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ATTORNEY-CLIENT PRIVILEGED
(Do not distribute)

January 22, 2021

Incorrect date the meeting
was December 14, 2020
January 13, 2021, audio
recording, Exhibit

VIA E-MAIL ONLY
(mbeaudeign@icloud.com)

Re: Notice of Violation of Board Code of Conduct

Dear Michelle Beauchamp:

As you know, this firm represents the interests of The Village at Rio Paseo Condominium Association, Inc. (the "Association") as its general counsel. As a reminder from our Board Training and our recent conversation, as the attorneys for the Association, our legal obligation is to the corporate entity that is the Association. Although we take our direction from the Board, we must ensure the Association is not exposed to, or its Board Members are not doing anything that may expose the Association to liability. This letter is to advise you that your conduct, specifically at the December 12, 2020 and January 13, 2021 Board Meetings, violates the Board's Code of Conduct. *Enclosed is a copy of the Board Code of Conduct for your reference.* As a result of your actions, the Association will be issuing a \$100.00 fine against you pursuant to the Code of Conduct and you may appeal this fine as set forth in the Code of Conduct.

It has come to our attention that despite the Board's amicable December 17, 2020 email to you requesting that you cease and desist your conduct, you continue to: disrupt the Board Meeting, interfere with the Board's ability to conduct its business at the meeting, act in a non-businesslike manner at the meeting and via email, and treat management, members, directors and other residents in a disrespectful manner. While you are entitled to express your opinions regarding the operation of the Association, your conduct and discord during meetings and through email is impairing the Association's ability to conduct its business efficiently.

As you know, directors of community associations have a legal relationship with the association and a corresponding legal duty. There are three general components of

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this duty – the duty to act in good faith, a duty of care, and a duty of loyalty. These duties are reflected in the Arizona Nonprofit Corporation Act at A.R.S. § 10-3830.

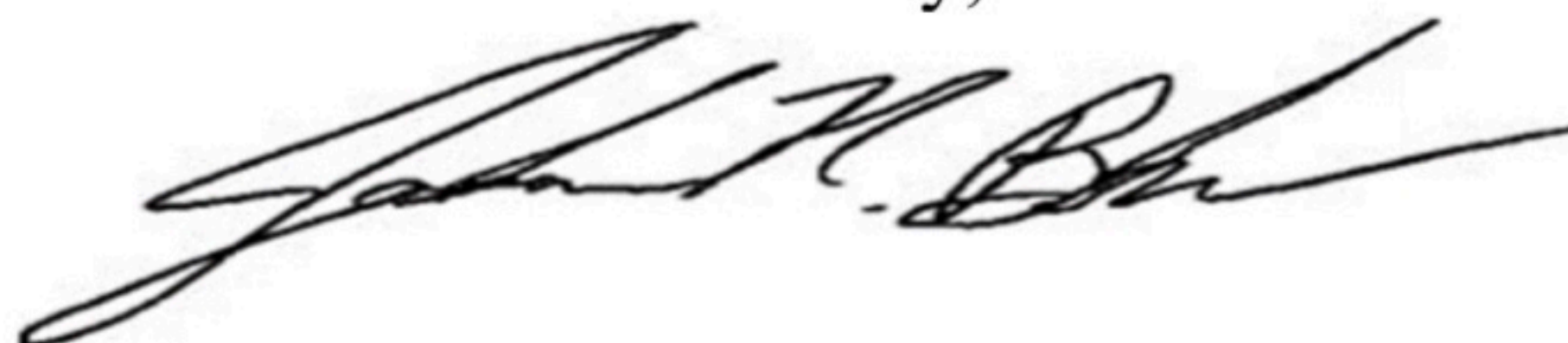
Specifically, this situation involves your duty of loyalty to the Association. This duty does not mean that you must agree with every Board decision. It does, however, prohibit you from taking actions that would be to the detriment of the Association. A director is to act in a manner that is in the best interests of the corporation. Your conduct is not in the best interests of the corporation, is a potential violation of your other duties, and is a violation of the Board Code of Conduct. What is even more concerning is that such a violation of your duty could place both you and the Association outside of the Nonprofit Corporation Act's "safe harbor," subjecting you and the Association to liability. Your fellow directors are not willing to subject the Association to any type of liability.

Additionally, the Association employs AAM to manage the affairs of the community. If you have concerns about decisions the Board has made or the management and upkeep of the community, please address those concerns with the Board and AAM in the next session in a calm and professional manner. As a director, you must refrain from disparaging the Board and AAM in the community.

Rest assured that we understand that in conducting the business of the Association there will be disagreements; however, those disagreements should be worked out amongst the Board members and its management company professionally. Therefore, please cease interfering with the Board's ability to conduct its business and AAM's ability to manage the community.

Your failure to refrain from such actions in the future may prompt the Association to seek injunctive relief against you. In the event litigation is necessary, the Association will be entitled to see all of its attorney's fees and costs incurred based on your conduct and in enforcing your compliance with your legal duties as a director. However we truly hope that none of this will be necessary and you will simply comply with the Board Code of Conduct. Thank you for your anticipated cooperation.

Sincerely,



Joshua M. Bolen, Esq.

for

CARPENTER, HAZLEWOOD, DELGADO & BOLEN, PLC