

The Estates at Stone Ridge Owners Association, Inc.

Policy for Handling Conflicts of Interest of Board Members

Effective: May 18, 2020.

I. Policy Purpose

This policy sets forth the process for Board Members to disclose conflicts and the criteria to be used by the Board in determining if a conflict exists, defining conflicts, procedures used when a conflict exists, and requiring periodic review of this policy.

II. Definition of Conflicting Interest Transaction

For the purposes of this policy and pursuant to CCIOA a “conflicting interest transaction” is a contract, transaction, or other financial relationship between:

- A. The Association and a director of the Association or
- B. The Association and a party related to a director, or
- C. The Association and an entity in which a director of the Association, or a party related to the director, is a director or officer or has a financial interest.

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 a director, officer, or has a financial interest.

III. Disclosure of Conflict of Interest

A Board member who has a conflict of interest regarding any contract, decision, or other action shall disclose the conflict of interest in an open meeting before the Board conducts any substantive discussion on the issue. In making such disclosure, the affected Board member shall:

- A. Identify, by agenda item or otherwise with particularity as necessary to identify the issue in question, the specific pending contract, decision or other action as to which the conflict of interest arises; and
- B. Describe the person or persons who would financially benefit from the contract, decision, or other action; and
- C. Disclose the nature and magnitude of the financial benefit that would arise out of or as a function of the Board's decision on the contract, decision, or other action.

IV. Limitations on Participation by Board Member who has Disclosed a Conflict of Interest

- A. **Discussion.** A Board member who has a conflict of interest may, after identifying and disclosing the conflict, participate in the discussion of the pending contract, decision, or other action.
- B. **Voting.** A Board member who has a conflict of interest shall not vote on any matter related to consideration of the contract, decision, or other action implicated by the conflict of interest.

V. Reconsideration of Decisions Impacted by Improperly Handled Conflict of Interest

- A. **Effective of Non-Compliance.** Any contract, decision, or other action of the Board which is adopted subject to a conflict of interest in violation of the identification, disclosure, and participation limitations set forth in this policy shall be void and unenforceable.
- B. **Reconsideration and Ratification.** Where the Board identifies a previous contract, decision, or other action which was adopted in violation of the identification, disclosure, and participation limitations set forth in this policy, the Board shall, at an open meeting, take the matter up for reconsideration. At such meeting
 - 1. The Board member with the conflict of interest shall fully identify and disclose the conflict as set forth in this policy; and

the Board shall discuss the reasons why the identification, disclosure, or participation limitations set forth in this policy were overlooked or otherwise improperly handled during previous adoption of the decision;

2. The Board shall discuss whether, after having considered the foregoing considerations, the contract, decision, or other action should be ratified by a new vote in compliance with this policy; and
3. The Board shall conduct a new vote on the question of ratification, with the Board member(s) affected by the conflict of interest abstaining from participation in such vote.

VI. Annual Review

The Board shall review the Association's conflict of interest policy, procedures, and rules and regulations on an annual basis. Such review shall include a check for compliance with current Colorado law, as well as the effectiveness and implementation of the policy, procedures, and rules. Amendments shall be approved by a majority vote of the Board.