

DILLEY RANCH PROPERTY OWNERS ASSOCIATION, INC.

POLICY AND PROCEDURE  
REGARDING CONFLICTS OF INTEREST

Adopted: August 21, 2010

The following policy and procedure has been adopted by the Executive Board ("Board") of Dilley Ranch Property Owners Association, Inc. ("Association"), regarding conflicts of interest.

**I. Conflicting Interest Transaction.**

A. Definitions.

- (1) Conflicting Interest Transaction. A contract, a transaction, or other financial relationship:
  - (a) between the Association and a Board Member; or
  - (b) between the Association and a party related to a Board Member; or
  - (c) between the Association and an entity in which a Board Member is also a director or officer or has a financial interest.
- (2) Officer. Any person designated as an officer of the Association and any person to whom the Board delegates responsibilities, including a managing agent, attorney or accountant contracted, employed or used by the Board.

B. Dealing With a Conflicting Interest Transaction.

- (1) For any potential Conflict of Interest
  - (a) The material facts as to the Board member's relationship or interest and, as to the conflicting interest transaction, are to be disclosed or are to be known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board Members, even though the disinterested Board Members are less than a quorum; or
  - (b) The material facts as to the Board Member's relationship or interest and, as to the conflicting interest transaction, are to be disclosed or are to be known to the Board (or the committee) entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Owners/Members; or

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- (c) The conflicting interest transaction is fair as to the Association.
- (2) Common or interested Board Members may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.
- (3) For the purposes of this Policy, a party related to a Board Member shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board Member or a party related to the Board Member has a beneficial interest, or an entity in which a party related to the Board Member is a director, officer, or has a financial interest.
- (4) If this Policy and Procedure is followed, no conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an owner/member of the Association or by or in the right of the Association as a nonprofit corporation, solely because the conflicting interest transaction involves a Board Member or a party related to a Board Member or an entity in which a Board Member of the Association is a director or officer or has a financial interest or solely because the Board Member is present at or participates in the meeting of the Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Board Member's vote is counted for such purpose.

**II. Loans Prohibited.**

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 such loan until the repayment thereof.

SECRETARY'S CERTIFICATION:

The undersigned, being the Secretary of Dilley Ranch Property Owners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on August 21, 2010, and in witness thereof, the undersigned has subscribed his/her name.

DILLEY RANCH PROPERTY OWNERS ASSOCIATION, INC.  
A Colorado non-profit corporation

By: Claire McArthur  
Secretary

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