

La Costa Ridge Association Board of Directors Code of Ethics and Conduct

The La Costa Ridge Homeowners' Association (The Association) Board of Directors acknowledge and accept the scope and extent of our duties as directors. We understand that we are leaders in our community. We will lead by example, and carry out our duties in an honest and businesslike manner within the scope of our authority, as set forth in the Governing Documents and the Laws of the State of California.

We are entrusted with and responsible for the oversight of the assets and business affairs of the Association in an honest, fair, diligent, and ethical manner. As Directors we must act within the bounds of the authority conferred upon us and with the duty to make and enact informed decisions and policies in the best interests of Association and its members.

The principles in this Code of Ethics and Conduct describe how Directors shall conduct themselves. It does not address every expectation or condition regarding proper and ethical business conduct. Each Director is expected to comply with the letter and spirit of this Code. Good common sense is the best guide.

Core Values, each Board Member will:

- Act in the best interests of and fulfill their fiduciary obligations to Association members by maintaining the Association's common area, managing the Association's financial assets, insuring its assets against loss, and enforcing the Association's governing documents and policies;
- Act honestly, fairly, ethically and with integrity;
- Conduct themselves at all times in a professional, courteous, respectful and neighborly manner;
- Comply with all applicable laws, rules and regulations;
- Comply with and enforce the Association's governing documents, rules and policies;
- Act in good faith, responsibly, with due care, competence and diligence;
- Act in a manner to maintain and enhance the reputation of the Association;
- Share information with fellow Directors as appropriate to ensure proper conduct and sound operation of the Association.

Conflict of Interest

Directors must avoid any conflicts of interest with the Association. (See Civil Code Section 5350 and Corporations Code Section, 7233 regarding conflicts of interest.) In addition to the statutory standards, at the Association, "conflict of interest" occurs when a director's private interest interferes in any way with the interests of the community as a whole. In addition to avoiding conflicts of interest, Directors should also avoid even the appearance of a conflict. This Code does not attempt to describe all possible conflicts of interest that could develop. Some of the more common conflicts that Directors must resolve or avoid, however, are set out below:

- A conflict situation can arise when a director, a member of his or her family, or a close personal friend takes actions or has interests that may make it difficult for the Director to make decisions on behalf of the Association objectively and effectively.
- A conflict of interest may also arise when a director, a member of his or her family, or a close personal friend receives any special benefits as a result of the Director's position.
- A director must comply with the law including California Civil Code Sections 5350 and 7233.
- A director must comply with the qualifications specified in the Association's election rules.

If a Director believes he or she has an actual or potential conflict of interest with the Association, the Director shall notify the President of the Board of Directors as promptly as practicable and shall in any event not participate in any decision by the Board of Directors that in any way relates to the matter that gives rise to the conflict of interest. If the President of the Board of Directors has a conflict, then he or she shall notify the Association's Manager. Conflicts of interest shall be disclosed to the other Board members in the open board meeting or executive session as appropriate, depending upon the facts and circumstances.

Confidentiality

Directors have access to the Association's most sensitive information, each Director, during his or her term of office, and after leaving the Board, must maintain the confidentiality of information entrusted to him or her by the Association and any other confidential information about the Association that comes to him or her, from whatever source, in his or her capacity as a director. For purposes of this Code, "confidential information" includes all non-public Association information.

Media Questions

Other than Board-authorized association spoke persons, Directors are not to respond to inquiries from the news media, including newspapers, television, radio, magazines, or online publications, or other news sources unless authorized by the Board. In the absence of such authorization, such inquiries should be referred to the Management office.

Board Operational Responsibilities

Report any management or vendor performance concerns or issues clearly and concisely to the Management company, preferably via email.

Communicate any items to be discussed at the Board Meetings no less than seven days before the meeting with either the Management company or the Association President.

Review the Board packets prior to the Board Meeting including the Association's financial reports, and communicate any questions related to the Board packet or the meeting to the Management company no less than 24 hours before the meeting.

Directors shall not engage in or initiate any Board meeting per Civil Code Sections 4090 4900, et seq., unless conducted in compliance with Civil Code.

In accordance with California Corporations Code § 7231(a), commonly known as the "Business Judgment Rule", Board members must perform their duties as a director (1) in good faith, (2) in a manner such director believes to be in the best interests of the Association and (3) with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Individual Conduct

No Board member shall act unilaterally or contrary to the Board's decisions, except if the Board has made a decision that is contrary to HOA's governing documents, policies or governing law. If this occurs, the Board member is obligated to dissent and speak up.

No individual shall use his or her position as a Board member for private gain.

No Board member nor his/her agent or employee or family member shall enter a personal service contract with the Association without previous disclosure of such interest to the Board.

No Board member will implement a contract that has not been duly approved by the Board.

No Board member will interfere with a contract that has been implemented and approved by the Board.

No Board member will harass, threaten, bully, browbeat, or attempt through any means to intimidate another Board member, Management employee, staff member, Association resident or Association visitor.

Other Provisions

Any Board member who violates this code of ethics agrees that he or she may be censured or removed by a majority vote of the Board pursuant Section 5.7.2 of the Association's ByLaws. If a Board member is removed by the Board, he or she will no longer be eligible to serve on the Board of Directors.

No provision of this Agreement can be rescinded, altered and/or amended without a majority vote of the Board of Directors.

If one or more provisions in this agreement are illegal, invalid, or unenforceable, the remaining provisions will remain valid and enforceable.

The prevailing party will be entitled to recover legal fees and costs resulting from legal action resulting from the enforcement of this agreement.

I, _____, have read, hereby agree to and acknowledge receipt of a copy of this Code of Ethics and Conduct as of: _____ 20____.

Signed _____