

# **EXHIBIT A**

March 4, 2021

To: The Shores at Rainbow Lake HOA Board  
From: The Rental Owners of The Shores and Cove  
CC: Homeowners in The Shores and Cove

Re: Rental Restrictions Consent

After months of trying in vain to communicate with the board about the suggested proposals, we were dismayed and angered to see that the HOA has sent the Rental Restriction Amendment to the Navajo County Recorder without time for an independent auditor to verify the consent forms. This letter serves as a formal request to receive copies of the consent forms immediately so they can be verified by our group representative and attorney.

In addition to our questions about the validity of the results, we have several concerns about the manner in which consent was obtained. Our specific concerns include bullying tactics used to gain consent and misinformation spread by members of the HOA and the STOP Committee.

- Several neighbors have reported being told that our group was made an offer to compromise and that we refused. Nothing could be further from the truth. We offered several suggestions for how we could self-impose restrictions and did not receive a single response to even discuss the matter. It seems the Good Neighbor Policy discussion group was a ruse to make it seem the board was willing to compromise but it was disbanded without any effort to actually discuss both sides of the issue.
- Despite a lack of response from the HOA, we decided as a group to make a good faith effort to be good neighbors by lowering the number of people allowed in our homes, creating stricter screening policies, and hiring a manager to handle complaints and contact the owner to immediately rectify any issues and lessen the burden on the board president. Not only did the president refuse to even send out the contact information for Lusia Hyatt to the neighborhood, he wrote to the paper and criticized us for lowering the number of people allowed to rent.
- You have repeatedly and blatantly falsely blamed issues on renters. When the board president sent the email about renters dumping trash in the storage area, he already had names of the offenders. A quick google search showed them to live outside the neighborhood and none of them were renting. In addition, board members like to cite the “hundreds of complaints” against rentals but when pressed for specific examples, you refuse to answer. Our owners have only received a couple of legitimate complaints over several years, which were rectified. The other complaints cited did not involve rentals--the trash dumping, multiple cars at a house where a party was being held by a neighbor who does not rent, another neighbor who doesn't rent but allows friends to use their home, a piece of fruit being taken from a tree by a cleaning person, etc.
- Identifying members of our group as investors in order to scare people into approving the consent and telling people that more homes rent than actually do. We have provided a list with the contact information for each person who rents in our neighborhood (12/164 in The Shores

and 5/24 in The Cove). None of us are investors - we are all homeowners who enjoy our homes and love our neighborhood.

- Another lie is that there are several hundred extra people in our neighborhood during the summer due to rentals. Many of us do not even rent during summer but even if we all rented to capacity during the summer, this would be an untrue statement. We also do not want to see party homes or disturbances which detract from the beauty of our neighborhood and bother our neighbors. You know exactly who rents and when--to insinuate otherwise in order to sway the outcome was dishonest at best.
- Using a consent form rather than a traditional ballot so you could keep it open and then proceeding to repeatedly call, email, and harass members who did not return their consent. One neighbor shared the tactics would "put bill collectors to shame" and others let us know they caved so they would be left alone. They also said they did not want to get on the bad side of the HOA because they thought it might be used against them in the future. Not only did the board provide private voting information to the STOP committee, but they showed an incredible lack of neutrality and professionalism during this process.

Although it is understandable that individual board members have strong opinions about this matter, it is not acceptable for any of you to spread misinformation, harass neighbors, or demonstrate extreme disdain towards certain groups of neighbors. We have been told on several occasions that if we don't like it, we should just move. This is disrespectful and overlooks the fact that many of us have owned our homes much longer than the people telling us to leave. This behavior is also not good for the morale of our beautiful neighborhood and you have created divisions which will be hard to heal.

There are many steps which could have been taken prior to the board sending out a rental restriction consent form and you did not opt to use any of them. Our group held out hope that we could trust you to represent all members of our community in a fair manner and avoid a lawsuit. Unfortunately, that did not happen. We have documented the misbehavior of the board during this process and will use whatever legal means necessary to correct what we believe to be an overreach of the HOA on our personal property rights.

Though we plan to fight the restrictions, it is also our intent to continue to be good neighbors. We ask once again that you share the contact information for **Lusia Hyatt, (928) 228-1514** with homeowners. It is obvious that complaints to the HOA have not reached us in a timely manner in the past, if at all. In addition to letting the HOA or Jim Rathbun know about any issues with renters, contacting Lusia will allow for the homeowner to immediately correct the situation. This will allow you and us to more accurately identify when an issue is truly caused by a renter.

Please respond to let us know when we can expect to receive copies of the consent forms.

Regards,

The Rental Owners of The Shores & Cove  
shoresandcove@gmail.com

# **EXHIBIT B**

## Joseph Rainey

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**From:** Matt Klopp  
**Sent:** Tuesday, December 21, 2021 1:39 PM  
**To:** Joseph Rainey  
**Subject:** FW: The Shores December Newsletter

Sincerely,

*Matthew A. Klopp*

**WONG 和 CARTER**

An Arizona Professional Corporation

**T: (602) 287-3360**

**F: (602) 287-3365**

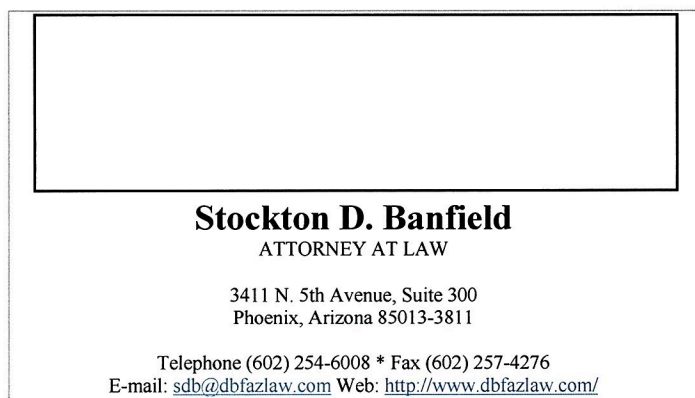
[mklopp@wongandcarter.com](mailto:mklopp@wongandcarter.com)

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**From:** Stockton D. Banfield <sdb@dbfazlaw.com>  
**Sent:** Tuesday, December 21, 2021 9:28 AM  
**To:** Matt Klopp <mklopp@wongandcarter.com>  
**Subject:** FW: The Shores December Newsletter

See below.

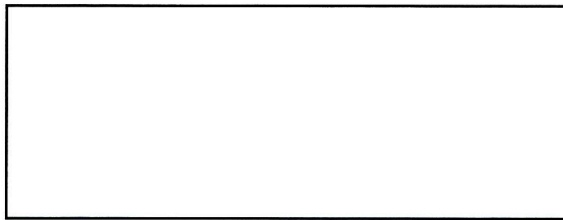


**From:** Amy Bhola <ka3bhola@gmail.com>  
**Sent:** Sunday, December 19, 2021 1:29 PM  
**To:** Stockton D. Banfield <sdb@dbfazlaw.com>  
**Subject:** Fwd: The Shores December Newsletter

Amy Bhola  
520-404-8102  
[ka3bhola@gmail.com](mailto:ka3bhola@gmail.com)

Begin forwarded message:

**From:** The Shores HOA <[RCW714@gmail.com](mailto:RCW714@gmail.com)>  
**Date:** December 19, 2021 at 12:39:33 PM MST  
**To:** Amy <[ahler\\_cabin@comcast.net](mailto:ahler_cabin@comcast.net)>  
**Subject:** The Shores December Newsletter  
**Reply-To:** [RCW714@gmail.com](mailto:RCW714@gmail.com)



## December 19, 2021 Newsletter

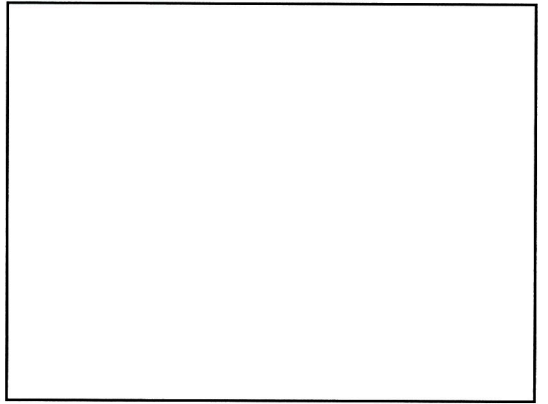
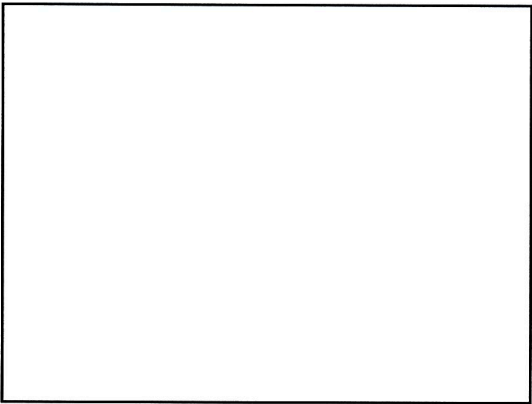
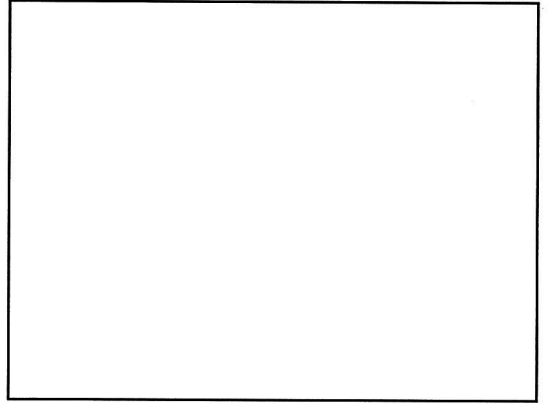
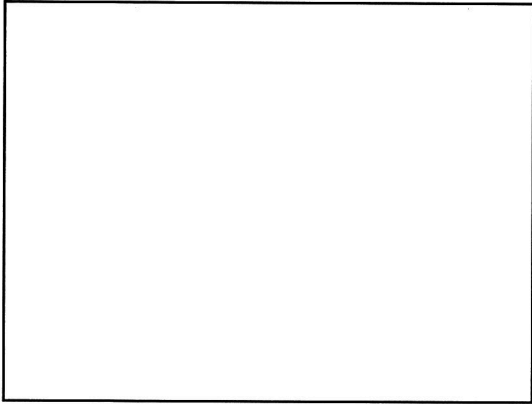
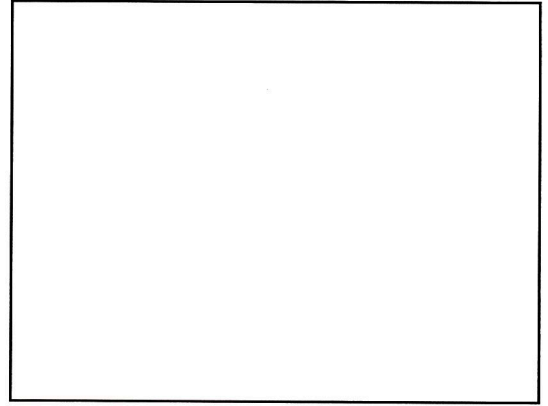
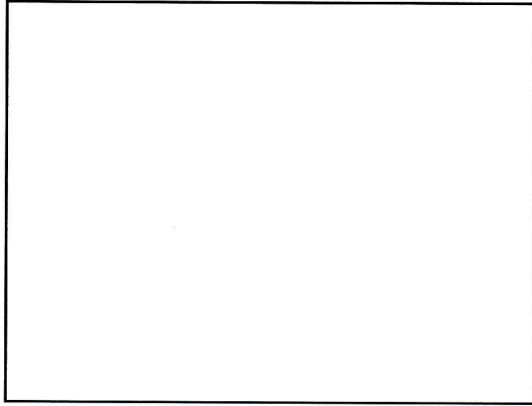
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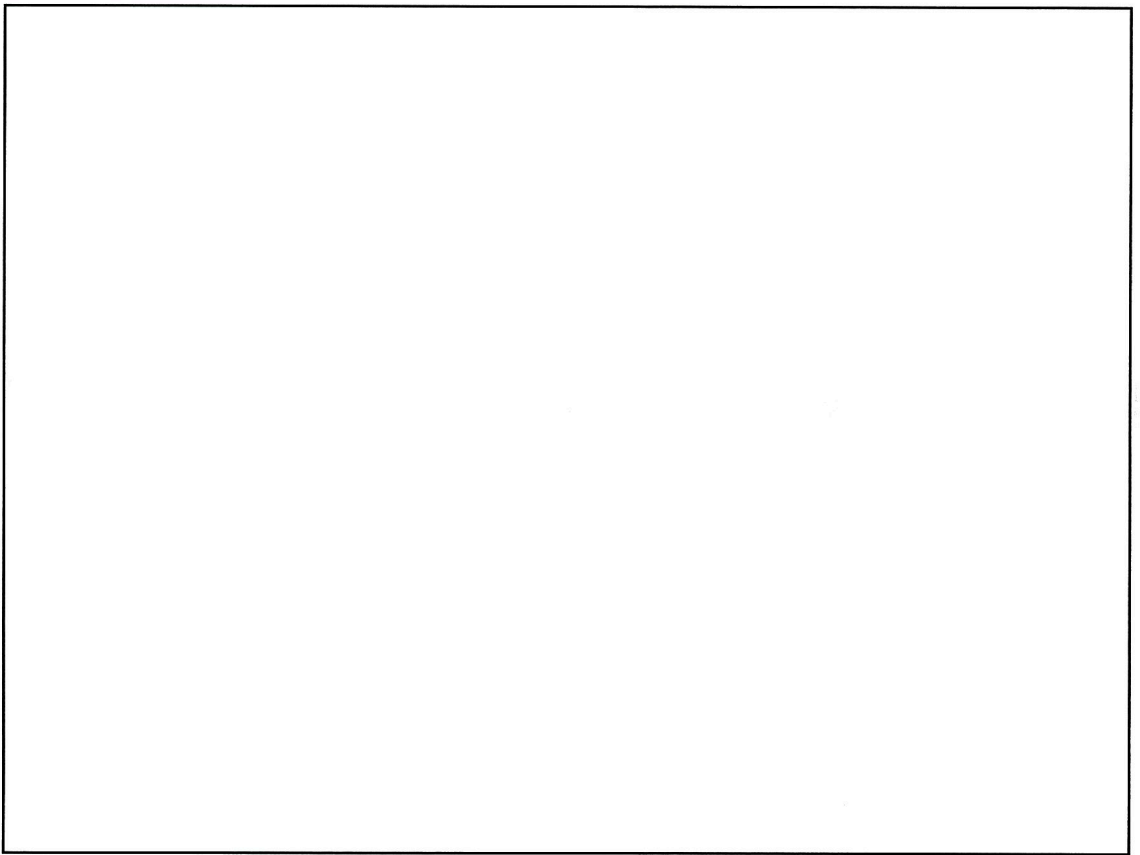
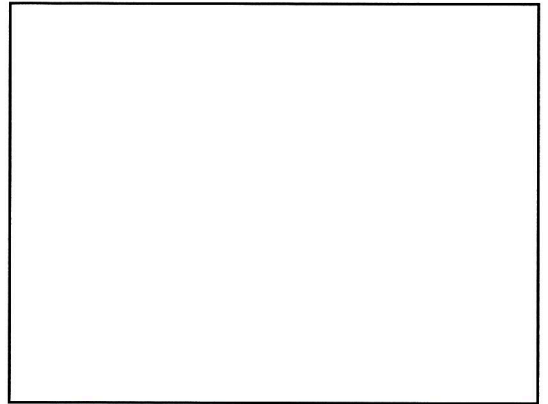
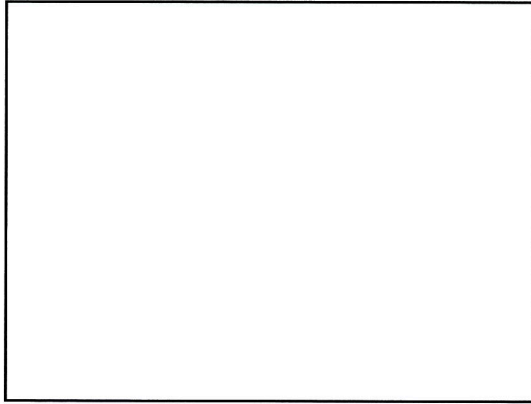
**Dear Neighbors,**

The holiday season is such a special time here in The Shores at Rainbow Lake. Please enjoy some of the the holiday decorations in our community. Don't stop there though....there is a lot of information following the pictures that you need to stay informed about what is happening in The Shores.

**The Shores at Rainbow Lake HOA Board of Directors**

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**New mailboxes are installed!**

The new mailboxes are installed next to the existing mailboxes and we are waiting for the post office to complete the set up. They are are pretty busy this time of the year, so it looks like January will be the time service will begin. If you missed out on the first phase or are a new homeowner here in the Shores, you can order a mailbox by sending a one-time amount of \$165 to The Shores at Rainbow Lake, 4756 Buck Spring Road, Pinetop, AZ 85935. If you have any questions, reply to this email.

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## **2022 HOA dues invoices have been mailed**

In late December, you will receive a statement via US Mail showing the amount of your 2022 dues, vehicle storage fees, and any outstanding balance. For those of you who use the Bill Pay function with your bank, please remember to change the scheduled amount. The new amounts are:

Rainbow Cove: \$482 per year or \$241 in January and July.

Shores lots: \$1,010 per year or \$505 in January and July.

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## **Rules governing rentals**

Here are the basic rules governing rentals in The Shores:

1. Beginning January 1, 2022, all rentals must be for a minimum of 30 days.
  2. Regardless of the length of a rental, each landlord is required to complete and submit a Rental Notification Form. [Click here to download the form](#) Failure to submit a form will result in a fine.
  3. All landlords are required to provide the Shores Rules & Regulations to their tenants so the tenants know what they can and cannot do here. [Click here to download the Rules & Regulations](#).
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## What are the fines for violating the Short Term Rental Restriction Amendment?

On Friday, December 17, the Shores board met in executive session with our attorney Wendy Ehrlich for the purpose of obtaining legal advice regarding enforcement of the short term rental restriction CC&R amendment. She will be preparing a letter to go out to the community in January. What we can tell you now is that the board plans to strictly enforce the amendment and the monetary penalties will be substantial.

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## Next Shores board meeting

The next meeting of the Shores board of directors will be at 6:30 PM on Wednesday, January 12th, using Zoom. An invitation to the community will be sent via email several days before. Enforcement of the short term rental restriction CC&R amendment will be one of the agenda items.

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## Vehicle Storage

All vehicle storage spaces are currently rented. Small spaces are \$165 per year and can fit a vehicle and trailer up to 22 feet in length. Large spaces are \$275 per year and can fit vehicles and trailers up to 27 feet. Please reply to this email if you would like to be placed on our waiting list.

For those owners who do not have a vehicle storage space in our storage area and are looking for a place to store their trailer, boat, or RV, try **D & D Development in Lakeside**. They are located about 1/2 mile from our main gate on White Mountain Blvd. They have 2 phone numbers: David at 928-521-2530 and Laurie at 928-358-8334. These are the prices they gave us:

Vehicles less than 30 feet: \$50 per month

Vehicles 30 feet to 40 feet: \$100 per month

Vehicles over 40 feet: \$150 per month

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## Curbside yard debris pick up is over for 2021

The new service for picking up bagged yard debris has proven to be very efficient and well received. **It is over for 2021.** Many owners did a fall clean up in October, after we stopped the service. We will add an additional pickup in November next year. Here's the 2022 schedule: every Monday in May and June, and the first Monday of each month from July through November.

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## The 2021 Shores Board of Directors and Management Team

President: [Rick Whipple](#)

Vice President: [Mike Dulitz](#)

Treasurer: open

Members at large: [Debbie Yost](#), [Adam Boles](#), and [Cece Derickson](#).

Property managers: [Jim Rathbun](#) and [Samantha Riepel](#)

Click on a name to send an email.

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## The Shores Website

Here's a partial list of ways you can use our website:

- Track events on the [Calendar](#) page
- Get news on the [Announcements](#) page
- Find out which homes have sold or are for sale in the Shores.
- Learn about [local resources](#) like handyman services, utilities, landscapers, or babysitters
- Advertise items you might want to [sell or find](#)
- Obtain information about [things to do](#) in Pinetop-Lakeside

And a lot more! Explore the [Shores website!](#)

If you want to see the **Members Only** section, please register on the website.

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You are receiving this email because you opted in via our website.

**Our mailing address is:**

The Shores at Rainbow Lake HOA  
4756 Buck Springs Road  
Pinetop, AZ 85935-0149

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Want to change how you receive these emails?  
You can [update your preferences](#) or [unsubscribe from this list](#).



# **EXHIBIT C**

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THE SHORES  
AT RAINBOW LAKE

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To: Association Members  
From: Board of Directors  
Date: January 14, 2022  
Re: Enforcement of CC&R Rental Restriction

As all owners in The Shores at Rainbow Lake should know, the CC&R's were amended in March of 2021 to prohibit short-term rentals (less than 30 days), among other things. A copy of the amendment that was recorded in the County land records is enclosed. Due to a recent ruling by a Navajo County Superior Court Judge<sup>1</sup>, however, there has been some confusion among our members as to whether the CC&R amendment is still valid and enforceable. The answer to that question is "yes."

The Mountain Gate case presented the court with facts that are very different than those in The Shores at Rainbow Lake: Mountain Gate did not have a provision restricting leasing in its CC&R's at the time the amendment was adopted - a fact that the Judge relied on in invalidating the amendment; and Mountain Gate's CC&R's require that recorded amendments contain owners' signatures - the Judge also invalidated the amendment on the basis that it was not signed by owners. With respect to our community, however, the CC&R's already had a leasing provision and there is no requirement that owners sign an amendment. Even if the facts were the same, the Judge's ruling in the Mountain Gate case is not binding on other communities and is currently on appeal to the Arizona Court of Appeals.

For these reasons, the Association's Board of Directors intends to enforce the amendment as written and to that end, will do so along the following guidelines:

1. When an owner is suspected of having violated the short-term rental restriction - either by evidence of people moving in and out of the home frequently or advertising short-term rentals on vacation websites - the Association will send a courtesy notice reminding the owner that rentals for less than 30 days are prohibited by the CC&R's;
2. If there is an indication that the owner is continuing to violate the rental restriction after the courtesy notice, the Association will send the owner a notice of violation and a hearing date; and

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<sup>1</sup> Mountz, et al. v. Mountain Gate Property Owners Association, Case No. S0900CV202000470.

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THE SHORES  
AT RAINBOW LAKE

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3. The Association intends to impose monetary penalties against owners who do not rent their properties in accordance with the short-term rental restriction. Reasonable monetary penalties may include amounts equal to the advertised rate for the rental.

The Association reserves the right to bypass a courtesy notice if an owner has a history of violating the short-term rental restriction.

It is the Board's hope that these enforcement measures will not be necessary and that owners will voluntarily comply with the short-term rental restriction. Under Arizona law, the CC&R's are a contract between the Association and its members, and by statute, owners are required to rent their homes in conformance with the time limitation in the amendment.<sup>2</sup>

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<sup>2</sup> See Arizona Revised Statute A.R.S. §33-1806.01 at:  
<https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/33/01806-01.htm>.

**FIRST AMENDMENT TO  
AMENDED AND RESTATED DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
THE SHORES AT RAINBOW LAKE**

WHEREAS, that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Shores at Rainbow Lake recorded on September 6, 2001 at Document No. 2001-17716 in the official records of Navajo County, Arizona ("Declaration"), in Article 9, Section 9.2, provides that its terms and conditions may be amended by Owners representing not less than sixty-seven percent (67%) of the total votes in each class of membership;

NOW, THEREFORE, Owners representing not less than sixty-seven percent (67%) of the total votes in the Class A Membership and Owners representing at least sixty-seven percent (67%) of the total votes in the Class B Membership have provided their written consent to adopt the following amendment to the Declaration:

**1. Article 2, Section 2.30 shall be deleted in its entirety and replaced with the following:**

**2.30. Leasing of Lots.**

(A) After December 31<sup>st</sup>, 2021, no Lot may be leased for a term of less than thirty (30) days.

(B) No portion of a Lot may be leased, other than the entire Lot, and then only to a Single Family. For purposes of this Section 2.30, a Single Family may not consist of more than four (4) individuals who are unrelated by blood, marriage or legal adoption.

(C) An Owner who leases his Lot shall provide the following information to the Association at least ten (10) days before the commencement of the lease term:

- (i) the commencement date and expiration date of the lease term;
- (ii) the names and contact information of any adults occupying the Lot during the lease term; and

(iii) the address and telephone number at which the Owner (or Owner's agent) can be contacted by the Association during the lease term.

(D) Any agreement for the lease of a Lot shall provide that the terms of such lease shall be subject in all respects to the provisions of the Project Documents and that any failure by the Lessee to comply with the terms of the Project Documents shall be a default under the lease. Any Owner who leases a Lot must provide the Lessee with copies of this Declaration, the Architectural Committee Rules and the Association Rules and is responsible for assuring the Lessee's compliance therewith. The Owner shall be liable for any violation of this Declaration, the Architectural Committee Rules or the Association Rules by the Lessees or other persons residing in the Lot and their guests or invitees and, in the event of any such violation, the Owner, upon demand of the Association, shall immediately take all necessary actions to correct any such violations.

2. Except as amended by this instrument, the Declaration shall remain in full force and effect.

The undersigned certifies that this First Amendment to the Declaration was duly adopted by the written consent of Owners representing at least sixty-seven percent (67%) of the total votes in each class of membership on the 26<sup>th</sup> day of February, 2021.

THE SHORES AT RAINBOW LAKE COMMUNITY ASSOCIATION, an Arizona nonprofit corporation

By: [Signature]  
Its: President

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF NAVAJO )

This instrument was acknowledged before me this 26<sup>th</sup> day of February, 2021, by Richard C. Whipple in his capacity as President of The Shores at Rainbow Lake Community Association for the purposes stated herein.

Victoria M. Heuett  
Notary Public  
My Commission Expires: May 18, 2022

