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July 6, 2020

<u>Sent via Certified Mail</u> 7018 1830 0001 9959 8638

George H. Schriner, Treasurer c/o Alpine Heights Homeowners' Association P.O. Box 355 Payson, AZ 85547

Re: Criminal and Civil Liability for Recording Notice and Claim of Lien on Tayco Properties, LLC's Real Property

Dear Mr. Schriner and Alpine Heights Homeowners' Association,

My Firm has been retained by Tayco Properties, LLC ("Tayco") to demand Alpine Heights Homeowners' Association (the "HOA") remove the invalid Notice and Claim of Lien recorded on June 9, 2020 with the Gila County Recorder's Office at document number 2020-006286 ("Lien"). As set forth herein, the Lien is groundless, contains false claims, and is otherwise invalid, subjecting the HOA, you, and the other board members, personally, to criminal and civil liability.

The facts in this matter are not in dispute and are public record. On or about January 26, 2015, Tayco obtained ownership of a parcel of property adjacent to lots within the HOA. Tayco's lot is identified by Gila County Assessor Parcel 302-40-022G ("Parcel 022G"). This parcel has never been subject to the HOA, and still remains outside of the HOA. Tayco never purchased Lot 147 which is the alleged basis for the Lien.

On April 15, 2019, a Warranty Deed from Harold Robert Rush and Barbara Lee Rush, as Trustees of the Rush Living Trust dated August 27, 1997, conveyed to the Town of Payson the real property described as "Lot 147, of Alpine Heights, according to Map No. 559, Records of Gila County, Arizona" ("Lot 147"). See Exhibit 1. The Town of Payson purchased Lot 147 for \$95,000.00. See Exhibit 2. The Gila County Assessor's Office identified this lot as a Parcel Number 302-75-147. See Exhibit 3

George H. Schriner, Treasurer c/o Alpine Heights Homeowners' Association July 6, 2020 Page 2

On or about July 17, 2019, Record of Survey 5063, further identified as Document Number 2019-007553, was recorded with Gila County for a "LOT/PARCEL LINE ADJUSTMENT." See Exhibit 4. Subsequently, the lot line of Parcel 022G was adjusted with Lot 147 owner's permission. Tayco did not purchase Lot 147.

The HOA is fully aware of the facts set forth above inasmuch as it previously attempted to collect dues from both the Town of Payson and Tayco. Even though the Town of Payson purchased Lot 147, not Tayco, the HOA recorded the Lien against Tayco's Parcel 022G. THIS IS BELAUSE WE WERE THENER INFORMED OF THE SWAP OR

The alleged basis for the Lien is the failure to comply with the Declaration of Restrictions. However, the HOA, in bad faith, ignores that only owners of a lot within the HOA are subject to its mandates and control. The Lien states the basis as "Article VI, Assessments-Section 1. 'B' of the Declaration of Restrictions recorded in the office of the Gila County Recorder dated April 14, 2009 document #2009-004365." This provision states:

B. Invoices for said assessment/dues shall be addressed to Owners of a Lot within Alpine Heights subdivision and be tendered annually. In the event any assessment/dues is <u>not</u> paid within thirty (30) days from the October 1st due date, a penalty of \$10.00 per month will be assessed. If the assessment/dues has not been paid by the following May 1st, the Board of Directors may file lien against the Property in the Gila County Recorder's Office. (Emphasis in original).

Article 1 of the same Declaration of Restrictions define the terms used in Article VI. "Owner" is defined, in pertinent part, as including "the purchaser of a Lot under an executor contract for the sale of real property." (Emphasis added). "Owners" is defined as "the owner of record." Further, "Lot" is defined, in pertinent part, as "any parcel of real property designated as a Lot on any recorded Subdivision Map."

The Lien is invalid and baseless against Tayco because Tayco is not the owner of Lot 147; it owns Parcel 022G. The HOA's own documents limit its control to an owner who *purchases* the lot under contract for the sale of real property—something that Tayco never did. Again, it was the Town of Payson who purchased Lot 147, yet the HOA did not record a lien against the Town of Payson.

George H. Schriner, Treasurer c/o Alpine Heights Homeowners' Association July 6, 2020 Page 3

Arizona law and the HOA's Declaration of Restriction are clear about the liability of those who participate in the recording of invalid liens like that recorded against Tayco's property. The following will briefly describe your prior criminal and civil liability, as well as your ongoing liability for recording a groundless and invalid lien.

- A.R.S. § 33-420(E) provides that a person recording an invalid lien on real
 property is guilty of a class 1 misdemeanor. See Exhibit 5. A class 1
 misdemeanor is the most serious class of misdemeanor and carries with it a
 maximum term of imprisonment of six months. See Exhibit 6.
- A.R.S. § 33-420(A) provides liability against a person who records an
 invalid lien in the amount of \$500.00 or for treble (triple) the actual
 damage, whichever is greater, and reasonable attorney's fees and costs.
- A.R.S. § 33-420(C) provides for additional liability against a person who
 refuses to remove an invalid lien within 20 days after a written request in
 the amount of \$1,000.00 or for treble (triple) the actual damage, whichever
 is greater, and reasonable attorney's fees and costs.
- Article III of the Declaration of Restrictions, Section 3 (as well as Arizona law) provides that the HOA board members are subject to personal liability for acting in bad faith and for willful and intentional misconduct.

Accordingly, Tayco requests that the Lien be removed within 20 days of this written request. Otherwise, Tayco will move forward to hold each and every board member who authorized or otherwise participated in the recording of the Lien, along with the HOA itself, accountable for their actions, and make you pay the attorney's fees and costs for having to do so.

In the event the Lien is not removed within 20 days, please provide the contact information and all policy numbers of all insurance policies that may provide coverage for a judgment based upon the HOA's, the board's, and each board member's personal liability in this matter. My office will put each insurer on notice of the pending claims.

It should be noted that Tayco's property has been actively listed for sale for \$900,000.00. Should the Lien cause the loss of a sale or otherwise delay a closing, the actual damages would be substantial.

George H. Schriner, Treasurer c/o Alpine Heights Homeowners' Association July 6, 2020 Page 4

Your invalid Lien has caused irreversible damage to Tayco and continues to cause damage. You can no longer claim that you were uniformed or did not know of the coming consequences. Govern your actions accordingly.

Best regards,

THE OWENS LAW FIRM, PLC

Jared R. Owens, Esq.

JRO/na Attachments as indicated



2019-004041 WD Page 1 of 1 eRecorded in Gila County AZ County, AZ 04/15/2019 02:26:55 PM Sadie Jo Bingham Recorder PIONEER TITLE AGENCY Fees: \$20.00

at the request of Pioneer Title Agency, Inc.

When recorded mail to **Town of Payson** 303 N Beeline Hwy Payson, AZ 85541

70406071-MPH

Tax Parcel No.: 302-75-147

SPACE ABOVE THIS LINE FOR RECORDER'S USE

WARRANTY DEED

For the consideration of Ten Dollars, and other valuable consideration, I or we,

Harold Robert Rush and Barbara Lee Rush, as Trustees of the Rush Living Trust dated August 27, 1997

do/does hereby convey to

Town of Payson, a Municipal corporation

the following real property situated in Gila County, Arizona:

Lot 147, of ALPINE HEIGHTS, according to Map No. 559, Records of Gila County, Arizona

Pursuant to A.R.S § 33-404, the names and addresses of the beneficiaries of the above referenced Trust are disclosed in Instrument No. 97-712848, Official Records of Gila County, Arizona.

SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record.

The Grantor warrants the title against all persons whomsoever.

SS.

DATED: April 10, 2019

By: Harold Robert Rush as Trustee

By: Barbara Leé Rush, as Trustee

State of Arizona

County of Gila

The foregoing instrument was acknowledged before me this 11th day of April, 2019, by Harold Robert Rush and Barbara Lee Rush, as Trustees of the Rush Living Trust dated August 27, 1997



MEME HEFLIN lotary Public - State of Arizona GILA COUNTY My Commission Expires January 24, 2022

My commission expires:

1/24/22

04/15/2019 02:26:55 PM Gila County AZ County, AZ Sadie Jo Bingham Recorder

AFFIDAVIT OF PROPERTY VALUE	
1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(S)	FOR RECORDER'S USE ONLY
Primary Percel: 302-75-147	
BOOK MAP PARCEL SPLIT	\wedge
Does this sale include any parcels that are being split / divided? Check one: Yes □ No ☑	_ ,\ \
How many parcels, other than the Primary Parcel, are included in this saie?	
Please list the additional parcels below (attach list if necessary):	
(1)(2)	
(3)(4)	~()) <
2. SELLER'S NAME AND ADDRESS;	9. TYPE OF DEED OR INSTRUMENT (Check Only One Box):
Harold Robert Rush and Barbara Lee Rush, as Trustees	a. Warranty Deed d. Contract or Agreement b. Special Warranty Deed e. C. Quit Claim Deed
2807 E. Pinegate Ct.	c. Joint Tenancy Deed f Qther:
Payson, AZ 85541	10. SALE PRICE: \$ 95,000.00
3. (a) BUYER'S NAME AND ADDRESS:	11. DATE OF SALE (Numeric Digits): 04 / 2019
Town of Payson	Month / Year
303 N Beeline Hwy	12. DOWN PAYMENT \$ 95,000.00
Payson, AZ 85541	13. METHOD OF FINANCING
(b) Are the Buyer and Seller related? Yes □ No ☑ If Yes, state relationship:	a. (100% of Sale Price) e. New loan(s) from financial institution:
4. ADDRESS OF PROPERTY:	b. □ Barter or trade (1) □ Conventional (2) □ VA
900 N. Hillcrest Dr.	c. Assumption of existing loan(s) (3) FHA
Payson, AZ 85541	d. ☐ Other financing; Specify:
5. (a) MAIL TAX BILL TO: (Taxes due even if no bill received)	14. PERSONAL PROPERTY (see reverse side for definition):
,	(a) Qid the Sale Price in Item 10 include Personal Property that
Town of Payson 303 N Beeline Hwy	impacted the Sale Price by 5 percent or more? Yes ☐ No ☑ (b) if Yes, provide the dollar amount of the Personal Property:
Payson, AZ 85541	(b) It yes, provide the donal amount of the Personal Property:
(b) Next tax payment due October 2019	briefly describe the Personal Property:
PROPERTY TYPE (for Primary Parcel): NOTE: Check Only One Box	15. PARTIAL INTEREST: If only a partial ownership interest is being sold,
a. Vacent Land T. Commercial or Industrial Use	briefly describe the partial interest:
b. □ Single Family Residence g. □ Agricultural	16. SOLAR / ENERGY EFFICIENT COMPONENTS:
c. Condo or Townhouse h. Mobile or Manufactured Home	(a) Did the Sale price in Item 10 include solar energy devices, energy
d. 2-4 Plex i. Other Use; Specify:	efficient building components, renewable energy equipment or combined heat and power systems that impacted the Sale Price by
e. Apartment Building	5 percent or more? Yes □ No E
7. RESIDENTIAL BUYER'S USE: If you checked b, c, d or h in Item 6	If Yes, briefly describe the solar / energy efficient components:
above, please check one of the following: a. To be used as a primary residence.	
a. To be used as a primary residence. b. To be rented to someone other than a "qualified family member". c. To be used as a non-primary or secondary residence.	 PARTY COMPLETING AFFIDAVIT (Name, Address, Phone Number): Pioneer Title Agency, Inc.
See reverse side for definitions of a "primary residence, secondary	421 S. Beeline Hwy. P.O. Box 250, Payson, AZ 85541
residence" and "family member."	Phone: (928) 474-3235
 If you checked e or f in Item 6 above, indicate the number of units: For Apartments, Motels / Hotels, Mobile Home / RV Parks, etc. 	18. LEGAL DESCRIPTION (attach copy if necessary):
	SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.
HE UNDERSIGNED BEING DULY SWIDRIN, ON OATH, SAYS THAT THE FORE ACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROP	EGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE ERTY.
4	
Harold Kolen Ruch	
	Signature of Buyer / Agent By: Tom Morrisey, Mayor
	State of Arizona County of Gila
	Subscribed and sworn to before me on thisday of April2019
	lotary Public
Notary Expiration Oats Notary Public - State of Anzona	lotary Expiration Date
GILA COUNTY	
My Commission Expires January 24, 2022	

EXHIBIT "A"

Legal Description Lot 147, of ALPINE HEIGHTS, according to Map No. 559, Records of Gila County, Arizona /

Legal Description DOR FORM 82162 (02/2019)

2019-004041 AOV Page 3 of 4 04/15/2019 02:26:55 PM Gila County AZ County, AZ Sadie Jo Bingham Recorder

ALLIDAVII OF PROPERTY VALUE	
1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(S)	FOR RECORDER'S USE ONLY
Primary Parcel: 302-75-147	
BOOK MAP PARCEL SPLIT	
Does this sale include any parcels that are being split / divided?	
Check one: Yes □ No ☑	~ •/ /
How many parcels, <u>other</u> than the Primary Parcel, are included in this	
sale?	
(1)(2)(2)	
(3)(4) 2. SELLER'S NAME AND ADDRESS:	9. TYPE OF DEED OR INSTRUMENT (Check Only One Box):
	a. Warranty Deed d. Contract or Agreement
Harold Robert Rush and Barbara Lee Rush, as Trustees	b. D Special Warranty Deed e. D Quit Claim Deed
2807 E. Pinegate Ct. Payson, AZ 85541	c. Joint Tenancy Deed
	10. SALE PRICE: \$ 95,000.00
3. (a) BUYER'S NAME AND ADDRESS:	11. DATE OF SALE (Numeric Digits): 04 / 2019
Town of Payson	Mgrith / Year
303 N Beeline Hwy Payson, AZ 85541	12. DOWN PAYMENT \$ 95,000.00
	13. METHOD OF FINANCING
(b) Are the Buyer and Seller related? Yes □ No ☑ If Yes, state relationship;	a. I Cash (100% of Sale Price) e. I New ioan(s) from financial institution:
4. ADDRESS OF PROPERTY:	b. ☐ Barter or trade (1) ☐ Conventional
The state of the s	C. ☐ Assumption of existing loan(s) (2) ☐ VA
900 N. Hillcrest Dr.	f. Other financing; Specify:
Payson, AZ 85541	d. Seller Loan (Carryback)
5. (a) MAIL TAX BILL TO: (Taxes due even if no bill received)	14. PERSONAL PROPERTY (see reverse side for definition):
Town of Payson	(a) Did the Sale Price in Item 10 include Personal Property that Impacted the Sale Price by 5 percent or more? Yes □ No ☑
303 N Beeline Hwy	(b) If Yes, provide the dollar amount of the Personal Property:
Payson, AZ 85541	\$ 00 AND
(b) Next tax payment due October 2019	briefly describe the Personal Property:
6. PROPERTY TYPE (for Primary Parcel): NOTE: Check Only One Box	15. PARTIAL INTEREST: If only a partial ownership interest is being sold,
a. ☑ Vacant Land f. ☐ Commercial or Industrial Use	briefly describe the partial interest:
b. Single Family Residence g. Agricultural c. Condo or Townhouse h. Mobile or Manufactured Horne	/6. SOLAR / ENERGY EFFICIENT COMPONENTS:
c. Condo or Townhouse h. Mobile or Manufactured Home C. Affixed Not Affixed	 (a) Did the Sale price in Item 10 include solar energy devices, energy efficient building components, renewable energy equipment or
d. D 2-4 Plex i. D Other Use; Specify:	combined heat and power systems that impacted the Sale Price by
e. Apartment Building	5 percent or more? Yes □ No ☑ If Yes, briefly describe the solar / energy efficient components:
 RESIDENTIAL BUYER'S USE: If you checked b, c, d or h in Item 6 above, please check one of the following: 	The state of the second of the
a. To be used as a primary residence	•
b. To be rented to someone other than a "qualified family member"	17. PARTY COMPLETING AFFIDAVIT (Name, Address, Phone Number):
c. To be used as a non-primary or secondary residence. See reverse side for definitions of a "primary residence, secondary	Pioneer Title Agency, Inc.
residence" and "family member."	421 S. Beeline Hwy, P.O. Box 250, Payson, AZ 85541
8. If you checked e or f in Item 6 above, indicate the number of units:	Phone: (928) 474-3235
For Apartments, Motels / Hotels, Mobile Home / RV Parks, etc.	18. LEGAL DESCRIPTION (attach copy if necessary):
	SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.
THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOR FACTS PERTAINING TO THE TRANSPER OF THE ABOVE DESCRIBED PROF	EGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE
THE ABOVE DESCRIBED PROP	PERTY.
	COUM
Signature of Seller / Agent By: Harold Robert Rush, as Trustee	Signature of Buyer / Agent St. Tom Morrisey, Milyor
State of Adminis	State of <u>Arizona</u> , County of <u>Sile</u>
w	Subscribed and swom to before me on this 15 day of April 2019
Notary Subjection Date	Notary Public Harry the Michelle Sie W
Notary Expiration Date	Notary Expiration Date 8-14-202/
S 1 1	

EXHIBIT "A" **Legal Description** Lot 147, of ALPINE HEIGHTS, according to Map No. 559, Records of Gila County, Arizona /

Legal Description DOR FORM 82162 (02/2019)

Cilia County Property Report

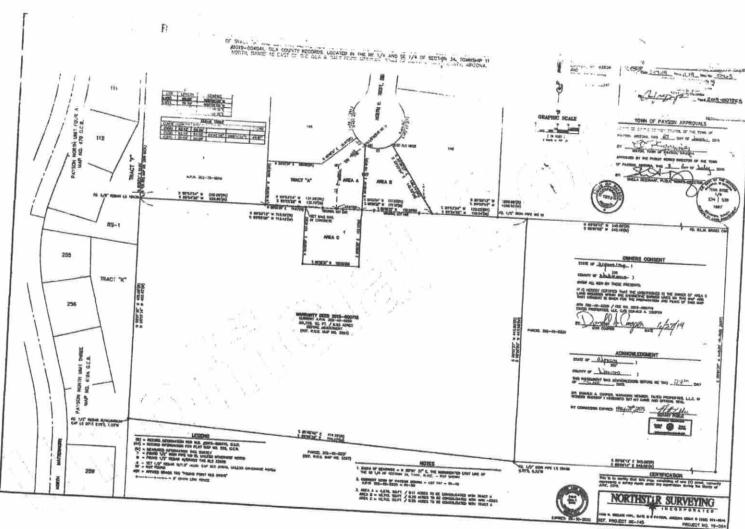
Friday, July 03, 2020 Account #: R000027659 Parcel #: 302-75-147 Appraisal Year: 2020 Acct Type: Vacant Tax District: 1053 Map #: 75 Parcel Size: 0.35 acres Owner Name and Address: Property Location: RUSH HAROLD ROBERT & BARBARA LEE TRUSTEE No# RUSH TRUST 2807 E PINEGATE CT PAYSON AZ 85541-0000 MH Space PAYSON AZ 85541 Business/Complex: No Records Returned ' agal Description : LOT 147, ALPINE HEIGHTS, PLAT 559 NE1/4 NE1/4 SEC 34 T11N R10E = 0.35 AC **Building Count:** No Records Returned Valuation:

Value Method:	Market	Full Cash Value (FCV):	\$65.917.00	Use Code:	0011
		Limited Value (LPV):	\$62,395.00	Property Use:	0011-VL-RES-URBAN SUBDIVIDED
Assessment Ratio:	15.00 %	Assessed FCV:	\$9,888.00		
		Assessed LPV:	\$0 888 00		

Disclaimer:

Value Method:

The Assessor's Office has compiled information on this website that it uses to identify, classify, and value real and personal property. This website is not updated in 'real time.' The Assessor does not guarantee that any information provided on this website is accurate, complete, or current. The information provided on this site is not equivalent of a title report or a real estate survey. Users should independently research, investigate, and verify all information before relying on it or in the preparation of legal documents. Please contact (928) 402-8714 if you believe any information is incomplete, out of date, or incorrect so that the appropriate correction can be addressed. Please note that a statutory process is available to correct errors pursuant to Arizona Revised Statutes 42-16254



33-420. False documents: liability; special action; damages; violation; classification

- A. A person purporting to claim an interest in, or a lien or encumbrance against, real property, who causes a document asserting such claim to be recorded in the office of the county recorder, knowing or having reason to know that the document is forged, groundless, contains a material misstatement or false claim or is otherwise invalid is liable to the owner or beneficial title holder of the real property for the sum of not less than five thousand dollars, or for treble the actual damages caused by the recording, whichever is greater, and reasonable attorney fees and costs of the action.
- B. The owner or beneficial title holder of the real property may bring an action pursuant to this section in the superior court in the county in which the real property is located for such relief as is required to immediately clear title to the real property as provided for in the rules of procedure for special actions. This special action may be brought based on the ground that the lien is forged, groundless, contains a material misstatement or false claim or is otherwise invalid. The owner or beneficial title holder may bring a separate special action to clear title to the real property or join such action with an action for damages as described in this section. In either case, the owner or beneficial title holder may recover reasonable attorney fees and costs of the action if he prevails.
- C. A person who is named in a document which purports to create an interest in, or a lien or encumbrance against, real property and who knows that the document is forged, groundless, contains a material misstatement or false claim or is otherwise invalid shall be liable to the owner or title holder for the sum of not less than one thousand dollars, or for treble actual damages, whichever is greater, and reasonable attorney fees and costs as provided in this section, if he wilfully refuses to release or correct such document of record within twenty days from the date of a written request from the owner or beneficial title holder of the real property.
- D. A document purporting to create an interest in, or a lien or encumbrance against, real property not authorized by statute, judgment or other specific legal authority is presumed to be groundless and invalid.
- E. A person purporting to claim an interest in, or a lien or encumbrance against, real property, who causes a document asserting such claim to be recorded in the office of the county recorder, knowing or having reason to know that the document is forged, groundless, contains a material misstatement or false claim or is otherwise invalid is guilty of a class 1 misdemeanor.

13-707. Misdemeanors: sentencing

- A. A sentence of imprisonment for a misdemeanor shall be for a definite term to be served other than a place within custody of the state department of corrections. The court shall fix the term of imprisonment within the following maximum limitations:
- 1. For a class 1 misdemeanor, six months.
- 2. For a class 2 misdemeanor, four months.
- 3. For a class 3 misdemeanor, thirty days.
- B. A person who is at least eighteen years of age or who has been tried as an adult and who stands convicted of any misdemeanor or petty offense, other than a traffic offense, and who has been convicted of one or more of the same misdemeanors or petty offenses within two years next preceding the date of the present offense shall be sentenced for the next higher class of offense than that for which the person currently is convicted. Time spent incarcerated within the two years next preceding the date of the offense for which a person is currently being sentenced shall not be included in the two years required to be free of convictions.
- C. If a person is convicted of a misdemeanor offense and the offense requires enhanced punishment because it is a second or subsequent offense, the court shall determine the existence of the previous conviction. The court shall allow the allegation of a prior conviction to be made in the same manner as the allegation prescribed by section 28-1387, subsection A.
- D. A person who has been convicted in any court outside the jurisdiction of this state of an offense that if committed in this state would be punishable as a misdemeanor or petty offense is subject to this section. A person who has been convicted as an adult of an offense punishable as a misdemeanor or petty offense under the provisions of any prior code in this state is subject to this section.
- E. The court may direct that a person who is sentenced pursuant to subsection A of this section shall not be released on any basis until the sentence imposed by the court has been served.