

**RESOLUTION OF THE
SILVER SAGE VILLAGE COMMUNITY ASSOCIATION
ADOPTING POLICY AND PROCEDURE FOR
CONFLICTING INTEREST TRANSACTIONS**

SUBJECT: Adoption of a policy and procedure regarding conflicting interest transactions and a Steering Team member code of ethics.

PURPOSE: To adopt a policy and procedure to be followed when there is a conflicting interest to ensure proper disclosure of, and protection from, the conflict and to adopt a code of ethics for Steering Team members.

AUTHORITY: Colorado law, the Declarations, Articles of Incorporation and Bylaws of the Association, including but not limited to C.R.S. §38-33.3-209.5; Article XXV E. of the Declarations; Article 6.17 of the Bylaws

EFFECTIVE DATE: February 18, 2010

RESOLUTION: The Steering Team, on behalf of the Association, hereby adopts the following:

1. General Duty. The Steering Team must use its best efforts at all times to make decisions that are consistent with the vision and governing documents of the Association, and to protect and enhance the well being of the Silver Sage community and the value of properties of the members and Association. All Steering Team members must exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the Association. All Steering Team members must comply with all lawful provisions of the Declaration and the Association's Articles, Bylaws, and Rules and Regulations and Guidelines, including its Agreements.

2. Applicability. This resolution will apply to Steering Team members and all other team members when exercising the delegated authority of the Steering Team.

3. Definitions.

(a) "Conflicting interest transaction" means a contract, transaction, other financial relationship or actual or potential litigation between the Association and a Steering Team member, or between the Association and a party related to a Steering Team member, or between the Association and an entity in which a Steering Team member is a director or officer or has a financial interest. It also includes any other action by the Steering Team, other teams, or the Association

from which the member may benefit or be harmed financially disproportionately from members of the Association in general. .

(b) “Party related to a Steering Team member” means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Steering Team member or a party related to a Steering Team member has a beneficial interest, or an entity in which a party related to a Steering Team member is a Steering Team member or officer or has a financial interest.

4. Loans. No loans maybe made by the Association to its Steering Team members or officers. Any Steering Team member or officer who assents to or participates in the making of any such loan will 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 Steering Team member or party related to a Steering Team member must be verbally disclosed to the other Steering Team members in open session at the first open meeting of the Steering Team at which the interested Steering Team member is present prior to any discussion or vote on the matter. The minutes of the meeting must reflect the disclosure made, the composition of the quorum and record who voted for and against.

6. Enforceability of Conflicting Interest Transaction. The conflicting interest transaction may be enforced if:

(a) The facts about the conflicting interest transaction are disclosed to the Steering Team, and a majority of the disinterested Steering Team members, even if less than a quorum, in good faith approves the conflicting interest transaction; or

(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.

7. Recusal for Certain Conflicting Interest Transactions A member of the Steering Team or other team or a party related to the member, shall, after making the required disclosure explicitly consider recusing himself or herself from any substantive discussion or decision of the team on any matter in which:

- (a) The member is, or may be, a party to litigation involving the Association
- (b) The member stands to benefit or be harmed financially, disproportionately from members of the Association in general, unless it is a contractual action by the Association.

If the member or related party of the Steering Team or other team, after disclosing a conflict of interest, recuses himself or herself, the member or party may participate in information exchanges and initial clarifying discussions of the matter or make a statement prior to being recused. However, once the recusal is made, the recused member or party shall not be present while the Association, Steering Team or other team substantively evaluates the issues involved, discusses options or makes their decisions, nor shall the recused member or party attempt to influence the substantive discussions or decisions of the relevant team or Association.

If the member does not initially recuse himself or herself, any member of the community may raise whether a recusal is appropriate. The matter will be referred to the Community Development Team for a recommendation to the Steering Team for resolution.

8. In all instances of recusal, all members of the Association will be sensitive to the ongoing impact on the members or parties who have recused themselves and make every effort to support them as valued members of the Association while the recusals are in effect.

9. Code of Ethics. In addition to the above, each Steering Team member and the Steering Team as a whole, as well as team members exercising delegated authority from the Steering Team, must adhere to the following Code of Ethics:

- (a) No Steering Team member may 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 Steering Team member may 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 Steering Team member may accept a gift or favor made with the intent of influencing a decision or action on any official matter.

(e) No Steering Team member may receive any compensation from the Association for acting as a volunteer.

(f) No Steering Team member may 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 Steering Team to advance a personal cause.

(g) No Steering Team member may interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association contractors must go through the Steering Team Chairperson or team member exercising delegated authority from the Steering Team.

(h) No Steering Team member may harass, threaten, or attempt through any means to control or instill fear in any member, Steering Team member or agent of the Association.

(i) No promise of anything not approved by the Steering Team as a whole can be made by any Steering Team member to any subcontractor, supplier, or contractor during negotiations.

(j) Any Steering Team member convicted of a felony must voluntarily resign from his/her position.

(k) No Steering Team member may knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself in any way.

(l) Language and decorum at Steering Team meetings will be kept professional and in accordance with the Association's communication agreements. Personal attacks against owners, residents, managers, service providers and Steering Team members are prohibited and are not consistent with the best interest of the community.

Violations of these agreements will be dealt with promptly by the Chairperson of the meeting and may include referral to the Association's conflict resolution procedures.

10. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration will have the same meaning as in this resolution.

11. Supplement to Law. The provisions of this Resolution are in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Association.

12. Deviations. The Steering Team may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances and consistent with Colorado law and the Association's governing documents.

13. Amendment. This policy may be amended from time to time by the Steering Team.

**CHAIRPERSON'S
CERTIFICATION:**

The undersigned, being the Chairperson of the Silver Sage Village Community Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Steering Team of the Association, at a duly called and held meeting of the Steering Team, on February 18th 2010 and in witness thereof, the undersigned has subscribed his/her name.

**SILVER SAGE VILLAGE COMMUNITY
ASSOCIATION,**
a Colorado nonprofit corporation

By:

/s/ Dan Knifong

Chairperson