

**RESOLUTION
OF THE
CASTLE PINES NORTH ASSOCIATION, INC.
ADOPTING POLICIES AND PROCEDURES
REGARDING BOARD MEMBER CONFLICTS OF INTEREST POLICY**

SUBJECT: Adoption of a policy and procedure regarding Board member conflicts of interest.

PURPOSE: To adopt a policy and procedure to be followed when a Board member has a conflict of interest to ensure proper disclosure of the conflict and voting procedures.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

EFFECTIVE

DATE: Nov. 1, 2008

RESOLUTION: The Association hereby adopts the following policy and procedure regarding Board member conflicts of interest:

1. General Duty. The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles and to protect and enhance the value of the community. All members of the Board shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to, the Association. All members of the Board shall avoid conflicts of interest and conflicting interest transactions in their dealings with and representation of the Association, and shall avoid the appearance of impropriety in those dealings.

2. Affiliation with the City of Castle Pines North. An Owner may simultaneously serve as a Director of the Association and as a Council Member, Mayor, or in any other elected office with the City of Castle Pines North (hereinafter the "City"). However, before running for a position on the Board such Owner must publicly disclose to the other Members of the Association their position with the City. If elected, such Owner must also disclose their position with the City at the next regularly scheduled Board meeting. If a Director either begins or ends an elected position with the City during their term as a Director, such Director must disclose this change in status at the next regularly scheduled Board meeting.

3. Definitions.

a. "Conflict of interest" means circumstances under which a Board member may be unduly influenced in his or her decision making process in favor of or against any particular action.

b. "Conflicting interest transaction" means any contract, transaction, or other financial relationship between the Association and a Board member, or between the Association and a party related to a Board member, or between the Association and an entity in which a Board member of the Association is a director or officer or has a financial interest.

c. "Party related to a Board member" means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board member or a party related to a Board member has a beneficial interest, or an entity in which a party related to a Board member is a director, officer, or has a financial interest.

Unless otherwise defined in this Resolution, capitalized terms herein shall have the same meaning as in the Declaration or the Association's Articles of Incorporation or Bylaws.

4. Disclosure of Conflict of Interest or Conflicting Interest Transaction. In advance of entering into a conflicting interest transaction, the interested Board member shall declare at an open meeting of the Board, that a contract, transaction, or other financial relationship being contemplated or discussed by the Board may constitute a conflicting interest transaction with such Board member, and the interested Board member shall describe in detail all of the particular facts of the conflicting interest transaction and the conflict of interest giving rise thereto. If a Board member other than the interested Board member, in good faith, believes that the interested Board member has a conflict of interest, or that the contract, transaction or other financial relationship being contemplated or discussed might constitute a conflicting interest transaction, then such other Board member may disclose the facts upon which such belief is formed, and the remainder of the Board, not including the interested Board member, shall make a good faith determination as to whether a conflict of interest or conflicting interest transaction exists.

5. Action Upon Disclosure. After the interested Board member makes such a declaration as set forth in paragraph 4 above, or the remainder of the Board determines that a conflict of interest or a conflicting interest transaction exists, the interested Board member may be counted as present for purposes of establishing a quorum of the Board, but the interested Board member shall not participate in a discussion of the matter giving rise to the conflict of interest or conflicting interest transaction, nor shall the interested Board member vote on the issue giving rise to the conflict of interest or the conflicting interest transaction.

6. Validity of Action. No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because (a) the conflicting interest transaction involves a Board member or a party related to a Board member or an entity in which the Board member is a director or officer or has a financial interest, or (b) the Board member is present at or participates in the meeting of the Association's Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction, or (c) the Board member's vote is counted for such purpose if:

- (i) the material facts as to the Board member's relationship or interest and as to the

conflicting interest transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or

(ii) the material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Board members entitled to vote thereon; or

(iii) the conflicting interest transaction is fair as to the Association.

7. Code of Ethics. In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:

(a) No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.

(b) No contributions will be made to any political parties or political candidates by the Association.

(c) No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association.

(d) No Director shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.

(e) No Director shall willingly misrepresent facts to the members of the community.

(f) No Director shall interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association contractors shall go through the Board President or be in accordance with policy.

(g) No Director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the Association.

(h) No promise of anything not approved by the Board as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.

(i) No Director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself in any way.

(j) Language and decorum at Board meetings will be kept professional. Personal attacks

against owners, residents, managers, service providers and Directors are prohibited and are not consistent with the best interest of the community.

8. Prohibition Against Compensation. Pursuant to Section 7.07 of the Association's Bylaws, no Director shall receive compensation for *any* service he/she may render to the Association. Accordingly, a Director may not act as a contractor for the Association nor receive payment for any services performed for the Association during the time that he/she serves as a Director of the Association.

9. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

10. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances, and such deviation will benefit the Association.

11. Amendment. This policy replaces and supersedes any previous policies adopted by the Board addressing Board member conflicts of interest and may be amended from time to time by the Board.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Castle Pines North Association, Inc., certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on Oct 16, 2008

Castle Pines North Association, Inc.

By: 
President