

Cherryhill Homeowners' Association

Policy Regarding Conflict of Interest of Board Members

BE IT RESOLVED, the association, acting by and through its board of directors, hereby adopts the following policy and procedures relating to conflicts of interest involving a director.

EFFECTIVE DATE: 09-23-24, 202⁴~~3~~.

Purpose. This policy relates to the actions of the members of the board of directors and their duties.

1. **Conflict of Interest – Defined.** A conflict of interest occurs when occurs when a decision, a contract between the association and any party, or other action would financially benefit or adversely affect:
 - (a) a director, or
 - (b) any person who is a parent, grandparent, spouse, child or sibling of such director, or
 - (c) a parent or spouse of any of such persons, or
 - (d) any entity, company, trust, or estate in which a director or a party related to a director has a financial or other interest.
 - (e) A director shall not be deemed to have a personal or financial interest in the outcome if the director will not, as a result of the outcome, receive any greater benefit or detriment than any general member of the association would receive.
 - (f) For example, but not by way of limitation, a decision by the Architectural Control Committee that a homeowner, whose brother is a director, cannot build a certain type of house because it does not conform to the Covenants, would "adversely affect" such director.
2. **General Duty.** The board of directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and association. All directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the association. All directors shall comply with all lawful provisions of the declaration and the association's articles, bylaws, and rules and regulations.
3. **Conflict of Interest – Avoidance.** Whenever possible, directors should avoid conflicts of interest to allow themselves to exercise their fiduciary duties to the members without any semblance of impropriety.
4. **Gifts.** Directors shall not accept gifts from contractors or vendors who are working transacting business with the association.
5. **Loans.** Directors shall not accept or seek loans from the association, and directors shall not loan money or funds to the association. The association shall not loan money to or borrow money from any director.

6. **Disclosure.** If a conflict of interest arises, the affected director shall disclose to the other directors that an actual or potential conflict of interest exists or may exist relating to that issue. Such disclosure shall be made by the director as soon as the director has enough facts to reasonably determine that a conflict does or may exist, and before any decision is made, contract entered into, impartial fact-finding process concerning whether alleged violations have occurred, or any other action is taken by the board of directors. A director should disclose where there is any possibility of a potential conflict or where there is or may be an appearance of a conflict of interest, and should give the directors sufficient information to make a determination regarding abstention. If a director asserts that an actual or potential conflict exists for or with another director as to any matter before the board, the director with the alleged conflict of interest shall disclose such facts remaining directors as the remaining directors may deem necessary to make a determination whether to require abstention in accordance with this policy.

(a) **Full Disclosure.** The facts relating to the conflicting transaction or situation should be fully disclosed to the other directors.

(b) **Timely Disclosure.** Disclosure should be made prior to any discussion by the directors on the subject matter to which the conflict does or may apply and prior to any decision or action on the issue.

7. **Recusal and Abstention.** Upon such a disclosure, the affected director may recuse him/herself from the discussion, or the remaining directors may require, by majority vote, such member to exclude him/herself from said discussion of such issue or otherwise limit his/her involvement in such discussion. However, the conflicted director shall not vote on the matter. A director who has recused or been recused may participate in the discussion as a member of the association (not as a director) so long as the director has moved away from the directors and is limited to speaking at the meeting in the same manner as any other member of the association is limited. If the remaining members are an even number, a tie vote shall suffice to disqualify a director with an actual or perceived conflict of interest, or to otherwise limit the participation of the conflicted director in the discussion of the matter at issue.

8. **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 Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.

(b) No contributions will be made to any political parties or political candidates by the association.

(c) 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 contractual or other business or financial relations with the association.

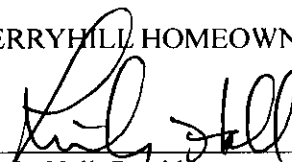
(d) No Director shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.

(e) No Director shall receive any compensation from the association for acting as a volunteer.

- (f) No Director shall willingly misrepresent facts to the members of the community for the sole purpose of advancing a personal cause or influencing the community to place pressure on the board to advance a personal cause.
 - (g) No Director shall interfere with a contractor engaged by the association while a contract is in progress. All communications with association contractors shall go through the board President or be in accordance with policy.
 - (h) No Director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the association.
 - (i) 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.
 - (j) No promise of anything not approved by the board as a whole can be made by any Director to any member about association business.
 - (k) Any Director convicted of a felony shall voluntarily resign from his/her position.
 - (l) No Director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself in any way.
 - (m) A director should not, in the regular course of business, disclose information about the association's activities unless it is already known by the members or is part of the association's records.
 - (n) 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.
9. **Committees and Officers.** This policy shall also apply to any committee of the association charged with making decisions or taking action on behalf of the association, such as the Architectural Control Committee, and to officers of the association.
10. **Policy Review and Amendment.** The association's policies, procedures and rules and regulations relating to conflicts of interest shall be reviewed by the board on a periodic basis in accordance with C.R.S. § 38-33.3- 209.5(4)(a)(III). The review timeframe shall be determined by the board, but shall not be less than once every [five] [JDPI] years. This policy may be amended by the board of directors from time to time.

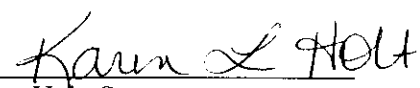
CERTIFICATION: The undersigned certifies that the board of directors of the association adopted the foregoing policy by majority vote.

CHERRYHILL HOMEOWNERS' ASSOCIATION



Lincoln Hall, President

ATTEST:



Karen Holt, Secretary