

## **Hacienda Carmel Community Association Ethics Policy for Directors and Committee Members**

The Board of Directors has adopted the following ethics policy for its Directors and members of its Committees. This policy is intended to provide guidance with ethical issues and be a mechanism for addressing unethical conduct.

### **A. Board Responsibilities**

The general duties for Directors as set forth in HCCA Bylaws Article 7 are to enforce the Association's governing documents, collect and preserve the Association's financial resources, insure the Association's assets against loss, and keep the infrastructure and common areas in a state of good repair. To fulfill that responsibility, Directors must (1) regularly attend Board meetings; (2) familiarize themselves with applicable State laws and HCCA governing documents; (3) review material provided in preparation for Board meetings; (4) review the Association's financial statements and reports; and (5) make reasonable inquiry before making decisions.

### **B. Professional Conduct**

In general, Directors and Committee members must conduct all dealings with each other, with third parties, and with employees with honesty and fairness; they are further obligated to safeguard confidential information of the Association and to maintain high standards of truthfulness, transparency, and integrity in their conduct.

1. **Self-Dealing.** Self-dealing occurs when Directors or Committee members make decisions that materially benefit themselves, their family members, their friends, or anyone who shares the same residence, at the expense of the Association. Benefits may include money, privileges, special treatment, and gifts or other items of value. Accordingly, no Director or Committee member may (1) solicit or receive any compensation for serving on the Board or any Committee; (2) make promises to or agreements with vendors or other third parties without prior approval from the Board; (3) solicit or receive any benefit as defined above for themselves or those listed in the first sentence of this paragraph from a person or company seeking a contractual or financial relationship with the Association; (4) seek preferential treatment for themselves or those listed in the first sentence of this paragraph; or (5) use Association property, services, or assets for the gain or benefit of themselves or those listed in the first sentence of this paragraph, except where such use is provided equally to all members and residents of the Association.

2. **Confidential Information.** Directors and Committee members are responsible for protecting the Association's confidential information both during and after their tenures of office. As Directors and Committee members they may not use confidential information for the benefit of themselves, their family members, their friends, or anyone who shares the same

residence. Except when disclosure is duly authorized or legally mandated, no Director or Committee member may disclose confidential information of the Association. Confidential information includes, without limitation, (1) private personal information about other Directors, Committee members, or personnel information of employees of the Association; (2) disciplinary actions against members or employees of the Association; (3) assessment collection information against members of the Association; and (4) legal actions in which the Association is or has notice that it soon may be involved, especially where such disclosure of confidential information may constitute a waiver of the Association's attorney-client privilege.

3. **Misrepresentation.** Directors and Committee members shall not knowingly misrepresent facts regarding the Association. All data, records, and reports produced by the Association and provided to its Officers or members, or to the public, must be accurate and truthful, and be prepared and presented in an objective, judicious, and non-provocative manner.

4. **Interaction with Management and Employees.** In order to ensure efficient management operations, avoid conflicting instructions from the Board to Management, and avoid potential legal liability, Directors and Committee members shall observe the following guidelines: (1) only the President and those duly delegated by the Board shall serve as liaison between (i) the Board and its Committees and (ii) Management and vendors, and provide direction on the priorities of the Board and its Committees; (2) no Director or Committee member may threaten or retaliate against an employee who brings information to the Management regarding improper conduct of a Director or Committee member; (3) no Director or Committee member shall harass, threaten, or retaliate against an employee, vendor, other Directors, Committee member, or resident, whether verbally, physically, or otherwise.

5. **Proper Decorum.** In all contexts regarding Association business, Directors and Committee members are obligated to act with civility and proper decorum. Where disagreement exists between Directors on the Board or among Committee members, each Director and Committee member must continue to act in a courteous and dignified manner, with respect toward others, and refrain from engaging in personal or *ad hominem* attacks or comments. Such dignified conduct of Directors and Committee members further extends to all those involved in the affairs of the Association, including employees, vendors, and residents of the Association. Moreover, regardless of any opposite views or opinions regarding an action taken by the Board of Directors, all Directors and Committee members shall act in accordance with duly enacted Board decisions and shall not act unilaterally or contrary to such duly enacted Board decisions.

### **C. Violations and Conflicts of Interest.**

Where situations arise that are not expressly covered by this policy, or where the proper course of action is ambiguous or unclear, Directors and Committee members shall immediately raise such situations with the Board of Directors for discussions toward resolution. Alternatively, where problematic ethical situations are covered by this policy, and the proper course of action is clear, the Board shall follow the proper and prescribed course of action.

1. **Conflicts of Interest.** Directors and Committee members are obligated to disclose immediately any conflict of interest, old or new, whether their own or that of other Directors or Committee members. Directors and Committee members must recuse themselves from participation in any discussions or decisions about subjects in which they have a material interest that may conflict with the interests of the Association.

2. **Violation of the Ethics Policy.** Directors and Committee members who are found to be in violation of the terms and provisions of this Association's ethics policy shall be deemed to be acting outside the scope of their authority. Any Director or Committee member found to be in violation of this ethics policy may be subject to disciplinary action including, without limitation, (1) censure by the Board of Directors; (2) removal from Committees or as an officer of the Board; (3) request for resignation from the Board; (4) recall from the Board by the membership pursuant to HCCA Bylaw §5.16; and (5) legal proceedings. Prior to taking any of the actions enumerated above, the Board shall appoint an Executive Committee to investigate the violation alleged. Such Committee shall review the evidence of violation, endeavor to meet with the alleged offender, confer with the Association's legal counsel, and present its findings and recommendations to the Board for appropriate action in Executive Session. Thereafter the Board shall endeavor to meet with the alleged offender in Executive Session prior to imposing any recommended disciplinary action.

**THIS POLICY WAS APPROVED BY THE HCCA BOARD OF DIRECTORS MARCH 24, 2022 AND SHALL BECOME EFFECTIVE MAY 1, 2022 AND REMAIN IN EFFECT UNTIL SUCH TIME AS IT MAY BE REVISED OR REPEALED BY THE BOARD OF DIRECTORS.**

**Revision 0 03-25-2022**