

February 11, 2016

Dear Ono Island Property Owners,

As the owners of property on this lovely island and as people vitally interested in a fair election process, we write to address some of the comments made in the February 2016 letter from the Ono Property Owners Association (POA). This response to the POA Letter will attempt to provide additional information from a different perspective.

A significant factor in our decision to purchase a home on Ono was the belief that our home could be a valuable investment that, ideally, would appreciate and also be available to generate rental income. Most property owners would agree that the right to use property to generate income adds value to the property just as a great location does. We paid for that right when we purchased our home, as did other Ono property owners.

A few years ago, before any change in the rental process and any vote to approve any change, the POA notified all homeowners that those who rented their property would need to pay an additional \$320.00 per year to cover incidental expenses associated with rentals. We, as well as many others, paid that fee. Surprisingly, the POA reversed course, refunded our payments, and placed the "right to rent" issue on the ballot.

We were shocked that the valuable property right to rent our home was thereafter eliminated through a highly questionable voting process. To our further amazement, the POA Board's refusal to address our valid questions about the voting process only increased suspicions about how the covenant change narrowly got approved. Our investigation into the voting process revealed multiple irregularities.

Following the vote, several property owners affected by this change attempted to discuss with the Board the voting process and alternatives to the rental program in an effort to come to a reasonable solution. The leadership of the Board refused to engage in any meaningful discussions to explain the Board's actions, nor would they discuss any kind of alternative resolution to the voting and renting issues. The Board made it clear that it had no interest in any kind of compromise. We therefore had no choice but to join other property owners in a lawsuit challenging the covenant change.

The statement in the POA Letter that *"This group of renters who filed the lawsuit were given a generous offer to pay the POA only \$320.00 per year to cover additional expenses by the POA from rentals by the previous board, but instead they decided to sue the POA"* is a mischaracterization of what happened. Rather than proceed with the impact fee, the POA Board announced that the Board was going to end short-term rentals altogether. The renting property owners did not reject the impact fee and "decide to sue the POA."

In the litigation, the Board attempted to justify the covenant change just as it had initially lobbied voters to accept it: through the familiar tactic of "the parade of horrors." According to the Board, renters on Ono Island accounted for virtually every horrible thing that happened on the Island – trash, speeding, noise, and crime. The lawsuit process revealed that, in truth, renters were not to blame and that the POA Board's accounts of problem renters were wildly exaggerated.

After the presentation of evidence, but before the judge issued a ruling, the trial judge strongly encouraged the parties to try to settle their differences through mediation. After two mediation sessions, the parties ultimately entered into a settlement agreement embodied in the Court's order, which is a matter of public record. Through this agreement, the Plaintiff Property Owners retained the right to rent their properties at costs that include: (1) payment of an annual impact fee to compensate the POA for allegedly higher administrative and security expenses, (2) being subject to fines and potential loss of rental rights for "violations" large and small, and (3) the ultimate loss of the right to rent upon the sale of the property. The Court's order reflected the parties' agreement that "Each party shall pay their own attorney's fee and costs incurred by this action."

Against that backdrop, we make these responses to the POA Letter:

- First, we can assure you that the Plaintiff Property Owners did not want the litigation in the first place and never wanted it to be as acrimonious, prolonged, distasteful, or expensive as it was. Despite the plaintiffs' numerous concessions, the POA Board leadership refused to engage in meaningful settlement discussions until the Court forced the Board to mediate. The POA Board's suggestion that it bears no responsibility for the length and cost of a two-year fight is baseless. Had the previous Board been more transparent in the voting process and more receptive to working toward resolution, the lawsuit would most likely never have happened or would have ended much sooner and with less expense to everyone.
- Second, contrary to the characterization in the POA Letter and to the Board's statements made during a POA monthly meeting, the judge did not impose either the settlement or the settlement terms on the POA. The POA agreed to settle the lawsuit on terms contained in the Court's order. The POA's attempt to distance itself from its agreement to pay its legal fees by claiming that it "did not settle the lawsuit" is misleading at best.
- Third, the POA Letter stated that *"The rules, fines, and fees were recommended to the court by this board through court ordered mediation with the sole intent of preventing Ono Island from becoming a wild and crazy rental resort community, and as a means to recover the POA's legal defense fees!"* Aside from the baseless fear-mongering (addressed below), the POA Board's suggestion that it is recouping its several hundred thousand dollars in legal fees through the impact fee and fines imposed on renting owners, and that it should be able to recoup all of its legal fees in a matter of 5-6 years, is completely misleading and contrary to the Court's order. The Court's order provides that **the POA** shall pay its own fees – not that the Plaintiff Property Owners pay the POA's fees through fees and fines. In truth, every Ono property owner is paying the cost of the POA legal fees for prolonged litigation that was largely avoidable. Moreover, the POA's stated rationalization for assessing the impact fee was to pay the costs associated with renting (more security, more administrative overhead, etc.), not to recoup attorney's fees. It is shocking although not surprising that the POA Board now attempts to deflect property owners' anger

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at having to pay large legal fees by claiming that the Board will recoup those fees from a handful of renting owners. That statement reflects the lack of candor and dissembling that, unfortunately, has become associated with the POA.

- Sadly, our experience with the Board leadership reflects a distinct hostility toward any property owner who challenges it. We are aware of a Board Meeting at which property owners who attempted to voice their opinions in opposition to Board decisions were treated rudely and disrespected. Rather than promote cooperation and civility, the Board leadership appeared to resent any open discussion of ideas and opinions other than its own. At least one property owner interested in running for the Board was denied that opportunity because of an easily correctable error in filling out the application.
- The lawsuit was the unfortunate but necessary result of the POA Board's lack of transparency, its refusal to engage in discussions with renting property owners, and the Board's relentless efforts to accomplish its mission of "ending rentals" through unfounded allegations of how rentals were ruining the community. The good news that came out of the lawsuit was that the POA's own records reflected that – in truth – most of the "horribles" on Ono were not attributable to bad vacation rentals but rather to the same kinds of unfortunate owner, guest, and contractor behavior that virtually all neighborhoods experience from time to time.

It's way past time to put the lawsuit behind Ono Island and to try to restore the relationship between the POA Board and the property owners to one of transparency and trust. It is not helpful that the POA Board leadership continues to distort what happened in the lawsuit, the Board's agreement to settle the case, and the terms of that agreement.

Thankfully, nine persons have applied to fill four seats in the 2016 POA election. The Board has taken the presumptuous move of endorsing five of the nine candidates rather than remaining neutral and permitting the electorate to make an independent decision based upon the candidates' credentials. Each property owner can decide for himself or herself why the POA Board would interject itself into this process.

It is our hope that this election will result in a POA Board that will encourage the property owners and the POA representing them to work together cooperatively in a spirit of trust. Ono Island has significant substantive issues to contend with now and in the future, and those who wish to participate in the process – either as board members or as property owners with a right to be heard – should be treated with respect and civility.

We submit this letter anonymously because of our concern about retribution for disagreeing with the POA.

Your Neighbors