

Final agency action regarding decision below:

ALJFIN ALJ Decision final by statute

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

Chad D. Rainey,
Petitioner,

v.

The Garden Lakes Community Association,
Respondent.

No. 25F-H061-REL

ADMINISTRATIVE LAW JUDGE
DECISION

HEARING: August 4, 2025

APPEARANCES: Chad D. Rainey represented himself. Attorney Ashley N. Turner represented The Garden Lakes Community Association.

ADMINISTRATIVE LAW JUDGE: Kay A. Abramsohn

EXHIBITS ADMITTED INTO EVIDENCE: Notice of Hearing Packet (“Packet”), containing Petition and its attachments, and other background procedural documents; Petitioner Exhibits 1 through 7; Respondent Exhibits A through D.

FINDINGS OF FACT

1. Pursuant to Arizona Revised Statutes (“ARIZ. REV. STAT.”) § 33-1801 et seq., the Arizona Department of Real Estate (“Department”) is authorized by statute to receive and to decide Petitions for Hearings from members of planned community associations in Arizona.

2. Chad D. Rainey (“Petitioner”) is a homeowner within The Garden Lakes Community Association (“Garden”).

3. On or about May 8, 2025, Petitioner filed a single issue petition with the Department which alleged that the Association failed to fulfill Petitioner’s records request in violation of ARIZ. REV. STAT. § 33-1805(A) and Bylaws Article VI, Section 6.13.¹

¹ See Packet.

1 4. On or about June 20, 2025, Garden returned its ANSWER to the Department
2 whereby it denied Petitioner's claim.²

3 5. On or about June 27, 2025, the Department referred this matter to the
4 Office of Administrative Hearings ("Tribunal"), an independent state agency, for an
5 evidentiary hearing on August 4, 2025, to determine whether the alleged violation of ARIZ.
6 REV. STAT. § 33-1805(A) occurred.

7 **HEARING EVIDENCE**

8 6. On April 18, 2025, Petitioner emailed Garden's Community Manager and
9 requested the following:³

10 Please provide access to copies of these documents:

11 Invoices for past 24 months for entries in accounts 618 Water Feature
12 Maintenance, 66702 Lake Repairs, 664 Water Feature Repairs/Maint,
13 70705 Chemicals, 72308 Lake Chemicals/Dye, and 724 Fish Stock

14 Invoices for the past 12 months for 56701 Annual Meeting Expense

15 Copy of current CCMC contract⁴

16 Copy of current contract for the contractor under account 619 Landscape
17 Contract

18 . . .

19 As per Arizona law, these documents are to be provided within a reasonable
20 time.

21 7. With its letter dated May 1, 2025, Garden provided some but not all the
22 requested records.⁵ Garden indicated that "The Association records that are not
23 executive in nature and that are responsive to your request are enclosed ...". Garden
24 further indicated that "financial statements are available online ...". Finally, Garden
25 stated":

26 [T]he Association declines to produce any documents related to your
27 requests for invoices from various vendors or other contractors. Such third-

28 ² *Id.*

29 ³ See Petitioner Exhibit 1.

30 ⁴ CCMC is Garden's property management company.

⁵ See Petitioner Exhibit 2.

1 party invoices are not “records of the Association” and the Association has
2 no obligation under Arizona law to produce or disclose thirty-party invoices.
3 See A.R.S. § 10-11601. For this reason, the Association declines to
4 produce any of the invoices you requested for the past 12 or 24 months.

5 8. At hearing, Petitioner testified on his own behalf.

6 9. At hearing, Garden presented testimony of Deborah Taylor, Treasurer,
7 and Stephanie Villa, Community Manager.

8 10. Petitioner argued that the requested documents are not exempted from
9 disclosure under the statute and are not “executive” in nature. Petitioner argued that
10 Garden-referenced posted “financial” records are only summary in form and do not
11 contain the invoices he seeks. Petitioner argued that the failure to provide the documents
12 is a violation of the statute and the By-Laws. Ultimately, Petitioner asked the Tribunal to
13 grant his appeal and to assess penalties to Garden.

14 11. Ms. Taylor testified that vendor invoices go to the “invoicing” department
15 and are handled by the management company. Ms. Taylor indicated that she only
16 reviews financial information she receives from the management company for purposes
17 of looking for variances from the budget. Ms. Taylor testified that no one on the Board
18 processes or manages the invoices.

19 12. Ms. Taylor testified that the management company prepares a “Financial
20 Packet,” which is typically 100+ pages for the Board for Board meetings; she indicated
21 that the packet does not include the invoices.⁶

22 13. Stephanie Villa testified that the management company’s accounting
23 department prepares the Financial Packet. Ms. Villa indicated that the Garden expenses
24 incurred are not paid until the Board approves the expenses. Ms. Villa indicated that the
25 invoices are then paid through “IPS.”

26 14. After Board meetings, a summary packet is posted online and
27 homeowners can see the amounts of expense line items but not the invoices.⁷

28 _____
29 ⁶ The hearing record does not contain a copy of a Financial Packet.

30 ⁷ The hearing record does not contain a copy of a posted summary packet.

1 5. In Arizona, when construing statutes, we look first to a statute's language as
2 the best and most reliable index of its meaning. If the statute's language is clear and
3 unambiguous, we give effect to that language and apply it without using other means of
4 statutory construction, unless applying the literal language would lead to an absurd result.
5 Words should be given "their natural, obvious, and ordinary meaning."¹¹

6 6. Statutes should be interpreted to provide a fair and sensible result.
7 *Gutierrez v. Industrial Commission of Arizona*; see also *State v. McFall*, 103 Ariz. 234,
8 238, 439 P.2d 805, 809 (1968) ("Courts will not place an absurd and unreasonable
9 construction on statutes."). Unless defined by the legislature, words in statutes are given
10 their ordinary meanings.¹² Each word, phrase, clause, and sentence of a statute or rule
11 must be given meaning so that no part will be void, inert, redundant, or trivial.¹³

12 7. ARIZ. REV. STAT. § 33-1805 provides, in relevant parts, as follows:

13 A. Except as provided in subsection B of this section, all financial and other
14 records of the association shall be made reasonably available for
15 examination by any member or any person designated by the member in
16 writing as the member's representative. The association shall not charge a
17 member or any person designated by the member in writing for making
18 material available for review. The association shall have ten business days
19 to fulfill a request for examination. On request for purchase of copies of
20 records by any member or any person designated by the member in writing
21 as the member's representative, the association shall have ten business
22 days to provide copies of the requested records. An association may
23 charge a fee for making copies of not more than fifteen cents per page.

24 B. Books and records kept by or on behalf of the association and the board
25 may be withheld from disclosure to the extent that the portion withheld
26 relates to any of the following:

- 27 1. Privileged communication between an attorney for the association
28 and the association.
- 29 2. Pending litigation.
- 30 3. Meeting minutes or other records of a session of a board meeting
that is not required to be open to all members pursuant to section 33-
1804.
4. Personal, health or financial records of an individual member of the
association, an individual employee of the association or an

¹¹ *Arpaio v. Steinle*, 201 Ariz. 353, 355 ¶ 5, 35 P.3d 114, 116 (App. 2001) (footnotes and citations omitted).

¹² *Id.*

¹³ See *Deer Valley, v. Houser*, 214 Ariz. 293, 296, 152 P.3d 490, 493 (2007).

1 individual employee of a contractor for the association, including
2 records of the association directly related to the personal, health or
3 financial information about an individual member of the association,
4 an individual employee of the association or an individual employee
5 of a contractor for the association.

6 5. Records relating to the job performance of, compensation of,
7 health records of or specific complaints against an individual
8 employee of the association or an individual employee of a contractor
9 of the association who works under the direction of the association.

10 C. The association shall not be required to disclose financial and other
11 records of the association if disclosure would violate any state or federal
12 law.

13 8. Garden By-Laws Article VI, Section 6.13 – Records and Statements of
14 Account, provides as follows in relevant part:

15 The Treasurer shall cause to be kept detailed and accurate records in
16 chronological order of the receipts and expenditures affecting the Common
17 Areas and property owned or controlled by the Association and specifying
18 and itemizing the expenses incurred and expenditures made. All records
19 authorizing payments shall be available for examination by the Owners at
20 convenient times hours designated by the Board.

21 9. ARIZ. REV. STAT. § 33-1805 provides that “all financial and other records of
22 the association shall be made reasonably available for examination by any member.” It
23 does not require Respondent to provide documents that it does not have or that do not
24 exist. However, based on the hearing record, Garden’s financial documents are prepared
25 by, and kept in the custody of, Garden’s property management company and, thus, are
26 considered to be Garden’s documents and Garden is obligated to provide access to those
27 documents to homeowners pursuant to ARIZ. REV. STAT. § 33-1805.

28 10. The documents requested by Petitioner do not meet any of the stated
29 statutory exemptions. Garden’s portrayal of requested documents as “executive,” “third-
30 party,” or “source” is disingenuous. The Garden Bylaws require Garden to keep detailed
and accurate records of the receipts and expenditures affecting the Common Areas, and
those records must specify and itemize the expenses incurred and expenditures made.
For the requested periods, Garden had contracts for services and products, incurred

1 expenses, and received invoices for those services and products rendered to Garden.
2 Garden's Board approved the expenditures for payment, after which Garden, through its
3 agent, made payment for Garden's expenditures.

4 11. Based on the foregoing, the Administrative Law Judge concludes that
5 Petitioner sustained his burden of proof that Garden, by failing to provide access to
6 Garden financial records, violated ARIZ. REV. STAT. § 33-1805(A) and Garden Bylaws
7 Laws Article VI, Section 6.13, and, therefore, Petitioner's Petition must be granted.

8 **ORDER**

9 Based on the foregoing,

10 **IT IS ORDERED** that Petitioner is the prevailing party and his Petition is granted.

11 **IT IS ORDERED** that Garden comply with ARIZ. REV. STAT. § 33-1805(A) and
12 Garden Bylaws Laws Article VI, Section 6.13 and reasonably provide examination access
13 to the requested documents.

14 **IT IS ORDERED** that Respondent reimburse Petitioner's filing fee of \$500.00 in
15 certified funds. No civil penalty is found to be appropriate in this matter.

16 ***NOTICE: Pursuant to ARIZ. REV. STAT. §32-2199.02(B), this Order is binding on the***
17 ***parties unless a rehearing is granted pursuant to ARIZ. REV. STAT. § 32-2199.04.***
18 ***Pursuant to ARIZ. REV. STAT § 41-1092.09, a request for rehearing in this matter***
19 ***must be filed with the Commissioner of the Department of Real Estate within 30***
20 ***days of the service of this Order upon the parties.***

21
22 Done this day, September 1, 2025.

23
24 /s/ Kay A. Abramsohn
25 Administrative Law Judge
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1 Transmitted by either mail, e-mail to:

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3 Commissioner
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