The Board of Directors ("Board") of Highlands Ranch Community Association, Inc. ("HRCA") is responsible for the management of all aspects of HRCA and has the obligation and duty to make decisions for the entire community. In order to assist the Board and officers of HRCA in fulfilling their duties the Board hereby sets forth these guidelines summarizing the general duties and responsibilities of directors and officers of HRCA.

**INTRODUCTION**

The principal role of the Board and the officers is to act as the steward of HRCA's assets. These assets are held by HRCA to be used only to further the common interests of the Members of HRCA. HRCA may not be operated for the personal benefit of the directors or officers.

Stewardship requires active participation. Persons who do not have the time to keep reasonably informed and to regularly and actively participate should not agree to be on the Board or serve as officers of HRCA.

The officers are responsible to the Board and the Board, in turn, is legally responsible for the management of the affairs of HRCA. The Board is not expected to manage the day-to-day activities of HRCA. For those duties, the Board has hired a community manager to which the Board may delegate any of its duties, powers or functions. However, it is the Board's responsibility to oversee the community manager's work, to see that HRCA is fulfilling its mission and to review and assess the community manager's performance.

One of the most important functions of the Board is to keep the resources and its efforts focused on HRCA's mission. This requires the Board to have an adequate understanding of HRCA's governing documents, programs, people and the various resources which are available to achieve HRCA's goals.

1. **THE STANDARD OF CARE EXPECTED OF DIRECTORS AND OFFICERS.**
   Colorado statutory law establishes the general standards of conduct for directors and officers of nonprofit corporations, such as HRCA, as follows:

   Each director shall discharge the director's duties as a director, including the director's duties as a member of a committee of the Board, and each officer with discretionary authority shall discharge the officer's duties under that authority:

   a. In good faith;

   b. With the care an ordinary prudent person in a like position would exercise under similar circumstances; and

   c. In a manner the director or officer reasonably believes to be in the best interests of HRCA.

2. **RESPONSIBILITIES AND DUTIES OF DIRECTORS AND OFFICERS.**
   In addition to the duties set forth by statutory law, there are other primary responsibilities and duties of a director and officer including those established by case law, which the Board has identified as follows:
a. The duty of due care;

b. The duty of undivided loyalty;

c. The duty to manage accounts;

d. The duty of compliance with the governing documents of HRCA;

e. The duty to abide by all federal, state and local laws;

f. The duty to treat all others with respect and dignity, ensuring an environment free from discrimination or harassment on the grounds of race, color, religion, pregnancy, sex/gender, sexual orientation, national origin, age, disability, marital or military service status, or any other category protected by applicable law;

g. The duty to abide by the policies of the HRCA including its Conflict of Interest Policy; and

h. The duty to act within the scope of authority as set forth in the Bylaws or policies of HRCA.

3. **THE DUTY OF DUE CARE.** The duty of due care requires directors and officers to be reasonably informed and to actively participate in HRCA’s affairs. The duty of due care must be discharged diligently, honestly and in good faith. Board members must act with knowledge and after deliberation and should carefully establish policy and regularly oversee that its policy is implemented and properly administered by a capable staff. Board members must conduct themselves with the level of care, skill and diligence exercised by “reasonably prudent persons” in the handling of their own affairs. Where Board member knows the facts, analyzes the probable result of an action, exercises sound judgment and keeps reasonable records, this Board member acts prudently and fulfills his or her important duty of due care.

Board members should generally exercise their duty of due care by reviewing the agenda and reading related materials in advance of each meeting, attending meetings of the Board and committees to which the Board member is appointed, being prepared to discuss the business before the meeting, voting on matters that come before the meeting and causing appropriate minutes and accurate books and records of the HRCA to be kept.

4. **THE DUTY OF UNDIVIDED LOYALTY.**

Each Board member and each officer owes the duty of complete and undivided loyalty to HRCA. This requires the interests of HRCA take priority over the Board member’s or officer’s personal interests. All Board members and officers:

a. Must treat all information learned in your role as director or officer as confidential unless there has been public disclosure, the information is included in HRCA’s records, such as recorded in the minutes, or the information is common knowledge;

b. Must not speak as an individual on behalf of HRCA or the Board unless authorized by the Board; and

c. Are prohibited from borrowing money from HRCA.
5. **CONFLICTS OF INTEREST.** The HRCA Conflict of Interest Policy spells out in detail the principles of what is a conflict of interest and who is governed by the Conflict of Interest Policy. All directors and officers should review, understand and adhere to the Conflict of Interest Policy. First and foremost is a duty of a director or officer to disclose any potential conflict of interest. A director or officer should disclose his or her financial or other interest whenever he or she (or a party related to the him or her, or a business in which the he or she holds a financial interest) proposes to enter into a business or financial relationship with HRCA.

Subject to the provisions of the Conflict of Interest Policy, the interested director or officer (that is the director or officer with a conflict of interest) may be counted in determining the presence of a quorum at the Board meeting and may make a presentation at the Board or committee meeting, but after the presentation he or she should leave the meeting during the discussion and is prohibited from voting on the transaction.

When a conflict of interest issue is identified, there is often significant pressure on the Board or the officers in addressing such issue due to the close working relationship of the members of the Board and the officers. Following disclosure of or otherwise learning of a conflict of interest, the disinterested directors or officers shall act in the best interests of HRCA in addressing any such conflict.

6. **DIRECTOR AND OFFICER LIABILITY.**

Directors and officers may be held personally liable for breach of duty of loyalty. Damages for which a director or officer may be liable include all profits received by the director or officer as a result of the breach of loyalty and all damages caused by the breach of loyalty. In addition, HRCA, and the directors and officers may be responsible for consequential damages if an otherwise valid contract with an innocent party is declared void by a court due to a violation of Colorado law regarding conflicts of interest. In such case, the liability of the officers and directors may not be covered by insurance and the responsible directors and officers may not be covered by any indemnification from HRCA.
Statement of Acknowledgment of General Duties and Responsibilities of Directors and Officers of the Highlands Ranch Community Association, Inc.

I have received, read and understand the document entitled, "General Duties and Responsibilities of Directors and Officers of the Highlands Ranch Community Association, Inc.", a copy of which is attached hereto as Exhibit "A", and I agree to abide by and comply with same, including the guidelines set forth therein, in the course of fulfilling my duties as a director, officer, or committee member of HRCA.

President ___________________________ Date __________

Vice President _________________________ Date __________

Vice President _________________________ Date __________

Treasurer _____________________________ Date __________

Secretary ____________________________ Date __________