

SPRING VALLEY LAKE ASSOCIATION

RESOLUTION AND POLICY ON A CODE OF CONDUCT FOR THE BOARD OF DIRECTORS

WHEREAS, the Board of Directors of Spring Valley Lake Association (Association) has the power and responsibility to make decisions for the entire community, and

WHEREAS the leaders of the Association are responsible to set a standard and a tone for behavior that is conducive to the best interests of the entire community,

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Association hereby adopts the following code of conduct for its members in order to ensure that they maintain a high standard of ethical conduct in the performance of the Association's business and to ensure that the residents maintain confidence in, and respect for, the entire Board:

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, keep the common areas in a state of good repair and to build a sense of community throughout Spring Valley Lake. 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 inquiries before making decisions,
- communicate with the community to adequately assess and address their concerns,
- communicate with the staff to understand how to support them, obtain their input on the needs of the community, and assist with solutions on how to effectively implement necessary changes.

B. PROFESSIONAL CONDUCT

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

1. **Self-Dealing.** Self-dealing occurs when directors make decisions that materially benefit themselves, their friends, or their relatives 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. Benefits include money, privileges, special benefits, gifts 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 from a person or company who is seeking a business or financial relationship with the association,
- seek preferential treatment for themselves, their friends or their relatives, and/or
- use association property, services, equipment or business for the gain or benefit of themselves, their friends or their relatives, except as is provided for all members of the association.

2. **Confidential Information.** Members of the Board of Directors are responsible for protecting the association’s confidential information. As such they may not use confidential information for the benefit of themselves, 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,
- private personal information of the association’s employees,
- disciplinary actions against members of the association,
- assessment collection information against members of the association,
- legal disputes in which the association is or may be involved-- directors may not discuss such matters with persons not on the

board without the prior approval of the President or the association's legal counsel, unless they have reason to believe that either or both of those avenues are compromised. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and loss of confidential information, and

- Board Members should not share any proprietary information from Executive Sessions with homeowners.
- Board Members are encouraged to be transparent on issues that arise in order to create trust and confidence in the community, ensuring that the board is aware of things that are brought up, and confirming that they are actively working on resolving the concerns that have been brought to their attention.

3. **Misrepresentation.** Members of the Board of Directors may not knowingly misrepresent facts. All association data, records, and reports must be accurate and truthful and prepared properly.

4. **Interaction with Employees.** To ensure efficient management operations and avoid conflicting instructions, members of the Board of Directors shall observe the following guidelines:

- The board shall be free to ask questions of the management or employees to better understand the organization, workflow, and interactions with the association members, guests, vendors and other individuals that are on or are participating in activities on the property.
- The board shall not engage in telling any employee what to do or how to do their job, unless they are asked, or it is urgent in nature and requires immediate intervention.
- The President of the board shall serve as a liaison between the board and management on any non-urgent requests or personnel issues that need to be addressed.
- Except for the President or Treasurer, or their designated Board member(s), no direction may be given to vendors, contractors or sub-contractors, unless immediate intervention is needed.
- Directors shall not expect a reply from management after hours unless there is an urgent situation or emergency representing a threat of harm to persons or property,
- If a Board member is contacted by an employee with a complaint, the

employee shall be instructed to contact management or the Board President, unless there is a fear of retaliation and the need to be anonymous, in which case they will need to report the situation or concern to two other board members either directly, or by sharing the concern with a director and the original board member that was notified can reach out to a second board member to bear witness to the information so the employee is protected.

- No director may threaten or retaliate against an employee who brings information to the board regarding improper actions of a director, and
- Members of the Board of Directors are prohibited from harassing or threatening employees, vendors, other directors, committee members, owners and residents, whether verbally, physically or otherwise.
- Management will thoroughly investigate any claims made against board member(s) and provide that evidence to said board member and the President, or another board member of the accused board members choosing, for explanation and the opportunity to provide context
- Management will take swift and immediate action against any employee who is found to have intentionally created circumstances to discredit a board member and a designated member of the board will bear witness to the action taken.

5. **Proper Decorum.** Members of the Board of Directors are obligated to act with proper decorum. Although they may disagree with the opinions of others on the board or committee, they must act with respect and dignity and not make personal attacks on others. Accordingly, the Board of Directors must focus on issues, not personalities and conduct themselves with courtesy toward each other, 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.

C. WHEN CONFLICTS OF INTEREST ARISE

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

legal counsel.

1. Disclosure & Recusal. Members of the Board of Directors must immediately disclose the existence of **any** conflict of interest, whether their own or others. They must recuse themselves from any discussion and decision in which they have a material interest. Even if the perceived Conflict of Interest is minor, it is important to avoid even the appearance of a favored decision.
2. Violations of Policy. Members of the Board of Directors who violate the association's Code of Conduct Policy are deemed to be acting outside the scope of their authority. Anyone in violation of this policy may be subject to disciplinary action, including, but not limited to:
 - censure,
 - requested to resign from the board,
 - recall by the membership, and
 - legal proceedings.

Before taking any of the actions described above, the board shall appoint an executive committee to investigate the violation. In order to assure that it is fair and impartial, the director may request to specify at least 2 of the members to be part of the committee. The executive committee shall review the evidence of a violation, meet with the director believed to be in violation, confer with the association's legal counsel, and present its findings and recommendations to the board for appropriate action.

The board shall meet with the director in executive session before imposing disciplinary action against that person. If the director is unavailable to attend the executive session, the board shall make every effort to hold a special session to accommodate the directors schedule in order to provide them a fair opportunity.

D. ACKNOWLEDGMENT

I have read and understood the Code of Conduct Policy.

Signature: _____

Date: _____

Print name: _____