

HIGHLANDS AT VALLEJO HOMEOWNER'S ASSOCIATION, INC.

BOARD MEMBER CONFLICT OF INTEREST POLICY

The Board of Directors (the "Board") for the Highlands at Vallejo Homeowner's Association, Inc. ("Association") recognizes that each Board Member serves the Association in a position of trust. In this role for the Association, conflicts of interest may occur under certain circumstances.

The Board defines and agrees that a conflict of interest is a conflict between the private interests and the official or fiduciary responsibilities of the Board as Board Members serving the Association. A conflicting interest transaction is defined by C.R.S. 7-128-501 (Colorado Revised Nonprofit Corporation Act) as:

"A contract, transaction, or other financial relationship between a nonprofit corporation and a director of the nonprofit corporation, or between the nonprofit corporation and a party related to a director, or between the nonprofit corporation and an entity in which a director of the nonprofit corporation is a director or officer or has a financial interest."

A conflict of interest would occur if the actions as Board Members directly benefit (monetarily or otherwise) the following persons, groups or organizations:

Spouse, descendent, ancestor, sibling, spouse or descendent of a sibling, estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

No loans shall be made by the Association to any Board Member or Officer. 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.

A potential conflict of interest may exist when a Board Member for the Association serves as another entity's Board Member, Committee Member, Employee, Agent, Stockholder or Contractor. Any actual conflict will be avoided by that Board Member by announcing the actual conflict of interest in open session at the first open meeting of the Board that involves both entities.

In the event that a conflict of interest arises, the conflicted Board Member will, in an open Board Meeting to be recorded in the minutes, announce the conflict of interest and all circumstances and details involved in the conflict **before** a vote is taken on a matter that would create a conflict of interest. The conflicted Board Member may participate in discussions prior to the vote but will abstain from voting on the matter that would create the conflict of interest.

In the event that a conflict of interest arises without the prior knowledge of the conflicted Board Member, that Board Member will notify the Board President in writing within five (5) days after discovery. The Board President will determine whether or not the issue warrants a special meeting or whether the situation can wait until the next regularly scheduled Board meeting. If the Board President has a conflict, the Vice President will preside. The same voting requirements as stated in the previous paragraph will be used to vote on the issue.

No conflicting interest transaction shall be void or voidable by an owner/member of the Association or by or in the right of the Association as a nonprofit corporation if (pursuant to Colorado §7-128-501):

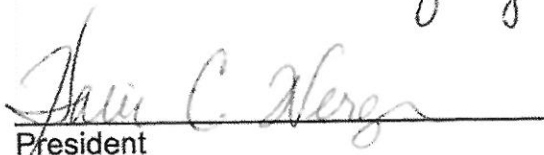
- The facts about the conflicting interest transaction are disclosed to the Board, and a majority of the disinterested Board Members, even if less than a quorum, in good faith approves the conflicting interest transaction;
- The facts about the conflicting interest transaction are disclosed to the Owners 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
- The conflicting interest transaction is fair to the Association.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
HIGHLANDS AT VALLEJO HOMEOWNERS ASSOCIATION, INC.**

Pursuant to the requirements of CCIOA, the Board Member Conflict of Interest Policy has been adopted by the Board for the Highlands at Vallejo Homeowner's Association, Inc. This policy is subject to change after Board approval.

The provisions of this resolution shall be in addition to and in supplement of the terms and provisions of the Association's governing documents and the laws of the State of Colorado governing the Association.

BE IT RESOLVED, that the Association approves the "Board Member Conflict of Interest Policy", effective July 18, 2016.



President

HIGHLANDS AT VALLEJO HOMEOWNER'S ASSOCIATION, INC.