

The following procedure is in accordance with Article III, Section 3.8 of the General Declaration for Oak Meadows Ranch and the Articles of Incorporation of Oak Meadows Homeowner's Association, which grant the Association the power to adopt and enforce rules and regulations applicable within Oak Meadows Ranch; C.R.S. 38-33.3-101 *et. seq.* known as the Colorado Common Interest Ownership Act; and other applicable law.

Oak Meadows Homeowners' Association

Rule and Regulation No. 2006 - 001

Conflict of Interest - Board of Directors

Whereas Article VI, Section 6.3 of the General Declaration for Oak Meadows Ranch grants the Board of Directors the authority to manage the affairs of Oak Meadows Homeowners' Association ("OMHA").

Let it be resolved that OMHA establishes the following rule and regulation regarding conflicts of interest as they apply to members of the Board of Directors:

1. Declaration of Conflict of Interest

If any contract, decision or other action taken by the Board of Directors on behalf of OMHA would financially benefit any member of the Board of Directors, or any person who is a relative or spouse of that Board member, the Board member shall declare a conflict of interest for that issue. The Board member shall declare the conflict in an open meeting prior to any discussion or action on that issue.

2. Prohibition against voting

After making a declaration of a conflict of interest, the Board member may participate in the discussion of the issue as any member of OMHA could, but shall not vote on that issue.

3. Violation of this rule

Any contract entered into by the Board of Directors on behalf of OMHA in violation of this rule and regulation will be deemed void and unenforceable. If any Board member willfully violates this conflict of interest rule, that member may be removed from office and replaced by another member; and the remaining Board shall reconsider the issue without the vote of the conflicted Board member, unless the Board is contractually bound to honor the prior decision of the Board or it is otherwise not in the best interest of OMHA members to reconsider the issue, as determined by the Board in its discretion.

Date of Adoption: MARCH 15, 2006

Date Signed: MARCH 15, 2006

Signature: 
(President, Oak Meadows Homeowners' Association)