

SUN PEAK

CCR Amendment

Information 08/13/2024

Sun Peak Master HOA CCR Amendment Vote Information

Dear Sun Peak Homeowner,

The Sun Peak Board will soon be asking you to vote to prohibit fractional ownership. We view fractional ownership as a significant threat to the community we all enjoy. We therefore feel it is necessary to formally prohibit this practice by inserting explicit language in our covenants, conditions, and restrictions (CC&Rs). This action requires approval by 51% of our homeowners. Sun Peak already prohibits home rentals of less than thirty days. However, this alone does not prevent fractional ownership.

Fractional ownership is being promoted by several companies. These companies include Pacaso, Ember, and others. These companies seek out single-family homes and condominiums in desirable areas, most often in resort communities. Pacaso and Ember are very active in Utah and have acquired many properties.

Once purchased, the companies sell shares in the residence, hence the term "fractional." The most common offering is eight shares. This provides each shareholder with 6.5 weeks of use. However, the companies limit individual stays to no more than 14 days. This results in a minimum of 26 turnovers of occupancy per year. Additional activity at the property includes maintenance and housekeeping crews arriving between each 14 day segment. Additionally, owners can typically give their time to friends, family, co-workers, etc., and business entities can buy shares to use as a perk that is shared across an entire company. Consequently, home usage is often not limited to owners.

There is nothing in a fractional ownership agreement to limit the number of people staying at the house at any one time. For example, Ember claims that a 5,373 square foot house in St. George, Utah can sleep 30+ people and a 1,926 square foot home in Old Town Park City can sleep 10+. Such high occupancy would most likely occur frequently. We urge you to acquaint yourself with Ember and Pacaso's websites.

With eight parties owning a share of a home, it is doubtful the neighborly interaction and sustained relationships we normally expect can be established. These fractional ownership companies become property managers for the home after all shares are sold. Consequently, if you should encounter an issue with a fractionally owned neighboring property, the person staying at the house is not responsible. Your HOA will have to deal with a corporation rather than a homeowner to get any issues resolved. This obviously complicates our efforts to maintain community standards by enforcing our CC&Rs and will likely result in higher management costs and possible legal fees.

Fractional ownership has been opposed by many cities and counties across the nation. In October 2022, Park City passed an ordinance restricting fractional ownership to areas of the 84060 zip code that already allowed timeshares and private residence clubs. Before Summit County could consider similar legislation, the Utah Legislature passed SB 271 which prohibits municipalities and counties from regulating fractional ownership. SB 271 was signed into law by Governor Cox in March 2023 and went into effect on May 3, 2023.

Fortunately, SB 271 "does not limit homeowners' associations or condominium associations from adopting rules or regulations governing co-owned homes." Consequently, authorizing

specific language to your HOA's CC&Rs is the only safeguard we can currently implement to protect our community. We will be asking for your vote to make this addition to our CC&Rs to prohibit the sale of any property for fractional ownership. Banning the sale of property for fractional ownership will not prohibit joint ownership.

Accompanying this letter is the proposed First Amendment to Amended and Restated Covenants, Conditions and Restrictions to address the fractional ownership issue. The Board has scheduled a meeting for August 28 at 7:00 pm at the Clubhouse to obtain final input from the members regarding the Amendment. The fifteen days between this communication and the August 28 meeting are intended for you to study this letter and the amendment, ask questions, and provide comments.

If you have any questions or suggestions regarding this amendment, please attend the meeting or contact the association manager at sunpeakpc@gmail.com.

Your support for this initiative is greatly appreciated.

Sun Peak Board of Directors

[FIRST AMENDMENT TO AMENDED AND RESTATED COVENANTS, CONDITIONS AND RESTRICTIONS](#)

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