IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of Margaret McLaughlin Petitioner v. Sky Crossing Community Association, Inc. Respondent	**No. 26F-H071-REL** **ADMINISTRATIVE LAW JUDGE DECISION**

HEARING: August 7, 2026

APPEARANCES:

Petitioner: Margaret McLaughlin

Michael McLaughlin

Respondent: Lauren Stine, Esq.

Michelle Ogborn

ADMINISTRATIVE LAW JUDGE: Nedra-Su Kawasaki

EXHIBITS ADMITTED INTO EVIDENCE: Administrative notice was taken of the Notice of Hearing File submitted by the Department of Real Estate. Respondent's Exhibits 1-5.

FINDINGS OF FACT

PETITIONER'S CLAIM

1. Sky Crossing Community Association, Inc. (Respondent) was a planned community association in Phoenix, Arizona.

2. Margaret McLaughlin (Petitioner) owned a home located at 22324 North 29th Place and were members of Respondent.

3. On or about March 13, 2026, Petitioner filed a petition with the Arizona Department of Real Estate (Department) alleging that Respondent had violated A.R.S. § 33-1803(B) and the Association Covenants, Conditions, and Restrictions (CC&Rs), specifically Section 8.12. The issue identified in the petition, for which Petitioner paid the requisite $500.00 filing fee, was as follows:

The Sky Crossing Board of Directors incorporated restrictions of permanent eave lights in an amendment to the Design Guidelines, effective 2/1/2025 (attached), substantively altering the CC&R requirements (Article 8, Sec. 8.12), and has enforced this restriction retroactively and inconsistently, rendering the violation fees unreasonable and in violation of A.R.S. § 33-1803(B).[1]

4. Respondent, through Lauren Stine, Esq., filed a written response to the petition, denying all complaint items.[2]

5. The Department referred the petition to the Office of Administrative Hearings, an independent state agency, for an evidentiary hearing.

6. A hearing was held on August 7, 2026. Administrative Notice was taken of the agency record.

REFERENCED ASSOCIATION CC&RS[3]

7. Article 1 (Definitions) provided, in relevant part, as follows:

"Improvement" means: (a) a Residence or other building; (b) a fence or wall; (c) a swimming pool, tennis court, basketball goal, backboard or apparatus or playground equipment; (d) a road, driveway or parking area; (e) a tree, plant, shrub, grass or other landscaping improvement of any type and kind; (f) a statuary, fountain, artistic work, craft work, figurine or ornamentation of any type or kind; and (g) any other structure of any type, kind or nature.

"Modification" means any addition, alteration, repair, change or other work which in any way alters the exterior appearance of any Improvement located on a Lot.

8. Article 3 (Design Review Committee) provided in, relevant part, as follows:

(b) The Design Review Committee, with the written approval of the Board, may adopt, amend and repeal architectural guidelines, standards and procedures to be used in rendering its decisions. The Design Guidelines may include, without limitation, provisions regarding: (1) the size and height of Residences, buildings or other improvements; (2) architectural style or design; (3) placement of Residences and other buildings including establishing building envelopes; (4) landscaping design, content and conformance with the character of the Project and permitted and prohibited plants, trees or bushes; (S) requirements concerning exterior

[1] Not. of Hr'g. File, Homeowners Association (HOA) Petition Request Form (all errors included in original).
[2] *Id.*, Response to Petition.
[3] *Id.*, Declarations of Covenants, Conditions and Restrictions for Sky Crossing.

color schemes, exterior finishes and materials; (6) signage; {7) perimeter and screen wall design and appearance; (8) time periods for commencement and completion of any approved Construction or Modification; and (9) rules and regulations governing construction activities; and (10) standards and procedures for submissions and approval of plans. After the expiration of the Declarant Control Period, any repeal or amendment of the Design Guidelines must be approved by the Board.

9. Article 8 (Use and Occupancy Restrictions) provided, in relevant part, as follows:

§ 8.12 Lights
Except as initially installed by the Declarant or a Builder, no spotlights, floodlights or other high intensity lighting shall be placed or utilized upon any Lot or any structure erected thereon which in any manner will allow light to be directed or reflected on any other property except as approved by the Design Review Committee.[4]

REFERENCED DESIGN GUIDELINES[5]

10. Association Rules and Design Guidelines, Updated June 15, 2022, provided, in pertinent part, as follows:[6]

Unless specifically identified as not requiring a submittal for approval within this document, prior approval from the Committee is required. The Rules are established to assist Owners in conforming to the standards established and may be amended from time to time by the Committee. Each application will be reviewed on a case-by-case basis.

PRIOR TO THE COMMENCEMENT OF CONSTRUCTION, INSTALLATION, ADDITION, ALTERATION, REPAIR, CHANGE OR REPLACEMENT OF ANY IMPROVEMENT WHICH WOULD ALTER THE EXTERIOR APPEARANCE OF THE IMPROVEMENT, A COMPREHENSIVE, COMPLETE AND DETAILED WRITTEN REQUEST FOR APPROVAL SPECIFYING IN DETAIL THE NATURE AND EXTENT OF THE CHANGE WHICH THE OWNER DESIRES TO PERFORM ("APPLICATION") MUST BE SUBMITTED TO THE COMMITTEE. APPROVAL TO PROCEED SHALL BE REQUIRED IN WRITING FROM THE COMMITTEE. FOLLOWING THESE RULES DOES NOT

[4] *Id.* at 38.
[5] *Id.*; Respondent Ex. 3.
[6] Respondent Ex. 3.

ELIMINATE THE NEED FOR SUBMISSION OF PLANS (UNLESS SPECIFICALLY NOTED HEREIN).

. . . .

PURSUANT TO SECTION 5.6 OF THE DECLARATIONS, THE BOARD OF DIRECTORS MAY FROM TIME-TO-TIME ADOPT, AMEND AND REPEAL RULES AND REGULATIONS. PURSUANT TO SECTION 3.1 OF THE DECLARATIONS, THE COMMITTEE SHALL HAVE THE RIGHT FROM TIME-TO-TIME AMEND AND SUPPLEMENT THESE DESIGN GUIDELINES.

. . . .

LIGHTING: Except as initially installed by the Declarant, no spotlights, floodlights or other high intensity lighting shall be placed or utilized upon any Lot or any structure erected thereon which in any manner will allow light to be directed or reflected on any other property except as approved by the Committee. Lighting must be directed as not to shine on/at any neighboring properties. Such lighting (including security lighting not on a motion sensor) must be turned off by 10:00 p.m., and/or lighting should only be on while in use, so not to become a nuisance to neighbors. Decorative lighting is not permitted to be attached to any view fencing, except holiday lighting in accordance with the holiday decorations allowance under the Association Rules noted near the end of this document.

11. Association Rules and Design Guidelines, Updated February 1, 2025, provided, in pertinent part, as follows:[7]

Unless specifically identified as not requiring a submittal for approval within this document, prior approval from the Committee is required. The Rules are established to assist Owners in conforming to the standards established and may be amended from time to time by the Committee. Each application will be reviewed on a case-by-case basis.

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[7] Not. of Hr'g. File.

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EXTERIOR LIGHTING: Coach lights, entryway lights, and other exterior accent lights may be replaced. Lights must complement the color and style of the house. Rope lights, permanent eave lighting and/or light strips may not be added to the exterior of the house.

HEARING EVIDENCE

PETITIONER'S TESTIMONY

12. In her opening statement, Petitioner provided the following timeline:

August 10, 2022 – Petitioner installed eave lights on her home specifically to be used for holiday lights. Prior to installation, Petitioner and her husband, Michael McLaughlin had reached out to the community manager regarding their intention and seeking guidance on whether and how to submit a request for approval to the Design Review Committee (DRC). Petitioner and her husband were told to wait to submit the request until after the resident Board was established as it was in transition from the developer at that time. Subsequently, Petitioner set up a meeting between the owner of the company Petitioner had hired to install the eave lights and Respondent.

October 24, 2022 – The meeting between the light installation company owner and Respondent was held. Petitioner was not present at the meeting.

December 8, 2022 – The newly established resident Board sent an electronic survey to all members requesting opinions on whether eave lights should be approved.

February 15, 2023 – The Design Guidelines were amended to expressly prohibit eave lights.

December 30, 2024 – The Design Guidelines were again amended, effective February 1, 2025. The new amendment prohibited eave lights to be used even as holiday lights.

13. Petitioner testified she did not she reached out to the community manager regarding approval for the eave light installation precisely because she did not have the expectation that they were guaranteed to be approved. Petitioner stated that if she had been told the lights were absolutely not allowed she would not have moved forward with installation and if she had subsequently been told after installation that the lights were not in compliance she would have removed them.

14. Petitioner read into the record a letter dated December 1, 2021, and addressed from Respondent to Mrs. Saltzman, another member of Respondent. The letter was regarding an architectural submittal for exterior lighting and stated, in pertinent part:

> The Architectural Review Committee has reviewed and **DENIED** the above listed submittal. **The reason for the denial of your submitted is:**
> **The Board does not approve, but at this time is not requiring these to be removed. No further violations will be sent unless there is a complaint from neighbors filed, but lights must be resubmitted once the Homeowner Board takes over, to be decided permanently.**

Petitioner testified that Ms. Saltzman received this letter one week after she installed permanent eave lights.

15. On questioning, Petitioner admitted that prior to installing the eave lights in August of 2022 she did not seek approval from the Design Review Committee and did not apply for a variance. Petitioner further admitted that she did not receive any written approval for the eave lights from the Design Review Committee prior to installation.

16. Michael McLaughlin testified in support of Petitioner's testimony. On questioning, Mr. McLaughlin testified that in August of 2022, he met with Carmen, the assistant community manager who advised him not to submit the plans to install eave lighting at that time because the architectural review board was in transition from the

developer Board to a Homeowner Board. Carmen advised Mr. McLaughlin to submit the plans for approval after the Design Review Committee was established. Mr. McLaughlin admitted that neither he nor Petitioner sought approval from the Design Review Committee after the homeowner committee was established, because they were "not told they had to."

RESPONDENT'S TESTIMONY

17. In her opening statement, on behalf of Respondent, Ms. Stine noted that Petitioner paid to have one issue heard before the Tribunal; however, Ms. Stine opined the Petition asserted three discrete issues: the design guidelines regarding permanent eave lights altered the CC&Rs, the association enforced the rule retroactively, and the association enforced the rule inconsistently. Ms. Stine moved to limit the hearing to the first issue alleged of whether the design guidelines violated or altered the CC&Rs.

18. Michelle Ogborn, President of the Sky Crossing Community Association Board, testified on behalf of Respondent that she had been a member of the Board since it transitioned to a Homeowner Board in August of 2022. Ms. Ogborn testified that the declarant developer prepared the original Design Review Guidelines and when the Board transitioned from the declarant to homeowner control, the Homeowner Board members were advised that there were a few pending issues that the Declarant Board had denied because they were not congruent with what the declarant intended for the community. However, the declarant advised that it was up to the Homeowner Board to decide whether to review the issues and determine if the nature of the community had shifted and should be considered. Ms. Ogborn addressed the letter sent to Ms. Saltzman regarding the eave lights. Specifically, the letter was issued by the Declarant Board, as evidenced by the date of December 2021, which further demonstrated that eave lights were not approved by Respondent at any time either during Declarant Board control or Homeowner Board control.

CONCLUSIONS OF LAW

1. A.R.S. § 32-2199 authorizes the administrative law judge to "adjudicate complaints regarding and ensure compliance with . . . [t]itle 33, chapter 16 and planned community documents."

2. A.R.S. § 32-2199.01 permits a member of a planned community to file a petition with the Department for a hearing concerning the planned community association's alleged violations as set forth in Title 33, Chapter 16. This matter lies within the Department's jurisdiction. The statute provides that such petitions will be heard before the Office of Administrative Hearings.

3. A.R.S. § 32-2199.02 authorizes the administrative law judge to "order any party to abide by the statute, condominium documents, community documents or contract provision at issue and may levy a civil penalty on the basis of each violation." This Tribunal is not authorized to order other remediation or order civil penalties for other conduct.

4. Petitioner bears the burden of proof to establish that Respondent violated applicable statutes, CC&Rs, and/or Bylaws by a preponderance of the evidence.[8] Respondent bears the burden to establish affirmative defenses by the same evidentiary standard.[9]

5. "A preponderance of the evidence is such proof as convinces the trier of fact that the contention is more probably true than not."[10]

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

7. Unless defined by the legislature, words in statutes are given their ordinary meanings.[12]

8. Each word, phrase, clause, and sentence of a statute or rule must be given meaning so that no part will be void, inert, redundant, or trivial.[13]

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[8] *See* A.A.C. R2-19-119(A) and (B)(1); *see also Vazzano v. Superior Court*, 74 Ariz. 369, 372, 249 P.2d 837 (1952).
[9] *See* A.A.C. R2-19-119(B)(2).
[10] MORRIS K. UDALL, ARIZONA LAW OF EVIDENCE § 5 (1960).
[11] *Arpaio v. Steinle*, 201 Ariz. 353, 355 ¶ 5, 35 P.3d 114, 116 (App. 2001) (footnotes and citations omitted).
[12] *See U.S. Parking v. City of Phoenix*, 160 Ariz. 210, 772 P.2d 33 (App. 1989).
[13] *See Deer Valley v. Houser*, 214 Ariz. 293, 296, 152 P.3d 490, 493 (2007).

9. Statutes should be interpreted to provide a fair and sensible result.

10. The undersigned Administrative Law Judge first addresses Respondent's oral motion to limit the scope of the hearing to only one issue based on Petitioner's filing fee. Although Ms. Stine argued the Petition alleged three discrete issues, the undersigned notes there were just two issues alleged: the alteration of CC&Rs and the enforcement thereof. Nevertheless, Respondent's Motion is granted. This decision addresses only the first Petition issue of whether Respondent's amendment to the Design Guidelines, effective February 1, 2025, substantively altered the CC&R requirements—Article 8, Section 8.12.

11. Petitioner argued that Respondent's amendment to the Design Review Guidelines expressly prohibiting eave lights to be added to the exterior of a home substantively altered CC&R Section 8.12 which only addressed and expressly prohibited high intensity lighting placed or used in any manner that allowed light to be directed or reflected on any other property, except as approved by the Design Review Committee. However, a CC&R document is not compromised of stand-alone provisions; it is designed to be read holistically. Relevant to the instant matter is CC&R Section 3.1(b) which provided that on written approval of the Board, the Design Review Committee was authorized to adopt, amend, and repeal architectural guidelines, standards and procedures used in rendering decisions. CC&R Section 8.12 itself referred back to this authority. Considering CC&R Sections 3.1 and 8.12 together, it is evident that the CC&Rs merely placed a baseline restriction on approved lighting while also granting the Design Review Committee the authority, with approval of the Board, to alter the design guidelines. Therefore, the undersigned Administrative Law Judge concludes that Respondent's February 1, 2025, Design Guideline amendment did not substantially alter the CC&Rs.

ORDER

IT IS ORDERED that Respondent be deemed the prevailing party in this matter.

NOTICE

Pursuant to A.R.S. §32-2199.02(B), this Order is binding on the parties unless a rehearing is granted pursuant to A.R.S. § 32-2199.04. Pursuant to A.R.S. § 41-1092.09, a request for rehearing in this matter must be filed with the Commissioner of the Department of Real Estate within 30 days of the service of this Order upon the parties.

Done this day, September 2, 2026.

/s/ Nedra-Su Kawasaki
Administrative Law Judge

Transmitted by either mail, e-mail, or facsimile September 2, 2026 to:

Susan Nicolson, Commissioner
Arizona Department of Real Estate
snicolson@azre.gov
mneat@azre.gov
lrecchia@azre.gov
labril@azre.gov
vnunez@azre.gov
gosborn@azre.gov
dmorehouse@azre.gov

Margaret McLaughlin
margaretandmike0925@gmail.com

Lauren Elliott Stine, Esq.
Quarles & Brady LLP
lauren.stine@quarles.com

By: OAH Staff