

**RESOLUTION
OF THE
MASTER COMMUNITY ASSOCIATION, INC.
ADOPTING POLICIES AND PROCEDURES
REGARDING BOARD MEMBER CONFLICTS OF INTEREST**

- SUBJECT:** Adoption of a policy and procedure regarding conflicts of interest and a code of ethics.
- PURPOSE:** To adopt a policy and procedure to be followed when a Director, Delegate or committee member has a conflict of interest to ensure proper disclosure of the conflict and voting procedures and to adopt a code of ethics for Directors, Delegates and committee members.
- AUTHORITY:** The Declaration, Bylaws and Articles of the Association and Colorado law.
- EFFECTIVE DATE:** May 22, 2013
- RESOLUTION:** The Association hereby adopts the following policy and procedure regarding Director, Delegate and committee member conflicts of interest and code of ethics:
1. General Duty. The Directors, Delegates and committee members shall use their 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, Delegates and committee members shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the Association. All Directors, Delegates and committee members shall comply with all lawful provisions of the Declaration and the Association's Articles, Bylaws, and other Policies. All Directors, Delegates and committee members shall undertake only those responsibilities and assignments that they can reasonably expect to perform with professional competence. Directors, Delegates and committee members shall use professional care in the performance of their duties and shall adequately plan and supervise all functions for the Association.
 2. Definitions.
 - (a) "Conflicting interest transaction" means a contract, transaction, or other financial relationship between the Association and a Director, a Delegate, or a committee member, 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. Disclosure of Conflict. Any conflicting interest transaction on the part of any Director or party related to a director, Delegate or committee member shall be verbally disclosed to the other Directors, Delegates or committee members in open session at the first open meeting at which the interested Director, Delegate or committee member is present prior to any discussion or vote on the matter. After disclosure, the Director, Delegate or committee member may participate in the discussion but shall not vote on the matter. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, the composition of the quorum and record who voted for and against.

5. Enforceability of Conflicting Interest Transaction. 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.

6. Code of Ethics. In addition to the above, all Directors, Delegates, committee members, managing agents and executive directors shall adhere to the following Code of Ethics:

(a) No Director, Delegate, committee member, managing agent or executive 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, Delegate, committee member, managing agent or executive 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, except as follows.

(i) Gifts of a nominal value and of a personal nature given as a token of friendship or special occasions such as holiday gifts, or gifts commemorating a job promotion or length of service are acceptable. Likewise, entertainment that would be difficult to describe as “lavish” is acceptable. Although no precise definition of “nominal value” or “lavish entertainment” is possible, it is intended that any gift, entertainment or other favor does not meet acceptable standards of the Association if:

(A) The gift, entertainment or other favor is judged above the standard of living of the donor and the donor; or

(B) The gift or entertainment is judged beyond the ability of the donor to reciprocate, either on a personal basis or with legitimate claim for reimbursement from the Association, and the gift or entertainment received would suggest to a disinterested third party that the donor might be influenced in the conduct of the Association business with the donor;

(ii) Cash gifts of any amount are not acceptable.

(iii) Directors, Delegates, committee members, managing agents and executive directors must use

discretion when vendors offer to pay for lunches or dinners that may be considered excessive under the circumstances outlined above.

(d) No Director, Delegate, committee member, managing agent or executive director shall accept a gift or favor made with intent of influencing decision or action on any official matter.

(e) No Director, Delegate, committee member, managing agent or executive director shall receive any compensation from the Association for acting as a volunteer.

(f) No Director, Delegate, committee member, managing agent or executive 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, Delegate, committee member, managing agent or executive 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) All Directors, Delegates, committee members, managing agents and executive directors shall exhibit professional courtesy to all community association management professionals. No Director, Delegate, committee member, managing agent or executive director shall interfere with contractual relationships between community management professionals and contractors.

(i) No Director, Delegate, committee member, managing agent or executive director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the Association.

(j) No promise of anything not approved by the Board as a whole can be made by any Director, Delegate, committee member, managing agent or executive director to any subcontractor, supplier, or contractor during negotiations.

(k) Any Director, Delegate, committee member, managing agent or executive director convicted of a felony shall voluntarily resign from his/her position.

(l) No Director, Delegate, committee member, managing agent or executive director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself in any way.

(m) 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.

(n) Directors, Delegates, committee members, managing agents and executive directors shall comply with all technical and operating standards, policies and procedures of the Association that are in force or may from time to time be promulgated by the Board.

(o) No Director, Delegate, committee member, managing agent or executive director shall use any funds of the Association for their own personal use. All funds of the Association must be segregated either through bank accounts or accounting records.

7. Attendance at Board Meetings. Any Board member who misses three consecutive Board meetings or four meetings in twelve months will be removed from the Board.

8. Members in Good Standing. Board members must remain members in good standing of the Association at all times, including, but not limited to, payment of annual and/or special assessments in a timely manner.

9. Review of Policy. The Board shall review this Policy and the procedures contained herein periodically, at least once every three years, to determine whether any revisions or amendments to this Policy are necessary or warranted

10. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

11. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

12. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

13. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Master Community Association, Inc., 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 _____ and in witness thereof, the undersigned has subscribed his/her name.

MASTER COMMUNITY ASSOCIATION, INC.
a Colorado non-profit corporation,

By: _____,
President