

## Board Members

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Contact us at: ranchodelcerroboard@cox.net



**To: All Homeowners of Rancho del Cerro**  
**From: Your Board of Directors**  
**Subj: Dissolution of the Homeowners' Assoc.**

Dear Homeowners,

The purpose of this letter is to review the entire dissolution situation, up to the point of publication of this newsletter. Questions, and comments are welcome, and will be discussed at the **ANNUAL MEETING**, which will be held on **APRIL 12th** at the home of the Whitneys, 4400 N Paseo de las Rancheros. The meeting will start at **6:30 PM sharp**.

There are two things going on here: (1) the dissolution of the Homeowners' Association and (2) the termination of the CC&R's. The Homeowners' Association is a non-profit corporation and is comprised of a board of directors serving also as officers, and the architectural review board, and all of you as shareholders (having one vote per lot). The CC&Rs are the rules that govern all our properties, such as how many animals you can have, which lots can have horses, etc.

We first found out about the dissolution process in December 2009, when our treasurer, Terri Roberts checked with the Arizona Corporation Commission to see if the change of statutory agent from Accounting by Design to Ken Cooper, Vice-President of the Board, had been processed. To her and the rest of the Board's surprise, there was a note on our page in the Commission record that the Association was under a pending dissolution notice. We checked on this during the following week, and then received a copy of the dissolution request.

The dissolution request was processed by two of our association homeowners: Robert Steilen and Robert Hicks. We agree that anyone can file a request for dissolution, however we disagree with some points in this particular case. Specific disagreements are:

Mr. Hicks' and Mr. Steilen's cover letter of 7/21/09 indicated that they sent copies of the dissolution request to Pima County and the Arizona Corporation Commission as "well as the sitting board members".

**None of the sitting board members ever received copies of this dissolution request.**

On the "Petition for Termination of Rancho Del Cerro's CC&R's", there are 101 names listed.

**The first 66 names of the 101 names listed were signed in 2002 and 2003.** The next four are signed in 2004 and 2005, and the next six signatures are in 2008. The signatures in 2009 begin at line 77 and continue through line 101. Mr. Hicks did not move here until December 2005. Neither Mr. Steilen nor Mr. Hicks were ever on our Association's Board

3) Some of these 101 names include people

who have moved out of the area, some names are duplicates, and some are not members of our Association. **Thus, this list of 101 names is not a current and accurate listing!**

4) The President of our Board reviewed the submitted list and found 26 names that were invalid for various reasons such as the signer no longer being a homeowner, duplicate signatures, and more than one signature for a property. With just this list alone, the 101 names submitted minus these 26 names brings the list down to 75 names. Since the bylaws call for a majority of the lots to vote for termination, that means 85-plus-one lots (official owners) are needed for termination. (There are 170 lots in this association). **Thus there are not enough signatures to validate the dissolution of the association or the termination of the CC&R's.**

The Board mailed our "complaint form" about the dissolution on January 15th, 2010 to the Arizona Corporation Commission. We followed up a few times, and then finally received the following e-mail on February 22nd, 2010 from their attorney:

Dear Mr. Cooper and Mr. Steilan:

This email is the response to the complaint concerning the pending dissolution of The Community Association of Rancho Del Cerro, Inc. The proposed dissolution is submitted by the members pursuant to authority purportedly granted by the Amended CC&Rs of the Association. The proposed dissolution is challenged primarily on the grounds that member signatures were "not a current and accurate listing."

The member signatures attached to the proposed dissolution range in date from 12/20/2002 through 8/10/2009. The documentation provided to me does not indicate on what date the Amended CC&Rs were adopted. However, the provision at issue states that they will remain in effect until January 1, 2003 and will be extended automatically thereafter for successive periods of ten years "unless on or before the end of one of such extension periods, or the base period, the owners of a majority of the lots in said subdivision shall by written instrument, duly recorded, declare a termination of the same."

A full resolution of this issue would require a legal determination concerning the language of the CC&Rs. This office is not a court of law and does not make legal determinations of that nature. I allowed the Articles of Dissolution to be submitted because on its face the Articles appeared to comply with statutory and CC&R requirements. Now that the CC&Rs and the quality of the member signatures is at issue, this agency cannot approve the dissolution, but neither is there sufficient reason to deny it.

We will hold the record of The Community Association of Rancho Del Cerro, Inc. frozen as it appears today, except that it will say "administratively frozen." An appropriate comment will also be entered about why it is frozen, i.e., that the dissolution is pending a court decision or a resolution agreed upon by the parties.

I do note that the CC&Rs do not appear to place a time frame on when the signatures must be obtained - the only time frame is when they must be presented with the dissolution. In addition, the CC&Rs do not appear to place any restrictions on whether the person who owns the lot at the time the dissolution is submitted must be the one whose signature appears on the list. In other words, I didn't find any prohibition on former owners having signed in agreement to dissolve the corporation. Again, however, I am not a judge, and this is not a legal determination. I only point these issues out in order to encourage the parties to come to an agreement that would resolve this issue amicably and without incurring substantial legal fees.

The record will remain administratively frozen until or unless I hear from both of you that you have agreed to resolve this situation, or until I receive a court order that resolves it. I do recommend that the Association consult with its attorney concerning the effect of the "administratively frozen" status and the effect of the outstanding Articles of Dissolution.

Please let me know if you have questions.

**Patricia L. Barfield**, Deputy Director,  
Corporations Division, Arizona Corporation  
Commission, Phoenix, Arizona 85007

In addition to the list of homeowners being filed with the Arizona Corporation Commission to dissolve the Association it was recorded with the Pima County Recorder in an effort to terminate the CC&Rs. We are not sure what legal effect this recordation has with respect to our CC&Rs.

The Board of Directors is here to serve you, the Homeowners of this Association. We don't disagree that homeowners have the right to petition to terminate the CC&Rs or to dissolve the Homeowners Association- that is allowed in our CC&Rs and by state statute. However, for something as serious as terminating the CC&Rs or dissolving the Association, we want to make sure that this is something the current homeowners actually desire. We also feel that there was not a thorough review by the Commission attorney of the 101 names listed. As in any petition, *names should be checked for validity. It does not seem reasonable that home-*

*owners who no longer own a home here should be allowed to vote on these issues. Likewise we believe names back in 2002-2006 should not be considered because it is possible that homeowners who felt one way in those years may feel differently now.*

Since 2002, when the first 66 names were signed, many areas of our Association have been changed and updated. Since 2006 our Boards have accomplished the following:

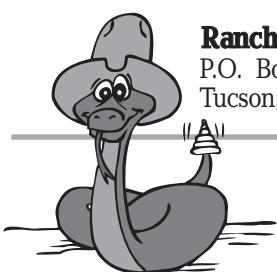
- Quarterly newsletters
- Website with lots of information on our Association ([www.RanchoDelCerro.org](http://www.RanchoDelCerro.org))
- Street sign improvement at Paseo de los Rancheros for better visibility
- Entry sign improvements with better lighting
- Street maintenance arrangements with Pima County Maintenance after the rains
- Accounting/Financial responsibilities now being handled by the Board Treasurer rather than an outside Source.
- Architectural Committee continues to review all plans to see if they comply with the established guidelines thus ensuring some level of uniformity, without losing individual initiative and design.

All of the above would be eliminated if there were no active association. True, you would save \$25 annual dues but your only recourse if you felt a neighbor was building something inappropriate, or conducting business out of his/her home, would be to contact Pima County Development Services Department. If there are no CC&Rs, then the only regulations that would apply to your land would be Pima County zoning regulations. The zoning code is available online at Pima County's website, and our CC&Rs are available on the Association's website if you would like to compare the zoning regulations against the CC&Rs.

At our Annual Meeting, we plan to discuss the pros and cons of remaining a viable Association, and of keeping or reinstating the CC&Rs. We will have a ballot for each homeowner (only one signature per property is allowed per the CC&Rs). For those who cannot attend the meeting, the ballots will be sent out by mail. The ballots will have the name of the owner, the address, the lot number and a signature line. There will be a box to check if you want the association to continue or dissolve and whether you want the CC&Rs to remain/be reinstated or be terminated.

We invite all homeowners to speak about the pros and cons of having an association. We ask all to attend this very important meeting

Sincerely,  
YOUR BOARD OF DIRECTORS



**Rancho del Cerro Neighborhood Association**

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**DO NOT FORWARD**