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11 **THE SUPERIOR COURT OF ARIZONA**
12 **COUNTY OF NAVAJO**

13 Gordon Gross and Liliana Gross,
14 husband and wife *et al.*,

15 Plaintiffs,

16 vs.

17 The Shores at Rainbow Lake
18 Community Association, an Arizona
19 nonprofit corporation,

20 Defendant.

Case No.: S0900CV202200042

**NOTICE OF FILING EXHIBITS FOR
RESPONSE TO PRELIMINARY
INJUNCTION**

21 Attached are Exhibits 1 and 2 for Defendants' Response to Preliminary
22 Injunction.

23 DATED this 29th day of March 2022.

24 **JENNINGS HAUG KELEHER MCLEOD LLP**

25 */s/ James L. Csontos*

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Community Association,

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Copy of the foregoing mailed
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EXHIBIT 1

https://www.wmicentral.com/opinion/letters_to_editor/short-term-rentals-not-ruining-neighborhood/article_8b809019-32d0-5142-a858-b35f27bbb31c.html

Short term rentals not ruining neighborhood

Feb 2, 2021

Short term rentals are not ruining The Shores and Cove Neighborhood. The neighborhood is comprised of 188 homes and lots all in the setting of Rainbow Lake and beautiful wooded areas.

Approximately 75% of the homes are second homes and range in size from 1,600 to over 7,000 square feet. A typical owner only uses their property for personal use a few months a year; therefore, it makes sense to rent to other families to help cover a portion of the expense of ownership. One recent sale in The Shores was for \$1,350,000 and many of the sales in the last year have been to former visitors of the neighborhood who were enamored with the lakefront mountain properties.

There are currently 15 homes which short-term rent to other families. The majority of renters are families that want to escape the heat of Phoenix and Tucson to the cool weather and serenity of Pinetop and The Shores. The maximum guest occupancy of any home is 13 (most limit to 10 or fewer guests).

While there may be a guest or owner that breaks a neighborhood rule, the people that visit are just like the owners who want to enjoy all the natural beauty of the lakeside community.

Because there is an HOA, the owners set rules and regulations for rentals to avoid problems that communities can have if they do not monitor their neighborhoods. The right to responsibly rent a property should not be taken away if guests agree to abide by the rules and regulations of the association.

The Shores and The Cove is a premiere neighborhood in Pinetop-Lakeside due to the the natural beauty of of the wooded lots, the well-maintained homes and the splendor of Rainbow Lake. It remains one of the best neighborhoods in Pinetop-Lakeside and allowing other families to enjoy the

natural beauty of Rainbow Lake should not be restricted.

Albert Callie,

Tucson

EXHIBIT 2

https://www.wmicentral.com/opinion/editorials/short-term-rental-battle-in-lakeside-neighborhood/article_d7ef1785-dfce-50e6-ba04-7db1d3d24f7e.html

Short-term rental battle in Lakeside neighborhood

By Tom Pyzdek Guest Column

Jan 15, 2021



Tom Pyzdek

LAKESIDE—Short-term renting is ruining The Shores at Rainbow Lake “The Shores”, according to Celaine “Cece” Derickson, a resident of the neighborhood. Ms. Derickson is Chair of the STOP (ShorTermOptionProhibited) Committee. The committee, composed of concerned neighbors, was formed after short-term rentals from places like AirBnB and VRBO became commonplace in The Shores. Problems encountered include:

Numbers of renters. As many as 20+ people per rental. "With short-term renting it's always party time next door!" said Tom Pyzdek, a STOP committee member with short-term rental neighbors on both sides. According to Pyzdek "Hardly a day goes by when both houses aren't rented to multiple groups of several people." With 15+ short-term rentals in The Shores that's 300+ visitors at any one time.

Increased traffic. Additional vehicles on The Shores private roads. E.g., if there are 15 rental units in The Shores x 3 cars per rental, that's 45+ additional vehicles in The Shores at any given time!

Parking. Cars, trucks, SUVs, boat trailers etc. parked overnight on streets. Sometimes as many as eight vehicles are parked in the driveways, yards and streets of rentals.

Loss of privacy and security. Thousands of strangers visiting this private, gated community every year make a joke of the gates and gate codes.

Irresponsible landlords. The owners of these AirBnB or VRBO properties are not onsite to supervise their renters so they are unaware of any issues, leaving other Shores owners to contend with renter problems.

Decreased property values as people who don't like short-term renting sell their homes.

Commercial businesses buying into The Shores neighborhood solely for short-term rental purposes. One recent sale of a vacant lot and a home was made to a company named Hideaway Rentals. Many owners fear that The Shores will become a resort community, much as Sedona has become. Estimates are that Sedona is now over 20% short-term rentals.

Last fall The Shores HOA Board of Directors commissioned a straw poll which garnered overwhelming support for changing the CC&Rs to ban short-term rentals. In response the Board had their attorney draft new CC&Rs banning short-term rentals. The proposed changes have been sent out this month to property owners in The Shores with approval recommended by the Board.

Pro-rental forces are threatening a lawsuit.

Short-term renting has become a hot-button issue throughout Arizona as investors scramble to get an increased return on investments in the wake of interest rates dropping to near zero. Communities such as Paradise Valley and Sedona are grappling with problems such as parties of several

hundred AirBnB renters. White Mountain communities other than The Shores, such as Mountain Gate, have responded by changing CC&Rs. White Mountain Country Club is considering changes as well. The Shores controversy is the latest to move towards banning short-term rentals.