ACTION BY RESOLUTION OF THE BOARD OF DIRECTORS
MESQUITE GROVE ESTATES HOMEOWNERS ASSOCIATION

June 16, 2026

Pursuant to the Board of Director's statutory and fiduciary obligations under the Association's governing documents, the Arizona Planned Communities Act (A.R.S. §33-1801 et seq.), and applicable corporate governance standards under the Arizona Nonprofit Corporation Act (A.R.S. §10-3101 et seq.) hereby adopts the following resolution.

RESOLVED, that the Association hereby adopts the following Debit Account Use Policy.

DEBIT ACCOUNT USE POLICY

(Online Services – Restricted Use Policy)

Purpose: This policy strictly governs the use of any Mesquite Grove Estates Homeowners Association (HOA) debit card or debit account for payment of online services (e.g., website hosting, domain registration, communication tools). The intent is to protect Association funds from fraud, misuse, and unauthorized charges; and, to Maintain auditable, transparent financial controls.

General Rule (Prohibition): Use of debit cards or direct debit access to HOA operating funds is **prohibited**, except as expressly authorized under this policy.

No debit card shall be issued or maintained unless the Board determines there is no practical alternative (e.g., vendor does not accept check or ACH), and the Board formally approves such use in meeting minutes.

Authorized Use (Narrow Exception Only): Debit account transactions are permitted **only** for the following pre-approved categories: 1) **Annual** Wix website hosting and maintenance and 2) **Annual** GoDaddy domain registration and renewal with five Outlook e-mail accounts.

All other uses are strictly prohibited.

Vendor Pre-Approval Requirements: Before any debit transaction is permitted:

1. The vendor must be approved by the Board
2. A written service description and annual cost must be documented
3. The service must be included in the approved annual budget
4. Auto-renewal is disabled.

Account Structure Requirements: To reduce risk:

- A **separate, limited-balance account** shall be used for all debit transactions
- The account balance shall not exceed **$600**
- The account shall not be linked to reserve funds under any circumstances
- Overdraft protection is prohibited

Authorization Controls:

- All debit transactions must be **pre-approved annually** as part of the budget
- Any new or changed charge requires **Board approval in an open meeting**
- No individual (including the President or Treasurer) may independently authorize new vendors

Credential and Access Control:

- Login credentials must be stored in a **centralized HOA-controlled password manager**
- Accounts must be registered using an HOA-owned email domain (not personal emails)
- At least **two Board members** must have administrative access
- Access must be revoked immediately upon Board or management transition

Transaction Limits

- Individual transactions may not exceed **$500** without specific Board approval
- Annual spend per vendor may not exceed the budgeted amount
- Any charge exceeding budget requires prior Board approval in an open meeting

Reconciliation and Reporting: All debit transactions must be reviewed **quarterly** by the Treasurer. Transactions must be matched to the approved budget line items. A **separate line-item report** of all debit transactions shall be included in monthly financials.

Independent Review / Audit Controls: Debit account activity shall be specifically reviewed during Annual financial **compilation** and Board turnover periods. Any discrepancies must be reported to the full Board immediately.

Prohibited Practices: The following are strictly prohibited:

- Use of personal credit/debit accounts for HOA subscriptions without reimbursement controls
- Commingling HOA and personal accounts
- Use of debit cards for convenience or rewards
- Allowing vendors to freely modify billing amounts without Board approval
- "Set and forget" auto-renewals without annual review

Violation and Enforcement: Any violation of this policy may result in immediate revocation of financial authority, Board disciplinary action, and/or potential legal action for breach of fiduciary duty under Arizona law.

Annual Review Requirement: This policy and all active debit-based services must be reviewed and re-approved **annually during budget adoption by the Board**.

Certification: The Board of Directors certifies that this policy was duly adopted and is effective as of the date above.

DIRECTORS

Signature: Roger Rouse, President Mesquite Grove Estates HOA Date: 07 / 23 / 2026
Roger Rouse, President

Signature: Scott Johnson Date: 07 / 23 / 2026
Scott Johnson, Vice-President

Signature: Lisa Schwartz Date: 08 / 07 / 2026
Lisa Schwartz, Secretary