

Shadow Run Townhomes Homeowners Association

POLICY No. 002-2020: BOARD MEMBER CONFLICT OF INTEREST

Adopted prior to December 31, 2007; amended prior to December 31, 2014;

last amended 3/31/2021.

The following Policy has been adopted by the Shadow Run Townhomes Homeowners Association, ("Association") pursuant to C.R.S. §38-33.3-209.5, and in accordance with C.R.S. §38-33.3-310.5, 7-128-501, the Project Documents, and the ACT, at a regular meeting of the Board of Directors. Additional policies, procedures, rules and regulations may exist separately.

PURPOSE: The Association desires to ensure that the Board and all individuals appointed to committees of the Board maintain a high standard of ethical conduct in the performance of their duties in the Association's operations by strict adherence to the standards and requirements of the ACT. By adopting a Policy governing the proactive resolution of conflicts of interest of Board members, the Board desires to provide a greater level of confidence and respect, by the Owners, for the Board's ability to manage the Association.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Policy to govern the handling of conflicts of interest of Board members in accordance with the Project Documents and the ACT.

A. Procedures for Conflict-of-Interest Resolution.

1. **General Duty of Board of Directors.** The Board shall act at all times in good faith and in the best interest of the Association. The Board shall comply with all lawful provisions of the Project Documents (the Declaration, Articles, Bylaws, Rules, Regulations and Policies) of the Association.
2. **Definition of Conflict of Interest.** 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 an officer or director or has a financial interest. For purposes of this section, a "party related to a Director" shall mean 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 an officer, director, or has a financial interest.
3. **Failure to Disclose Conflict.** No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an Owner or by the Association, solely because the conflicting interest transaction involves a Director of the Association or a party related to a Director or an entity in which a Director is an officer or director or has a financial interest or solely because the Director is present at or participates in the meeting of the Board or of the committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Director's vote is counted for such purpose if:
 - a.) The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum; or
 - b.) The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Owners entitled to vote on the matter, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Owners entitled to vote thereon; or

- c.) The conflicting interest transaction is fair as to the Association.
4. **Quorum.** A Director with a conflict of interest may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.
5. **Executive Board 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 contributions will be made to any political parties or political candidates by the Association.
 - b.) 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 a contractual or other business or financial relation with the Association.
 - c.) No Director shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.
 - d.) No Director shall receive any compensation from the Association for acting as a volunteer.
 - e.) No Director shall willingly misrepresent facts to the Owners for the purpose of advancing a personal cause or influencing the community to place pressure on the Board to advance a personal cause.
 - f.) No Director shall interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association's contractors shall go through the Board President or be in accordance with policy.
 - g.) No Director shall harass, threaten, or attempt through any means to control or instill fear in any Owner, Director or agent of the Association.
 - h.) No promise of anything not approved by the Board as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.
 - i.) Any Director convicted of a felony shall voluntarily resign from the Board.
 - j.) 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 interest of the community.
 - k.) 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 such loan until the repayment thereof.
- B. **Records of Proceedings.** The minutes of meeting of the Board and all committees shall contain the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflicting interest transaction, the nature of the conflicting interest, any action taken as a result, and the Board's decision.
- C. **Enforcement.** Upon certification, the Board shall give notice of the adoption of the Policy to all Owners of the Association. Notice to the Owners shall be by any reasonable method as determined by the Board. Any Owner's failure to notice or gain access to the new Policy, shall not be a defense against any attempt by the Association to enforce the new Policy, levy fines, and recover costs and/or attorneys' fees as a result of a violation of the new Policy.
- D. **Definitions.** As used in this Policy, capitalized terms shall have the same meanings as defined in the Declarations.

- E. **Conflicts.** The Policies adopted by the Association are supplemental to the Project Documents and the ACT. In the event of a conflict between the provisions of this Policy and the Declaration, the Declaration shall control. In the event of a conflict between this Policy and the ACT, the ACT shall control.
- F. **Severability.** The provisions of this Policy shall be independent and severable. The invalidity of any one or more of the provisions of this policy by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which shall remain in full force and effect.

PRESIDENT'S CERTIFICATION:

The undersigned, being the President of Shadow Run Townhomes Homeowners Association, a Colorado non-profit corporation, certifies that the foregoing Resolution, amending and codifying Policy II, was introduced as Policy No. 002-2020 for first reading at a duly called and held meeting of the Board on May 6, 2020. Policy No. 002-2020 was presented for a second, final reading and adopted at a duly called and held meeting of the Board on March 31, 2021. Policy No. 002-2020 is hereby certified as adopted by the Board on March 31, 2021 and in witness thereof, the undersigned has subscribed their names and titles in performance of their duties as officers of:

Shadow Run Townhomes Homeowners Association, Inc., a Colorado non-profit corporation.



Knut Aakhus, President



Connie Cooper, Secretary