

**RESOLUTION OF THE
PARK AVENUE VILLAS HOMEOWNERS ASSOCIATION, INC.
REGARDING BOARD MEMBER CONFLICTS OF INTEREST POLICY**

SUBJECT: Adoption of a policy to be followed when a Board Member has a conflict of interest regarding a proposed action by the Board and a Code of Ethics.

PURPOSE: To adopt a standard procedure to be followed when a Board Member has a conflict of interest to ensure proper disclosure of the conflict and voting procedures, and to adopt a code of ethics for Board Members.

AUTHORITY: The Declaration, Bylaws, Articles of Incorporation of Park Avenue Villas Homeowners Association, Inc., and Colorado law.

EFFECTIVE DATE: November 15, 2018

RESOLUTION: The Association does hereby adopt the following Policy regarding how the Board will proceed, should a Board member have a conflict of interest regarding a proposed action by the Board and to establish a Code of Ethics for Board Members. The Policy adopted is as follows:

1. **General Duty.** The Board of Directors shall use its 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 shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to, the Association. All directors shall comply with all lawful provisions of the Declaration and the Association's Articles of Incorporation, bylaws, and Rules and Regulations.
2. **Definition.** A conflict of interest is present whenever any contract, decision, or other action taken by or on behalf of the Board would financially benefit:
 - a. a Board member,
 - b. a parent, grandparent, spouse, child, or sibling of the Board member, or
 - c. a parent or spouse of any of the persons in subsection b.
3. **Disclosure of Conflict.** Any possible conflict of interest on the part of any Board member shall be verbally disclosed to the other Board members at the first open meeting of the Board of Directors at which the interested Board member is present after the conflict of interest is or should be discovered. After disclosure, the Board member may participate in the discussion but shall not vote on the matter. Any Board member having a conflict of interest on any matter shall not use his or her personal influence on the matter, and he/she shall not be counted in determining the quorum for the vote. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting, and the composition of the quorum.
4. **Code of Ethics.** In addition to the above, each Director and the Board of Directors as a whole shall adhere to the following Code of Ethics:
 - A. No Director shall use his/her position for private gain, including for the purposes of enhancing his/her financial status through the deliberate use of certain contractors or suppliers.
 - B. No contributions shall be made to any political party or political candidate on behalf of, or by the Association.
 - C. No 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.
 - D. No Director shall accept a gift or favor made with the intent of influencing a decision or action on any official matter of the Board.

- E. No Director shall receive any compensation from the Association for acting as a volunteer, except that a Director may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.
 - F. 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 and may be subject to legal action by the Association as a willful breach of the Director or officer's fiduciary duty to the Association.
 - G. 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 of Directors to advance a personal cause.
 - H. No 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 this Resolution.
 - I. No 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 already approved by the Board of Directors as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.
 - K. Any potential or current Director or officer that has been convicted of a felony shall disclose such conviction to the Board. The Board shall then hold a meeting to decide whether such felony should require the potential or current Director or officer to voluntarily resign from the Board or his/her position. Such decision shall be disclosed in the meeting minutes.
 - L. No 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. Any infraction of the Code of Ethics may result in the immediate removal or request of voluntary resignation of the Director or officer from the Board. Whether such an infraction has occurred shall be determined at a hearing.
5. **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 of Directors, and a majority of the disinterested Directors, even if less than a quorum, in good faith approve 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. **Failure to Disclose Conflict.** Any contract entered into in violation of this policy shall be void and unenforceable.
7. **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 laws of the State of Colorado governing the Association.
8. **Deviations.** The Board of Directors may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
9. **Amendment.** This policy may be amended from time to time by the Board of Directors.

PRESIDENTS CERTIFICATION:

The undersigned, being the President of the Park Avenue Villas Homeowners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the

Association, at a duly called and held meeting of the Board of Directors on the 15th of November 2018 and in witness thereof, the undersigned has subscribed his/her name.

PARK AVENUE VILLAS HOMEOWNERS
ASSOCIATION, INC.

a Colorado Nonprofit Corporation

By: Chris R. Phillips
President