



CONSTRUCTION SECURITY DEPOSIT POLICY

Adopted: May 18, 2009

Amended: December 21, 2009

Amended: March 18, 2013

The following Construction Security Deposit Policy shall be followed for the Mirabel Community Association, Inc. This policy conforms to Arizona Revised Statute §38-1817.

Pursuant to Section 12.9 of the Declaration, the Mirabel Design Review Committee (DRC) may require security deposits to ensure compliance with the Design Review Guidelines. The Owner and/or their representative are invited and welcomed to attend all design review meetings pertaining to their property. The DRC shall provide written acknowledgement that the approved plans, including any approved amendments are in compliance with all rules and guidelines in effect at the time of the approval and that the refund of the deposit requires that construction be completed in accordance with those approved plans.

After the DRC approves an Owner's plans and prior to commencing Construction Activity, a Construction Security Deposit in the amount of \$25,000.00 shall be delivered to the Association. This deposit serves as security for the timely completion of the project as approved by the DRC and in conformity with the Design Review Guidelines in effect at the time of the approval.

The DRC will conduct a minimum of two on-site formal reviews for the purpose of determining compliance with the approved plans. The Owner and/or their representative shall be provided with the opportunity to attend these meetings.

When as a result of a construction observation at a formal review the DRC finds changes and/or alterations that have not been approved, the DRC will issue a Notice to Comply within five business days of the of the formal reviews. The Association shall provide the Owner and/or their representative a written report specifying any deficiencies, violations or unapproved variations from the approved plans.

The Owner and/or their representative shall notify the Association in writing of the completion of the project. As a result of this notification, the Association will conduct a final construction observation. Within thirty business days after the final construction observation; the Association shall provide the Owner and/or their representative a written report specifying any deficiencies, violations or unapproved variations from the approved plans. If the written report does not specify any deficiencies, violations or unapproved variations from the approved plans, as amended, the Association shall promptly release the deposit monies to the Owner and issue the Notice of Completion. If the report identifies any deficiencies, violations or unapproved variations from the approved plans, as amended, the Association may hold the deposit for one hundred and eighty days or until the receipt of a subsequent report of compliance is verified as noted below, whichever is less.

Upon the receipt of the report of compliance from the Owner and/or their representative, the Association shall schedule a construction observation during the next scheduled design review meeting to verify compliance. If the Owner's report of compliance is received before the one hundred eightieth day and the Association's written verification report does not specify any deficiencies, violations or unapproved variations from the approved plans, as amended, the Association shall promptly release the deposit monies to the Owner and issue the Notice of Completion. If the Owner's report of compliance is not received within one hundred eighty days, the Association shall release the deposit monies promptly from the trust account to the Association and a Notice of Non-Compliance will be recorded against the property.

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In the event discrepancies with construction are noted during the final construction observations, the Owner will be allotted a maximum of 180 days from the date of the report of the final construction observation to rectify all discrepancies. Should the Owner fail to correct all discrepancies, the Association shall release the deposit monies promptly from the trust account to the Association and a Notice of Non-Compliance will be recorded against the property. The 1st observation after the receipt of the Owner's compliance report is without charge; the Owner will be charged \$500.00 for every subsequent verification that becomes necessary.

If the Owner fails to rectify the discrepancies within the allotted 180 day time period referenced above, or if all Construction Activity is not completed within 24 months of being commenced or Construction Activity ceases for a period of six (6) months, whichever occurs first, then the Construction Security Deposit will be forfeited and a Notice of Non-Compliance will be recorded against the property. If the Owner conveys ownership of the Homesite to a new Owner prior to obtaining a Notice of Completion from the Association, then the new Owner must deliver a new Construction Security Deposit to the Association and the existing Construction Security Deposit will be returned to the original Owner or other party who paid it to the Association, assuming that no forfeiture of the existing Construction Security Deposit has taken place.

Accepted: _____

Date: _____

Accepted: _____

Date: _____

Lot #: _____

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