

### **III. Conflict of Interest Procedures**

3.01 Policy: Boardmembership should not be a vehicle for benefiting a director's individual interests at the expense of the Association and its Members. Accordingly, Directors must disclose any relationship they have to any person or transaction that may create a conflict of interest. For purposes of this policy, a "conflict of interest" occurs when a director's decision, a contract between the Association and any party, or other action relating to the Association would financially benefit or adversely affect a director, or any person who is a parent, grandparent, spouse, child, or sibling of such Director.

3.02 Procedure:

- (a) Before any decision is made, contract entered into, or action taken by the Board, a Director shall disclose any potential or actual conflict of interest relating to the issue as soon as the Director has enough facts to reasonably determine that a conflict does or may exist.  
Upon disclosure of a potential or actual conflict, such Director may exclude him/herself from the discussion in such issue, or the remaining Directors by majority vote may require the potentially conflicted Director to exclude him/herself from said discussion of such issue. If a majority of the Directors (excluding the potentially conflicted Director), as determined by their voting power under the Declaration, determine that an actual conflict exists, then the conflicted Director shall not vote on the issue.

3.03 No Loans to Directors. Notwithstanding the above procedures, no loan shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of a loan in violation of this provision shall be liable to the Association for that loan until the Association is paid in full.

3.04 Annual Review. The Board shall review this policy on an annual basis to ensure that it adequately protects the Association and its Members.