

Surfside III COA
Board of Directors Resolution
Resolution 2007-1
Board of Directors Rules of Conduct and Ethics

WHEREAS, the Board of Directors ("Board") of the Surfside III Condominium Owners Association ("Association") has the authority to make decisions for the benefit of the entire community, and

WHEREAS, the Board wishes to ensure that it and its individual members maintain a high standard of ethical conduct in the performance of the associations business;

NOW, THEREFORE, BE IT RESOLVED THAT the Board adopts the following rules of conduct for members of the Board of Directors.

Private Gain

Directors serve for the benefit of the entire community, and shall, at all times, strive to do what is best for the membership as a whole. Directors shall not use their positions for private gain.

Directors shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value from a person who is seeking a contractual or other business or financial relationship with the association.

Directors shall not seek preferential treatment by the board, any of its committees, or any contractors or suppliers.

Directors shall not accept a gift or favor made with the intent of influencing a decision or action of any official matter.

Directors shall not receive any compensation, except Board approved expense reimbursement, from the association for serving on the Board.

Directors shall not intentionally misrepresent facts.

Directors shall not use his/her position to enhance his/her financial interests through the use of certain contractors or suppliers.

Directors shall not accept a gift or favor made with the intent of influencing a decision or action of any official matter.

Unilateral Actions

Directors shall act in accordance with board decisions and shall NOT act unilaterally or contrary to such decisions. Directors should not undermine decisions of the Board of the Association and should publicly support decisions of the Association.

Whether a Board member agrees with a Board decision or not they will abide by the intent and spirit of the decision.

In the discharge of their duties, the Directors must carry out the duties imposed on them by California Law and the governing documents of the Association with allegiance to the Association's interest.

Professional Behavior

Directors must act at all times in strict compliance with generally accepted ethical principles and values;

Directors shall conduct themselves in a professional and businesslike manner.

Personal attacks against other directors; residents, managing agents, employees and vendors are not consistent with the best interests of the community.

Confidentiality.

Directors shall at all times maintain the confidentiality of all legal, personnel, and private membership issues.

The Directors, even after ceasing in their functions, must maintain the secrecy of the confidential information and reservation of all information, data, reports and background of which they become aware through the performance of their office, without being able to communicate such information to third parties or disclose it when this could have harmful consequences on the Association's interests.

- a. Those cases in which the laws allow communication or disclosure to third parties or in which, when applicable, they are required or have the obligation to send such information to the respective supervisory authorities are excluded from the duty referred to in the foregoing paragraph.
- b. All the documentation and information made available to the Directors by virtue of their office is confidential and may not in any way be disclosed, except when, by a resolution of the Board of Directors, this obligation is expressly excluded.

Conflicts of Interest.

In the discharge of their duties, the Directors shall act with absolute loyalty to the Association's corporate interests.

To this end, the Directors must comply with the following obligations and prohibitions:

- a. The Directors may not use the Association's name or invoke their status as Director in order to carry out transactions for their own account or that of persons or entities with whom they have ties.
- b. The Directors must inform the Board of Directors of any situations of direct or indirect conflict of interests they may have with the Association. In the event of a conflict, the affected Director shall abstain from participating in the transaction to which the conflict refers.

The Directors must abstain from participating in the votes on matters in which they or persons or entities with which the Director(s) have ties have a direct or indirect interest; provided however that the interested director may participate in any discussion regarding his/her exclusion.

Defamation.

Directors shall not engage in defamation, by any means, of any other director, association member, resident, managing agent, or employee.

Harassment.

Directors shall not in any way harass or threaten any other director, resident, managing agent, employee or vendor of the association.

Interference.

No director shall interfere with the duties of managing agents, contractors, employees or vendors of the association. All communications must go through designated directors or management in accordance with board policy.

Interference is defined as follows:

Frequent, excessive, abusive, redundant calls, visits or requests for service to the management company or Surfside III employees to the detriment of their performance.

Issuing alternate or contradictory instructions to employees, contractors or vendors or attempting to influence their manner of work or performance.

Changing the scope of employee, contractor or vendor responsibilities without Board approval.

Altering, without Board approval, wages, benefits, hours or giving instructions to disregard statutory/regulatory requirements.

Keys.

No director may use member's keys in any manner other than in accordance with established policies.

Violations.

Compliance with the law is the highest responsibility of a Director. Directors are obligated to comply with their legal duties as directors and with all other legal requirements that apply to their activities. Board members will not willfully violate Board or association policies, procedures, and rules, By-Laws, CC&RS or CA Civil Code for any reason.

The Directors have the obligation of knowing, complying with and enforcing compliance with the Rules. To this end, the Secretary of the Board shall make a copy thereof available to all of them.

Any Director who is unable or unwilling to comply with these responsibilities shall indicate this situation to the Board in writing.

Violations of these ethics rules shall be brought to the Board, which may, at its discretion, appoint a Hearing Board consisting of directors, the Association's attorney, manager, and/or accountant or third party mediator/arbitrator to hear the alleged violation and advise the Board.

If the hearing results in the Board asking the accused member to resign, that member hereby agrees to resign at that time.

Hearings.

Any ethics hearing will be conducted in closed or executive session.