

## MEMORANDUM

RE: Community Associations Institute – Michigan Chapter  
Fiduciary Duties/Conflict of Interest Covenant

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As a member of the Michigan Chapter of Community Associations Institute's Board of Directors or as a committee member, you have various fiduciary obligations. As a further acknowledgement of your committee to upholding these fiduciary obligations, all Board members and committee members must sign the attached "Fiduciary Duties/Conflict of Interest Covenant" ("Covenant") and return it to the Chapter Office.

In order to answer any possible questions or concerns you may have regarding the Covenant, we have prepared the following explanation of each provision contained in the Covenant (references are to paragraph numbers in the Covenant):

1. Disclosure of any conflict of interest is a fundamental fiduciary duty. Any situation which may give rise to a potential conflict of interest or give the appearance of a conflict of interest must be disclosed as well.
2. Chapter board or committee members must always put the interest of the Chapter ahead of their own personal interests. As such, a member may be asked to submit a written statement of business or financial transactions that the member, his/her family or significant other may have had with Chapter or its contractors. For example, if a member's spouse owns a partial interest in a company which is developing a web site for the Chapter, the member must fully disclose this situation to the Chapter President.
3. To avoid any appearance of impropriety, Chapter will require a member to excuse him/herself from the discussion and voting of any matter in which the member has disclosed that the member or his/her family or significant other has had business or financial transactions with Chapter.
4. As Chapter is a tax exempt organization, the IRS prohibits members from receiving any portion of Chapter assets for their own benefit, except when the member has performed services of value on behalf of the Chapter or when the member is entitled to reimbursement of expenses incurred on behalf of Chapter.
5. Members must acknowledge that the disclosure of conflicts of interest is an essential part of the Covenant.
6. Given the importance of fiduciary duties, members must agree to abide by the Covenants and must acknowledge that failure to abide by the Covenant may result in termination of their directorship or committee membership.

FIDUCIARY DUTIES/CONFLICT OF INTEREST COVENANT

1. I AGREE THAT IN VIEW OF MY SERVICE AS a Director or committee member of the Michigan Chapter of Community Associations Institute ("Chapter") that I will disclose any actual or potential conflict of interest or any situation that might give the appearance of a conflict of interest.
2. Upon request of the Chapter President, I will submit a written statement disclosing any business or financial transactions undertaken since the beginning of the preceding calendar year (or at any other time is relevant) that I, any member of my family, or a significant other may have had with Chapter or any group or individual doing business with Chapter or its contractors.
3. I further agree that I will not take part in discussions on nor vote on any matter in which I, members of my family, or any significant others currently have or have had business or financial interest.
4. I also agree that no part of the assets of Chapter shall inure, directly or indirectly, to my benefit, except to the extent I have performed services or for which I am entitled to reimbursement for expenses I have incurred on behalf of Chapter or as otherwise authorized by Chapter.
5. I recognize that any conflict of interest statement that may be required, as described above, is essential to the business operations of Chapter and, if requested, would constitute an essential part of this Covenant.
6. I agree to abide by this Covenant, and I understand that my failure to abide by any aspect of the Covenant shall subject me to removal from the Board and/or Committee by the procedure set forth in the Chapter By-Laws.

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Signature

\_\_\_\_\_  
Date

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Print Name

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Address

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Telephone

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E-Mail

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