

CONTRACTOR PAYMENT POLICY

A. Introduction

The Troon Ridge Community Association (the “**Association**”) is governed by the Declaration of Covenants, Conditions, Restrictions, Assessments, Liens, Reservations and Easements for Troon Ridge (the “**Declaration**”). Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Declaration.

The Association is the Arizona nonprofit corporation organized to administer and enforce the Association’s governing documents and to exercise the rights, powers and duties set forth therein and in the Arizona planned communities statutes.

Pursuant to Article VII, Section 1 of the Bylaws, the Board of Directors (the “**Board**”) shall have power to take any action necessary for the administration of the affairs of the Association as long as such action is not by law, the Bylaws, the Articles, or the Declaration reserved to the members.

In order to ensure that the Association’s Managing Agent (defined below) shall make no inappropriate or premature payment to any Contractor (defined below), the Board adopts the procedural rules set forth below and hereinafter referred to as the “**Policy**”.

B. Defined Terms

For purposes of the Policy, the following capitalized terms shall have the following meanings:

1. “**Community Manager**” means the licensed community association manager appointed by the Managing Agent to carry out his/her duties with respect to the Association.
2. “**Contractor**” means any contractor hired by the Association to perform one or more individual projects related to construction, repair, or maintenance.
3. “**Management Team**” means the Community Manager and any Managing Agent personnel that assists either the Community Manager directly or serves as support to facilitate the Association’s operation and management of its affairs, including, but not limited to, maintenance personnel, on-call manager, personal assistant, receptionist, accounting, or other designated position.
4. “**Managing Agent**” means the professional management company hired by the Board to assist in the management of the Association’s affairs.

5. **“Related Party”** means any person who is a parent, grandparent, spouse, child or sibling or a parent or spouse of any of those persons.

C. Conflict of Interest

1. If any person affiliated with a proposed Contractor is a Related Party to a Board member or Management Team member, then the conflict of interest shall be declared in an open Board meeting before the Board discusses and votes on hiring the Contractor.
2. Any Board member or Management Team member that has a conflict of interest arising from a relationship with a person affiliated with a Contractor must recuse themselves from the contracting and payment cycle set forth below.

D. Licensure

The Association shall not hire any Contractor that does not have the appropriate license from the Arizona Registrar of Contractors to perform the work.

E. Payment Procedure

Prior to payment to any Contractor by the Managing Agent:

1. The bid or proposal from the Contractor must include a detailed scope of work, contract sum (preferably ‘firm-fixed’) and payment terms (including any deposit for materials, progress payments, retention and final payment), and a schedule of payments.
2. If directed by the Board, the bid or proposal shall be sent to the Association’s attorney for comment and review.
3. Board must accept the Contractor’s bid or proposal in an open meeting, and the bid or proposal must be signed by the President.
4. Contractor must submit detailed request for payment to Managing Agent based on approved payment terms, whether for progress payment or final payment. If the approved bid or proposal requires an advance deposit for purchase of materials, Contractor must submit a separate invoice for materials.
5. The work covered by the request for payment should be inspected to confirm completion in conformance with approved bid or proposal.