

SOUTH T-BAR RANCH PROPERTY OWNERS ASSOCIATION, INC.

Version 2, Effective 8/8/2012

POLICIES AND PROCEDURES FOR BOARD MEMBER CONFLICTS OF INTEREST

PURPOSE: To ensure the integrity of the Board by establishing a policy and procedures for disclosure of a conflict of interest by a Director, to ensure that proper voting procedures are followed when a conflict of interest exists, and to establish a Code of Ethics for Directors.

AUTHORITY: The Declaration of Protective Covenants (hereinafter "Declaration"), Articles of Incorporation and Bylaws of the Association and Colorado law.

1. **General Duty.** The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and Association. All Directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the Association. All Directors shall comply with all lawful provisions of the Declaration and the Association's Articles, Bylaws, and Rules and Regulations.
2. **Definition.**
 - (a) "Conflicting interest transaction" means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a director or officer or has a financial interest.
 - (b) "Director" means a member of the Association's Board of Directors.
 - (c) "Party related to a Director" means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director or officer or has a financial interest.
3. **Loans.** No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of the loan until it is repaid.
4. **Disclosure of Conflict.** Any conflicting interest transaction on the part of any Director or party related to a Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. The Board will review the circumstances as disclosed by the interested Director and determine by a majority vote of the disinterested Directors whether a conflict of interest exists. No conflict shall be deemed to exist unless a majority of the disinterested directors vote that a conflict exists. If the disinterested Board members determine that a conflict does not exist, the interested Director shall be permitted to participate in the discussion and vote on the matter. If the disinterested Board members determine that a conflict exists, the interested Director shall not participate in the discussion and shall not vote on the matter. The interested Director may answer questions posed by the remaining Directors regarding the transaction, and then the interested Director maybe asked to leave the room during the remainder of the discussion. The minutes of the meeting shall reflect the disclosure, the abstention from voting, the composition of the quorum and record who voted for and against.
5. **Procedure.** If the Board President has a conflict of interest and is removed from the meeting during the discussion, the Vice President shall preside over the meeting until the President returns.

6. **Failure to Disclose Conflict.** If conflict of interest is brought to the Board's attention which was not previously disclosed, the Board shall conduct a hearing. Testimony and evidence shall be presented by the person making the allegation and by the accused Director. If the Board determines the transaction is fair to the Association, the Board shall ratify its previous decision regarding that transaction.
7. **Enforceability of Conflicting Interest Transaction.** No conflicting interest transaction shall be voidable by an Owner or on behalf of the Association if:
 - (a) The facts about the conflicting interest transaction are disclosed to the Board, and a majority of the disinterested Directors, even if less than a quorum, in good faith approves the conflicting interest transaction;
 - (b) The facts about the conflicting interest transaction are disclosed or the Owners entitled to vote on the matter, and the conflicting interest transaction is authorized in good faith by a vote of the Owners entitled to vote on the matter; or
 - (c) The conflicting interest transaction is fair to the Association.
8. **Code of Ethics.** In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:
 - (a) No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
 - (b) No contributions will be made to any political parties or political candidates by the Association.
 - (c) No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association, if such is an attempt to influence the Board member's decision.
 - (d) No Director shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.
 - (e) Except as specifically authorized in advance by the Board, no Director shall receive any compensation from the Association for acting as a volunteer.
 - (f) No Director shall willingly misrepresent facts to the members of the Association for the sole purpose of advancing a personal cause or influencing the Association members to place pressure on the Board to advance a personal cause. Furthermore, no Director shall knowingly misrepresent any facts to anyone involved with the Association in any way.
 - (g) No Director shall interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association contractors shall go through the Board President or the person specified as the point of contact for the Association.
 - (h) No Director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the Association.
 - (i) No promise of contract terms or approval of a contract not approved by the Board as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.
 - (j) Any Director convicted of a felony shall voluntarily resign from his/her position.
 - (k) Language and decorum at Board meetings will be kept professional. Personal attacks against owners, residents, managers, service providers and Directors are prohibited and are not consistent with the best interests of the Association.
9. **Definitions.** Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
10. **Supplement to Law.** The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Association.
11. **Deviations.** The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.
12. **Amendment.** This policy may be amended by the Board of Directors.

I have read and understand the above Conflict of Interest Policy as it relates to the business of the South T-Bar Property Owners Association. I agree to abide by the rules set forth in this Conflict of Interest Policy including the terms of the Code of Ethics.

Name

Term: _____

Signature

Date: _____

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