
- 3) To some extent, the demand for DM rentals is a function of the Club separating the membership from the property. I've previously tried to sell my house but the value has dropped so much, its not feasible. Renting it for a few weeks/months each season helps offset rising membership costs.
- 4) While some Members may not like tenants now, circumstances can change and they may wish they had this ability at that time.

While I understand there are some challenges with renting homes, it would seem more advisable to enforce the rules we have and tweak others than to ban the practice altogether.

If you insist on this direction, the _____ are prepared to lower the purchase price to a point where our house will easily sell and you will lose a 20-year member who has referred other members to the Club over the years. I suspect there will be others like us.

The question must be is DM better off with or without tenants? I believe you are wrong if you believe the Club is better off without short term tenants.

Please confirm receipt of this email. Thanks.

To: Board Directors of the DMMA, Mr. Kevin Pollack
Subject: **Objection to Proposed Amendment to Use Restriction**

We, _____, do hereby **OBJECT** to the proposed amendment to the Use Restrictions (Section 1.2.2).

The proposed restriction on short term rental will likely have an additional negative impact on property marketability and value. It is inconsistent with the use patterns of many of our current owners and potential members. It is a concerning reduction in property rights for which all homeowners should be concerned. In our opinion, it also eliminates a significant marketing opportunity to expose potential members to the community.

For security reasons, the desire to record who and when renters are present makes sense. However, the Membership and 60 day minimum requirements do not.

- 1) Many, if not most, DM properties are second or third homes, used seasonally or a few weeks per year. They are not rental investment properties seeking long-term leases. The ability to rent short-term during transition seasons (not prime season) makes purchase more financially smart/viable. It keeps homes occupied more frequently. It is consistent with how many owners (potential owners) rationalized investing in Desert Mountain.
- 2) Particularly for lower priced properties, high fees and use restrictions appear to already have severely limited member's ability to market their homes. This stops members from moving up at DM, blocks those who need to exit due to age or other life stage issues. This can leave members; needing to rent because they must retain their initial property(s), or stuck with properties for sale regardless of price. We should not be adding restrictions but be focusing on initiatives to make DM ownership and membership more valuable.
- 3) In our situation, I know many renters have gone on to be DM property owners and members. They have often rented during property search and special events (Schwab Cup, weddings...). These are potential DM members we should want in the community not to be actively prohibited.

We received the July 28th letter from the HOA regarding the Amendment to use restrictions proposal. We oppose this for several reasons:

First, the proposal establishes a class of renters as eligible or ineligible. Why would the HOA enter this arena of class designation? It opens the door for ongoing challenges related to discrimination and fair housing violations. Even if the authors of this proposed amendment believe the language is defensible, the perception alone is troubling and exclusionary.

Second: It has been my experience working at the Desert Mountain (in sales) since [redacted] (and having owned several rentals), renters that are not already members have a high probability of being considered customers..... (Defined as future owners/members of the club). Desert Mountain is a long way from the urban core and I've found that people who rent here generally want to experience the unique beauty and location of our community.....and they do. I have not found that renters create any kind of disturbance or inconvenience for neighbors (short or long term).

Additionally, many people who rent are friends of members or family (outside of the definition of immediate family of members) and come out for special occasions; i.e. family reunions, holidays, weddings, member guest tournaments, etc. They don't stay for two months but they do like to stay on property. Do you really want the HOA to get in the middle of this? The club certainly would not. These people have a connection to the community/club and would be excluded from renting under your proposal. With close to 50% of our owners being from out of state anyway, the use patterns are very fluid in DM.

Third; you are also trying to stop Home exchanges. Why? Has anybody on your committee looked at the demographics of who participates in this type of program? For example, our firm has an alliance with 3rd Key which is a luxury home exchange with members from around the world. I personally know members who belong to this very exclusive group of property owners.

Fourth: Your proposal suggests that the landlords are to include appropriate real estate language in their lease agreements. In my opinion you are giving brokerage advice.... not in the HOA responsibility.

If the source of this push is to curb any infractions or violations that may have occurred by renters, my sense is the board has proposed a solution for the wrong problem. I don't see renters as creating a negative experience or diminishing the values. In the big picture, the rental market (as-is) is an extension of the club's future growth potential. The proposed restrictions, I believe will actually diminish the club's ability to attract new members and negatively impact people like myself who own rental property.

17

To Whom It May Concern,

I object to your recent letter concerning home rentals. This is incredibly restrictive and an unwelcome reach into my freedoms of home ownership.

Secondly, I entered this club through the rental program! I was the guest of a long standing member who so graciously brought me to Desert Mountain numerous times for corporate outings. Without the ability to rent residences, our entities would never be able to bring guests as we commonly do. You continually send us offers to refer our friends, then throw something like this at us that restricts our ability to bring future members to this club.

I OPPOSE THIS AMENDMENT.

18

Dear Board and Mr. Pollock,

I, _____, do hereby OBJECT to the proposed amendment to the Use Restrictions (Section 1.2.2).

We feel this resolution is harmful to the DM community in two main a ways:

1. It eliminates the ability to have guests ("Ineligible" renters) visit the property for shorter periods of time. For example, if we have a week long family/friends event and need more space by having them rent another home, this would not be allowed under the proposed ammendment.
2. Restricts new and probably a younger generation from discovering the property. Most people don't move into a new community without first experiencing the lifestyle. They do this by renting a home for a short period of time. We feel this would drasically reduce the number of future property owners and hurt real estate values.

Please send me an email confirmation that my objection has been logged.

Regards,

19

Dear Mr Pollock,
I wish to voice my objection
to the proposed Amendment as I see it
as a direct intrusion into my rights
as a property owner. I have never
leased my property but that decision should
be mine not yours.

20

Hi Donna—Member

Please put me down as objecting to this amendment. I think it is poorly written and does not address the members needs of renting for golf buddies, friends and family for different occasions. I have had may people rent up here for short periods of time and then end up purchasing a home....and this amendment Seems to be in charge of sales prevention rather than sales.

Thanks

Board of Directors
Desert Mountain Master Association

Dear Neighbors:

The communication of a proposal to restrict use of our homes has been read and reread. It raises issues which we think need consideration prior to further development of the proposed regulations. The first concern is that no members/owners of Desert Mountain were allowed to express any opinions or supply information concerning the proposal prior to adoption by the Board. We would be happy, and I am certain other Desert Mountain Members/Owners would also be willing, to address any problems expressed by Desert Mountain property owners. To date, we have not heard of any complaints.

My wife and I bought our first Desert Mountain home in 2007, truly a realization of a decade long dream. Our decision to own a Desert Mountain home, which on the surface seemed to make little sense since we are residents of _____, was justified by the hope we could earn rental income to defray the affiliated costs. We were introduced to Desert Mountain by renting several properties in the years preceding our purchase. The rental of "our" property has resulted in millions of dollars of real estate purchases by individuals who have been our rental guests over the years. In 2014, we purchased a second home in Desert Mountain. This second home was a bit larger and more elaborate but we had come to thoroughly enjoy Desert Mountain. We had also developed many friendships with other Desert Mountain residents who we have grown to love and respect.

We expect to communicate proper Desert Mountain behavior to our family and non-family guests. We believe our guests have indeed behaved as we would expect any neighbor to behave. That is to say, they have been respectful and considerate of others. We have received no complaints, of any kind, from Desert Mountain personnel or residents.

There is no effort on the part of Desert Mountain's Board of Directors or administrative personnel to illustrate what, if any, negative consequences have resulted from short term rentals or home exchanges. As stated above, we are sure all renters would be happy to assist. We can certainly illustrate numerous benefits of having permitted and continuing to avoid infringement on our private property rights and privileges. Personally, we would not have been owner's of multiple Desert Mountain properties had the proposed restrictive policy existed when we bought either of our homes here. In addition, and unrelated geographically, our North Carolina home is bordered by four properties available for use on a short term rental basis. While we have no properties available for short term rental in North Carolina ourselves, we are pleased to report the proximity of these properties to our home has only been a positive experience. We have enjoyed the conversations and company of many of our "temporary" neighbors.

Dear Mr. Pollock,

As the owners of _____, we want to register our objection to the proposed amendment to the Use Restriction. While we do agree that some controls are needed to govern the use of the properties, we do not agree with the constraints as stated in the amendment. We deem this amendment to be overly prescriptive and unduly constraining. **DM** residents must have the freedom to use their properties to their fullest enjoyment so long as they do not infringe on the enjoyment of other residents. This might include exchanging properties with well-known friends in other geographies for periods less than those stated in the amendment.

We presume that the intent of the amendment is to prevent any of the widely reported problems attendant with short term rentals. Perhaps a better way to control these issues (if/when they occur) is to rigorously enforce current **DM** regulations regarding the quiet and peaceful use by all residents and guests. **DM** residents (and their guests) are presently held responsible for any damages and infractions of community rules. Any "out of bounds" behavior and actions by visitors and guests can be easily accrued to their sponsoring resident(s) and the resident(s) must stop the errant actions and to also pay any remediation/compensation fees and charges.

Unauthorized access to **DM** properties should not be a problem. None of the properties in Desert Mountain (**DM**) can be accessed with clearing the security at the gates. This clearance requires the pre-identification of members, all guests and dates of access. Currently, all vehicles entering **DM** are identified and logged. Non-member vehicles are inspected by the guards and visitors/guests are identified, authenticated and logged. Their destination and affiliation with a **DM** resident is also logged. All guests are linked to their **DM** resident sponsors.

Given the above, we do not understand why the proposed amendment is needed. We think that the amendment will ultimately lead to a lessening of the value of the properties and a reduced appeal for the **DM** owner experience.

We oppose the amendment.

23

Hi Kevin, thank you for the additional color sent out recently explaining the rationale for the new HMMA proposed rental restrictions. As always, we greatly appreciate all of the efforts of the HMMA and your tireless work on behalf of Desert Mountain community.

Given the potential implications the proposal may have in regards to the use and value of Members' substantial property investments within Desert Mountain, however, we feel this matter is simply too important to decide without a full hearing and discussion with the community. After first joining Desert Mountain, we were quite alarmed to learn of the very public strife within the community and its impact on attracting new members, etc. Much of that public strife centered upon lack of transparency and process, so far as we could tell. We fear this proposal, unless fully vetted by the community, could have the potential to re-spark such a controversy again, which would be a shame. Accordingly, as a matter of process and of precedent, we continue to feel the need to object to the current proposal, for the purpose of encouraging a full hearing and discussion on the matter.

I am assuming that this email is sufficient evidence of our written objection to the proposal; if that is not the case, please let us know.

Please do not hesitate to reach out if you should like to discuss this further. Again, many thanks for all of your hard work on our behalf!

All the best,

24

Ken, I own a house in [redacted] Village and want to formally express my objection to the Amendment to the Use Restrictions in Section 1.2.2 . As a homeowner who may choose to rent my house from time to time I do not think that the Board should be able to dictate who I rent to and for how long. My house is a valuable asset that I would not rent to someone who is not responsible, credit worthy etc.

Desert Mountain already restricts usage of the clubs facilities (especially the golf courses) which I understand is necessary to ensure availability to members. These " rental restrictions" are not necessary and may even be in violation of our rights as homeowners.

Feel free to call me and discuss this important Amendment.

Respectfully Submitted,

25

Kevin, we received the Proposed Amendment letter regarding rental restrictions and wanted to object thereto. Curiosity, however, has me asking what prompted this action by the Board? Have there been issues with short term renters? Some background on the basis for this action would have been helpful.

We have been owners for six years and are on our second home at DM. It was a short term renter that bought our first home after renting twice on a very short term basis. They would not have qualified under the proposed restrictions and may not have ultimately become residents and members.

I am still working full time so our opportunities to get to DM are very limited, perhaps one to two weeks a year right now. Having the ability to accommodate short or long term renters really allows us to maintain the home until such time as we can extend our stays. To limit the rental term is actually punitive in our case.

We were sent a survey on this matter as well and have responded accordingly. For the avoidance of doubt, and to comply with the Notice of Proposed Major Decision, we are submitting this email; a hard copy will be sent as well.

With full respect for the Board, and knowing this amendment was crafted with the best intentions of DM residents, we do formally object to its adoption.

Regards,

26

Dear Kevin:

Yesterday, I received your correspondence dealing with proposed modifications to the Use Restrictions for Desert Mountain property owners. In my opinion, the proposed changes, effectively prohibiting homeowners from renting their homes under a short-term arrangement to non-members, is an unwarranted assault on homeowners' personal property rights and a deterrent to attracting new members to Desert Mountain. I therefore wish to register my objection to the proposal.

I have been a member of Desert Mountain since 1990 and have owned two homes in the community. Before retiring in 2016 and now spending the majority of my time in Arizona, I rented my homes to both members and non-members, typically for periods of a week or shorter. Staying in our home allowed many to better understand and experience what Desert Mountain has to offer. I can think of four families that joined Desert Mountain after having spent time in our home. I imagine other renters have similar experiences.

The Board of Directors of Desert Mountain understands that the financial success of Desert Mountain requires a continuous flow of more than 200 members each year to offset members who leave for any number of reasons. Before making the substantial investment in a new home, many need to spend time at Desert Mountain to confirm that this is the right place for them. Renting a home is one of the most effective ways of confirming this decision. I assume the sales professionals at Russ Lyons would support my view.

In your absence I spoke with Jacob Marshall to learn what was the impetus behind the HOA's decision to propose this measure. I was told that the proposal was not in response to repeated instances of non-member renters' misbehavior but an attempt to forestall such from happening in the future. All members are accountable for their behavior as well as that of their guests. Misbehavior can be dealt within the guidelines of the Club's rules. We do not need to modify homeowner Use

Restrictions to deal with potential non-member renter misbehavior, especially when the modification would harm the financial viability of the Club.

I have copied those listed below who I would hope would reach out to the membership to ensure that the HOA's proposed modification to the Use Restrictions for Desert Mountain property owners is not enacted.

Very truly yours,

Kevin,

I would like to confirm my objection to the proposed restrictions, as I take issue with the rationale set out in your second communication below.

We take careful care of our property and we would never consider hosting anyone who would be a disrespectful or a nuisance. We hold a significant security deposit and screen our renters thoroughly.

We only rent for a week or two at a time, usually in the shoulder season because we want to be on the mountain for the main activity periods, so we can see our friends and actively participate in golf and social events. A two month restriction would make it impossible to find tenants for the shoulder season or a without sacrificing our membership experience.

Also, tenants who are not members are unlikely to take a home for more than two or three weeks if they do not have access to the golf courses.

We would suggest a tenant code of behavior that would apply to homeowners who decide to rent their homes. If the tenants actually create a problem with their behavior and breach such rules, the owner would be accountable. Perhaps some sort of warning and on a second complaint, their right to rent would be suspended for a year.

28

To:

Donna Hardin

Subject:

Re: Desert Mountain Amendment Clarification

We have rented our house a few times over the years. I am opposed to the changes for the following reasons:

1. Almost every rental we have done has been for someone who has a friend in DM but wants their own place. Since you can't golf here without a member, random families tend not to come here to rent.

2. Our community of SF already has a 30 day minimum. In my mind, this kind of weeds out the weekend party crowd of VRBO. There have been no parties at our house (that we are aware of). So I can see a 30 day rental minimum, but 60 seems a bit much.

3. Rentals expose more people to DM. One of our renters spoke to our realtor and is interested in buying here.

4. For friends of DM members, there is not much close by to rent as an alternative.

Overall, I think it is over reaction by the board. People renting large houses and paying a lot to stay a month are generally pretty responsible. Possibly weekend rentals in the smaller units may be a greater problem, but moving them to 30 days seems to me like it would solve the majority of the problem while still allowing friends to rent close by and members to get a bit of return on a fairly large investment when not in use.

29

To Whom It May Concern,

We want it to be noted that we **OPPOSE THE PROPOSED AMENDMENT TO USE RESTRICTIONS.**

We see this proposed amendment as very short sighted. It will reduce home sales in Desert Mountain and reduce membership as some part time owners will find it necessary to leave. I also feel you are opening up Desert Mountain for many lawsuits which will ultimately effect all Members of the Desert Mountain Club.

We Oppose the proposed amendment 1.2.2

Sincerely,

Hello

First let me explain why I am writing you.

As I do not know how to reach Kevin Pollack by email, and as I prefer to communicate in this medium, I am writing to you to register my objection to the proposal recently floated in the member communication regarding renters and home swaps.

I have seen [redacted] letter to the HOA and I heartily support the points he makes in that letter. If you have not seen it, you should read it as it is well thought out and well written.

The HOA communication cites precedents by other homeowner associations regarding rental restrictions. I have lived in associations which had these kind of restrictions but they were different from Desert Mountain in a very fundamental way. They were not built around a vital organ like our club, which is the major driver of real estate values here in our community.

Club health, club attractiveness and club appeal to new members is a vital element in selling and buying real estate at Desert Mountain. We have recognized that in our club strategic plan and we are working hard to build a strategy to reverse membership declines and turn them into membership gains in the future. I think you probably know that but it is worth reminding ourselves of the importance of prospect flow to the mountain to experience what we offer.

As a [redacted] member, deeply involved in building that marketing strategy to increase membership sales, I am deeply concerned and convinced this proposal will have negative consequences regarding the success of any effort we make to attract new members. As the HOA President, I would think this should concern you too.

This proposal hinders that effort by eliminating trial opportunities, including among friends, family and acquaintances who come here to experience for a week what they think they may eventually buy and live in permanently.

We know that when we get prospects here to visit and try, we convert them at a very high rate. What we most need are more prospects visiting Desert Mountain and renters and swappers surely fall into that category.

As an owner here, I also disagree with this proposal which seeks to restrict my rights to rent or swap my home.

I know there are exceptions and grandfathering provisions in the proposal, but frankly these are merely a fig leaf covering the proposed, unattractive restriction of a D.M. property owner's rights, as a buyer will know the restrictions will apply to he or she, and will take this into account in their decision to buy or not at D.M.

I encourage the HOA will drop this proposal. The problem stated in the clarification letter is not one I have ever heard discussed on the mountain and I think it is also illusory.

DMMA,

I would like to formally register my opposition to this new proposed amendment to property use at Desert Mountain. While I do not rent my property and really don't intend to, there are plenty of rules to deal with unruly members and their guests, including renters. Owners should be held accountable for all guests and renters period. There is no relationship to a renters behavior based on the period of time that they rent. The focus should be on real problems that actually exist, not what a few people think might happen. As a Board, you need to balance the interests of all members, even those who are non-resident and do not have the luxury of being there full time.

Thanks

I am writing this letter to each of you given your role on the board of our Desert Mountain Master Association and the fact I know each of you personally. I have a lot of respect for people that put their personal time and energy into these roles so I am writing this not to be negative about your decision on this matter, but to share my views, and the views of **many** others I have spoken to in a very short time, as to why this proposed amendment must not pass.

The fact is that rentals and exchanges within Desert Mountain are a significant opportunity to promote our brand, highlight our amazing lifestyle/amenities and generate new home sales/members to our target demographic with little to no downside risk or costs, and a likely uptick in revenues if done right. I know, because we were one of the many people who rented here short term, not planning to buy anything, and are now members. And I also know, because we are part of a Luxury Home Exchange program that has brought some great 'potential targets' here AND generated additional revenues in the restaurants and Spa. One couple that used our home wrote in a review, "...The quiet serenity is exactly what we needed to unwind. The resort community has everything you could ask for. We enjoyed couples massages at the spa, a half day hike on the beautiful mountain trails, and a first class meal in the clubhouse restaurant. Those experience exceeded all of our expectations." That is a pretty good 'advertisement' for Desert Mountain in my view.

For additional context, consider the tremendous growth in the 'shared economy' which Desert Mountain needs to be a part of. It is a fact that an increasingly large percentage of second home owners are choosing to use their properties as assets to offset their vacation costs and expenses, and take advantage of more travel choices in upscale accommodations around the world with their friends and family. For and I as just one example, we have saved over \$25k annually on our travel expenses through a luxury exchange program. People are opting to rent or exchange luxury homes in amazing places, rather than hotels, for all the obvious reasons. Third Home (www.thirdhome.com), for example, a luxury villa exchange, has grown its property portfolio more than 300% in the last two years. The people that own these second homes are absolutely the

Kevin,

Subject: Rental Amendment Clarification

We want to continue to be on the list as objecting to this Amendment.

While there has been some clarification on the intention of the Amendment, we would still like to have an analysis of precisely what the other communities involved in the 'study' are doing. Since DM spent time and our paid resources on this 'study', the 'study' should be released / published. Reference to the 'study' was vague and ambiguous and only served to raise many more "WHAT, WHO and WHERE" questions.

We continue to object to the two-tiered requirement for rentals, giving DM club member or property owners preferential treatment. Have the following strategic issues been considered when presenting this Amendment:

- **Strategic Integration**
How is this Amendment being strategically integrated with Marketing, Sales, and **total** Real Estate efforts?
- **Marketing and Sales Impact**
Renting property can be used for marketing and sales to allow people to experience Desert Mountain. However, a 60-day restriction would exclude many from participating – especially if DM is targeting the 45 – 55 year olds who will be the future of Desert Mountain. (Reality check - This type of renter is normally still working and can't take 60-day vacations.)

How does the 2-week 'experience DM' option align with the 30 or 60-day restriction. I am renting for 30 days, I want the 'experience DM' for the entire 30-day period. Again, what is the strategy behind this?
- **Real Estate Impact**
What is the impact to real estate. We can only see the negative side of this action unless there are issues that we don't see. If you have this information, we need to know it. If you don't have this information as part of your 'study', you need to research this impact and publish the research. Will the results of this Amendment create a positive, negative or static impact?

OBJECTION TO PROPOSED AMENDMENT TO USE RESTRICTION (Section 1.2.2)

BAD FOR BUSINESS

Prohibitive to new DM Membership and home sales to prospective buyers.

As realtors at _____, we have converted the following "short term rentals" (less than 60 days) into real estate and membership sales. Under the proposed amendment to use restriction Section 1.2.2 the following sales would not have occurred as these all would have been "Ineligible" Renters. The following were client transactions/rentals of _____

_____ rented a Lookout ridge for 30 days to see if they liked Desert Mountain, the subsequently purchased a home for \$760,000.00 and a full golf equity membership. They have since sold that home for \$500,000.00 and purchased another for \$1,450,000.00

1 Full Golf Membership and \$2,710,000.00 in transacted DM real estate: INELIGIBLE under proposed amendment

_____ rented in Desert Mountain twice for 30 days each over two years. The subsequently purchased a Lifestyle Club Membership and a home in Painted Sky for \$2,800,000.00

1 Lifestyle Club Membership and \$2,800,000.00 in real estate sold: INELIGIBLE under proposed amendment

_____ has rented short term (10 days and under) for over 7 years and just under 3 years ago purchased a full Golf Membership:

1 Full Golf Membership: INELIGIBLE under proposed amendment

3 MEMBERSHIPS AND \$5,510,000.00 IN DM REAL ESTATE SALES: INELIGIBLE

The 3 memberships and the \$5,510,000.00 in DM real estate sold are from just one realtor team at Desert Mountain. Imagine what kind of potential INELIGIBLE sales have come from the 80+ active agents at Desert Mountain.

Dear Kevin,

As a DMMA member of lot _____, I oppose the use restrictions as described in your 8/8/17 letter.

Moreover, I find it troublesome to require homeowners to file objection or a new rule will simply be instituted.

Hopefully any new change contemplated will be accompanied with data, not statements like some other places did it, or with no data on claims made about situations here at Desert Mountain.

If and when this comes to a vote, please make sure a party knowledgeable has time to prepare and give an opposing view to the homeowners.

Thank you for your attention to this matter.

37

Sir,

Between the inflexibility of the golf club agreement and the overreach of the HOA on matters such as the one below- it is getting harder and harder to live at DM.

I don't mind an HOA protecting home values with uniform building codes, esthetic issues, landscaping, painting, etc.

Telling people "how" to use and enjoy their home is silly.

I have brothers, coworkers, and even clients that cannot stay longer than a long weekend or week and I always create a lease/rental agreement for everyone protection and no conflict of interest issues.

I strongly oppose this amendment.

39

Gentlemen,

I am notifying you of my objection to the proposed property use restrictions by the Desert Mountain Master Association as outlined in your recent communications. As I understand this matter can be brought before the Board of Directors by DMMA Members in a town hall forum for discussion and subsequently decided by vote of all Members.

I am requesting that the town hall and vote be scheduled.

Respectfully,

40

For the record, I am in complete opposition to this ill-conceived proposal.

The collateral consequences on all owners and club members do not appear to have been adequately considered -- property values, club membership sales, loss of ancillary club revenues, etc.

I have no idea what problem(s) the HOA Board thinks it is trying to solve. However, I will resist any attempt to do it at the expense of my real property rights and value.

Last, you get an "F" on communication. To send out the kind of letter that you did, with no prior indication of the matter or that it was an issue of board import, and lacking any rational, plain English explanation, is very disappointing. It is certainly not reflective of a management and board that we should have confidence in.

Very sorry to have to write a letter like this,

41

Dear board and Kevin Pollock,

I have been a homeowner and club member since 2006. I presently own a home at _____ since I just sold my home in _____. Our primary home is in Colorado and we use our home in Desert Mountain during the off season which is October, November, April and May. We have been renting our Desert Mountain home on a weekly or monthly basis for December thru March to help pay the expense of our home and golf.

Our renters have always obeyed the rules and regulations at Desert Mountain. They never use the golf course but many enjoy the temporary membership during their stay.

We would have purchased a second home in another golf community if this new amendment was in effect while we were searching for a second home. This new amendment will put a great hardship on us and we will need to put our home up for sale. Since we cannot get out of the golf club because of the huge waiting list we will purchase or rent another home outside of Desert Mountain and play golf.

If you feel you need to have this very restrictive negative to real estate sales amendment then please consider grandfathering in owners such as myself and several of my friends from Colorado who presently own and rent their Desert Mountain homes while they are living in Colorado.

Sincerely,

42

Dear Mr. Pollock:

Pursuant to your notice of July 28, 2017 of a major decision to amend the Use Restrictions as stated in Section 1.2.2 of the Use Restrictions, my wife and I wish to object to this major change.

We have been members of Desert Mountain for nearly 20 years and find this new restriction as punitive in both its content and objective. We also do not want the Desert Mountain community to lose its gated community and first class ambiance.

We also object to the owners merely using their homes in Desert Mountain as a money making proposition by placing their homes on VRBO sites or equivalent international rental sites. We understand how poorly coordinated visitor or family rentals who do not properly alert Security can cause safety and protection issues. We understand why such visitors need to be controlled on the use of all the first class facilities and restaurants.

Our objection is that because of the inappropriateness and disrespect of a few owners, the majority of the rest of us get punished. A much more targeted set of rules should be put in place to solve those issues with negative financial penalties would provide a much better incentive to correct the problem.

In conclusion, we object to the proposed amendment.

Sincerely,

43

Dear Mr. Pollock,

I am writing to you to object to the proposed Amendment to Use Restrictions to amend Section 1.2.2 of the Use Restrictions, as per your letter on July 28th 2017. I spoke with Donna in the Association Office at length about this issue and I have considered the proposal carefully, but I am not convinced that this action is necessary.

In general, I am reluctant to remove rights from homeowners to use their properties as they see fit. I trust that homeowners who choose to rent on any short-term basis would demand a market-based price and any damages, fines, traffic violations, noise violations, etc. incurred as a result of or by their renters would be the homeowner's responsibility.

None of your communications indicated any particular harm that short term rentals has caused the community. If I were convinced that specific harms had occurred and that we had exhausted other remedies, I could be convinced that an outright ban would be necessary. At this time, I think a ban is an unnecessary restriction of owner rights.

Sincerely,

44

Dear Desert Mountain Master Association Board,

This letter is to formally voice my strenuous objection to the proposed amendment to Section 1.2.2 of the Declaration.

I believe this proposal to be prejudicial and discriminatory, as well as unduly burdensome. While I do not rent my home at DM, I still find this proposal to be an egregious overreach on the part of the board. Once again, this board appears to be "protecting" their own interests, and those of their cronies, and targeting the part-time members of the club, who are its very lifeblood. Furthermore, I find the timing of this proposal to be somewhat curious, coming as it does in mid-summer, when most members are not around and/or are away on vacation. Was the board trying to "sneak this one by" everyone?

Finally, this proposal, if passed, will have a definite negative impact on certain property values, and possibly expose this Board to unwanted legal scrutiny.

Sincerely,

45

Dear board and Kevin Pollock

I am currently a member and homeowner at [redacted]. I spent October and part of November and parts of January, February, March, April and May in Desert Mountain this past year. We have in the past sometimes rented our home on a weekly basis. Our renters have been fabulous people who have obeyed the regulations at Desert Mountains and several I believe have gone on to purchase property at Desert Mountain. They never have used the golf course but quite a few have enjoyed the temporary ability to use some of the facilities. I can't understand why the board would adopt this amendment which would negatively not only affect real estate sales but also chances to introduce new potential members to our facilities. I believe that currently members that want to leave the club have to pay part of the transfer fee and there is an awaiting list for members who want to leave nor is our housing market that robust. I live in Colorado in a gated development with a ski lift and a private golf course with high end homes and we do not have those restrictions nor is there a need for them. I do not think I would have purchased in Desert Mountain had I known this restriction could be placed on the property by the board. I believe you would be creating a relations problem with those who choose to rent their homes for whatever reason. I am surprised that the board would undertake such a change without an explanation while they felt it is necessary or the pro and cons being discussed with association members.

48

Kevin,

This is my objection to the proposal to restrict rental of properties in Desert Mountain. I presume that this form of communication will be considered to be "in writing". I do so for the following reasons.

1. This subject was debated some fifteen or so years ago by the Council of Presidents at the insistence of one of the village presidents. I was president of our association for about ten years, so I heard the argument of one particular president. It was my opinion that the proposal was based on what we "might" be avoiding rather than based on any actual incidents which might have been avoided by restricting rentals. My question now is whether there have been serious problems caused by those who might rent for a period of less than sixty days.

2. I suspect that the letter and proposed amendment sent over your name was written by lawyers who somehow expect an ordinary owner to be able to understand to at least some degree just what that first paragraph means or even says. I believe that we, the owner/members, deserve some indication of why the board has been compelled to severely restrict the use of our property.

3. We have rules for the use of our property, and the association has the means to enforce them although the legislature has interfered with these rules to some degree. We can enforce the rules as they stand without severely restricting those who own rental properties.

4.

A

property owner has the responsibility to adhere to the rules of conduct and to ensure that they are followed by any guests whether they be family or renters. If there are problems, deal with the owner to enforce our rules.

5. It's just a guess, but I'll guess that if there have been problems with short term rentals the problems have been in certain villages rather than at random all over the community. Thus, the problems should be addressed at the village level.

6. Just for the record I'll state that there is absolutely no possibility that we will rent our home for any amount of time, so my comments are based on my experience as an active member of our association for over thirty years starting in September, 1986.

To: Kevin Pollock
Subject: I am opposed to the DM Amendment on Rental Properties

I am opposed to the DM Amendment on Rental Properties for the following reasons:

1. Limiting our rights to decide who and for what duration we may wish to rent our properties is our decision and should not be limited by the HOA or the master association.
2. Stating that a few fraternity groups have created problems and tried to enter club facilities, such as the restaurants or the Sonoran Fitness Center does not justify solving the problem by limiting short term rentals. I can think of more specific solutions for those problems rather than adding restrictions to rental of anyone's property.
3. The argument that allowing short term rentals will lower our property values is not convincing, and I know personally that when I was considering Desert Mountain, the ability to experience it for the short term enhanced my opinion and increased my interest, so I think this amendment may have a negative impact on future sales potential.
4. Just from a management / operational perspective, this is too important an issue to approve this amendment without a full discussion, presentation, and actual vote by all Desert Mountain property owners and / or members.

Please include me in the group opposing the proposed amendment.

50

Dear Kevin:

I wish to register my objection to the proposed amendment to the property use restrictions.

I purchased my DM property in 2016 (), currently have a home under construction on that lot, and do not intend to rent my home.

My opposition to the policy change is based on:

- The adverse economic impact to property owners who rely on short-term rental income to support their ownership.
- The additional exposure the club gets from short-term renters experiencing the community.
- The difficulty in effectively enforcing this rental restriction.

The benefits expected from making this change (safety, protection & integrity) seem debatable. We currently allow short-term rentals without any of these issues.

Best regards,

52

Mr. Pollock

We vote No on the proposed amendment to use restrictions. Infringement of our private property rights is of major concern to us.

If this proposed amendment is based on concerns that outsiders are accessing club amenities without permission or member sponsorship it is the DMC's SOLE RESPONSIBILITY to police said violations, NOT THE DMMA.

Even as non-members, the harm this will cause to the property values of the Desert Mountain community—i.e. selling DM memberships—is obvious. Many of our neighbors have short-term rented during events before buying. And others rented sporadically as they oversaw their build-outs.

The board should be forthcoming with the names of those behind this proposal, as well as supply factual data as to why they would even consider infringing on private property rights. There is no right to privacy for people attempting to restrict homeowners rights by changing policy.

1. How many separate individuals have complained?
2. Who, what and when were their complaints?
3. If the complaints are serious enough to warrant considering restricted use of DMMA home owners' private property, why have we had no prior notice?
4. Did the situations involve DM security?
5. Was the situation appropriately handled? If not, why?
6. Did they notify the Scottsdale police?
7. What has been the harm and the hard cost to DMMA home owners (not DMC members) in actual dollars?

If this proposed amendment were to pass, how will rentals be policed? Who will police them? It is common knowledge that the single village in DM with rental restrictions in place is consistently worked around by a specific group of realtors. Will realtors be subject to the same restrictions and penalties as the homeowners as they are making the agreements? Who and how will that be enforced? The proposal clarification language smacks of violation of federal housing laws.

A web search show less than 22 DM homes are listed as rentals on VRBO. That's far less than 1%. Unfortunate choices in the language of the 'clarification' letter, i.e. *Invade*, and the use of euphemisms i.e. "a great deal" instead of hard numbers do not inspire confidence that this process is impartial. The timing of the vote, absence of reason and factual data, and lack of clarification regarding where and how to send the 'NO' vote, gives this proposal an unpleasant "wolf guarding the hen house" sensation.

Thank you for your time,

Dear Mr. Pollack/members of the Board DMMA,

We would like to record our objection to the proposed Amendment to Use Restrictions, as presented in your August 8, 2017 and previous letters and attachments to Desert Mountain Homeowners.

While we believe the objectives to be well intentioned, they appear severely limiting, and rather complex to interpret.

Surely, maintaining the 30 day minimum, dropped by Scottsdale, is sufficient to address any problems we are likely to encounter as a result in the trend towards online rentals.

We believe that, as homeowners, we should have the right to make decisions regarding the occupancy of our homes. We most likely will never do anything to contravene the regulations you propose, but we prefer to retain those rights.

We consider the wording extremely restrictive on who can rent/occupy our homes. Surely, Desert Mountain homeowners share a sense of responsibility to maintain the exclusivity and uniqueness of our beautiful community, and do not need such regulation. Please give us credit for being responsible members of DM, and allow us to make these decisions.

In addition, have you considered the consequences of such restrictive language on the sales of property in Desert Mountain? It may be a matter of opinion, but we would certainly consider such restrictions as a negative, and possibly a deterrent.

We thank you for the effort you have put into this, and hope that you understand and will consider our perspective.

Sincerely,

Subject:

Re: Desert Mountain Amendment Clarification

Ok. I strongly object to the proposed amendment to restrict rental of homes in Desert Mountain. This proposal is more harmful than good, as many non-member tenants are highly-qualified prospective members. These people many times are looking for s 30 day rental. They are respectful of the property and the community.

There has been no well articulated explanation for why this proposed amendment was made and approved. If there is an immediate problem, that should be detailed. I could understand prohibiting rentals less than a week, to target cheaper stays that could invite a less than desirable tenant pool, but prohibiting longer stays is not justified.

Thank You.

Mr. Kevin Pollock
Desert Mountain Community Manager

I am vehemently opposed to the proposed amendments to Section 1.2.2 of the Use Restrictions at Exhibit "E". As an owner of the property I will not be bound in its use subject to any provisions of the Governing Documents of the DMMA. Should any such provisions as proposed be enacted, I would contest them as in violation of the Arizona law enacted January 1, 2017 which prohibits counties from prohibiting short term rentals.

My position on this proposed change has been the result of the board separating the requirement of ownership of property from club membership by selling memberships to non property owners at a ridiculously low price and hence diluting the value of my home in doing so. Hence, only occupying the home a few months a year, and ultimately suffering a loss on the home when sold, I am compelled to rent it out as much as possible to compensate for the ultimate loss at time of sale. Consequently, I will not be bound as to who I can rent it to.

I have been a homeowner for over 20 years and for a long time Desert Mountain was truly an exclusively private club. But when the board made this stupid decision to sell memberships at "market prices" without requiring ownership in real estate, they completely destroyed the "exclusivity and uniqueness of our beautiful community". Further, this development of parcel 19 with low priced housing that permits members to join the club will also hurt real estate values and increase play on the courses that are already overcrowded. While I recognize why some members are concerned about short term rentals to undesirable people, the problem should not be solved by imposing restrictions on the homeowners. The problem should be solved by firing the board who like to extravagantly spend money on things like the Sornoran Club and a horse farm and then are forced to find ways to increase operating revenue to cover their extravagant spending by making membership cheaper so more people will join. This program systematically is destroying the underlying value in the club. Once you cheapen the price of admission you forever destroy the value that originally demanded the premium price of admission. Members must recognize we are no longer a "high-end golf club"; we are just a fancy housing community with some expensive golf courses nearby –and the public can join either (or both) as they so choose.

I understand the board has hired a new manager from Charlotte who has an excellent reputation. I hope they listen to him as Bob Jones was nothing more than a politician who did whatever the idiots on the board wanted to do. Just because some of these board members may have been involved in other businesses that does not mean they understand anything about operating a golfing community-AND IT SHOWS. You may pass this letter on to those board members if you so choose. They need to hear what members really think and not be guided by surveys that ask slanted question that provide the "desired answers" that the board paid the surveying firm to produce and "verify" what the board wanted to do in the first place.

Kevin,

This letter is intended to be our formal objection to the Proposed Amendment to Use Restrictions, July 29, 2017.

As we read your document, it failed to give any context driving this initiative. Without that context, it is impossible to know what the intent of this amendment is and what the expected outcomes are? What are the stats driving this initiative? As this reads now, I can only surmise negative implications for our real estate values.

How can you possibly expect us to either agree or disagree with this document without full information disclosure.

We look forward to hearing more from you regarding this initiative.

59

Kevin,

We are members of Desert Mountain with a residence at

As Canadians, with our main home in , we are able to enjoy our Arizona home only three or four months a year.

We rely on a few weeks of rental each year just to defray expenses.

We strongly object to the proposed restriction of rentals to non members, requiring a minimum of a 60 day rental.

Regards,

60

Kevin, I just received the notice of the restrictions on renting property in DM. I do not believe this is a good idea and I am completely opposed to it. The club is having difficulty selling golf memberships as well as property in DM. This proposed amendment will hurt that effort. Many current members were renters in here before buying a membership or property in DM. if renters are unruly, they can be dealt with under our current bylaws. This amendment will hurt the community and place a "visitors not welcome" sign on our front door. Word of these restrictions will spread quickly and we already have a black eye on the WEB with the lawsuit.

Please confirm to me that this e mail serves as my objection in writing.

Thanks for your consideration,

61

PS - AN HOA IN PARK CITY, UTAH, ATTEMPTED
A VERY SIMILAR RESTRICTION WITH DISASTROUS
RESULTS. MUCH MONEY WAS SPENT ON
LEGAL ADVICE WITH THE ULTIMATE CONCLUSION
BEING AN EX POST FACTO CHANGE THAT IMPACTED
ECONOMIC RIGHTS COULD ONLY BE ENFORCEABLE
UPON THOSE WHO VOTED IN FAVOR - - -

An HOA in Park City, Utah, attempted a very similar restriction with disastrous results. Much money was spent on legal advice with the ultimate conclusion being an ex post facto change that impacted economic rights could only be enforceable upon those who voted in favor.

62

Good evening Kevin-

I am not sure if we have met, but first I wish to thank you and your team for the work you do for all of us. I am a relatively new owner at Desert Mountain. We are absentee owners. Kevin keeps watch on our home for us. And he does a wonderful job.

I will tell you I got acquainted to DM by renting homes while on vacation. Not once. But three or four times. Finally, we bought and are equity members.

You are probably getting inundated with emails. I heard of the proposed changes on rentals and guests. Kevin, if this would pass, I ruefully regret my choice to invest in Desert Mountain. I am currently considering a much larger upgrade, perhaps in the \$3-4mm range. My current investment is approaching \$1.5mm with the purchase and upgrades and improvements. I have brought value to the community by upgrading my home's appearance and also by joining the club. I am 60 years old.

I consider my home my property. And I also reviewed all bylaws regarding rentals or even the right to have my family stay in MY home.

It sounds to me that one or two persons got to the board for a change.

I strongly object to the board's actions.

Can you please explain to me what is driving your proposal? I promise you it will force an exodus and a deep depreciation in the membership and property values.

Thank you for reading this.

63

RE: Proposed Amendment to Use Restrictions.

I am wiring this letter to register my objection to the proposed Amendment to the Use Restrictions found at Exhibit "E" to the Second Amended and Restated Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations, and Easements for Desert Mountain. I own lot _____ in the Village of _____ at _____.

I oppose the proposed changes for a number of reasons:

1) I do not see an adequate explanation of why these changes are necessary. Is this change as a taking of value from the property owner without compensation. I belong to a homeowner association in Hawaii that made a similar change in their Bylaws, the result was a lawsuit by a number of the property owners who were affected by the change. To make a long story short the court sided with the plaintiffs. restored their right to short term rent their property, awarded attorney fees and damages against the Homeowner Association. Needless to say this was a major hit on the insurance company insuring the HOA and I am sure some of the costs bled through to the homeowners as well. I am not anxious to have a repeat of that incident. This change and subsequent lawsuit introduced hard feelings and anger between neighbors in the community.

2) I am concerned that this amendment will further devalue property values by limiting potential buyers, and perhaps force some existing owners into short sale or foreclosure.

3) It is also possible some of these renters will like the community well enough to purchase a property in the community and become members.

4) I have seen no evidence that short term renters pose any greater threat to homeowners living in the Desert Mountain community than the construction workers and other vendors (whose names we don't even know) who regularly

enter the community by the hundreds every day to work on various and assorted projects. If some of these short term renters become a problem for the HOA then there must be a way to deal with the problem individuals instead of a broad brush one size fits all approach which limits and penalizes all DM owner's and their property rights.

5) I suspect short term renters are more of a Club issue (unauthorized use of Club facilities) than an HOA issue. As I remember part of the clubhouse remodel was to address the issue of unauthorized access. If that is the case it may not be an issue that the HOA needs to address.

Sincerely yours,