

## **POLICY ON BOARD MEMBER CONDUCT**

The Colorado Revised Nonprofit Corporation Act imposes upon Directors and Officer obligations regarding their conduct and dealing with conflicts of interest. This policy incorporates those statutory provisions as well as imposing additional requirements.

### Standards of Conduct:

A Board member and Officer shall discharge their duties in good faith, with the care that an ordinarily prudent person would exercise in a like position and under similar circumstances, and in a manner that he/she reasonably believes to be in the best interests of the Association.

The duty of care includes the following:

- Knowledge of the provisions in the Declaration of Covenants and Restrictions, Association's Articles of Incorporation, Bylaws and Rules and Regulations and policies.
- Board members act through the Board as a governing body and have no authority to make decisions or authorize action without having been given express authority to do so by the Board.
- Board members should attend board and membership meetings and diligently pursue any duties or tasks they are directed or volunteer to complete.
- Officers are designated certain duties by the Association bylaws and should fulfill those duties and other duties normally associated with that office. Where an officer is uncertain as to authority to act in that capacity, he should seek guidance from the Board.

### Standards of Behavior:

Board members and officers are acting in a professional capacity and must understand that they are managing a business. Their behavior should be professional. Professional behavior includes courtesy towards Association members, Association managers and Association vendors. Professional behavior includes the avoidance of profanity or other inappropriate language or conduct, whether at meetings or in other places. Professional behavior includes putting the interests of the Association ahead of any personal agenda the director or officer may have.

### Conflicts of Interest:

“Conflicting Interest Transaction” means any relationship, whether contractual, financial, familial, or ownership, between a director/officer and the Association, between a person related to a director/officer and the Association or between an entity in which the director/officer has an interest and the Association.

The Association will make no loans to any director or officer or any other entity.

Where the Association is considering entering into a transaction that would constitute a Conflicting Interest Transaction, any director or officer who has the relationship that creates the Conflicting Interest Transaction shall disclose to the Board of Directors the material facts as to that relationship. Where an director or officer is uncertain as to whether they have a conflict, they should err on the safe side and disclose material facts regarding the relationship.

The Association shall enter into Conflicting Interest Transactions only if the following are met:

1. The Conflicting Interest Transaction is fair to the Association
2. The material facts of the relationship giving rise to the Conflicting Interest Transaction have been made known to the Board
3. The Board acting in good faith and by majority vote without the participation of the conflicted director, approves the Conflicting Interest Transaction.

Directors and Officers need to be diligent in determining if a conflict exists. Conflicts can be subtle such as where improvements are being made to certain units, one of which is that of a director.