

3 Creek Ranch Homeowners Association

Conflict of Interest Policy

Article I Purpose

The purpose of this conflict of interest policy is to protect the interests of 3 Creek Ranch Homeowners Association, a Wyoming nonprofit corporation (the “HOA”), whenever the HOA is contemplating any matter, transaction or arrangement that might benefit the private interest(s) of an officer or director or other person in a position of authority within the HOA or that might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit organizations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with powers delegated by the Board of Directors, who has a direct or indirect interest, as defined below, is an interested person.

2. An Interested Person may have a conflict of interest based on any of the following:

A. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- i. An ownership or investment interest in any entity with which the HOA has a transaction or arrangement,
- ii. A compensation arrangement with the HOA or with any entity or individual with which the HOA has a transaction or arrangement, or
- iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the HOA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

B. Significant Relationships:

A Conflict of Interest shall be deemed to exist when an Interested Person has a significant relationship with a non-profit or for-profit entity that has or is negotiating a transaction with the HOA. This definition shall include, but not be limited to, sitting on the board of a non-profit, or having a leadership role or other significant role in the operations of a for-profit or non-profit, even if there is no compensation.

C. Benefit to Property:

A Conflict of Interest shall also be deemed to exist when an Interested Person’s property will disproportionately benefit from a decision relative to other members of the HOA.

A Conflict of Interest shall be deemed *nonexistent* when any Interested Person or their property value will benefit from a decision in a manner that is consistent relative to other members of the HOA.

Article III

Procedures

1. **Duty to Disclose:** In connection with any potential conflict of interest, an Interested Person must disclose the existence of the interest to the other members of the board, officers or committee members prior to or at the beginning of any discussion involving the potential conflict of interest.
2. **Determining Whether a Conflict of Interest Exists**
After disclosure of the interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest actually exists.
3. **Procedures for Addressing the Conflict of Interest**
 - A. An Interested Person shall make an appropriate disclosure of all material facts, including the existence of any interest, at any time that any actual or potential conflict of interest arises. The Interested Person may make a presentation at a Board of Directors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - B. The President or Vice President of the HOA or the chairperson of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - C. After exercising due diligence, the governing board or committee shall determine whether the HOA can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - D. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the matter, transaction or arrangement is in the HOA's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to approve or disapprove of the matter or enter into the transaction or arrangement.
4. **Violations of the Conflicts of Interest Policy**
 - A. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
 - B. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of the Board of Directors and all committees with board delegated powers shall contain:

- A. The names of the persons who disclosed or otherwise were found to have an interest in connection with an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors or committee's decision as to whether a conflict of interest in fact existed.
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- B. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V
Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- A. Has received a copy of this conflicts of interest policy,
- B. Has read and understands the policy,
- C. Has agreed to comply with the policy, and
- D. Understands that the HOA is a nonprofit mutual benefit organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.