

**ALQUEZAR HOMEOWNER'S ASSOCIATION
BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY**

BE IT RESOLVED that the Board of Directors ("Board") for the Alquezar Homeowner's Association hereby adopts the following conflict of Interest Policy in order to comply with §38-33.3-310.5 of the Colorado Revised Statutes and pursuant to the Bylaws for Alquezar.

WHEREAS, in order to comply with Senate Bill 05-100 and §38-33.3-310.5 C.R.S. the Board does hereby set forth the following policy:

I. Definition

(i) "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 or the Association is a director or officer or has a financial interest.

(ii) "Director" means a member of the Association's Board of Directors.

(iii) "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.

(iv) "Financial Benefit" shall mean a benefit, directly or indirectly through business, investment, family, or other relationships where such Board member has an ownership or investment interest in any entity with which the Association has a transaction or arrangement; or a compensation arrangement with the Association, or with any entity or individual with which the Association has a transaction or arrangement; or a potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the Association is negotiating a transaction or arrangement. Compensation may include direct and indirect remuneration, gifts, favors, exchanges of labor, material, and services and the like that are substantial in nature.

II. Policy

1. Any conflicting interest transaction on the part of any Director or party related to a Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the Director **may** participate in the discussion and may vote on the matter. The minutes of the meeting shall reflect the disclosure made, the composition of the quorum and record who voted for and against.

2. No conflicting interest transaction shall be voidable by an Owner or on behalf of the Association if:

(i) 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;

(ii) The facts about the conflicting interest transaction are disclosed or 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

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

3. This section shall not be construed to invalidate any provision of the Declaration, Bylaws, or other Association documents that more strictly defines conflicts of interest or contains further limits on the participation of Board members who may have conflicts of interest.

4. Each member of the Board shall annually sign a statement which affirms that such person has received a copy of the Conflicts of Interest Policy, has read and understands the Policy, has agreed to comply with the Policy.

5. 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.

SO ADOPTED this _____ day of _____, 2007.

ALQUEZAR HOMEOWNER'S ASSOCIATION

By: _____
Director

By: _____
Director

By: _____
Director

By: _____
Director

By: _____
Director