

~ PALM CANYON VILLAS ~

Homeowners Association

Ethics policy for Directors, Committees, and Management.

Adopted December 5, 2008

The Palm Canyon Villas H.O.A. Board of Directors has adopted the following ethics policy for the H.O.A. Board, the committees, and the manager. 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 abide by and 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:

- attend board meetings regularly,
- review the material provided in preparation for board meetings,
- review the association's financial reports,
- make reasonable inquiry before making decisions, and
- respond to member's inquiries & concerns promptly

B. PROFESSIONAL CONDUCT

In general, directors, committees and manager must deal with vendors and employees with honesty and fairness, and safeguard all confidential information that belongs to the association.

1. Personal gain. Self-dealing occurs when directors or committee members make decisions that materially benefit themselves 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, committee member or manager shall:

- solicit or receive any compensation from the association for serving on the H.O.A. 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 or their relatives taking into consideration equality to each of the four separate phases,
 - use association property, services, equipment or business for the gain or benefit of themselves or their relatives, except as is provided for all members of the association.
2. H.O.A. Confidential Information. Directors, committee members and the manager are responsible for protecting the association's confidential information. As such they may not use confidential information for the benefit of themselves or their relatives. Except when disclosure is duly authorized or legally mandated no director or committee member may disclose confidential information. Confidential information includes, without limitation:
- private personal information of fellow directors and committee members,
 - private personnel information of the associations 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 proper approval of the association's general counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and result in the loss of confidential information.
3. Accuracy of Information. Directors, committee members and the manager 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, committee members and directors shall observe the following guidelines:
- The president of the board shall serve as liaison between the board and management and provide direction on day to day matters.
 - Except for the president, vice president, treasurer, or secretary, directors or committee members may not give directions to management, employees or vendors.
 - Directors or committee members may not contact management after hours unless there is an emergency representing a threat of harm to person's 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 or committee member may threaten or retaliate against an employee 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, committee members and the manager 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, directors and committee members 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 boards decisions.

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, committee members and the manager should immediately raise such situations with the board.

1. Disclosure Directors, committee members and the manager must immediately disclose the existence of any conflict of interest, whether their own or others. Directors, committee members and the manager must withdraw from participation in decisions in which they have a material interest.
2. Violation of Policy. Directors, committee members and managers who violate the association's ethics policy are deemed to be acting outside the course of their authority. Anyone in violation of this policy may be subject to immediate disciplinary action, including, but not limited to:
 - censure
 - removal from committees
 - removal as an officer of the board
 - request for resignation from the board
 - recall of membership
 - legal proceedings

Prior to taking any of the actions described above the board shall appoint an executive committee to investigate the violation. The committee shall review the evidence of violation, endeavor to meet with the director/committee member 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 endeavor to meet with the director/manager/committee member in executive session prior to imposing disciplinary action against that person.

D. ACKNOWLEDGEMENT

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, manager, and/or committee member under this policy and will act in accordance with my obligations.

Signature _____ Date: _____

Print name: _____ Position _____