

PINERIDGE HOMEOWNERS ASSOCIATION
DIRECTOR CONFLICT OF INTEREST POLICY

Adopted December 27, 2006

The following procedures have been adopted by the Pineridge Homeowners Association ("Association") pursuant to C.R.S. §38-33.3-209.5, at a special 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. If any contract, transaction, decision, or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a Board member, or a parent or spouse of any of those persons, or an entity in which a Director of the Association is a director or officer or has a financial interest (a "Conflicting Interest Transaction") then that interested Board member shall declare at an open meeting of the Board, that a conflict of interest exists and shall describe in detail all of the particular facts of the conflict of interest.

2. 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 an open meeting of the Board.

3. 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.

4. The interested Board member may be counted as present when determining whether a quorum of the Board exists.

5. 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 to

the Owners entitled to vote on the matter, and the Conflicting 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.

6. 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.

Secretary's Certification

The undersigned, being the Secretary of the Pineridge Homeowners Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors at a special meeting held on the 27th day of December, 2006, and is effective the 28th day of December, 2006, and in witness thereof, the undersigned as subscribed his or her name on behalf of the Pineridge Homeowners Association.

Pineridge Homeowners Association

By: Katherine McCracken, Secretary