

BOARD MEMBER CONFLICT OF INTEREST POLICY

The following procedures have been adopted 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 Governing Documents of the Association, and the Act at a regular meeting of the Board.

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 the Association's operations and adhere to the standards and requirements of the Act. By adopting a Policy governing the handling of conflicts of interest of Board members, the Board hopes that the Owners will be able to have confidence in and respect for the Association's leadership.

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:

1. Conflicting Interest Transaction. A "conflicting interest transaction" is a contract, transaction, or other financial relationship between the Association and a Director of the Association, 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. A "party related to a Director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent 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.

2. Loans Not Allowed. 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.

3. Determination of Quorum. Common or interested Directors 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.

4. Conduct Regarding Conflicting Interest Transactions. 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 or by or in the right of the Association, solely because the conflicting interest transaction involves: 1) a Director of the Association or 2) a party related to a Director or 3) an entity in which a Director of the Association is a director or officer or has a financial interest. The Director with the conflicting interest may be present at and participate in the meeting of the Association's Board or of a committee of the Board addressing the conflicting interest transaction.

5. Actions of the Association. The Association may authorize, approve, or ratify the conflicting interest transaction if:

a. Board Approval. 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. Member Approval. 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 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. Fair to Association. The conflicting interest transaction is fair as to the Association.

6. Records of Proceedings. The minutes of meeting of the Board and all committees with Board delegated powers 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 or committee's decision.

PRESIDENT'S CERTIFICATION: The undersigned, being the President of Peconic del Rio HOA certifies that the foregoing Resolution was approved and adopted by the Board, at a duly called and held meeting of the Board on 5-3-2012, and in witness thereof, the undersigned has subscribed his name.

R. Richardson

*My commission expires:
10/22/2015*

[Signature]
Notary Public

