

**RANCHO MURIETA ASSOCIATION POLICY
CONFLICT OF INTEREST CODE**

Adopted: August 17, 2004
Effective date: August 17, 2004

Section I - Conflicts of Interest

No Association Official shall make, participate in making, or in any way attempt to use his or her official position to influence an association decision in which he or she knows or has reason to know that he or she has a direct or indirect financial interest which is distinguishable from the financial interest of the members of the Association generally.

- A. "Association Official", for the purposes of this Conflict of Interest Code, means any and all of the following:
1. A member of the Board of Directors
 2. A member of the Association's Committees
 3. The General Manager
- B. The Conflict of Interest Code also applies to any candidate for the Board of Directors and the Conflict of Interest Disclosure Form must be filed prior to his or her acceptance by the Nominating Committee.
- C. Except as provided in paragraph (F) of this Section I, an Association Official is attempting to use his or her official position to influence a decision if, for the purpose of influencing the decision, the Association Official contracts, or appears before, or otherwise attempts to influence, any member, officer, employee, goods or services provider, or consultant of the Association. Attempts to influence include, but are not limited to, appearances or contacts by the Association Official on behalf of a business entity, client, customer, or any other source of income to the Association Official; however, an Association Official is not attempting to use his or her official position to influence a decision if the Association Official appears in the same manner as any other member of the Association solely to represent himself or herself on a matter which is related to his or her personal interest in real property which is used, or is to be used, by the Association Official as his or her personal residence, in which case the Association Official shall be precluded from voting on the decision.
- D. "Financial interest" means that it is reasonably foreseeable that the decision will have a financial effect, distinguishable from its effect on the members of the Association, generally, on any of the following:
1. Any real property in which the Association Official has a direct or an indirect interest worth \$1,000 or more if the effect of the decision will be to increase or decrease the fair market value of the property by \$1,000 or more, or will increase or decrease the income producing potential of the property by \$1,000 or more, or will increase or decrease the income producing potential of the property by \$50 or more, per month.

2. Any source of income and/or employment, including gifts, aggregating \$250 or more in value provided to, received by, or promised to the Association Official or a member of the Association Official's family within 12 months of the time when the decision is made if the effect of the decision will be to directly or indirectly increase or decrease the amount of income to be received by the Association Official, a member of the Association Official's family including but not necessarily limited to spouse, children, parents or other relatives, including in-laws, or the source of income in an amount of \$100 or more.

Gifts from an Association Official's immediate family or from an individual with whom the Association Official exchanges gifts of approximately the same value, or loans from a financial institution in the regular course of business on terms available to the general public, shall not be included for purpose of this article.

3. Any business entity in which the Association Official has a direct or an indirect investment worth \$1,000 or more, or in which the Association Official is a director, officer, partner, trustee, employee, or holds any position of management if the effect of the decision will increase or decrease the annualized gross revenues, or the annual net income, or the current assets or liabilities of the business entity by \$1,000 or more. Current assets are deemed to be decreased by the amount of any expenses incurred as a result of a decision.

- E. "Indirect interest" means any investment or interest owned by, but not necessarily limited to, spouse, children, parents or other relatives, including in-laws of an Association Official, by an agent on behalf of an Association Official, or by a business entity or trust in which the Association Official, the Association Official's family including but not necessarily limited to spouse, children, parents or other relatives, including in-laws or agent own directly, indirectly, or beneficially, a 10 percent interest or greater.
- F. "Association generally" means the entire association membership or a significant group of members within the Association. What constitutes a "significant group" will depend on the facts and circumstances surrounding the decision and shall be determined by a majority vote of all members of the Board.
- G. An Association Official may appear before the Board, and/or committees, and/or the membership representing a source of income without violating this Code, if the Association Official removes the conflict by abstaining from making, participating in making, or in any way attempting to influence any decision which would effect the jurisdiction of that committee, for a period of 12 months commencing on the date the Association Official received the income.

Section II – Employees

The provisions of Section I shall not apply to an employee of the Association when he or she is negotiating his or her compensation or the terms of his or her employment.

Section III – Disclosure Statement

On or before July 1 of each year, every Association Official shall file in the Association office a Conflict of Interest Disclosure Form. The statement shall be made on a form provided by the Association (see Exhibit I, attached) and shall include a disclosure of all interests specified in Section I of this code regarding sources of income, of \$250 or more interests in business entities, interests in real property of \$1,000 or more, except one property used, or intended to be used, only as personal residence. With respect to the disclosure of income and business entities, the Association Official shall also include those sources and business entities which have within the preceding twelve (12) months, or will within the succeeding twelve (12) months, be subject to decisions of the Association.

Section IV – Amendments to Disclosure Statement

An Association Official shall file an amendment to his or her statement within ten (10) days of a change in any source of income, interest in real property or interest in a business entity.

Section V – Availability for Inspection

Conflict of Interest Disclosure Forms filed by members of the Board, Committee members, and the General Manager and candidates for the Board of Directors shall be available for inspection by any member of the Association.

Section VI – Enforcement

- A. The Board shall determine, by a majority vote on the basis of all facts, whether a conflict of interest exists with respect to an Association decision. If the Board determines that a conflict exists, this fact shall be published in whatever media forms the Association currently and normally uses to communicate with its membership. In addition, the Board may, by majority vote, refer the matter under discussion to a special committee, if appointed by the Board, of which the Association Official with the conflict of interest is not a member. The purpose of the special committee shall be to recommend actions to the Board of Directors for resolution of the conflict of interest.
- B. If an Association Official fails to file a full and complete disclosure statement, he/she may be removed from his/her position by the Board of Directors based upon the recommendation(s) of the special committee, if such is appointed, except if the Association Official is a member of the Board. If the Association Official is a member of the Board, the Board may remove that member in accordance with the Bylaws (Article VII, Section 6c).

Section VII – Election of Board of Directors

Each candidate for the office of director shall file a statement of economic interest at the same time the candidate files his or her official filing form. These statements shall be available for inspection by members of the Association. No person's name shall appear on any ballot for the position of director who fails to comply with this policy.

Rancho Murieta Association Conflict of Interest Disclosure Form

(Attach extra pages if additional space is required to answer all questions completely.)

1. Do you or any member of your family including, but not limited to spouse, children, parents, or other relatives including in-laws, receive any payment(s) for goods or services in an amount aggregating \$250 or more in value provided directly or indirectly to the Rancho Murieta Association (RMA)?

Yes No If Yes, please explain below:

2. Are you or any member of your family including, but not limited to spouse, children, parents, or other relatives including in-laws employed by or have an interest in any company or other organization that sells or otherwise provides goods or services to the RMA?

Yes No If Yes, please explain below:

3. Is there any financial relationship between you or any member of your family including, but not limited to spouse, children, parents, or other relatives including in-law, and the RMA (other than the provision or receipt of goods and services as covered above) that could be construed as a conflict of interest if you became a member of the Association's Board of Directors or any of its Committees?

Yes No If Yes, please explain below:

I declare that the foregoing information is true and correct, and I agree to amend this statement pursuant to the Conflict of Interest Code of the Rancho Murieta Association within ten (10) days of any change in financial relationships which would cause a change in the answer(s) to one or more of the above questions:

Signature

Date

Print Name