

Conflict of Interest Business Protocol

The Hammocks Association, Inc.

Definition

A conflict of interest is a set of circumstances that creates a risk that professional judgment or actions regarding a primary interest will be unduly influenced by a secondary interest.

Conflict of interest rules usually focus on financial relationships because they are relatively more objective, fungible, and quantifiable. The secondary interests are not treated as wrong in themselves, but become objectionable when they are believed to have greater weight than the primary interests. The *conflict* in a conflict of interest exists whether or not a particular individual is actually influenced by the secondary interest. It exists if the circumstances are reasonably believed (on the basis of past experience and objective evidence) to create a risk that decisions may be unduly influenced by secondary interests.

Wikipedia.

A potential conflict is deemed to exist when The Association conducts business with individuals or entities that are related to or affiliated with the General Manager, Management Company or individual Directors (Fiduciary or Fiduciaries). Relations include but are not limited to:

1. Family member(s).
2. Vendors or service providers with which a Fiduciary has a direct or indirect financial interest.
3. Entities or individuals who have or may be expected to compensate a Fiduciary with cash gratuities, complimentary or uncustomary discounts on goods and/or services or other tangible benefits.
4. Others as determined by majority vote of the Board of Directors, (BOD):

Conflict Protocol

General Manager: Proposals from parties deemed to represent a potential conflict for the General Manager are to be submitted directly to management company representative (MCR). To the extent possible MCR will obtain competitive bids and will be responsible for ensuring bidding privacy. Bids will be submitted to the BOD along with appropriate disclosures and MCR's recommendation for its prior approval. General Manager will participate freely in discussion about service or goods contemplated, and the nature of the conflict but be excused from Board deliberation. If relation is approved and transaction is one time or infrequent, project supervision and contract enforcement shall be determined by MCR or BOD. If transaction is an ongoing service, MCR shall be responsible for monitoring relationship and ensuring contract compliance. MCR is responsible for approving all invoices and administering payment terms. Management Company will prepare and distribute all payments.

Management Company: MCR shall disclose relationship, if any, with all recommended alliance partners, vendors and suppliers. BOD shall determine if a conflict exists and establish an appropriate business protocol should a conflicted relation be approved.

Directors: Individual Directors will disclose relationship with any conflicting party recommended to or contemplated by the Board. Director will participate freely in discussion about service or goods contemplated and the nature of the conflict but be recused from Board deliberation. Director shall refrain from attempting to supervise the relation or influence management in regards to its evaluation of performance standards or contract enforcement.

Adopted

Aural C. Hanson