

HICKORY RIDGE COMMUNITY ASSOCIATION, INC.**Conflict of Interests Policy**

Purpose. The purpose of this Conflict of Interests Policy is to (i) guard against improper influence, (ii) set minimum standards for the ethical conduct of the Association's business, and (iii) protect the interests of the Hickory Ridge Community Association, Inc. as a tax-exempt entity.

Definitions. As used in this Conflict of Interests Policy, the following words shall have the following meanings:

"Association" means the Hickory Ridge Community Association, Inc.

"Board Committee" means any committee of the Board with decision making powers delegated by the Board of Directors.

"Board" means the Board of Directors of the Association, and includes all Directors of the Association, as well as the Columbia Association Representative, who is an ex officio member of the Board of Directors.

"Compensation" includes direct and indirect remuneration, as well as gifts or favors that are exceed \$50.00.

"Conflict of Interest" Among other things, a conflict of interest occurs when a member of the Board, officer, or key employee is in a position to influence the Association, its activities and decisions and such individual or a member of the individual's Family (defined below) may benefit personally or financially in some way from a transaction, decision, action, or relationship involving the Association. Conflict of interest includes but is not limited to, circumstances involving consideration of a matter or entering into a transaction, contract, or arrangement between the Association (and if Columbia Association Representative, the Association and/or the Columbia Association) and a person having a Financial Interest or engaging in a Prohibited Activity.

"Family" of an individual means his spouse, his brothers and sisters (whether by the whole or half-blood), parents and their spouses, children, and the spouses of children.

"Financial Interest" means an interest held by a person who, directly or indirectly, through business, investment, or family relationship has:

- a. An ownership or investment interest (other than ownership of shares in a publicly-traded mutual fund) in any person or entity with which the Association (and if Columbia Association Representative, the Association and/or or the Columbia Association) has a transaction, contract, or arrangement;
- b. A compensation arrangement with the Association (and if Columbia Association Representative, the Association and/or the Columbia Association) or with any entity or individual with which the Association (and if Columbia Association Representative, the Association and/or the Columbia Association) has a transaction, contract, or arrangement;
- c. A potential ownership or investment interest in or compensation arrangement with any entity or individual with which the Association (and if Columbia Association Representative, the Association and/or the Columbia Association) is negotiating a transaction, contract or arrangement; or
- d. A compensation arrangement with any entity or individual having a matter before or under consideration before the Board (and if Columbia Association Representative, the Association and/or the Columbia Association).

A Financial Interest is not necessarily a Conflict of Interest. A person who has a Financial Interest does not have a Conflict of Interest if the Board determines that a Conflict of Interest does not exist.

"Interested Person" means any (i) member of the Board, (ii) principal officer, (iii) key employee, or (iv) member of a Board committee with decision making powers delegated by the Board, who has a direct or indirect Financial Interest.

"Sanctions" includes, but is not limited to (a) a public reprimand or public censure (including, to the extent practical, a permanent posting of such reprimand or censure on the Associations' website, in the Association's newsletter, and on the Association's Facebook and Twitter); (b) requesting the violator recuse themselves from the discussion and vote on any matters giving rise to such violation, (c) requesting the resignation of the violator, and/or (d) calling for a vote of the Association members to remove the violator from office.

A. Policy

It is the policy of the Association to prohibit any member of the Board, Resident Architectural Committee ("RAC"), Architectural Committee ("AC"), and member of any other Board committee from voting on or participating in any matter which would create a conflict of interest or give the appearance of a conflict of interest, except when such vote or participation is in the exercise of an administrative duty which does not affect the disposition or decision with respect to that matter.

Because it is impossible to describe all situations which may constitute or give the appearance of a Conflict of Interest, the prohibitions included in this Policy are not intended to be exhaustive or all-inclusive.

Members of the Board and its committees, and Association staff have the duty to disclose any Conflict of Interest immediately upon becoming aware of a real or potential conflict, and no later than the time such matters come before the Board.

B. Construction and Implementation

The provisions of this Policy are intended to be broadly construed in accordance with the purpose of this Policy.

The Board shall be responsible for implementing this Policy and advising persons as to their application.

This policy is intended to supplement, but not replace (i) any applicable state and federal laws governing conflicts of interests applicable to nonprofit and charitable organizations, or (ii) any provisions of the Association's Articles of Association or Bylaws. If any of the terms of this Policy are inconsistent with applicable state or federal laws, the terms of the governing law shall prevail.

C. Sanctions

Upon determining a Violation (as defined in Paragraph F below) exists under any provision of this Policy, to the extent allowed by law, the Board may impose Sanctions in its discretion as authorized in this Policy, the Association's Articles, the Association's Bylaws, or as otherwise permitted by law.

D. Prohibited Activities

1. Participation and Voting. Except in the exercise of an administrative duty which does not affect the disposition or decision on a matter, no member of the Board or its committees shall participate in or vote on any matter before the Board:
 - a. In which the Board or committee member has a personal interest tending to impair the member's independence of judgment; or
 - b. In which a Board or committee member, his/her spouse, parent, minor child, brother or sister has a personal or business interest.

2. Restrictions. No member of the Board or its committees may:
 - a. One Year Prohibition. Within one year following termination of their term, assist or represent another party for Compensation in a case, contract or other specific matter involving the Association or under consideration by the Board if that matter is one in which the member significantly participated while affiliated with the Association;
 - b. Gifts. Solicit or accept any gift for personal benefit from any person or entity who (i) would be affected by the member's vote on a pending or proposed matter, or (ii) that has or is negotiating a contract with the Association;
 - c. Solicitation of Business. Solicit business from any person or entity who would be affected by the member's vote on a pending or proposed matter, or who has or is negotiating a contract with the Association; or
 - d. Confidential Information. Disclose or use confidential information acquired by reason of their position as a member of the Board or its committees for their own gain or that of another.

3. Employment; Participation in Compensation Matters. A member of the Board or its Committees, or their immediate family members, may not receive, directly or indirectly, any payment for services rendered or serve as a paid employee of the Association without prior approval of the Board. In the event that such approval is given, the affected member of the Board or its committees who receives Compensation, directly or indirectly from the Association (and if Columbia Association Representative, the Association or the Columbia Association) for services is precluded from participating or voting on any matters pertaining to that member's Compensation.

E. Waiver of Prohibition

Upon resolution of the Board passed by a majority vote upon, the Board may waive any provision of Section D (Prohibited Activities), may authorize a Prohibited Activity, and may authorize participation on a matter before the Board if:

1. The Board determines there is an extraordinary circumstance justifying waiving the Prohibited Activity;
2. The prohibition on participation leaves the Board or any of its committees with less than a quorum capable of acting;
3. The Board or any of its committees is required by law to act, or if the Board or any of its committees is the only one authorized to act.

F. Procedures Regarding Policy Violation and Enforcement.

1. Disclosure. Each member of the Board and its committees has the duty to disclose:
 - a. Any Financial Interest the member has;
 - b. Any actual or potential Conflict of Interest at the time such matters come before the Board or Association, or, if currently pending or under consideration by the Board or Association, immediately upon joining the Board or one of its committees;
 - c. Any Prohibited Activity immediately becoming aware of it; and
 - d. Any violation of any provision of this Policy immediately upon becoming aware of such violation.
2. Reporting and Addressing Violations.
 - a. Inform Board. If any member of the Board or its committees, or any officer of the Association has reasonable cause to believe that a member of the Board or its committees, or any officer of the Association has failed to make any disclosure required above, or has otherwise violated any provision of this Policy (a "**Violation**"), they shall inform the Board of the basis for such belief in an open, public meeting. The Board shall then inform the person with the alleged Violation of the basis for such alleged Violation during an open, public meeting. Additionally, any member of the Board or its committees may request a legal opinion from the Association's counsel regarding interpretation of the provisions of this Policy and its application.

If any member of the Board or its committees, or any officer of the Association has reasonable cause to believe that the Board Chair has failed to make any disclosure required above or has otherwise violated any provision of this Policy, they shall inform the Village Manager of the basis for such belief. The Village Manager shall then contact the Association's legal counsel, who will inform the Board Chair of the basis for such alleged Violation

- b. **Presentation.** The individual allegedly committing a Violation shall be given the opportunity to make a presentation describing all material facts and circumstances of the alleged Violation at an open, public meeting of the Board. After the presentation and answering any questions from the Board, the individual may not further participate in the discussion or vote on the alleged Violation, except to respond to inquiries of the Board.
- c. **Determination by Board; Action.** If, after hearing such person's response to the alleged Violation and after investigating, as it deems reasonably necessary (including consulting counsel), the Board determines by majority vote that such person has committed a Violation, the Board shall take appropriate action and may impose, to the extent permitted by law, such Sanctions as described herein, as permitted under the Association's Articles of Incorporation and Bylaws, or as otherwise permitted by law.

The person with the alleged Violation may not participate in discussions or vote establishing a Violation or any Sanction(s) to be imposed in connection therewith, except as described in Paragraph 2 (b) of Section F above.

- d. **Sanctions.** Following any vote by the Board that there is a Violation, the Board may impose Sanctions it deems reasonably advisable. Such Sanctions shall be determined and announced during an open, public meeting.
- e. **Minutes of Proceedings.** The minutes of the Board shall contain:
 - i. The name of person who committed the Violation, the nature of the Violation, any Board action taken as a result of the Violation, including imposition of Sanctions, if any; and
 - ii. The names of the members of the Board and its committees, officer, and Association staff present for discussions and votes taken in connection therewith.

The minutes of such proceedings shall be available to the public and posted on the Association's website.

G. Annual Statements. Each member of the Board and each member of any Board committee shall annually sign the statement attached as Appendix A which affirms that such person:

- a. Has received, read and understands this Conflict of Interest Policy,
- b. Has agreed to comply with this Conflict of Interest Policy, and
- c. Understands that the Association is a social welfare organization and that, in order to maintain its federal taxexemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

H. Periodic Reviews. To ensure the Association operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board shall conduct periodic reviews of transactions, compensation arrangements, and policies to ensure the foregoing are all properly recorded, are in furtherance of charitable purposes, and do not result in the inurement, impermissible private benefit, or in an excess benefit transaction.

This Conflict-of-Interest Policy was adopted by the Board of Directors of the Hickory Ridge Community Association, Inc., a Maryland non-stock corporation exempt from Federal income taxation under Section 501(c)(4) of the Internal Revenue Code, at a duly called meeting held on February 7, 2022.

EACH MEMBER OF THE BOARD, OFFICER, MEMBER OF EACH COMMITTEE OF THE BOARD AND ASSOCIATION STAFF SHALL SIGN BELOW:

By signing below, I hereby certify and affirm that:

1. I have received and read a copy of the Conflict of Interests Policy.
2. I agree to comply with the Policy.
3. I have no Violations or actual or potential conflicts as described by this Policy or if I do, I have previously disclosed them as required by this Policy or am disclosing them below.
4. I understand the Association is charitable 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.

Disclose on a separate sheet, to the best of your knowledge:

1. Any entity in which you have a Financial Interest or in which you participate (as a director, officer, employee, owner, or member) with which the Association (or if Columbia Association Representative, the Association and the Columbia Association) has a relationship;
2. Any transaction in which the Association (or if Columbia Association Representative, the Association and the Columbia Association) is a participant as to which you might have a conflicting interest, and
3. Any other situation which may pose an actual or perceived conflict of interest.

I, _____, hereby affirm, understand, and agree to comply with the above statement of policy.

Name: _____

Position: _____
(Board Member, Committee Member, Officer, Association Staff)

Signature: _____ Date _____

HICKORY RIDGE COMMUNITY ASSOCIATION, INC.
CONFLICT OF INTEREST PLEDGE

I, (Print Name)

(Address)

(Neighborhood)

(Email)

(Telephone)

- (1) I DO NOT have any relationships, Conflicts of Interest, or potential Conflicts of Interest to disclose.

- (2) I HAVE a Financial Interest as defined in the Hickory Ridge Community Association, Inc.'s Conflict of Interests Policy which I signed and is filed in the Village Office. My conflict could represent or be perceived to represent a conflict or duality of interest and is disclosed on the attached page.

It is my understanding that this information will be retained in the files of the Association, will be posted on the Association's public website, and will be available for review by the public. I further understand that this information may be shared with the Association's legal counsel.

I acknowledge that it is my responsibility to ensure that my disclosure information is current and complete. I agree to update my disclosure records throughout the year if there are any changes.

Date _____

Signature _____

Title _____