

## **OWNERS ASSOCIATION OF ELK MEADOWS ESTATES, INC**

### **POLICY REGARDING BOARD MEMBER CONFLICT OF INTEREST**

The purpose of this policy is to adopt a procedure to follow when a board member has a conflict of interest. This policy is in compliance with Colorado Revised Statute §38-33.3-209.5, and the Articles of Incorporation and Bylaws of the Association.

### **BOARD MEMBER CONFLICT OF INTEREST POLICY**

1. A conflict of interest applies to board members and is defined as:
  - a. When a board member is employed by a contractor or company providing paid services for the Association.
  - b. When an issue comes before the board in which a board member has a direct interest.
  - c. Any “Conflicting Interest Transaction” as that term is defined in C.R.S., § 7-128- 501.
2. When a potential conflict of interest exists or may exist, the board member with the potential conflict has the obligation to disclose it to the board in writing, detailing the reason for the potential conflict of interest. If the board senses an unreported potential conflict of interest, the board shall raise the issue with the member to determine if a conflict does exist. In any case, the board will determine if there is a conflict of interest and if one exists, how it will be handled is set out below:
  - a. In the case of employment by a contractor on a project being done for the Association, a board member who has the opportunity to work short term for a contractor on a defined project may ask for board approval to take a leave of absence from the board until such employment is completed to prevent any suggestion of conflict. This would have to be included with the notification to the board of the potential conflict and dealt with and approved by the board. Upon completion of such employment, the board will determine whether a conflict of interest still exists and if it does not, shall reinstate the board member to full board status.
  - b. In the case of potential conflict of interest resulting from an issue in which a board member has a direct interest, the disinterested directors will determine if a conflict of interest exists and if so, will direct the board member to recuse him or herself from voting on issues in which he/she has a direct interest. The board member has the right as an owner to enter into a discussion of the issue.
  - c. If the board member with a conflict of interest is unwilling to take a leave of absence or recuse him or herself as set out above, upon the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum, the board shall suspend said member from voting on said issue until the conflict is resolved.
3. 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 a member of the Association, solely because the conflicting interest transaction involves a director of the Association, or a party related to such director solely because the director is present at or

participates in the meeting 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 of directors and board of directors 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 known to the members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or,
  - c. The conflicting interest transaction is fair, as to the Association.
4. The board shall review this policy annually. The board may amend this policy when such a modification is deemed to be in the best interests of the Association.

The undersigned, being President of the Owners Association of Elk Meadows Estates, Inc., certifies that the foregoing Board Member Conflict Policy was adopted by the Board of Directors of the Association at a duly called meeting of the board on January 14, 2014, and in witness thereof the undersigned has subscribed his/her name.

Owners Association of Elk Meadows Estates, Inc.

By: James D. Wing, President (Signature on file) \_\_\_\_\_

As per #4 above, this policy has been reviewed on March 31, 2024, by the Board of Directors.

Board signatures on file

No amendments were necessary, but formatting and minor grammatical errors were corrected and performed by Pam East.

In an effort to simplify version control, from this date forward, all policy reviews will be tracked via a tracking document and kept on file rather than changing the review date on each policy every year, with the exception being any policy that requires amending.

Amendment tracking information:

Date	Amendment Details