

LA CRESTA PROPERTY OWNERS' ASSOCIATION (LCPOA)

ETHICS POLICY AND CODE OF CONDUCT FOR DIRECTORS

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

A. BOARD RESPONSIBILITIES

The general duties for directors 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 common areas in a state of good repair. To fulfill that responsibility, directors must:

- regularly attend board meetings,
- review material provided in preparation for board meetings,
- review the association's financial reports,
- make reasonable inquiry before making decisions, and
- respond to member inquiries
- treat all members equally and fairly in all matters before the association
- prevent disclosure of confidential information
- conduct themselves in a professional manner

B. PROFESSIONAL CONDUCT

In general, directors must conduct all dealings with vendors and employees with honesty and fairness, and safeguard information that belongs to the association.

1. Private Gain. Self-dealing occurs when directors make decisions that materially benefit themselves or their relatives, friends, or organizations, at the expense of the association. "Relatives" include a person's spouse, parents, siblings, children, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone who shares the person's residence. Friends include anyone who a Director has a personal relationship other than for the business of the association. Organizations include any clubs or

charitable organizations or other boards for which a director may be a member. Benefits include money, privileges, special benefits, preferential treatment, gifts, donations or other items of value. Accordingly, no director may:

- solicit or receive any compensation from the association for serving on the board or any committee,
- make promises to vendors unless with prior approval from the board,
- solicit or receive, any gift, gratuity, favor, entertainment, loan, or any other thing of value for themselves or their relatives, friends, or organizations from a person or company who is seeking or has a business or financial relationship with the association,
- seek preferential treatment for themselves, their relatives, friends, or organizations
- use association property, services, equipment or business for the gain or benefit of themselves, their relatives, friends, or organizations, except as is provided for all members of the association.

2. Confidential Information. Directors are responsible for protecting the association's confidential information. As such they may not use confidential information for the benefit of themselves, their relatives, or friends. Except when disclosure is duly authorized or legally mandated, no director may disclose confidential information. Confidential information includes, without limitation:

- private personal information of fellow directors and committee members,
- private personnel information of the association's employees,
- disciplinary actions against members of the association,
- assessment collection information against members of the association, and
- legal disputes in which the association is involved--directors may not discuss such matters with persons not on the board or with any board member who has recused him or herself without the prior approval of the association's general counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and loss of confidential information.

3. Accuracy of Information. Directors may not knowingly misrepresent facts. All association data, records and reports must be accurate and truthful and prepared in a proper manner

4. Interaction with Employees. To ensure efficient management operations, avoid conflicting instructions from the board to management and avoid potential liability, directors shall observe the following guidelines:

- Except for the president, committee members and directors may not give direction to employees or vendors.
- Directors may not contact management after hours unless there is an emergency representing a threat of harm to persons or property.
- If directors or committee members are contacted by employees with complaints, the employees shall be instructed to contact management or the board as a whole.
- No director may threaten or retaliate against any individual who brings information to the board regarding improper actions of a director or committee member.
- Directors and committee members are prohibited from harassing or threatening employees, vendors, directors, committee members, and owners, whether verbally, physically or otherwise.

5. Professional Behavior. Directors are obligated to act with proper decorum. Although they may disagree with the opinions of others on the board, they must act with respect and dignity and not make personal attacks on others. Accordingly, directors must focus on issues, not personalities and conduct themselves with courtesy toward each other and toward employees, managing agents, vendors and members of the association. Directors shall act in accordance with board decisions and shall not act unilaterally or contrary to the board's decisions. Open discussion is expected prior to a board vote on any issue, but once the board has voted, all directors must accept the board decision.

C. WHEN CONFLICTS ARISE

Situations may arise that are not expressly covered by this policy or where the proper course of action is unclear. Directors should immediately raise such situations with the board. If appropriate, the board will seek guidance from the association's legal counsel.

1. Disclosure & Recusal. Directors must immediately disclose the existence of any conflict of interest, whether their own or others. Directors must withdraw from participation in decisions in which they have a material interest or that involve their family or friends.

2. Violations of Policy. Directors who violate the association's ethic's policy and code of conduct are deemed to be acting outside the course and scope of their authority. Anyone in violation of this policy may be subject to immediate disciplinary action, including, but not limited to:

- censure,
- removal as an officer of the board,
- request for resignation from the board,
- legal proceedings.

Prior to taking any of the actions described above, the board shall investigate the violation. The board shall review the evidence of violation, endeavor to meet with the director believed to be in violation, and may confer with the association's legal counsel. The board shall, also, endeavor to meet with the director in executive session prior to imposing disciplinary action against that person.

D. ACKNOWLEDGMENT

I acknowledge that I have received and read the association's ethics policy and have had the opportunity to ask questions about the policy. I understand my obligations as a director under this policy and will act in accordance with my obligations.

Signature: _____ Date: _____

Print name: _____