

The Sanctuary at Oak Creek Homeowner's Association, Inc.

RESOLUTION OF THE BOARD OF DIRECTORS

EXPENSE REIMBURSEMENT POLICY ESTABLISHING PROCEDURES FOR REIMBURSEMENT OF AUTHORIZED OUT OF POCKET ASSOCIATION EXPENSES

WHEREAS, The Sanctuary at Oak Creek Homeowner's Association, Inc. (the "Association") is administered by its Board of Directors (the "Board") in accordance with the Association's governing documents and applicable law;

WHEREAS, directors, owners, and other persons may occasionally incur authorized out-of-pocket expenses for legitimate Association purposes and thereafter request reimbursement from the Association; and

WHEREAS, the Board desires to establish uniform documentation, review, and approval procedures applicable to any person requesting reimbursement from the Association in order to safeguard Association funds and maintain complete accounting records;;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the following Expense Reimbursement Policy, together with the Expense Reimbursement Request Form attached as Exhibit A:

- 1. Purpose.** This Policy applies to any person requesting reimbursement from the Association (the "Requester") and governs only reimbursement of an actual, reasonable, and necessary out-of-pocket expense paid to an unrelated third-party vendor for a legitimate Association purpose. This Policy does not authorize compensation, wages, fees, or any other payment for labor or services performed by the person requesting reimbursement or a Related Person, and does not create a perquisite, allowance, personal benefit, or entitlement to reimbursement.
- 2. Prior Authorization.** Except for an expense qualifying under the narrow emergency exception in Section 4, no person may purchase any item, incur any expense, or make any financial commitment for which reimbursement from the Association will be requested unless the Board approves the specific proposed expense before it is incurred. Authorization may be reflected in approved meeting minutes, the adopted budget, a written Board directive, or another written approval permitted by this Policy.
- 3. No Authority to Incur Expenses.** No person has authority to purchase any item, incur any expense, or make any financial commitment on behalf of the Association unless the specific expense has been approved in advance by the Board in accordance with Section 2. Any unauthorized purchase, expense, or commitment is personal to the individual who incurred it, shall not be deemed an obligation of the Association, and shall not be reimbursed, ratified, or paid by the Association. No person may rely upon apparent authority, past practice, course of dealing, necessity, benefit to the Association, the Association's acceptance or use of an item, or any oral statement as a basis for payment or reimbursement contrary to this Policy. The

sole exception is an expense incurred by a director that satisfies every requirement of the emergency provision in Section 4.

- 4. Emergency Expenses.** Only a director may request reimbursement for an expense that was not approved in advance, and only when the expense was reasonably necessary to address an unforeseen emergency presenting an imminent threat of bodily injury or substantial damage to Association property and circumstances made it impracticable to obtain prior Board approval. The director shall notify the remaining directors and Association management as soon as practicable and promptly submit all required documentation. At a properly noticed meeting, a majority of the disinterested directors must determine that the expense satisfied every requirement of this Section and was reasonable in amount. Unless the disinterested directors make that affirmative determination, the expense shall not be reimbursed. The Association's acceptance, retention, or use of any item or benefit does not independently create an obligation or right to reimbursement. No person other than a director may incur an expense without prior Board approval and thereafter seek reimbursement under this emergency exception.
- 5. Required Documentation.** Any person requesting reimbursement (the "Requester") must submit the Expense Reimbursement Request Form attached as Exhibit A and an itemized receipt or paid invoice identifying the vendor, transaction date, items purchased, and amount paid. The Requester must also provide evidence that the Requester personally paid the expense, describe the legitimate Association purpose, identify the date and terms of the prior Board approval, and disclose any refund, credit, rebate, or other offset received or expected. A credit-card or bank statement alone is insufficient unless the Board determines that it reliably establishes the transaction and payment. If an original itemized receipt is unavailable, the request shall be denied unless the Board determines that the alternative documentation is sufficient. Acceptance of alternative documentation does not excuse or replace the prior approval required by Section 2 or otherwise create a right to reimbursement.
- 6. Submission Deadline.** The Requester must submit a complete reimbursement request within thirty (30) days after incurring the approved expense. A request is not complete until the Requester has submitted the completed form and all documentation required by Section 5. If a complete request is not submitted within the thirty (30)-day period, the expense is ineligible for reimbursement and shall not be approved or paid by the Association. Prior approval of an expense does not guarantee reimbursement or create an obligation to pay if the Requester fails to satisfy this Policy. This deadline also applies to a director requesting reimbursement under the emergency exception in Section 4.
- 7. Review and Approval.** Association management shall confirm that the reimbursement request is complete and corresponds to the specific expense, purpose, and maximum amount previously approved by the Board. If the Requester is a director or a Related Person of a director, that director shall not participate in the Board's review or deliberations, shall abstain from voting, and shall not approve, sign, issue, or otherwise authorize the payment. Reimbursement may be issued only after a majority of the disinterested directors approves the completed request at a properly noticed Board meeting. The Board may approve an amount

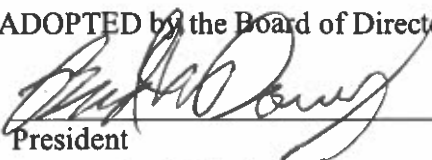
less than requested but may not approve an amount exceeding the amount previously authorized. Any request that does not satisfy this Policy shall be denied.

- 8. Directors and Related Persons Limited to Expense Reimbursement.** A director or Related Person may receive only reimbursement of an actual out-of-pocket expense paid to an unrelated third-party vendor in strict compliance with this Policy. The Association shall not employ, retain, compensate, or otherwise pay a director or Related Person for labor, work, professional services, administrative services, maintenance, repairs, consulting, or any other services personally performed or provided by that director or Related Person. Any services performed by a director or Related Person shall be deemed voluntary and uncompensated and may not be characterized as, included within, or paid through an expense reimbursement request. "Related Person" means a director's spouse, domestic partner, parent, child, sibling, grandparent, grandchild, in-law, household member, or any business or entity owned or controlled, in whole or in part, by the director or any such person. Nothing in this Section prohibits the Association from separately hiring and compensating an owner, resident, or owner or resident's company who is not a director or a Related Person pursuant to an arrangement properly authorized by the Board; however, payment for that person's services is vendor compensation and not an expense reimbursement governed by this Policy.
- 9. Prohibited or Non-reimbursable Expenses.** The Association shall not reimburse personal expenses; alcohol; traffic or parking citations; fines, penalties, or late fees caused by the Requester; political or charitable contributions; expenses incurred contrary to Board direction; expenses primarily benefiting the Requester or another individual; or any amount previously reimbursed, refunded, credited, or paid by another source. The Association shall also deny any expense that was not approved in advance, except as expressly permitted under the emergency provision in Section 4, or that was unnecessary, unreasonable, excessive, improperly incurred, or insufficiently documented.
- 10. No Contracting or Additional Spending Authority.** Approval of a proposed reimbursement does not authorize the Requester to enter into or modify a contract, direct a vendor, open an account, make a recurring commitment, incur an expense exceeding the approved amount, or otherwise bind the Association. The Requester's authority is limited to purchasing the specific item or incurring the specific expense approved by the Board, for the approved purpose and within the approved maximum amount. Any additional authority must be separately and expressly granted by the Board. Any unauthorized obligation or excess amount is personal to the individual who incurred it and shall not be paid or reimbursed by the Association.
- 11. Payment and Records.** After approval in accordance with Section 7, reimbursement shall be processed through the Association's ordinary accounts-payable procedures and charged to the appropriate account. The completed request form, supporting documentation, evidence of prior Board approval, final payment approval, and proof of payment shall be retained with the Association's accounting records. No reimbursement shall be paid in cash or processed outside the Association's ordinary accounts-payable procedures. The Requester may not receive payment directly from Association funds, use an Association debit or credit card, or otherwise pay himself or herself.

12. No Waiver; Exceptions. Approval or payment of a prior reimbursement request does not authorize any later expenditure, amend this Policy, establish a course of dealing, or create any expectation or entitlement to reimbursement. No director, officer, committee member, manager, or other agent of the Association may waive or modify this Policy or authorize reimbursement contrary to its terms. The Board may not retroactively approve or reimburse an expense that lacked the prior approval required by Section 2, except when a director's expense satisfies every requirement of the emergency provision in Section 4. Any payment made contrary to this Policy is unauthorized and does not obligate the Association to approve or pay any other request.

13. Effective Date and Amendment. This Policy is effective upon adoption and applies to all expenses incurred on or after that date. The Board may amend or repeal this Policy only by Board action taken before the expense at issue is incurred. No subsequent amendment, repeal, or suspension of this Policy shall create a basis for reimbursing an expense that was ineligible when incurred. If any provision conflicts with applicable law or the Governing Documents, the controlling authority shall govern, and the remaining provisions shall remain in effect.

ADOPTED by the Board of Directors on _____, 20____.



President

Date: 10/12/26



Secretary

Date: 10/12/26

The Sanctuary at Oak Creek Homeowner's Association, Inc.

[illegible]

☐ Itemized receipts or paid invoices are attached.

☐ I am a director requesting consideration under the emergency exception in Section 4.

Emergency explanation, if applicable: _____

REQUESTER CERTIFICATION

I certify that the expenses identified above were personally paid by me to the third-party vendor identified on this form, were incurred for the Association purpose specifically approved by the Board, did not exceed the authorized amount, have not previously been reimbursed or paid by another source, and are supported by the attached documentation. I have disclosed any refund, credit, rebate, or other offset received or expected. If I am a director or a director's Related Person, I further certify that no portion of this request represents payment for labor or services performed by me or another Related Person. I understand that prior approval does not guarantee reimbursement and that an expense failing to satisfy the Policy is ineligible for payment.

Requester Signature

Date

Printed Name