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- SUBJECT** Adoption of a policy and procedure regarding Board Members’ conflicts of interest and a code of ethics.
- PURPOSE** To adopt a policy and 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, Articles of Incorporation, and Bylaws of the Association and Colorado law.
- EFFECTIVE DATE** December 6, 2016
- POLICY** The Association hereby adopts the following policy and procedure regarding Board Member conflicts of interest and code of ethics:
1. Review of Policy. The Board shall review this Policy and the procedures contained herein periodically to determine whether any revisions or amendments to this Policy are necessary or warranted.
 2. 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, Bylaws, and Rules and Regulations.
 3. Definition.
 - (a) “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 of the Association is a director or officer or has a financial interest.
 - (b) “Board Member” means a member of the Association’s Board of Directors.

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(c) "Party related to a Board Member" means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Board Member or a party related to a Board Member has a beneficial interest, or an entity in which a party related to a Board Member is a Board Member or officer or has a financial interest.

4. Loans. No loans shall be made by the Association to its Board Members or officers. Any Board Member 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.
5. Disclosure of Conflict. Any conflicting interest transaction on the part of any Board Member or party related to a Board Member shall be verbally disclosed to the other Board Members in open session at the first open meeting of the Board Members at which the interested Board Member is present prior to any discussion or vote on the matter. After disclosure, the Board Member may participate in the discussion but shall not vote on the matter. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, the composition of the quorum and record who voted for and against.
6. Enforceability of 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, and a majority of the disinterested Board Members, even if less than a quorum, in good faith approves 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.
7. Code of Ethics. In addition to the above, each Board Member and the Board as a whole shall adhere to the following Code of Ethics:

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- (a) No Board Member shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
- (b) No contributions will be made to any political parties or political candidates by the Association.
- (c) No Board Member 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 Board Member shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.
- (e) No Board Member shall receive any compensation from the Association for acting as a volunteer.
- (f) No Board Member 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 to advance a personal cause.
- (g) No Board Member 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 Chairman or be in accordance with policy.
- (h) No Board Member shall harass, threaten, or attempt through any means to control or instill fear in any member, Board Member or agent of the Association.
- (i) No promise of anything not approved by the Board as a whole can be made by any Board Member to any subcontractor, supplier, or contractor during negotiations.
- (j) Any Board Member convicted of a felony shall voluntarily resign from his/her position.
- (k) No Board Member shall knowingly misrepresent any facts to anyone involved in anything with the community which would

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benefit himself/herself in any way.

- (l) Language and decorum at Board meetings will be kept professional. Personal attacks against owners, residents, managers, service providers and Board Members are prohibited and are not consistent with the best interest of the community.
- 8. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
- 9. Supplement to Law. The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.
- 10. Deviations. The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.
- 11. Amendment. This Policy may be amended by the Board of Directors.

**CHAIRMAN'S
CERTIFICATION**

The undersigned, being the Chairman of the Board of the Canterbury Improvement Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing policy was adopted by the Board of Directions of the Association, at a duly called and the meeting of the Board of Directors on December 6, 2016 and in witness thereof, the undersigned has subscribed his/her name.

Canterbury Improvement Association, Inc., a Colorado nonprofit corporation

By: CHRIS DAVIS, Chairman of the Board