

Hello

We flew out this past week to attend the Annual Home Owner's Association Meeting held this past Monday. We decided it was important for us and for all of you to attend and make some points that not only affect the group against a rental restriction, but every property owner. Our points and are resultant impressions are below:

1. A Rental Restriction is ultimately a Use Restriction on our property
Fell on deaf ears largely; many in attendance wanted to discuss the fact that they bought in Desert Mountain for the exclusivity it offered and that we are a residential community and not a resort community. Ultimately, no one supported this point.
2. Desert Mountain is a buyer's market and right outside our gates it's a seller's market.
Using the exact data DM publishes annually on home sales, in 2012 106 properties sold of which 103 were an average of 17% below purchase price equating to 262K less on average. In 2017, 118 homes sold of which 110 were an average of 15% below purchase price equating to 275K less on average. Per County records, property values based on home sales in the Cave Creek/Carefree market are up 20% between 2012 and 2017.

No one responded to this point; when they all go to sell their property maybe they will remember it.

3. We should all advocate for a disciplinary remedy for problematic Owners, their guests, and their renters. A committee should be formed, a fine or penalty structure developed, and a method of reporting issues created

We found two home owners in attendance who have experienced problems with renters both expressing they moved to DM because it was a residential community. One family in particular struck a nerve with us. They expressed they moved to DM in April of 2017 and were completely unaware they had a rental on either side. They have called the DMMA several times and security at least a half a dozen times and have been told there is nothing anyone can do for them. They are thinking of leaving. Imagine just the monetary investment alone they have made and are willing to walk because they as a family are continually disrupted and disturbed.

What is clear to us in speaking with other homeowners and Board members; a proposal for a restriction is coming. It will be likely less than the minimum currently proposed period of 60 days for renters with non DM status, and will likely be 30 days or even 14 days to correspond with the Clubs new trial membership period.

We also feel there is no way to enforce the restriction currently nor is there a real intent to do so. Prior to the law changing to allow short term rentals in Scottsdale on 1 January, 2017, the DMMA could better enforce rental issues simply by calling the City for assistance. They now must find an onerous way to enforce and they seem unwilling to put forth the effort.

A seemingly hot topic is nightly rates of rentals posted on-line and one couple mentioned it was really distressing to see Airbnb and VRBO rates broken down in this matter and mathematically suggested that if there were 100 rentals and everyone rented one night stays for a month and could sleep 8, we would have 24,000 strangers thru the gate in a month. It was obviously well overstated but for those supporting a restriction, it stands as some of their reasoning.

We also would like to share with everyone that exclusivity and the Club were discussed several times in the Q&A post meeting. The Club members seem to be dealing with a great deal of non-club members accessing facilities; to us that is a separate issue that the club must deal with themselves as no one is gaining access to the Club generally unless a member is getting them in or advising them how to get around the systems they have in place. The discussion of this matter solidifies to us that a majority of club members (approximately 70% of property owners are currently members), refuse to take any responsibility for Club member issues and will not budge on their stance that the Club and their homes are the “total package”; that they bought into a lifestyle and they don’t want any outsiders in DM at all.

There is a takeaway that may be a productive issue we could all work on – for or against the restriction. For all of us, who share a community with each other, we should advocate for a disciplinary committee to sanction Owners who have guests or renters causing disruption in the community (and sometimes it’s the Owner themselves causing the issues too). This must happen, regardless of whatever restriction is imposed. Whether it is a fine or even a restriction imposed at the gate denying guests a remedy is needed to address the issues our fellow home owners are experiencing. And if we are all good at screening our renters and our guests, we should all get behind this and advocate for a solution for the family we mentioned above as well as all other community members experiencing an issue.

There is an opportunity now to find common ground within this issue and we should embrace it.

Ultimately, if you believe one or more of the following and a proposed restriction is introduced for a vote, **VOTE AGAINST THE PROPOSED RESTRICTION:**

1. A rental restriction is a violation of your Property Use Rights
2. Property restrictions correlate to falling real estate values
3. Club use by non-club members is not tied to renters and is not a DMMA issue to tackle
4. The rental restriction has been proposed in part or whole for the club’s benefit
5. You are capable of deciding who uses and visits your home
6. A mechanism needs to be created to address disciplinary issues with home owners, their guests, and their renters and that is a more appropriate “first step”; just because its “hard” to tackle, doesn’t mean it shouldn’t be addressed.

Our original statement to the Board and fellow homeowners on Monday 22 January, 2018:

My Name is Nicki Armsby and I am here with my partner, Jordon Heffler. We purchased our home in Desert Fairways in December of 2015. We elect to rent our home as we are only here 3 to 4 weeks a year. While most of our renters would fit within what may be the proposed guidelines, some have not.

We flew in from Albany NY to attend this meeting as the issue of restricting rentals and home exchanges elevates a concern with us regarding the erosion of property rights. Use restrictions pose a real financial threat to the longevity of this community and will affect all of us.

Raise your hand if you feel as though you are not capable of making sound decisions regarding the use of your home?

How many USE restrictions can we tolerate as a community? I recently received an email from a member who is in support of a rental restriction but will not be voting for it because in her own words "The Don'ts at Desert Mountain far outweigh the Do's which is creating an overregulated community in lieu of a harmonious environment we can all enjoy."

I want to touch upon the spirit of the Association's Articles of Incorporation. I know the CC&R's legally take precedence over the Articles of Incorporation but I ask you all in attendance to read the Articles. You will see for yourself that the purpose of this Association per the original governing document was to maintain, administer, and operate the MASTER COMMON AREAS at Desert Mountain.

This clearly does not include checking our homes for guests.

Use restrictions erode property values

People will ultimately pay what they feel something is worth. It is still a buyer's market in DM and right outside our gates it is a seller's market

In 2012 109 homes sold in Desert Mountain –106 sold for an average of 17% less than the original purchase price.

In 2017, 118 homes sold in Desert Mountain - 110 sold for an average of 15% less than the original purchase price.

Cave Creek and Carefree overall, are booming in comparison. Between 2012 and 2017, average purchase prices are up 20%.

While there may not be a direct relation between property restrictions and property values, restrictions can only further erode what buyers are willing to pay for Desert Mountain property. Jordon and I personally care about what is here for us 20, 30 even 40 years into the future- that is why we are here. We also understand the pool of individuals who can afford to purchase here is

limited and are often those close to retirement. Why reduce the pool further when the target market is already so limited?

I do want to cover why this restriction was proposed

Well, This wasn't a rental issue - Surprised? There was an issue with guests of an Owner, One Owner in Desert Fairways who allowed the use of his house by strippers and a self-proclaimed rapper who also shot a video with Apache Golf Course as the back drop.

There have been ZERO recorded issues with a single RENTER. This is ALL according to Kevin Pollock.

Disciplinary issues with Owners can have a remedy other than being an enforcement issue for the administrative arm of this Association— A committee can be formed, a fine structure developed, a method of reporting issues can be created. All the governing documents allow for this. A disciplinary committee would allow remedy when Owners or their GUESTS violate the bylaws and CC&R's, become a nuisance to their neighbors, or pose a safety concern to the community in general. We should all want this.

I bet many in this room came first to Desert Mountain as renters and if you didn't you know someone who did.

We rented to a couple last May for two weeks who were not property owners or club members. Under the new proposed guidelines, we could not rent to them. I would like to introduce you all to that undesirable couple, Len and Tiffany Dugan. They fell in love with Desert Mountain last year and in December, they became all of our neighbors when they purchased a house in Sunrise that had been on the market for 232 days selling for 14% less than the original purchase price.

Had rental restrictions been in place, Len and Tiffany would not have rented from us and would not have purchased a home.

The most current list of acceptable renters and guests include Golf Buddies, Tourist Friends, Bowl and Wedding Guests – seems many benefit the Club. And then there are the Club Prospects – allowed only when the rental is controlled by the Club.

Based on the correspondence between Kevin Pollock and Board Members in the month leading up to the November survey, it seems to me, all Board members carefully crafted a list that put recruitment and the financial gain of the club as primary, front and center. Our Association's primary concern should include what is most beneficial to property Owners which does include preserving our property use rights and working to insure property values are at least maintained.

This is clearly not happening here at Desert Mountain and has all the hallmarks of the Tail Wagging the Dog.

Perhaps in the future we ought to review if we are best served as homeowners if the Board allocates dedicated seats to non-club members.

I do want to thank Kevin Pollock for the time he has spent with me on this issue and his completely candid approach to my questions and concerns. I also wish to thank the Board for their voluntary service. I know personally, this is an often thankless endeavor. Thank you all for allowing me time to make my remarks.

Nicki Armsby
Jordon Heffler
Desert Fairways