

## RESOLUTION 06.003- Conflict of Interest

REGARDING: Conflict of Interest by Board Members

SUBJECT: Adoption of a procedure regarding conflict of interest.

PURPOSE: To adopt a standard procedure to be followed whenever a conflict of interest may exist when voting by Board Members.

AUTHORITY: The Declaration, Articles and Bylaws of the Association and Colorado law. EFFECTIVE

DATE: November 13, 2006

RESOLUTION: The Association hereby adopts the following Policy and Procedures:

### 1. General.

This is to establish the policy for addressing a conflict of interest by Board Members.

### 2. Definitions

A. "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 of the Association is a director or officer or has a financial interest.

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

C. "Party related to a Director" means 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 or officer or has a financial interest.

### 3. 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.

### 4. Voting

Any conflicting interest transaction on the part of any Director or party related to a Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the Director *may* participate in the discussion and may vote on the matter. The minutes of the meeting shall reflect the disclosure made, the composition of the quorum and record who voted for and against.

### 5. Voidable Transactions

No conflicting interest transaction shall be voidable by an Owner or on behalf of the Association if:

A. The facts about the conflicting interest transaction are disclosed to the Board, and a majority of the disinterested Directors, even if less than a quorum, in good faith approves the conflicting interest transaction;

B. 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

C. The conflicting interest transaction is fair to the Association.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Kings Row Homeowners Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on November 13, 2006 and in witness thereof, the undersigned has subscribed her name.

Kings Row Homeowners Association,  
A Colorado non-profit corporation,

By: \_\_\_\_\_, President

Susan Cuseo