

EXETER HOMEOWNERS ASSOCIATION

RESOLUTION/POLICY

A98-016

CONFLICTS OF INTEREST

Whereas, the Exeter Board of Directors (BoD) wishes to avoid self-dealing, actual or apparent, in its administration of the association; and

Whereas, the BOD wishes to adopt requirements for directors in order to assure sound management of the association;

Now therefore be it resolved that the following shall apply:

A) All directors and BOD appointed personnel shall exercise their power and duties in good faith and in the interest of, and with utmost loyalty to the association and owners. All directors shall comply with all lawful provisions of the association's protective covenants, bylaws, and rules and regulations.

B) Any duality of interest or possible conflict of interest on the part of any director or position requiring BOD approval shall be disclosed to the other directors at the first meeting of the BOD at which the respective director is present after the conflict of interest is or should be discovered. Such disclosure shall be made a matter of record in the minutes of the BOD meeting at which the conflict disclosure is made.

C) Any contract between the association and a director or BOD approved individual must be commercially reasonable to the association at the time it is authorized, ratified, approved, or executed.

D) Any director having a duality of interest or possible conflict of interest on any matter shall not vote or use their personal influence on the matter, and shall not be counted in determining the quorum for the meeting. This duality of interest includes that of other BOD members and for personal friends or neighbors.

E) For purposes of this policy, a director or BOD approved individual shall be deemed to be so interested if he or she is a principal, officer, or employee or has a financial interest exceeding five hundred dollars (\$500.00) in the firm. Further, given the sensitive nature of certain BOD decisions, possible conflicts (actual or potential in nature) can also result from issues relating to an individual's property or belongings.

Conflicts of Interest - Page 2

F) The foregoing requirements shall not be construed as preventing the individual from briefly stating his or her position in the matter nor from answering pertinent questions of other BOD members since his or her knowledge may be of great assistance.

G) As a matter of procedure, the BOD President shall ask, as necessary, if such conflicts (Actual or potential) exist with any BOD members' decision. Failure to disclose such a conflict at that time could result in censorship and/or removal from the BOD. Each respective member has an obligation and responsibility to proactively bring such issues before the BOD to maintain a high level of integrity and reputation.

H) Any new member of the Board or any person needing BOD approval will be advised of this policy upon entering on the duties of his or her office.