

8 CONFLICT OF INTEREST POLICY

8.1 POLICY

It is the policy of the Association to identify, disclose and mitigate conflicts of interest in the conduct of Association business. In 2011, House Bill 11-1124 became law, amending Title 38-33.3-209.5 of the Colorado Common Interest Ownership Act to require Homeowner Associations to:

1. Define when a conflict of interest exists;
2. Adopt procedures to follow when a conflict of interest exists, including disclosure rules and when a conflicted Board member must recuse themselves from voting;
3. Require a periodic review of conflict of interest policies.

The intent of the statute, and this Conflict of Interest Policy, is to promote open disclosure of conflicts of interest that would benefit a Director separate from his or her interest as an Owner.

Circumstances under which a conflict of interest may exist include personal financial interest, or that of a friend or relative, in a business relationship with the Association. This could include gifts, gratuities and kick-backs from suppliers or contractors, exchanging business favors or influencing the Board for the purpose of financial gain or any other benefit to the Director, and is not in the common interest of the Association and Owners.

Board and Committee members must disclose any conflicting interest transaction to the Board in open session at the first open meeting of the Board of Directors at which the interested director or committee member is present prior to any discussion or vote on the matter. Any Board member with a conflict must not participate in the discussion of, nor vote on, the transaction. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, the composition of the quorum and record who voted for and against.

A “conflicting interest transaction” means a contract, transaction, or other financial relationship between the Association and a Board or a committee member, or between the Association and a party related to a Director or committee member, or between the Association and an entity in which a Board or committee member of the Association is a director or officer or has a financial interest.

A “party related to a Board or committee member” means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Board or committee member or a party related to a Board or committee member has a beneficial interest, or an entity in which a party related to a Board or committee member is a director or officer or has a financial interest.

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.

A Director will not participate in the formation of policy in which a personal or business interest exists, unless such interest is fully disclosed and all of the remaining directors agree that participation in deliberations and voting by the conflicted director is in the interests of the Association. Participation by a conflicted Director does not extend to voting on a contract for goods and services (See “Contracting Policy”).

The Board of Directors will not establish, construct or perpetuate any program or procedure in which a conflict of interest might exist. The Board is to strive to maintain the highest ethical values at all times.