



1. Introduction

- (a) The Board of Directors of Pine Cone Acres Homeowners Association, Inc. (the “Association”) shall comply with all of Colorado’s statutory provisions against conflicting interest transactions as found in the Colorado Revised Nonprofit Corporation Act and the Colorado Common Interest Ownership Act (CCIOA). A “conflicting interest transaction” is defined by the Colorado statutes, but generally means a contract, transaction, or other financial relationship between the Association and:
- (i) a Director of the Association; or
 - (ii) a party related to a Director (a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling); or
 - (iii) an estate or trust in which the Director or relative has a beneficial interest; or
 - (iv) an entity in which a relative of a Director, or Officer, or has a financial interest.

2. Reimbursement

- (a) Reimbursement of actual expenses shall not be deemed a financial benefit for purposes of this Policy; and transactions that are of a general benefit to a group of Homeowners that includes one or more Directors shall not be considered a conflicting interest transaction.

3. Disclosure

- (a) Each individual Director is obligated by law to disclose, in an open Board meeting, any existing Conflict of Interest prior to any discussion or action on that issue, and the Director shall not vote on such issue. Such disclosure should be reflected in the Minutes of the meeting.
- (b) The Director in question should not take part in the discussion and should leave the room during the discussion and the vote on the matter. Notwithstanding the foregoing, a majority of the disinterested Directors may ask the interested Director to remain during any portion of the discussion and/or vote, provided that the Director does not vote.
- (c) The above notwithstanding, at any Board meeting a Director with a Conflict of Interest may be counted “present” for the purpose of determining whether a quorum exists; and the foregoing requirements shall not be construed as preventing the interested Director from briefly stating his or her position in the matter, nor from answering pertinent questions of other Directors, since his or her knowledge may be of great assistance.

4. Approvals

- (a) A Board decision or other Board action must be approved in good faith by a majority of the disinterested Directors. No contract, Board decision or other Board action in which a Director has a Conflict of Interest shall be approved unless it is commercially reasonable to (and/or in the best interests of) the Association.
- (b) Any contract or action in violation of this Policy shall be brought to the attention of the remaining Directors for appropriate action and shall be declared void and unenforceable, unless:
 - (i) the material facts of the conflict are disclosed or are known to the Board or to the Members entitled to vote thereon; and
 - (ii) the transaction is approved or ratified in good faith by a majority of either:
 - (•) the disinterested Directors; and/or
 - (•) 51% or more of the Owners of the Association; or
 - (iii) the transaction is fair to the Association

5. Violation Enforcement

- (a) Any Director who violates Colorado Statute or any other lawful provision of any Association Document, including the Covenants, may be removed from the Board by the other Directors; and any contract entered into by the Association, without a vote of the Board, can be declared void and unenforceable, and the interested Director shall be responsible for any damages arising from the failure to disclose the conflict of interest.
- (b) No loans shall be made by the Association to any Director or Officer. If any Director or Officer assents to or participates in the making of such a loan, he or she shall be held personally liable to the Association for the amount of such loan until repayment is made.

The Board may review this Conflicts of Interest Policy and update as needed.

PINE CONE ACRES HOMEOWNERS ASSOCIATION, INC.

Adopted this 22nd day of September 2014