

Stonewater Homeowners Association

BOARD OF DIRECTORS POLICY DOCUMENT

Policy Title	Conflict of Interest Policy
Effective Date	January 29 2022
Last Revision Date	New
Document Revision	Revision 1

Purpose

The purpose of this Conflict of Interest Policy is to protect the Association's interests when it is entering into a transaction or arrangement that might benefit the private interests of a Director of the Association or might result in a possible excess benefit transaction.

Scope

This policy applies to any member of the Board of Directors, whether they are an Officer or a Director at large.

Policy Statement

The Board of Directors shall maintain a high standard of ethical conduct in the performance of the Association's business. When the Board of Directors makes a decision, it must be for the benefit of the Association's interest.

The Conflicts of Interest Policy requires Directors with a conflict (or who think they may have a conflict) to disclose the conflict (or potential conflict) and prohibits board members from lobbying and/or voting on any matter in which there is a conflict.

Definitions:

Conflicts involving financial interest:

A Conflict of Interest shall be deemed to exist when any Director knowingly has, directly or indirectly, through business, investment, or family:

- 1) An ownership, investment, income, or other interest in any entity with which the Association has a transaction or arrangement,
- 2) A compensation arrangement with any entity or individual with which the Association has or is contemplating a transaction or arrangement

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Anything with a value of \$50 or more shall be considered substantial.

Conflicts involving significant relationships:

A Conflict of Interest shall be deemed to exist when any Director has a significant relationship with a non-profit or for-profit entity that has, or is negotiating, a transaction with the Association. This definition shall include, but not be limited to, sitting on the Board of a non-profit, or having a leadership role or other significant role in the operations of a for-profit or non-profit, even if there is no compensation.

Conflicts involving benefit to property:

A Conflict of Interest shall also be deemed to exist when a Director's property will disproportionately benefit from a Board decision relative to other members of the Association.

A Conflict of Interest shall be deemed nonexistent when any Director or their property value will benefit from a Board decision in a manner that is consistent relative to other members of the association.

Procedures

1) **Conflict of Interest Disclosure Form:**

All Directors shall sign a conflict of interest disclosure form prior to their first vote on any matters put before the Board. The form may be found at the end of this document. This form shall be updated by the Director as needed, and will be effective for the Director's entire tenure.

2) **Duty to Disclose:**

In connection with any conflict of interest the interested Director must disclose the existence of the interest to the other members of the Board prior to or at the beginning of any discussion involving the conflict of interest.

3) **Recusal of Self:**

Any Director with a conflict or potential conflict of interest shall abstain from voting on any matter that involves their interest and shall give the other members of the Board an opportunity to discuss the matter without the presence of the interested party.

4) **Violations of this policy:**

If any Board Member or other member of the Association has reasonable cause to believe that a Director has failed to disclose a conflict of interest, that individual shall notify the Board of Directors either verbally at a meeting of the Board, or in writing, outlining the basis for such belief.

- a) The Board shall give the Director in question an opportunity to explain the alleged failure to disclose.
- b) The Board may then take any of the following actions as reasonable steps to correct the violation, which shall be determined by majority vote:
 - i) Suspend the Director's voting privileges for specific related matters
 - ii) Require the Director to leave the room for the duration of consideration of and action on related matters
 - iii) Reprimand the Director by disclosing the violation in the meeting minutes, and in egregious cases taking steps provided in the Bylaws to remove the Director.
 - iv) Determine that no conflict of interest exists

5) **Documentation:**

Board minutes will reflect the disclosure of conflict of interest and potential conflicts of interest as well as any action outlined under Section 4 of these procedures.

Responsibilities

The Board of Directors has ultimate responsibility for maintaining a high standard of ethical conduct in the performance of the Association's business and is responsible for executing the procedures in support of this policy.

Stonewater Homeowners Association

Conflicts of Interest Disclosure Form

This form is to be completed by all members of the Association's Board of Directors prior their first vote on any matter before the Board and the form shall be updated as required.

Name: _____

Street Address: _____

- I have read the Association's Conflict of Interest Policy & Procedure
- I agree to abide by the Association's Conflict of Interest Policy & Procedure
- I have no conflicts or potential conflicts of interest to disclose at this time
- I have or a family member has a financial interest in or significant relationship with the following entities or individuals that have arrangements with or currently would like to have arrangements with the Association:

Name of the entity:

Relationship to the entity:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

I hereby certify that the information set forth above is true and complete to the best of my knowledge.

Signed: _____

Date: _____