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**BETHANY BEACH LANDOWNERS ASSOCIATION  
CONFLICTS OF INTEREST POLICY**

**ARTICLE I – PURPOSE**

The purposes of this policy are to help inform officers, members of the Board of Directors (“BOD”) and members of Association committees about what constitutes a conflict of interest; to assist officers, BOD members and committee members in identifying and disclosing actual and potential conflicts of interest; and to help ensure the avoidance of conflicts of interest where necessary.

**ARTICLE II – DEFINITIONS**

1. **Interested Person:** Any officer, BOD member or member of a committee who has a direct or indirect financial interest, or other significant interest, as those terms are defined below.
  
2. **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - a. An ownership or investment interest in any entity with which the Association has a transaction or arrangement,

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

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

- 3. **Other Significant Interest:** A person has an other significant interest if the person has a non-financial interest, or an interest of a financial nature other than one described in Section 2 of this Article (such as ownership of a commercial property which would be affected by an issue relating to commercial properties under consideration by the Association), which may impair his or her independence or judgment in the exercise of duties or judgment in the course of the person's activities as an officer, BOD member or committee member of the Association.
- 4. **Conflict Of Interest:** A conflict of interest is a financial interest or other significant interest which presents or may present a conflict between an interested person's obligations to the Association and his or her personal, business or other interests. A financial interest or other significant interest is not necessarily a conflict of interest. However, interested person should disclose any potential conflict so that disinterested members of the BOD or Executive Committee can determine whether a conflict of interest exists.

### ARTICLE III – PROCEDURES

#### 1. Disclosure:

Each officer, BOD member, and member of a committee who is serving the Association shall disclose to the BOD or Executive Committee any actual or potential conflict of interest, which he or she may have in any matter pending before the board promptly upon becoming aware of the actual or potential conflict of interest.

Each officer, BOD member and committee member of the Association shall annually sign a disclosure form which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and

- d. Understands 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.

Any new officers, BOD members or committee members shall be advised of the policy and furnished a disclosure form upon undertaking their duties relative to the Association.

2. **Voting and Restraint on Participation:**

When any actual or potential conflict of interest arises which is relevant to a matter being considered by the BOD, the interested person shall call it to the attention of the BOD and shall provide the BOD or the Executive Committee all material information concerning the actual or potential conflict of interest, except to the extent the interested person is prevented from providing any material information by confidentiality commitments, in which case the interested person shall provide all material information permissible and advise that other material information can not be provided. The interested person shall retire from the room in which the BOD is meeting and shall not participate in the further deliberation or vote on the final decision regarding the matter under consideration, unless a determination is first made by the disinterested members of the BOD or Executive Committee that there is not a conflict of interest and that the person may participate and vote on the matter.

The minutes of the meeting of the Board shall reflect that the conflict of interest was disclosed and that the interested person was not present during the final discussion or vote and did not vote, or that a determination was made that no conflict exists. The minutes should indicate any resolution or action to be taken in response to the conflict of interest.

AS ADOPTED BY BOARD ON MAY 24, 2008

BETHANY BEACH LANDOWNERS ASSOCIATION  
CONFLICTS OF INTEREST POLICY

CONFLICTS OF INTEREST DISCLOSURE FORM

I \_\_\_\_\_, have received, reviewed and understand the Bethany Beach Landowners Association Conflicts of Interest Policy and agree to comply with that policy. I have provided information below concerning actual or potential conflicts of interest that I am aware of at this time. If at any time following the submission of this form I become aware of any actual or potential conflict of interest, or if the information below becomes inaccurate or incomplete, I will promptly notify the Board of Directors or Executive Committee in writing.

Disclosure of Actual or Potential Conflicts of Interest:

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I understand that the Association is charitable and in order to maintain its federal tax exemption it must engage in activities which accomplish one or more of its tax-exempt purposes.

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Any federal tax advice contained herein or in any attachment hereto is not intended to be used, and cannot be used, to (1) avoid penalties imposed under the Internal Revenue Code or (2) support the promotion or marketing of any transaction or matter. This legend has been affixed to comply with U.S. Treasury Regulations governing tax practice.