

HIDDEN LAKE ASSOCIATION – ETHICS POLICY FOR DIRECTORS & OFFICERS

PURPOSE:

The purpose of this policy is to provide guidance with ethical issues and a mechanism for addressing unethical conduct.

BOARD RESPONSIBILITIES:

The general duties for Directors and Officers 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 and Officers must:

- regularly attend Board meetings,
- review material provided in preparation for Board meetings,
- review the Association's financial reports, and
- make reasonable inquiry before making decisions.

PROFESSIONAL CONDUCT:

In general, Directors and Officers 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 Officers make decisions that materially benefit themselves, their relatives, or their clients 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. "Clients" include a person or organization which uses your professional work or services in return for some form of payment. Benefits include money, privileges, special benefits, gifts or other items of value. Accordingly, no Director or Officers may:
 - solicit or receive any compensation from the association for serving on the board or any committee,
 - make promises to vendors or members unless with prior approval from the Board,
 - solicit or receive, any gift, gratuity, favor, entertainment, loan, or any other thing of value for themselves, their relatives, or their clients from a person or company who is seeking a business or financial relationship with the Association,
 - seek preferential treatment for themselves, their relatives, or their clients,
 - use Association property, services, equipment or business for the gain or benefit of themselves, their relatives, or their clients, except as is provided for all members of the Association.
2. **Confidential Information:** Directors and Officers are responsible for protecting the Association's confidential information. As such they may not use confidential information for the benefit of themselves, their relatives, or their clients. Except when disclosure is duly authorized or legally mandated, no Director or Officer may disclose confidential information. Confidential information includes, without limitation:
 - private personal information of fellow Directors and Officers,
 - private personal information or access to information of members,
 - private personnel 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 and Officers 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 Officers may not knowingly misrepresent facts. All Association data, records and reports must be accurate and truthful and prepared in a proper manner.

4. Interactions with Employees: To ensure efficient management operations, avoid conflicting instructions from the Board to management and avoid potential liability, Directors and Officers shall observe the following guidelines:
 - If Directors or Officers are contacted by employees with complaints, the employees shall be instructed to contact their manager or the Board as a whole.
 - No Director or Officer may threaten or retaliate against an employee who brings information to the Board regarding improper actions of a Director or Officer.
 - Directors and Officers are prohibited from harassing or threatening employees, vendors, Directors, Officers, committee members, and owners, whether verbally, physically, or otherwise.
5. Proper Decorum: Directors and Officers 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 Officers 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 and Officers shall act in accordance with Board decisions and shall not act unilaterally or contrary to the Board's decisions.

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. Directors and Officers 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 Officers must immediately disclose the existence of any conflict of interest, whether their own or others. Directors and Officers must withdraw from participation in decisions in which they may or do have a material interest.
2. Violations of Policy: Directors and Officers 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,
 - request for resignation from the Board,
 - recall by the membership, and
 - 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/officer 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/officer in executive session prior to imposing disciplinary action against that person.

The **HLA Ethics Policy for Directors and Officers** was developed by the HLA Bylaws and Policy Committee during meetings from Fall 2022 through Winter 2023 and adopted by the HLA Board at the February 2023 Board of Directors Meeting on February 21st, 2023.