

Mesa Estates Homeowners Association

Conflict of Interest Policy and Procedure Pursuant to C.R.S. §38-33.3-209.5(1)(b)(ii)

BE IT RESOLVED, the Association hereby adopts the following procedures to be followed for conflicts of interest by a Director.

1. Scope:

To adopt a procedures and policy outlining procedures to be followed for conflict of interest by a Director.

2. Specifics:

A conflict of interest shall be defined by the Association's Declaration wherever the document defines them; Art. Four, Section 4.15, sub-sections (a), (b) & (c; 1-5, (a-c)):

(a) **Policy:** The Association should not be a vehicle for benefiting one group of people over another simply because they have some special connection with someone on the Board of Directors. Board Members should therefore disclose any relationship they have to any person or transaction that creates a conflict of interest between their duties as a Board Member and their interests as an individual.

(b) **Definitions:** As used in this policy the following terms have the following meanings:

1. "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 is a director or officer or has a financial interest.

2. "Director" means a member of the Association's Board of Directors.

3. "Party related to a Director" means a spouse, a descendant, an ancestor, a sibling, the spouse or descendent 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.

(c) **Procedures:**

1. **Defining Conflict of Interest.** When the Board is considering any contract, decision, or other action that would constitute a conflicting interest transaction, a conflict of interest arises.

2. **Disclosing a Conflict.** If a Director finds that he or she has some relationship that presents a conflicting interest transaction, the Director must disclose that conflict to the Board in an open meeting prior to any discussion of the issue.

3. **Effect of Conflict.** After a Director has disclosed the existence of a conflict, they may still participate in deliberations of the Board with other members (as detailed in Additional Disclosures on Page 2 of this document), but may not vote on the matter.

4. No Loans. The Association shall make no loans to its Directors or Officers. If at any time a Director is found to be in violation of this policy by assenting to, or participating in the making of a loan shall be held personally liable to the Association for the amount of the loan until it is repaid.

5. Transactions not Voidable. 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 the majority of the disinterested Directors, even if less than a quorum, in good faith approved the conflicting interest transaction; or

(b) The facts about the conflicting interest transaction are disclosed to 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.

Additional Disclosure. In addition to Art. Four, Section 4.15, sub-sections (a), (b) & (c; 2 - Disclosing a Conflict): A Director that falls under the category of a potential conflict of interest must disclose such conflict, if possible, prior to any discussion on the subject that a potential conflict does or may exist. The facts about the conflicting interest transaction should be fully disclosed to the disinterested Board members. The Director must recuse him or herself from the discussion in its entirety in the role as a Director and may not vote on the subject, including securing any bids where the Director may financially benefit.

A Director who has recused himself or herself may participate as a member of the meeting (not as a Director) if they have moved away from the Directors and are simply providing additional information as other members of the meeting have the right to provide.

Whenever possible, conflicts of interest should be avoided. This will allow the Directors to provide fiduciary duty without the semblance of impropriety.


At times, Directors may receive gifts from contractors or vendors. Whenever possible, these gifts should be refused or shared with the community to remove any semblance of impropriety.

The Association should make no loans to its Directors or officers.


3. **Definitions:** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning therein.
4. **Supplement to Law:** The provisions of the Resolution 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 Mesa Estates Homeowners Association.
5. **Deviations:** The Board may deviate from the procedures set forth in this Resolution if, in its sole discretion, such deviation is reasonable under the circumstances.
6. **Amendment:** The Board of Directors may amend this procedure from time to time.

President's Certification: The undersigned, being the President of the Association, certifies that the Board of Directors of the Association adopted the foregoing resolution and in witness thereof, the undersigned has subscribed his/her name.

Mesa Estates Homeowners Association



President



Effective Date