

Dear ALA Member:

In 2020, more than 83% of the ALA members voted to ban short term renter (“STR”) clients from accessing Lake Arrowhead, the reserve strips, reserve strip additions, parks, beach clubs and all other properties owned by ALA (collectively the “Association Properties”). ALA has recently learned that a group of STR owners in Arrowhead Woods intends to sue ALA to secure access for their STR clients to use Lake Arrowhead and the Association Properties.

ALA was recently provided with an email from Nikki Harding, the General Manager at a property management company called Vacasa which apparently works for STR owners, which read in part:

“Many homeowners like yourself purchased area rental properties specifically for the amenities, and there’s a local organization leading the charge to protect that investment. After months of attempted negotiations and strategizing, the Arrowhead Community First team is preparing to file a lawsuit that will preserve and enforce property rights under the ALA’s 1964 agreement. Vacasa has donated to Arrowhead Community First, which is close to its legal fundraising goal and is encouraging homeowners who want to take action to contribute via donation or grassroots support. You can learn more or sign up for newsletters via the organization's website.”

As you may know, the 1964 Agreement provides access to Lake Arrowhead and the ALA Properties to owners of residential property in Arrowhead Woods, their guests and lessees for recreational but not business or commercial purposes. The 1964 Agreement also provides the right for ALA, as the owner of Lake Arrowhead, to “promulgate and enforce reasonable regulations designed to promote the safety, health, comfort and convenience of persons in or upon the Lake or in the vicinity thereof...”.

Recently, the ALA Board of Directors promulgated one rule (“Rule”) under the authority provided to ALA by the 1964 Agreement. The Rule requires everyone who lives in Arrowhead Woods who wants to access Lake Arrowhead and/or the Arrowhead Properties to become an ALA member. The lowest priced ALA membership is the General Membership which currently costs \$105.00/year which is \$8.75/month.

ALA membership is important because, in fairness, all owners of residential property in Arrowhead Woods who want to use the Lake and other ALA Properties should pay to maintain the Lake and ALA Properties. In addition, ALA must have the ability to discipline STRs and other members who violate ALA’s Governing Documents. A copy of the 1964 Agreement Rule promulgated by ALA’s Board of Directors is included with this letter.

Since learning of the threatened STR litigation, ALA has assembled a legal team and taken all other appropriate action to prepare for the lawsuit. Your ALA Board of Directors will each do everything in their power to protect our private Lake and ensure that your children, and your children’s children, will be able to enjoy the same Lake Arrowhead experience ALA members enjoy today. Your Board thanks you for your continuing support.

Respectfully,

Gary M. Clifford	Eran Heissler	Chris Wilson
Alan Kaitz	Tony O’Keefe	David Dahl

**RULE REGARDING USE OF LAKE ARROWHEAD AND SURROUNDING  
PROPERTIES BY MEMBERS OF ALA**

**RECITALS**

**WHEREAS**, in 1964 Lake Arrowhead and its vicinity, including, without limitation, the property and trails near Lake Arrowhead, the reserve strips and reserve strip additions (the “**Association Properties**”), was previously owned, managed and maintained by two companies, the Lake Arrowhead Development Co. and the Arrowhead Mutual Service Co. (collectively referred to hereinafter as the “**Prior Lake Managers**”);

**WHEREAS**, prior to 1964, a dispute arose between the owners of residential lots in Arrowhead Woods (“**Property Owners**”) and the Prior Lake Managers regarding Property Owner’s rights to use Lake Arrowhead and the other Association Properties, among other things.

**WHEREAS**, Property Owners in Arrowhead Woods and the Prior Lake Managers reached a settlement of the dispute between them in 1964 (hereinafter, the “**1964 Agreement**”);

**WHEREAS**, the 1964 Agreement granted the Prior Lake Managers the exclusive right to promulgate and enforce reasonable regulations designed to promote the safety, health, comfort and convenience of persons in or upon the Association Properties;

**WHEREAS**, the Arrowhead Lake Association (hereinafter, “**ALA**”) is the successor in interest to the Prior Lake Managers in the Association Properties;

**WHEREAS**, ALA is an IRS 501(c)(7) nonprofit corporation in good standing which was incorporated on or about August 26, 1974;

**WHEREAS**, ALA was formed to be the successor to the Prior Lake Managers and, per its Articles of Incorporation, to provide nonprofit recreational facilities and activities on and around Lake Arrowhead, exclusively for the use and enjoyment of the Property Owners, their families and guests;

**WHEREAS**, as the successor to the Prior Lake Managers, ALA has maintained and preserved the Association Properties.

**WHEREAS**, as the successor in interest to the Prior Lake Managers, ALA has the exclusive right to promulgate and enforce reasonable regulations designed to promote the safety, health, comfort and convenience of persons in or upon the Association Properties and has been the sole entity responsible for said maintenance and preservation since approximately August 26, 1974;

**WHEREAS**, Lake Arrowhead used to be stocked with fish by the State of California at no cost to ALA, but since approximately August 26, 1974, ALA has been responsible for stocking fish in Lake Arrowhead at its own expense;

**WHEREAS**, ALA’s annual budget used to effectuate its responsibilities in preserving and maintaining the Association Properties is approximately \$3,000,000.00;

**WHEREAS**, ALA charges an annual membership fee to Property Owners who choose to become members of ALA to support the maintenance, preservation, and protection of Lake Arrowhead and the other Association Properties (the “**Annual Fee**”). As of 2021, the Minimum Annual Fee to become a General Member of ALA is \$105.00 per year per Property Owner;

**WHEREAS**, historically Lake Arrowhead and the Association Properties have been primarily used by ALA members who pay ALA an Annual Fee;

**WHEREAS**, recently a growing number of Property Owners have asserted that they are entitled to use Lake Arrowhead and the Association Properties without becoming an ALA member, paying an Annual Fee or in any way contributing to the maintenance, preservation, and/or protection of Lake Arrowhead and other Association Properties;

**WHEREAS**, to promote the safety, health, comfort and convenience of persons in or upon Lake Arrowhead and other Association Properties, to ensure that ALA has adequate funding to support the maintenance, preservation, and protection of Lake Arrowhead and the other Association Properties in the vicinity thereof, and to ensure that the ALA is able to promulgate and enforce rules regarding Lake Arrowhead the other Association Properties, ALA adopts the rule set forth below:

**NOW THEREFORE**, in consideration of the above recitals and the terms and conditions contained herein, and pursuant to the ALA’s authority under as the owner of the Association Properties and as the successor in interest to the Prior Lake Managers, ALA promulgates the following rule, which is applicable to all Property Owners in Arrowhead Woods. This rule is effective immediately, but will not be enforced by ALA until August 1, 2021:

ANY PROPERTY OWNER OF A RESIDENTIAL LOT IN ARROWHEAD WOODS (“PROPERTY OWNER”) WHO WISHES TO USE, OR TO ALLOW GUESTS AND/OR LESSEES TO USE LAKE ARROWHEAD AND/OR THE ASSOCIATION PROPERTIES (INCLUDING, WITHOUT LIMITATION, THE RESERVE STRIP AND/OR RESERVE STRIP ADDITIONS, TRAILS NEAR LAKE ARROWHEAD AND ANY OTHER PROPERTY OWNED BY ALA) MUST BECOME AT LEAST A GENERAL MEMBER OF ALA. SHOULD ANY PROPERTY OWNER CHOOSE NOT TO BECOME AN ALA MEMBER, THAT PROPERTY OWNER AND THAT PROPERTY OWNER’S GUESTS AND/OR LESSEES WILL NOT BE PERMITTED TO USE LAKE ARROWHEAD AND/OR ANY OTHER ASSOCIATION PROPERTIES.