

River Valley Ranch Master Association (RVRMA) Executive Board of Directors Conflict of Interest Policy and Procedures

The River Valley Ranch Master Association (RVRMA) has a declaration of protective covenants, bylaws and rules and regulations. Article 9.9 of the Declaration empowers the Executive Board to adopt, amend and repeal, and enforce such Master Regulations as the Executive Board may consider necessary, desirable, or appropriate with respect to the operation of the Master Association. The Executive Board deems it necessary to adopt a policy of framework for directors to disclose conflicts. The following procedures will be used by the board in determining if a conflict exists:

1. Disclosure of Conflict

Any Director, Executive Director or manager who may have a material personal or economic interest, direct or indirect, in conflict with the interest of River Valley Ranch Master Association (RVRMA) as to any matter scheduled to be considered by its Executive Board of Directors shall disclose such possible conflict before voting on such matter.

A Director, Executive Director or Manager has an "indirect" interest in any matter if a material, personal or economic interest exists which benefits:

- I. Any immediate family member of such Director, Executive Director or Manager, or
- II. Any entity served by such Director, Executive Director or Manager of immediate family member as board or committee member, officer, trustee, partner or employee, or
- III. Any entity in which such Director, Executive Director or Manager or immediate family member has a material economic interest, direct or indirect, such as equity owner, creditor, consultant, lawyer, accountant or other independent contractor.

A "material" economic interest is any interest with a fair market value exceeding \$500 which has existed at any time during the previous three years.

An "immediate family member" of a Director, Executive Director or Manager includes a spouse, child (natural, adopted, or related by marriage), parent, grandparent, and grandchild, sibling (natural, adopted, or related by marriage). The term also includes any other family member who resides in the same household as, or is financially dependent upon, such Director or Manager, as well as anyone who shares living quarters with such Director or Manager under circumstances resembling a marital relationship.

2. Action on Matters Involving a Conflict

A Director, Executive Director or Manager who has disclosed a conflict of interest as to any matter pursuant to these guidelines may participate in the

discussion of such matter, may abstain or vote on such matter and shall be counted for quorum purposes. No action shall be taken on such matter however, except by affirmative vote of a majority of the Non-conflicted Directors then serving.

3. Contracts

Any Director, Executive Director or Manager aware of any contract proposed to be executed by the RVRMA, in which any Director, Executive Director or Manager has a material, personal or economic interest, direct or indirect, shall immediately disclose such interest to the President or Vice President of RVRMA. All proposed contracts of RVRMA in which any Director, Executive Director or Manager has a material, personal or economic interest, direct or indirect, shall be executed only upon approval by affirmative vote of a majority of the non-conflicted Directors then serving. Any contract executed by RVRMA in which a Director, Executive Director or Manager has a material personal or economic interest, direct or indirect, is voidable by RVRMA if such contract has not been so approved.

4. Minutes

The minutes of any meeting of the Board of Directors at which the disclosure of any conflict of interest is made by a Director as to any matter under consideration shall note such disclosure and note whether such Director was present for the vote on such matter, and if present, abstained or voted aye or nay on such matter.

5. Dissemination of Guidelines

Prior to participation at any meeting of the Board of Directors of RVRMA, each new Director shall be given a copy of these guidelines, be and specifically asked to read them and acknowledge whether any conflict involving such Director may exist under the guidelines. If the new Director has a conflict with these guidelines, then the Executive Board will use their discretion in dealing with the situation.

6. Requirements:

Each Director, Executive Director or Manager shall submit to the Association President or Vice President by the regularly scheduled Annual meeting a list of the following for the Director, Executive Director or Manager and his/her immediate family who reside at the same residence including college students, and shall update it as material facts change:

- a. The employer of all family members over age 16
- b. All assets including land, stocks, bonds, leases, partnerships, or other material assets located in RVRMA or involved in RVRMA based activities.
- c. Loans from RVRMA based persons or entities which are not state or federally regulated.
- d. Memberships in organizations which are RVRMA related.
- e. Any material fact which may be a direct or indirect conflict of interest.

Such filing shall be maintained by the Executive Director of the RVRMA and shall be open for public inspection during the regular business hours of the Association.

RVRMA President

Date Adopted