

ETHICS POLICY FOR PASEO MASTER HOA DIRECTORS AND COMMITTEE MEMBERS

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

BOARD RESPONSIBILITIES

The general duties of the 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,
- Focus on governance for and not management of the association,
- Serve on a committee and/or task force in a leadership role,
- Comply with the Paseo Master HOA Decisions Policy,
- Respect and support the majority decisions of the board,
- Approach all board issues with an open mind, prepared to make the best decisions for everyone involved, and
- Never exercise authority as a board member except when acting in a board meeting or as delegated by official action of the board.

PROFESSIONAL CONDUCT

In general, directors and committee 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 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 item of value. Accordingly, no director or committee member may;
 - Solicit or receive any compensation from the association for serving on the board or committee,
 - Make promises to vendors unless with prior approval of 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 relatives,
- 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. Confidential Information. Only the president of the board will have the sole authorization to contact the association's on record attorney directly, in written or oral form, unless another person is authorized by the board. Notice must be given to fellow board members prior to contact and the outcome of the conversation will be relayed at the next board of directors meeting. Directors and committee members 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 personal 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 or may be involved—directors may not discuss such matters with persons not on the board without the prior approval of the association's legal counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and loss of confidential information.

3. Misrepresentation. Directors and committee members 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 and 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, unless the board members are given specific permission, shall serve as the liaison between the board and management

regarding decisions made by the board and/or management. As required in Section 9.5 of Article IX of the Paseo Master HOA Bylaws, the president shall see that orders and resolutions of the board of directors are carried out and shall sign all notes, mortgages, deeds and other written instruments.

- Directors and committee members may not give direction to management, 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 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. Proper Decorum. Directors and committee members 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 board decisions.

CONFLICTS OF INTEREST

Situations may arise that are not expressly covered by this policy or where the proper course of action is unclear. Directors and committee members 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 and committee members 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.
2. Violations of Policy. Directors and committee members who violate the association's ethics policy are deemed to be acting outside the course and scope

of their authority. Anyone in violation of this policy may be subject to disciplinary action, including, but not limited to:

- Censure,
- Removal from committees,
- Removal as an officer of the board,
- Legal proceedings.

Prior to taking any of the actions described above, an executive committee comprised of the president and an association member appointed by the board shall investigate the violation. In the case of a violation by the president, the executive committee shall be comprised of the vice president and an association member appointed by the board. The committee shall review the evidence of the 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.

PLEDGE

I have read the Ethics Policy and pledge to act in accordance with my obligations as described above.

Signature:_____ Date:_____

Print Name:_____