

CODE OF CONDUCT FOR BOARD MEMBERS

WHEREAS, the Board of Directors ("Board") of ("Association") has the authority and responsibility to make decisions for the benefit of the entire community, and

WHEREAS, the Board wishes to ensure that it and its individual members ("Board Members") maintain a high standard of ethical conduct in the performance of the Association's business, and to ensure that the Associations members maintain confidence in and respect for the entire Board.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of the Association hereby adopts the following rules of conduct, standards of behavior, ethical rules, and enforcement procedures that are applicable to all members of the Board:

1. **Board Members shall act in the best interests of the Association as a whole.** Board members serve for the benefit of the entire community and shall, at all times, strive to do what is best for the Association as a whole. Board Members shall not use their positions as such for private gain, for example:
 - No Board Member shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value from a person who is seeking a contractual or other business or financial relationship with the Association.
 - No Board Member shall accept a gift or favor made with the intent of influencing a decision or action of any official matter.
 - No Board Member shall receive any compensation from the Association for serving on the Board.
 - No Board Member shall willingly misrepresent facts to advance a personal cause or influence the community to advance a personal cause.
 - No Board Member shall use his/her position to enhance his/her financial status through the use of certain contractors or suppliers.

The above list of examples is offered for illustration purposes only and is not intended to be exclusive.

2. **Board Members shall comply with governing documents and relevant law.** Board Members shall use their best efforts at all times to make reasonable decisions that are consistent with the Declaration, Bylaws, and other governing documents of the Association and to be familiar with all such documents. Board Members shall likewise comply with and make decisions that are consistent with all applicable laws, including, but not limited to, refraining from discriminating against any person on the basis of race, color, religion, national origin, gender, family status, or mental or physical disability.
3. **Board Members shall set high standards for themselves as Association members.** Board Members shall hold themselves to the highest standards as members of the Association, and shall in all ways comply with the provisions of the Association's governing documents.

CODE OF CONDUCT FOR BOARD MEMBERS (continued)

4. **Board Members shall work within the Association's framework and refrain from unilateral action.** Board Members shall at all times work within the Association's framework and abide by the system of management established by the Association's governing documents and the Board. The Board shall conduct business in accordance with state law and the Association's governing documents and shall act upon decisions duly made, and no Board Member shall act unilaterally or contrary to such decisions. Toward that end, no Board Member shall seek to have a contract implemented that has not been duly approved by the Board nor promise anything not approved by the Board to any contractor, supplier, or otherwise.
5. **Board Members shall behave professionally at meetings.** Board Members shall conduct themselves at all meetings, including board meetings, annual meetings of the members, and committee meetings, in a professional and businesslike manner. Personal attacks against other Board Members, Association members, residents, officers, management, or guests are not consistent with the best interests of the community and will not be tolerated. Language at meetings shall be kept professional. Though differences of opinion are to be expected, they must be expressed in a professional and businesslike manner.
6. **Board Members shall maintain confidentiality of information received as directors.** Board Members shall at all times maintain the confidentiality of personal, private and/or legally privileged matters involving the Association and that come to their attention as directors. Members shall also respect privacy in personal matters due to all other directors.
7. **Board Members shall disclose conflicts of interests.** Board Members shall immediately disclose to the Board any perceived or potential conflict of interest regarding any aspect of the business operations of the Association.
8. **Board Members shall refrain from defaming anyone in the community.** Board Members shall not engage in defamation, by any means, of any other Board Member, Association member, resident, or management staff member. The Association shall deem any Board Member who engages in defamation to be acting outside the scope of his/her authority at a Board Member.
9. **Board Members shall refrain from harassing Association members or residents.** Board Members shall not in any way harass, threaten, or otherwise attempt to intimidate any other Board Member, Association member, or resident. The Association shall deem any Board Member who harasses, threatens, or otherwise attempts to intimidate other Association members or residents to be acting outside the scope of his/her authority as a Board Member.
10. **Board Members shall refrain from interfering with management staff and contractors.** No Board Member shall interfere with the duties of management staff or any contractor executing a contract in progress, unless authorized by the Board. All communications with contractors must go through a designated Board Member or management or must otherwise be in accordance with Board policy.
11. **Board Members shall participate in all actions pursuant to the descriptions as stated in your Community By Laws.** Pursuant to Article V, Section 5.6, the Board shall carry out all duties as prescribed here within. As an amendment to Section 5.6, a Director shall not be absent for more than three consecutive meetings or a combined total of five meetings within a 12-month period. Such failure to attend meetings will result in a vote of the remaining Board Members regarding the removal of said Member.

CODE OF CONDUCT FOR BOARD MEMBERS (continued)

Violations of Code

Alleged violations of the Code of Conduct shall be reported to the President of the Board (or Vice President, if the allegation involves the President), who shall promptly convene a meeting between the accused director and the Board. If the nature of the alleged violation permits it under Civil Code section 1363.05(a), this meeting shall be conducted in executive session. Thereafter, the Board shall, upon deliberation and a finding of violation, have the authority to sanction the director in one or more of the following ways, which are not intended to be the exclusive remedies of the Board: (1) request that the director immediately resolve the violation; (2) request a public apology from the violating director to person(s) affected by the conduct; (3) remove the director from officer and/or committee position(s) that s/he may hold; (4) initiate efforts to remove the director from the Board by member vote; and/or (5) court action to enjoin the violation. If the alleged violation is also a violation of the governing documents by the director as a member, the Association shall comply with the litigation pre-filing ADR (Alternative Dispute Resolution) requirements of Civil Code section 1369.520 and may seek to recover attorneys' fees.

ADOPTED BY BOARD RESOLUTION AS PART OF THE MEETING AGENDA ON

President

Vice President

Treasurer

Secretary

Director