

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.

ADMINISTRATIVE RESOLUTION NO. 2

DISCLOSURE OF INTEREST RELATING TO CONFLICT OF INTEREST
CONSIDERATIONS FOR BOARD MEMBERS

(6/16/20)

WHEREAS, Article IV, Section 4.01 of the Bylaws assigns the Board of Directors with “All the powers of the Association except such as are by the laws of Virginia, the Articles of Incorporation, the Declaration or these Bylaws, conferred upon or reserved to the Members”; and

WHEREAS, the members of the Board wish to exercise their powers and duties in good faith with a view to the interests of the Association and to this end wish to adopt appropriate guidelines for action on matters where a potential conflict of interest may exist; and

WHEREAS, the Board of Directors wishes to avoid conflicts of interest, actual or apparent, in its administration of the Association; and

WHEREAS, the Board wishes to adopt requirements for directors in order to assure sound management of the Association.

NOW, THEREFORE, BE IT RESOLVED THAT the following apply:

Section 1. Requirements Upon All Directors

- A. All Directors shall exercise their powers and duties in good faith and in the interest of the Association.
- B. If there is any duality or possible conflict of interest on the part of any Director, it shall be disclosed to the other Directors and made a matter of record through an annual procedure and also when the interest becomes a matter of Board action. Such annual disclosure shall take place at the first attended Board meeting after the election.
- C. Any contract or transaction must be commercially reasonable to the Association at the time it is authorized, ratified, approved, or executed.

Section 2. Additional Requirements of Directors

In addition to the requirements stated in of Section 1 above, Directors shall be subject to the following requirements:

- A. Any Director having a duality or possible conflict of interest on any matter shall not vote or use his/her personal influence on the matter, and he/she shall not be counted in determining the quorum for the meeting. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting, and the quorum situation.
- B. For purposes of this section, a Director shall be considered to have a conflict of interest if he/she is a principal, shareholder, director, officer, or partner or has a financial interest exceeding one thousand dollars (\$1,000.00) in the firm.
- C. The foregoing requirements shall not be construed as preventing the Director from briefly stating his/her position in the matter or from answering pertinent questions of other Board members since his/her knowledge may be of great assistance.

Section 3. Applicability

The provisions of this resolution shall govern all Board actions.