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March 14, 2018

[Name]

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Hello [Name]

Re: Second Try at DM Rent Restrictions

On March 12, the Desert Mountain Master Association Board announced a second set of rent restrictions on DM property owners. Owners have 45 days to object. If owners of 240 parcels object in writing, DMMA will have to schedule a vote by owners. Two-thirds of those voting will be required to approve the new restrictions. If less than 240 parcel owners object, these restrictions go into effect without your consent and without notice. Note that these restrictions would be permanent – will apply to you and to anyone who buys your property.

After nearly 700 DM owners objected to the first set of rent restrictions proposed last July, the Board withdrew the proposal without calling a meeting and without scheduling a vote. This time around, expect a vote if 240 owners object. This vote will affect your property rights. You deserve a voice in the decision.

This second attempt at rent restrictions is a little different:

- Details vary slightly – 30-day minimum on rentals, 7 days on exchanges.
- The list of guests permitted in your home is slightly different.
- A sense of urgency: DMMA management plans to move quickly “to nip resistance in the bud”.

The largest difference is an intense marketing campaign to “sell” the new restrictions. Claims will include:

1. *The November survey shows that 78% of DM owners support rent restrictions.* If that were true, DMMA would have held the vote they promised on the first set of restrictions. Instead, they started over with a new set. Only 36% of DM owners responded to the November survey, perhaps because survey bias was so obvious. In fact, only 27% of DM owners favored either rent restrictions or tenant conduct standards.
2. *Facts collected in interviews by the ad hoc DMMA committee show that rent restrictions are needed.* Here are the facts. Eight percent of DM homes are known to be rented at least occasionally. That 8 percent accounted for only 4 percent of the 7,000 calls to DM security over the last five years. Among those calls were only 6 or 8 that involved either a security breach or a conduct issue at a rental property. Even after over 100 interviews, the ad hoc committee could not associate any of those 6 or 8 incidents with short term tenants. The problem could have been the owner, a guest or even a construction worker.
3. *New rent restrictions are required to replace the Scottsdale ordinance repealed January 1, 2017.* The Scottsdale ordinance was never enforced. For example, the DM Club ignored the ordinance for 20 years.

Object in writing if you want a chance to vote on these new rent restrictions. Either use the form enclosed, write your own letter or send an email to DMMA.

The back of this page has a Q & A on the new proposal. If you send a message to me at gary@moselle.net, I'll provide updates by email when there's news.

Gary Moselle

Second Attempt at DM Rent Restrictions-- Some Questions and Answers

How can DMMA take away my property rights without my consent?

It's legal. In Arizona, condo HOAs need unanimous consent to restrict owner property rights. But DMMA is a Planned Unit Development HOA. There's no similar restriction on PUD HOAs.

How does the Board plan to enforce these restrictions?

By scouring Web sites for rental and exchange offers. Fines of up to \$1,000 per infraction have been suggested. DMMA could also restrict gate access privileges of owners who don't comply.

Will restricting short-term rentals depress real estate prices at DM?

There's no clear consensus. But one real estate professional reported that her deal collapsed when a prospective buyer was told about the proposed rent restrictions. Many prospects are briefed on opportunities for rental income as part of a sales presentation.

Why is DMMA concerned with guests I invite into my home?

This would be a significant extension of HOA authority. Until now, DMMA has focused on the common area, policing the appearance of homes and providing security services. This would be the first attempt by DMMA to control how owners use their homes.

Did our Board consider the Ad Hoc committee final report before voting on the new restrictions?

No. DMMA has rent restrictions on the fast track. There was no time to wait for the full report. The Board approved language for the new rent restrictions on February 26, three days before the committee report was written. Over 120 more interviews are planned before the report is final. For another view on this report, request "The Report" by sending an email to gary@moselle.net.

What about the resort hotel allowed by our CC&Rs?

DMMA management hasn't proposed any change in Section 1.3 of the Use Restrictions which allows DMMA or a "related party" to develop a resort hotel at DM. This hotel could be one reason why DMMA management is in a hurry to shut down short term rentals by owners. Obviously, prospects for construction of the hotel would be better if DMMA can ban most short-term rentals by owners.

Will DMMA have to add staff time to enforce these new restrictions?

Almost certainly. Staff will have to search advertising media for offers prohibited by the new rules. Additional staff time will be needed to manage the robust guest entry system being planned for DM.

Is DMMA responsible if outsiders are using DM Club restaurants or driving ranges?

No. DMC has good ways to monitor use of Club facilities. DMMA has no responsibility for that.

Aren't short-term rentals a gateway to new homeowners and club members?

Probably. Interviews by the Ad Hoc committee identified 29 renters at DM who became DM home buyers. Of those, at least 9 became Desert Mountain Club members.

Why would any DM owner agree to permanently give up the right to rent or exchange their home?

Some DM owners feel their privacy and security are threatened when neighbors can select their own house guests. Others don't like to see Desert Mountain homes listed on AirBnB or VRBO. They say, "That cheapens the brand." Owners who share these opinions must believe that getting control over house guests of neighbors will make them more secure and more elite. DM owners will decide if those are good reasons to give up their property rights.