

**TWO RIVERS HOMEOWNERS ASSOCIATION**

**GOVERNANCE POLICY FOR**

**CONFLICT OF INTEREST TRANSACTIONS**  
**INVOLVING BOARD MEMBERS**

(all capitalized terms used herein and not defined herein shall have the meaning given to them in the Declaration of Covenants, Conditions and Restrictions for Two Rivers Homeowners Association)

(a) In performing their duties, directors and officers shall act as fiduciaries and shall discharge their duties in a manner that the director or officer believes in good faith to be in the best interest of the Association and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

(b) A "conflict of interest transaction" means a contract, transaction, or other financial relationship between (i) Two Rivers Homeowners Association (the "Association") and a member of the Board, (ii) the Association and a party related to a Board member, or (iii) the Association and an entity in which a Board member of the Association is a director or officer or has a financial interest. A "related party" is 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 a Board member has a beneficial interest, or an entity in which a party related to a Board member is a director, officer, or has a financial interest. A "financial interest" means a direct monetary interest.

(c) No conflict of interest transaction shall be void or voidable, enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding brought by a member of the Association or by or in the name of the Association, solely because (i) the conflicting interest transaction involves a Board member, a party related to a Board member, or an entity in which a Board member is a director or officer or has a financial interest; (ii) 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 conflict of interest transaction; or (iii) the Board member's vote is counted for such purpose, if:

(i) The material facts as to the Board member's relationship or interest and as to the conflict of interest transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflict of interest transaction by the affirmative vote of a majority of the disinterested Board members, even if the disinterested Board members are less than a quorum; or

(ii) The material facts as to the Board member's relationship or interest and as to the conflict of interest transaction are disclosed or are known to the Board members entitled to vote, and the conflict of interest transaction is specifically authorized, approved or ratified in good faith by a vote of the Board members entitled to vote; or

(iii) The conflict of interest transaction is fair as to the Association.

(d) Notwithstanding anything to the contrary in Section 1(a) and (b) or in the other Governing Documents, if any contract, decision, or other action taken by or on behalf of the Board would financially benefit any Board member or anyone related to a Board member, that Board member shall declare a conflict of interest for that issue in an open meeting prior to any discussion or action on that issue. After making such a declaration, the Board member may participate in the discussion but shall not vote on that issue. Any contract entered into in violation of this section is void and unenforceable.

(e) Notwithstanding anything herein to the contrary, directors appointed by Declarant may be employed by or otherwise transact business with the Declarant and its affiliate, and the Declarant may transact business with the Association and its contractors.

(f) The Board shall no less than annually review and update, if deemed appropriate, this conflict of interest policy.

**This policy was adopted on by resolution of the Board of Two Rivers Homeowners Association on April 23, 2015, is effective of even date therewith, and complies with the Colorado Common Interest Ownership Act as of that date. If the policy contained herein becomes in conflict with the laws of the State of Colorado shall be rendered void. The governance policy set forth herein is not intended to enlarge or create any fiduciary duties. Except for acts of fraud or bad faith, no director shall incur any liability under this policy.**

TWO RIVERS HOMEOWNERS ASSOCIATION,  
a Colorado nonprofit corporation

By: \_\_\_\_\_

Its: President

ATTEST:

By: \_\_\_\_\_

Its: Secretary