

## Blumenau Homeowner's Association Conflict of Interest Policy and Procedure

Although Blumenau HOA pre-dates the required participation of the Colorado Common Interest Ownership Act (required for all HOAs formed *after* 1992 – Blumenau HOA was formed in the 1970s), the Board of Directors has sought to adopt many recommended uniform and systematic policies and procedures as prescribed in the Act.

The Association hereby adopts the following policy and procedure for handling Director's conflicts of interest, effective November 2017:

### DEFINITION:

A conflict of interest is defined as a "...situation in which a fiduciary (member of the Board/Director) is involved in multiple interests, one of which could potentially corrupt the motivation of one to act on behalf of the other". In other words, if a person or business stands to benefit in any way (financially or otherwise) above his/her neighbors within the Association, from a decision the Board makes, this is a conflict of interest.

If a member of the Board, their family, friends, or business stands to benefit more than any other individual in the Association, it is considered a conflict of interest. The Board member must exclude their self, or make mention to the Board, as soon as they're aware of a conflict of interest. *It is the Board Member's responsibility to disclose a conflict of interest.*

### GENERAL DUTY:

1. The interested Director shall disclose the matter to the board in open dialog during a meeting where minutes are recorded. After the conflict of interest is identified and discussed in detail, the Director shall excuse himself/herself, and the Board shall make a decision without the Director in question, and without his/her presence or input. The minutes of the meeting may reflect the disclosure.
2. Any decision of contract or otherwise shall be made by the disinterested Board members for the economic benefit of the Association to be held in a responsible manner.
3. Any Director who is behind in his/her dues more than 60 days, or not in good standing with the Bylaws and Covenants, shall not be allowed to vote or be voted into any position on the Board. All decision making privileges shall be suspended until the Director is current in their dues (including any late penalties or liens), or compliant with Bylaws and Covenants.
4. No Director of the Board shall use his/her position or decision making power for his/her own personal, business, financial gain, or to benefit from financial gain of any other person or business. To avoid a conflict of interest with contractors of the acquaintance of a Director, a minimum of three (3) bids must be obtained for the same scope of work before the task is voted into action. For smaller projects or maintenance tasks under the value of \$500, a trusted contractor, with the best judgment of the Board, shall be allowed.

CODE OF ETHICS: In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:

1. No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other things of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association
2. No Director shall accept a gift or favor made with intent of influencing decision or action on any official matter.
3. 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.
4. No Director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the Association.
5. Language and decorum at Board meetings will be kept professional. Personal attacks against owners, residents and Directors are prohibited and are not consistent with the best interest of the community.

The purpose of this document is to ensure all decisions made by the Board of Directors are ethical, upstanding, and transparent. The Board of Directors shall exercise its best efforts to make decisions that positively affect the Association, properties within, and its members at all times. All Directors shall in good faith comply with the lawful provisions of the Declarations, Association's Articles, Bylaws, and Rules and Regulations. Each director shall be required to sign an acknowledgement of this policy within 30 days of becoming a director.

IN WITNESS WHEREOF, the undersigned certify that the Amendment Procedure was adopted by resolution of the Board of Directors of the Association this 9 day of November, 2017.

Blumenau Homeowners Association

By: [Signature]  
President

[Signature]  
Vice President

[Signature]  
Director at Large

[Signature]  
Director at Large

Alternate

Attest: [Signature]  
Secretary/Treasurer

[Signature]  
Director at Large

[Signature]  
Director at Large

Director at Large

Alternate