

The Sanctuary on Livingston

Home Owners' Association

Policies, Rules of Conduct and Code of Ethics

INTRODUCTION

Operating a homeowner association carries with it many of the very same duties and responsibilities as overseeing any other business. Serving as a Board member is a valuable and rewarding experience that should ONLY be undertaken by those who see it as an opportunity to serve their fellow neighbors while protecting and enhancing the assets of the community. It is serious business, but also a task worth doing well in order to safeguard the investments of all.

Truly ethical association Board of Director practices require more than a fear of legal consequences or a desire for a good reputation. Ethical business practices require a clear understanding of right and wrong as well as a motivation on the part of directors, members and contractors to act in the proper manner at all times. This means adhering to not only the letter but also the spirit of all applicable laws and regulations and Florida State statutes.

HOA POLICIES

Fiduciary Relationship and Responsibility

The members of the Board of Directors and each officer of the Association have a fiduciary relationship with the members of the Association. This fiduciary relationship imposes obligations of trust and confidence in favor of the corporation and its members. It requires all Board members to act in good faith and in the best interests of the members of the Association. Board members must exercise due care and diligence when acting for the community and to act strictly within the scope of their authority.

The fact that the Association is a not-for-profit corporation, or that the members of the Board are volunteers and unpaid, does not relieve them from the high standards of trust and responsibility that the fiduciary relationship requires. When a member accepts or is elected to a position on the Board, not only must he or she have knowledge of the duties and responsibilities of a Board member, but also must fully agree to all the stipulations herein by signing below. Board members cannot be excused from improper action on the grounds of ignorance or inexperience, and liability of Board members for negligence and mismanagement exists in favor of the Association and the property owners.

Each Board member must recognize the fiduciary relationship and the responsibilities that the Board has to the Association and each of its members. The

Board's duties must be performed with the care and responsibility that an ordinary prudent person would exercise under similar circumstances, and the ultimate responsibilities of these unique positions cannot be delegated to a manager, a management company or other third party.

President

The President of the Association is vested with all the powers generally given to the chief executive officer of a corporation. The President will preside at all meetings of the Board and the membership. The President will conduct open and impartial meetings without regard to the outcome of any specific votes or motion. The President will execute contracts, orders and other documents in the name of the Association as its agent. When signing documents, the President must indicate the capacity in which he or she is signing in order to avoid any personal liability since the President's signature will bind the Association under a doctrine of inherent powers.

The President also assumes general charge of the day-to-day administration of the Association and has the authority to order specific actions in furtherance of the Board's policies. The other members of the Board serve under and at the direction of the President. The President serves as spokesman for the Board of Directors in most matters relating to general association business and is the final arbitrator for all disputes and decisions within the Board including, but not limited to, placement of items for action and/or vote on official meeting agendas. Like all officers of the Association, the President has an affirmative duty to carry out the responsibilities of the office in the best interests of the Association. The President serves at the will of the whole Board of directors and can be removed with or without cause at any time by a majority vote of the full Board.

Vice President

The Vice-President is vested with all the powers that are required to perform the duties of the Association President in the absence of the President. The Vice President does not automatically possess inherent powers to act in the capacity of the chief executive officer, and may act for the President only when the President is actually absent or otherwise unable to act. The Vice-President may assume such additional duties as are defined by the Board of Directors or the President.

Secretary

The Secretary serves as a focal point for communication with the board of directors and the members. A key responsibility for the Secretary is to ensure that the Board has the proper advice and resources for discharging its fiduciary duty under state law and By-Laws, and to ensure that the records of the Board's actions reflect that the Board is in compliance. The Secretary submits agenda items to the President for meetings and keeps and maintains records of all meetings of the Board and the membership. The Secretary is the custodian of the official records of the Association.

The Secretary will typically not document the minutes of meetings as that duty has been delegated to the management company representative, but he or she is responsible for those same minutes and accurate recording thereof. As the custodian for the minutes and other official records of the Association, the Secretary is also responsible for insuring access to those records by the members of the Association and their authorized representatives.

Treasurer

The Treasurer is the custodian of the funds, securities and financial records of the Association. As the Association has a management company that actually handles the funds on a daily basis, the Treasurer's duties are overseeing the appropriate people within the management company to insure that the financial records and reports are properly kept and maintained. The Treasurer, via the management company, is responsible for coordinating the development of the proposed annual budget and for preparing and giving the annual financial report on the financial status of the Association.

The Treasurer does not have the authority to bind the Association or the Board of Directors in dealings with third parties. As with the Association's Secretary, the Treasurer does not have to perform the day-to-day record keeping functions of the Association as this responsibility has been delegated to the Management Company, but the Treasurer is ultimately responsible for insuring that the financial records of the Association have been maintained properly in accordance with sound accounting practices and Florida State statutes.

Any Officer of the Association may be removed by a majority vote of the Board of directors at any time with or without cause.

RULES OF CONDUCT

As a director serving the interests of The Sanctuary on Livingston HOA, I agree to the following rules of conduct and code of ethics:

Be Knowledgeable.

A Director must read and understand the Association's governing documents, including Florida State Statute 720, Articles of Incorporation, Bylaws, the Declaration of Covenants (CCR's), These Policies, Rules and Codes, and be familiar with the AR Committees Rules and Guidelines to ensure that The Sanctuary on Livingston Association is operated as required by those documents.

Act in the community's interest at all times.

Directors shall strive for the common good of the Association and keep foremost in their minds the Prime Directive of the Association is: INCREASING PROPERTY VALUES, and foregoing any personal interests. No gifts of any substantial nature shall be accepted by any Director from any member, contractor, or supplier. **Both legal and ethical conflicts of interest must be avoided.** A Director must recuse himself/herself from voting on contracts with subcontractors, suppliers, and vendors with whom the Director has a personal relationship (e.g. friend or relative) or with whom the Director stands to benefit in any way or any relationship that would constitute a conflict of interest. Board Members must reveal any contractual relationship, be it verbal or written, between himself or herself or any family member with any contractor or supplier being considered to do business of any nature with the Association. No promise of anything can be made to any contractor, supplier or sub-contractor during negotiations without the approval of the Board of Directors as a whole. The selection of vendors, suppliers, and subcontractors and any subsequent business relationship shall be in full compliance of all laws and statutes of the State of Florida and the Articles, By-Laws and Declarations or Policies of the Association.

Do not engage in ANY violation of our governing documents.

All actions of Directors and the Board as a whole shall comply with governing documents, including the Declaration of Covenants, By-Laws and these policies, rules and codes.

Maintain a high standard of conduct.

Directors are in the spotlight. Their conduct must be above reproach and avoid the appearance of impropriety. This holds for all Board activities and processes including, but not limited to, the procurement of goods and services, the conduction of the Annual Meeting and Board meetings, the accounting of association funds, and any interaction with vendors, contractors, subcontractors, and homeowners. A Director may not knowingly misrepresent any facts to anyone involved in anything with the community.

Demonstrate mutual respect.

Directors shall address each other, committee members, homeowners, vendors, contractors, and subcontractors with respect, even when in disagreement. Personal attacks against homeowners, committee members, vendors, contractors, or subcontractors are prohibited and are not consistent with the best interest of the community. Differences of opinions will exist. They should be expressed in a clear and respectful fashion. Proper parliamentary procedure and Roberts Rules Of Order will be followed and there-by all dissenting positions will be stated clearly within the official records of the Association. To ensure that proper decorum is maintained the president or presiding officer will guide members through the proper order of business. The presiding officer must require that the rules be followed at all times,

but at the same time be flexible and patient with members who are unfamiliar with the formal rules of parliamentary procedure. The presiding officer should not permit conduct that is disruptive, tedious or dilatory.

Be prepared.

Directors shall come prepared to meetings by reviewing the agenda and related materials prior to the meeting. Action items must be executed in a timely fashion. No vote by the Board will be taken on any item that is not on the official agenda for any given meeting, as submitted by the Secretary and approved by the President. Further, any item to be accepted for placement on the agenda must be sufficiently understood by all Board members as to its impact to the Association to be considered for placement on the agenda.

Attend Board meetings.

Directors shall attend Board meetings on a prompt and regular basis so that at a minimum a quorum can be achieved for voting in a timely fashion on action items. Further, members must be flexible and considerate of their commitment to the community and other Board members during the process of scheduling the next meeting.

Maintain confidentiality of information and communication.

Directors acknowledge that certain information is protected by Federal Law or Florida Statute, as well as, personal in nature and must be kept confidential. The Secretary will ensure that all appropriate information is documented in Association records and minutes, but protected and confidential information may only be documented in the private records of the Association. This will include proprietary information from contractors, vendors and individual financial information of members. Directors agree not to disclose protected or confidential information unless required by law.

Any communication (email, written or verbal) that has not been entered into the public record at a Board meeting shall be assumed to be sensitive information and all such communication about HOA business initiated by a Director shall include as addressees all other Directors and the management company in the spirit of openness and for proper record keeping practices.

Maintain a supportive and positive attitude.

Directors shall encourage homeowners, vendors, contractors, and subcontractors to promote better performance and teamwork. Conversations and correspondence between individuals within the Association or between members and external parties must be solution oriented with the Prime Directive kept firmly in mind at all times and for all purposes.

Encouraging and constructive committee participation.

Board members who are designated as Board contacts with committees must be supportive of committee members at all times and in all communications. The only purposes of Board members being assigned a committee are for better organization via communication with the board and functional continuance. Board members must realize that committee members generally have longer time on committees than Board members have on the board and should assist in every way possible and that committees are as self-perpetuating as possible. The Board member may serve as a member of a committee but has no special authority over the members of the committee he/she is assigned to and specific to the ARC, the Board member assigned has no voting rights on any issues or actions before the committee.

Be loyal and respect these policies, rules and codes.

Directors shall respect the authority of the Board by not undermining majority decisions, actions, and enacted policy. Directors shall obey association rules to set a positive example for others and remember: **Directors are not “above the law”.**

CODE OF ETHICS

The following principles and guidelines constitute the code of Ethics:

- No individual shall use his/her position as a Board member for private gain.
- No Board member shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan, or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with Association.
- No Board member shall accept a gift or favor made with intent of influencing decision or action on any official matter.
- No Board member shall receive any compensation from the Association for acting as such.
- No Board member shall engage in any writing, publishing, or speech making that defames any other member of the Association Board, resident of the Association, vendor of the Association or previous Board members or Boards in whole.
- No Board member will willingly misrepresent facts to the residents of the community for the purpose of advancing a personal cause or influencing the

community to place pressure on the Board to advance a Board member's personal cause.

- No Board member or member agent or employee or family member shall enter into a personal service contract with the Association without previous disclosure of such interest to the Board.
- No Board member will seek to have a contract implemented that has not been duly approved by the Board.
- No Board member will interfere with a contractor implementing a contract in progress or approved by the Board or the President. All communications with contractors will go through the President, the management company or be in accordance with policy.
- No Board member will interfere with the system of management established by the Board and the management company.
- No Board member will harass, threaten, or attempt through any means to control or install fear in an Association vendor or contractor.

AGREEMENT

I, the undersigned, certify that I have read, understand, and agree to abide by the above POLICIES, RULES, AND CODES OF CONDUCT of The Sanctuary on Livingston Home Owners Association. I agree that my actions will fully comply with the statements and intent herein. Any Board member who violates this code of conduct agrees that the Board of Directors may vote to remove him or her from a position as an Officer or a Director and seek injunctive relief as necessary.

Signed _____ Date _____
(Director)

Printed _____
(Director)

Signed _____ Date _____
(President)