



Information for All Desert Mountain Homeowners Regarding a New Short-term Rental Proposal

Last July, the DMMA Board proposed a revision to the community's Covenants, Conditions & Restrictions (CC&Rs) following changes in state law that caused Scottsdale to rescind its long-standing 30-day rental restriction. In response to several concerned homeowners and in the interest of supporting the needs of the Desert Mountain community, the Board proposed a 60-day restriction; it also banned luxury home exchanges. The proposal included appropriate exceptions to the restrictions that enabled "eligible renters" – property owners and Club members – to rent for shorter periods to accommodate their friends and family for events like weddings, family reunions and member/guest tournaments. The intent of the proposal was to preserve home values as well as the reputation and lifestyle of our exceptional private residential community.

That proposed change generated considerable feedback, both pro and con. After engaging the community through a survey (1103 respondents), the DMMA learned that the majority (78%) favored some sort of short-term rental restriction, but many were comfortable with a shorter period, i.e., thirty (30) days – while still preserving the exceptions that allow property owners and Club members to secure a rental home for shorter periods.

Since then, detailed review and discussion of that feedback at open meetings, has caused the DMMA Board to terminate the original 60-day proposal. ***The Board has approved a new resolution that requires a minimum 30-day stay for rental properties and a 7-day restriction for luxury home exchanges. Exceptions allowing shorter stays for the friends and family of homeowners and Club members ("eligible renters") would exist as part of this amendment.*** These minimum-stay requirements are consistent with restrictions currently in place for six of our villages.

The Board believes it is prudent and appropriate for a private, residential community to control and limit short-term access primarily to persons unknown to our homeowners and Club members. Should the new amendment require a vote of DMMA members, the Board fully expects it will be supported by the community.

The DMMA formed an ad hoc committee made up of a range of property owners (including operators of rental property) who are assessing requirements to implement the restrictions effectively. The committee is also identifying (and making recommendations to mitigate) any unintended consequences that could result as the proposal is put into effect.

Please see the attached proposed wording of the CC&Rs affected by the amendment. Also see the outline of the "Major Decision Process" being followed. If you have questions, please go to <http://www.desertmthoa.com>, the DMMA website to review the FAQs (Frequently Asked Questions), which will be updated regularly. Additionally, Board members and ad hoc committee members will be holding office hours if you wish to come into the main office and discuss your questions in person.

Sincerely,

Desert Mountain Master Association Board of Directors

Desert Mountain Master Association
10550 East Desert Hills Drive, Suite 100, Scottsdale, Arizona 85262
480/635-5600, Fax 480/488-7484, Design Review, 480/635-5605

Clean Copy with accepted changes - Section 1.2.2 of the Use Restrictions at Exhibit "E."

1.2.2 Leasing Restrictions. For purposes of this Section 1.2.2, the term "Eligible Renter(s)" shall refer to and include individuals and/or entities that are Members of the Association (as set forth in the Master Declaration at Section 6.1) and/or individuals and/or entities that are Members of the Desert Mountain Club. "Ineligible Renter(s)" shall refer to those individuals and/or entities that are neither Members of the Association nor Members of the Desert Mountain Club. Occupancy of an entire Lot, including any and all buildings located thereon, but not less than the entire Lot, including any and all buildings located thereon, may be granted to a tenant from time to time by the Owner, subject to the provisions of the Master Declaration and the Association Rules. Before the commencement of each lease term, the Owner of the Lot shall provide the DMMA with written notice to the DMMA of the names and contact information of the lessee(s) and each other adult person who will reside in the Lot, including any and all buildings located thereon, during the lease term, and the term of the lease, including the commencement date and expiration date.

No Lot, including any and all buildings located thereon, shall be leased to an Ineligible Renter(s) for a term of less than thirty (30) days, and no Owner may advertise his or her Lot, including any and all buildings located thereon, as available to an Ineligible Renter(s) for a lease term of less than thirty (30) days in duration. A Lot, including any and all buildings located thereon, may, however, be leased to an Eligible Renter(s) for a term that is less than thirty (30) days in duration. Home exchanges (also referred to as home swapping), through which parties offer each other lodging in each other's homes for a period of time without a monetary exchange, are permitted for a term of not less than seven (7) days. In addition, if the Board of Directors creates and/or adopts a "rental registration form", the Owner shall submit such form to the Master Association for every rental. Any agreement for the lease of a Lot, including any and all buildings located thereon, must be expressly subject to the Governing Documents of the Master Association.

THE DESERT MOUNTAIN MASTER ASSOCIATION

OUTLINE OF "MAJOR DECISION" PROCESS

The Second Amended and Restated Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Desert Mountain (the "Declaration") identifies certain decisions of the Association as "Major Decisions." The Declaration at Article 5, Section 5.20(b) identifies amending, repealing or adding to the Use Restrictions found in Exhibit "E" of the Declaration as one such "Major Decision." The following is an outline of the Major Decision Process:

STEP 1: BOARD RESOLUTION.

Pursuant to Section 5.20 of the Declaration, the Board must approve a Major Decision via a written Board Resolution.

STEP 2: NOTICE TO MEMBERS.

Once the Board has approved the written Resolution, the Association must give notice to all Owners of the Proposed Major Decision, and of the right to object to it.

STEP 3: MEMBER OBJECTION PERIOD

If no more than 10% of the Members object to the Proposed Major Decision in writing within forty-five (45) days after the notice is given, the Board may proceed to implement the Major Decision without a meeting or vote of the Members.

STEP 4: MEMBER MEETING [IF NECESSARY]

If more than 10% of the Members object to the Proposed Major Decision in writing within forty-five (45) days after the notices is given, then the Board may call a Meeting of the Members to vote on the Proposed Major Decision.

- Pursuant to the Bylaws at Article II, Section 4, Members shall be given not less than ten (10) nor more than fifty (50) days' notice of the Special Meeting by mail, email or wireless communication.
- Pursuant to the Bylaws at Article II, Section 7, Quorum for the Meeting is twenty-five percent (25%) of the Members present in person or by absentee ballot.
- In order for the Proposed Major Decision to be approved, eligible Members holding two-thirds (2/3) of the eligible votes in the Association who are present in person or by absentee ballot at the Meeting must approve the Major Decision.

