

March 7, 2018

Hello [Name]

Desert Mountain owners received an email blast yesterday explaining why DMMA is proposing another set of rent restrictions.

Here's what that email blast did not explain.

- The first set of rent restrictions was crushed by DM owners. Nearly 700 sent written objections and asked for the meeting and vote pledged in the August 4 "Clarification" letter. DMMA defaulted on that pledge and even refused to acknowledge that any objection letters sent by owners were valid. In my opinion, that reflects bad faith by the DMMA Board.
- New rent restrictions are not a replacement for the Scottsdale ordinance repealed January 1, 2018. The Scottsdale ordinance was never enforced. For example, the DM Club sanctioned advertising of short-term rentals in spite of the ordinance.
- The ad hoc committee report on short-term rentals found no evidence of risk from short-term tenants. 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 289 calls, 78 were deemed non-routine. But only 6 or 8 involved either a security breach or a conduct issue at a rental property. The ad hoc committee could not positively connect any of those 6 or 8 incidents with a short-term tenant. The problem could have been with the owner, a guest or even a construction worker.
- What's our cost of enforcing rent restrictions? DMMA would need a robust and intrusive guest entry system. All owners would be affected. DMMA has already started restricting gate pass privileges of owners known to rent or exchange their property. Hearings and suits against DM owners would be needed to assess and collect an escalating set of penalties -- up to \$1,000 per infraction.
- DM needs more traffic from qualified buyers. The DM Club needs more members. Short-term rentals have traditionally been a gateway to ownership and membership. Why limit access? There's no evidence that short-term rentals have ever discouraged qualified DM prospects.
- You're being asked to give up property rights. What DMMA proposes is prohibited by law at thousands of premier high-end condo HOAs in Arizona. A loophole in the law allows a planned unit development HOA, such as DMMA, to add new use restrictions without owner consent.
- DMMA still has the option to build a resort hotel at Desert Mountain. Section 1.3 of our Use Restrictions allows DMMA or a "related party" to develop a resort hotel. Management hasn't proposed any change in Section 1.3. Obviously, prospects for construction of that hotel will be better if DMMA can ban most short-term rentals by owners.
- The DM Club does exactly what DMMA is trying to stop. Short-term rentals to outsiders are an important marketing tool for the Club -- including rentals for as little as three days. DM Club rentals promote use of Club facilities on a trial basis. When DM owners do the same thing, DMMA claims it's a

risk to the community, even with no mention of using Club assets. Is that consistent? Or is it management's way to promote the interest of one group at the expense of DM owners?

- DMMA management has refused to consider any measure to manage conduct of owners, guests or tenants. Why not create conduct standards that hold owners accountable before curtailing owner rights forever? There are many good ideas. Why not consider a few?
- Rent restrictions are on the fast track. According to one Board member, the plan is to “nip resistance in the bud.” An intense marketing campaign is planned – constant email blasts, promotion on the DMMA Web site, scheduled office hours, nearly unlimited use of paid professional DMMA staff to support one side of this dispute. All of this will be done, of course, at the expense of DM owners.
- The proposed restrictions would affect many of the 8% of DM owners who rent. Is it fair to shut down rentals by owners who bought in good faith with no hint of restrictions, are now renting, who don't want to pay broker fees and who still want to screen their own guests? The proposed rent restrictions have no “grandfather clause.”
- These rent restrictions are permanent – nearly impossible to repeal. If adopted, the restrictions apply as long as you own the property and to all subsequent buyers. Note that prospective buyers have walked away when told about the new proposal.
- Enacting rent restrictions will make some DM owners feel more secure and elite. Some at DM see their security as threatened when neighbors can select their own house guests. Others don't like to see Desert Mountain homes listed on AirBnB or VRBO as “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. Are those good reasons to restrict your property rights?

If you're not convinced that DMMA has good reasons to impose rent restrictions, you'll have a chance to object in writing AND then vote on the proposal a few weeks later by mail ballot. The proposed amendment has not been disclosed yet but should be delivered to each DM owner shortly. I'll mail a blank objection form to each owner in a few days.

If you're not convinced that rent restrictions are good medicine for Desert Mountain, discuss the pros and cons with neighbors. Remind neighbors that their choice of guests will be restricted without further notice if less than 240 owners object to the new restrictions. Reply with an email address and I'll add a name to my contact list to help keep the community updated.

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