

Article I.

Section 3

**Disclosing and Addressing
Conflicts of Interest****Policy**

The Association should not be a vehicle for benefiting one group of people over another simply because they have some special connection with someone on our Board of Directors. Board Members should therefore avoid and disclose any relationship they have to any person or transaction that creates a real, potential, or appearance of conflict of interest between their duties and their interests as an individual. Further, all volunteers, employees, contractors of the Association, and members of its chartered committees are expected to conduct themselves in an honest and businesslike manner, and shall avoid and disclose any relationship they have to any person or transaction that creates a real, potential, or appearance of conflict of interest.

Definitions

As used in this policy the following terms have the following meanings:

- “Director” means a member of the Association’s Board of Directors.
- “Party related to a director” means a spouse, a descendant, 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 or officer or has a financial interest.
- “Conflicting Interest Transaction” means a contract, transaction, or other financial relationship between the Association and a director, or between the Association and a party related to a director, or between the Association and an entity in which a director is a director or officer or has a financial interest.
- “Conflict or Interest,” in addition to “Conflicting Interest Transaction,” means any situation in which a person covered by this Section is in a position to exploit his or her Association capacity in some way for his or her personal benefit.
- Association volunteer is any person performing services for the Association as a volunteer, including committee members and board advisors.

- “Chartered Committee” means any committee of the Association with a written committee charter.

Procedure Applying to Members of the Board of Directors

Defining Conflict of Interest. When the Board is considering any contract, decision, or other action that would constitute a Conflicting Interest Transaction, a conflict of interest arises. Also, when a Board member perceives that he or she is in a position to exploit his or her Association capacity in some way for personal benefit, a real, potential, or appearance of conflict arises.

Disclosing a Conflict. If a Director finds that he or she has some relationship or interest that presents a Conflicting Interest Transaction or a real, potential, or appearance of conflict of interest, the Director must disclose that conflict to the Board in an open meeting prior to any discussion of the issue.

Effect of Conflict. After a Director has disclosed the issue of a conflict, that Director may still participate in deliberations of the Board, but may not vote on the matter in the case of a real or potential conflict. In the case of an appearance of a conflict, the other Directors shall determine whether the Director with the appearance of conflict shall be permitted to vote on the matter.

No 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.

Transactions not Voidable. No Conflicting Interest Transaction shall be voidable by an Owner or on behalf of the Association if:

1. The facts about the conflicting interest transaction are disclosed to the Board, and the majority of the disinterested Directors, even if less than a quorum, in good faith approved the Conflicting Interest Transaction; or
2. 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
3. The Conflicting Interest Transaction is fair to the Association.

Procedure Applying to Volunteers, Members of Chartered Committees, Employees, or Contractors of the Association

Defining a Conflict of Interest Applying to an Association Volunteer, Member of a Chartered Committee, Employee, or Contractor. A conflict of interest in this context is any situation in which an Association volunteer, member of a chartered committee,

employee, or contractor is in a position to exploit his or her Association capacity in some way for their personal benefit.

Disclosure and Effect of a Conflict. If a volunteer, employee, or contractor finds or believes that he or she has a real, potential, or appearance of conflict of interest, he or she shall immediately disclose that conflict to the Board, or to his or her Committee Chair in the case of a committee member, employee, or contractor working for a Committee. In the case of a committee member, after disclosure and at the discretion of the Committee Chair, the committee member may continue to participate in the discussion but may not vote. In the case of an employee or contractor, the Committee Chair or Board of Directors, as appropriate, shall appoint another individual to perform the conflicted transaction or task.

The failure to disclose a conflict of interest shall be cause for termination by the Board of the volunteer, committee member, employee, or contractor. However, in making any termination decision, the Board shall consider all relevant facts and circumstances surrounding the failure to disclose a real, potential, or appearance of conflict of interest.

Adopted November 16, 2007

Amended October 8, 2012



Association Administrator