

THE HAMLET AT CASTLE PINES NORTH
HOMEOWNERS ASSOCIATION, INC.

Director Conflict of Interest Policy

Adopted December 6, 2005
Revised December 12, 2006

The following policy has been adopted by The Hamlet at Castle Pines North Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

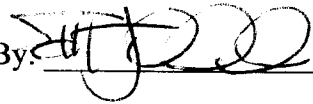
Purpose: To adopt a policy governing the handling of conflicts of interest among Board members.

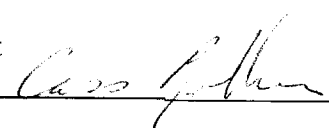
NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Responsible Governance Policy to govern the handling of conflicts of interest among Board members:

1. For purposes of this policy, the following definitions apply:
 - (a) "Conflicting interest transaction" means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a director or officer or has a financial interest.
 - (b) "Director" means a member of the Association's Board of Directors'
 - (c) "Party related to a Director" means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director or officer or has a financial interest.
2. No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of the loan until it is repaid.
3. If any contract, decision, or other action ("Action") taken by or on behalf of the Board would financially benefit any member of the Board or any party related to a Director, or would otherwise involve a conflicting interest transaction, then that interested Board member shall declare at an open meeting of the Board, that a conflict of interest exists. The interested Board member shall declare the conflict of interest as soon as is reasonably practical upon the introduction of a motion or discussion regarding the Action and shall describe in detail all of the particular facts of the conflict of interest.

4. The interested Board member may deliver to the Board a letter setting forth a detailed summary of the conflict of interest, which letter shall be read out loud by a non-interested Board member at the time the conflict of interest is disclosed.
5. After the interested Board member makes such a declaration, the interested Board member may participate in a discussion of the matter giving rise to the conflict of interest. However, the interested Board member may not vote on the issue giving rise to the conflict of interest. If there is compliance with the terms of this policy, a majority of the disinterested Board members, or any higher number required by the Association's governing documents, may in good faith authorize, approve, or ratify the conflicting interest transaction.
6. The interested Board member may be counted as present when determining whether a quorum of the Board exists.
7. No conflicting interest transaction shall be voidable by an Owner or on behalf of the Association if:
 - (a) The facts about the conflicting interest transaction are disclosed to the Board, and a majority of the disinterested Directors, even if less than a quorum, in good faith approves the conflicting interest transaction;
 - (b) The facts about the conflicting interest transaction are disclosed to the Owners entitled to vote on the matter, and the conflicting interest transaction is authorized in good faith by a vote of the Owners entitled to vote on the matter; or
 - (c) The conflicting interest transaction is fair to the Association.

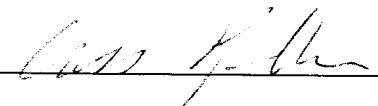
The Hamlet at Castle Pines North
Homeowners Association, Inc.

By:  _____
President

Attest  _____

Secretary

This Policy was adopted by the Board of Directors on the 6th day of December 2005, effective the 1st day of January, 2006, revised by the Board of Directors on the 12th day of December 2006, and is attested to by the Secretary of The Hamlet at Castle Pines North Homeowners Association, Inc.

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Secretary