

DISCLOSING AND ADDRESSING BOARD MEMBER CONFLICTS OF INTEREST

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 our 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.

Definitions: As used in this policy the following terms have the following meanings:

"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.

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

"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.

Procedure:

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.

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.

Effect of Conflict. After a Director has disclosed the existence of a conflict, they may still participate in deliberations of the Board, but may not vote on the matter.

No 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.

Transactions not Voidable. No Conflicting Interest Transaction shall be voidable by an Owner or on behalf of the Association if:

- (1) 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
- (2) 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
- (3) The Conflicting Interest Transaction is fair to the Association.

Adopted on *Sept 10, 2018*
Secretary *Carolyn Holmgren*