

**CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
CONFLICT OF INTEREST POLICY**

EFFECTIVE JANUARY 1, 2006

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for Board Members' conflict of interest:

1. A conflict of interest of a Board Member shall be deemed to exist if the Board Member or his/her spouse, children, grandchildren, parent, grandparent, or sibling; or the spouse of his children, grandchildren, parent, grandparent, or sibling would receive a financial benefit from a contract, transaction, or arrangement with the Association. Financial benefit shall include a direct or indirect financial compensation, as well as gifts and favors even if unsubstantial.
2. In the event that such a conflict shall exist, the interested Board Member shall disclose the conflict to the existing Board Members during the first meeting at which the interested Board Member is present after the conflict of interest is or should be discovered. Such disclosure shall be recorded in the minutes for the meeting.
3. If the disinterested Board Members so determine, the interested Board Member may be asked to leave the meeting during discussion of the proposed contract, transaction, or arrangement. If interested Board Member is allowed to stay, he/she may answer questions and briefly state his/her position on the matter but shall not use his/her personal influence to attempt to persuade the remaining members.
4. The interested Board Member may not vote on the issue. The minutes for the meeting shall reflect the abstention from voting and the reason for the abstention.
5. If the interested Board Member fails to disclose a conflict of interest in violation of this policy and Colorado Law, any contract, transaction or agreement may be deemed void and unenforceable. The Association may seek restitution for damages from the interested Board Member failing to disclose the conflict, including all costs and attorney's fees.
6. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this CONFLICT OF INTEREST POLICY was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the _____ day of _____, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: _____
President

ATTEST:

By: _____