

Elk Springs Homeowners Association, Inc. Conflict of Interest Policy

Pursuant to the authority granted by Article 4.14(A) of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Elk Springs, Garfield County, Colorado (“Declaration”) and in accordance with Section 38-33.3-209.5(1)(b)(ii), C.R.S., the Board of Directors (“Board”) of Elk Springs Homeowners Association, Inc. (“Association”) adopts the following policy and procedures governing board, committee member, volunteer and managing agent conflicts of interest.

1. Policy Statement

Service for or on behalf of the Association should not be a vehicle for self-benefit, for benefiting one member or group of members over another, or for the benefit of any persons affiliated with a Director, Officer, Committee Member, Association Volunteer, or Managing Agent. Directors, Officers, Committee Members, Association Volunteers and Managing Agents should therefore avoid and disclose any relationship they have to any person or transaction that creates a real, potential, or appearance of conflict of interest between their fiduciary duties to the Community as a whole and their interests as an individual. It is the policy of the Association that all Directors, Committee Members, Association Volunteers, and Managing Agents will sign a conflict-of-interest form prior to engaging in official business on behalf of the Association for their term of service.

2. Definitions

As used in this policy the following terms have the following meanings:

“Association Volunteer” or “Volunteer” is any person performing services for the Association as a volunteer, including committee members, advisors to the Board, or those performing actions at the behest of or on behalf of the Board.

“Committee Member” means the member of any committee duly established by the Board of Directors to act or make decisions on behalf of the Board or the Association.

“Conflict of Interest,” means, in addition to “Conflicting Interest Transaction,” any situation in which a person covered by this Policy is in a position to exploit his or her Association capacity in some way for his or her personal benefit or for the benefit of Related Party.

“Conflicting Interest Transaction” means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a Related Party, or between the Association and an entity in which a Director, Officer,

Association Volunteer or Committee Member is a director or officer or has a financial interest;

“Director” means a member of the Association’s Board of Directors

“Managing Agent” means a person hired by or contracted with the Association to perform management functions for the Association.

“Officer” means any officer of the Association appointed by the Board of Directors, whether or not such officer is also a Director.

“Related Party” means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Director, Officer, Association Volunteer or Committee Member or a Related Party has a beneficial interest, or an entity in which a party related to a Director, Officer, Association Volunteer or Committee Member is a director or has a financial interest.

If not defined in this Policy, initially capitalized words or terms shall have the meaning set forth in the Declaration.

3. Conflict of Interest Procedures

Conflict of Interest and Appearance of Conflict. When the person subject to this Policy is considering any contract, decision, or other action that would constitute a Conflicting Interest Transaction, a Conflict of Interest arises. Also, when such person perceives that he or she is in a position to exploit his or her Association capacity in some way for personal benefit, a real, potential, or appearance of conflict arises.

Disclosing a Conflict. If a Director, Officer, Committee Member, Association Volunteer, or Managing Agent finds that he or she has some relationship or interest that presents a Conflicting Interest Transaction or a real, potential, or appearance of Conflict of Interest, that person must disclose the material facts related to the conflict to the Board or Committee, as applicable, in a Board or Committee meeting, or by written notification to the Board or Committee, prior to any discussion of the issue, and must recuse him- or herself from voting, deciding on, or discussing the matter.

If a Director, Officer, Committee Member, or Association Volunteer believes in good faith that another person covered by this Policy has a Conflict of Interest, or that a transaction might be a Conflicting Interest Transaction, then that person may disclose the facts giving rise to the belief to the Board or Committee.

Disqualification of a Conflicted Person. If a Director, Officer, Committee Member, Association Volunteer, or Managing Agent refuses to acknowledge a conflict-of interest, either real or potential or the appearance of, as noted by another Director, Officer,

Association Volunteer, or Committee Member, and/or refuses to recuse him- or herself from the decision or action involving the Conflict of Interest, then the remaining Directors or Committee Members will evaluate the circumstances, if necessary in consultation with the Association's attorney, and determine by vote whether to disqualify the Director, Officer, Committee Member, Association Volunteer or Managing Agent from voting, decision-making, or taking any action related to the Conflict of Interest. In the event of a tie vote the person in question will be allowed to vote.

Participation of a Conflicted Person. A person who has recused him- or herself or been disqualified from a decision or action may participate as a Member (but not as a Director, Officer, Committee Member or Association Volunteer). Such person shall move away from the Board or Committee, but may provide comments or information in the same manner as other Members are given the right to participate on the matter. The conflicted person may be counted as present for purposes of establishing a quorum.

Meeting Minutes. The minutes of any meeting at which a Conflict of Interest is disclosed or at which an action is taken or decision made that involved a Conflict of Interest shall include the conflict disclosed and shall note whether the conflicted person was present, recused him- or herself, was disqualified, participated in the discussion, and/or voted aye or nay or abstained.

4. Avoidance of Conflicts

Whenever possible, to allow Directors, Officers, Association Volunteers, Committee Members and Managing Agents to carry out their fiduciary duty without the semblance of impropriety, conflicts of interest should be avoided. However, the Board acknowledges that it is not possible to avoid all Conflicts of Interest. To help minimize the potential for Conflicts of Interest to arise, at any given time, the Board or a Committee shall not include more than one shareholder, trustee, partner, officer or member of a business or entity, or more than one member of a family.

Gifts. Directors, Officers, Association Volunteers, Committee Members and Managing Agents should not accept gifts of any significant value from Association contractors or vendors, unless such gifts can be shared equally among all Members. As a general rule, "significant value" shall mean and refer to anything valued at more than \$50.00.

Loans and Compensation. The Association shall not make any loans nor pay any compensation to Directors, Officers, Association Volunteers, Committee Members, or Related Party. The Association may, however, by majority vote of the Board, reimburse the reasonable expenses incurred by Directors, Officers, Association Volunteers and Committee Members in the execution of their duties to or work on behalf of the Association. To the extent reasonably practical, such expenses shall be disclosed and approved before they are incurred.

5. Limitation of Remedies.

Where the material facts of the conflict are disclosed or known to the Board or Committee,

the Board or Committee in good faith authorizes, approves or ratifies the transaction, and the transaction is fair to the Association, no financial 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 a member or by, or in the right of, the Association solely because:

- (a) a Conflicting Interest Transaction involved a Related Party or conflicted person; or
- (b) a conflicted person is present at, or participates in, a meeting of the Board or a Committee; or
- (c) the conflicted person's vote is counted.

The Board may, however, void a Conflicting Interest Transaction where it is in the best interest of the Association to do so.

5. General Provisions.

Supplement to Law: The provisions of the Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the subject of conflicts of interest.

Deviations: The Board may deviate from the procedures set forth in this Policy where necessary to comply with applicable law.

Amendment: The Board of Directors may amend this Policy from time to time.

President's Certification: The undersigned, being the President of the Association, certifies that the Board of Directors of the Association adopted the foregoing Policy by majority vote and in witness thereof, has subscribed his/her name.

ELK SPRINGS HOMEOWNERS ASSOCIATION, INC.

President

EFFECTIVE DATE: DECEMBER 8, 2025

ELK SPRINGS HOMEOWNERS ASSOCAIITION, INC.

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST POLICY

I, _____, hereby acknowledge that I have received, read and understood the Conflict of Interest Policy of the Elk Springs Homeowners Association, Inc. I agree to disclose any Conflict of Interest and any Conflicting Interest Transaction which arises during my service as a Director, Committee Member, Association Volunteer, or Managing Agent and to otherwise comply with the Policy.

Signature: _____

Date: _____

Office or Position: _____

Term: _____