

The Capes Homeowners Association

Conflict of Interest Policy

Adopted 2/18/2023

Purpose

The purpose of the Conflict of Interest Policy is to protect the Association's interest when it is contemplating entering into a transaction, arrangement, or making a decision that might benefit the private interest of an officer or Director. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit corporations.

Definitions

Interested Person: Any Director, officer, or committee member who has a direct or indirect financial interest, as defined below, is an interested person.

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

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

Procedures

1. Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the 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 exists.

3. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation at the board 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. After exercising due diligence, the board or committee shall determine whether the Association 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.

c. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association'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 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 action.

Recusal and Board voting

If it is determined that a conflict of interest exists, the board member will be recused and shall not vote on the transaction, arrangement, or decision being contemplated.

If there is no conflict of interest, the board member shall vote on the transaction, arrangement, or decision being contemplated. This includes any committee vote as well as an appeal of a committee's decision in which the board member participated and voted. In all cases, the board member is carrying out their fiduciary duty and acting in the best interests of the Association in their respective capacity.

The Capes Homeowners Association

By: Cherie Plaisted

Title: Secretary

Date: February 18, 2023