

ETHICS POLICY FOR
TRUSTEES AND COMMITTEE MEMBERS OF
CRESTWOOD VILLAGE AT FREDERICK HOMEOWNERS ASSOCIATION, INC.
Adopted by the Board of Trustees on February 28, 2023

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

A. RESPONSIBILITIES

1. Trustees: The general duties for Trustees are to enforce the Homeowners Association's (HOA) governing documents, collect and preserve the HOA's financial resources, insure the HOA's assets against loss, and keep the common areas in a state of good repair. Along with the duties specified in the governing documents, Trustees must:
 - a. Regularly attend Board meetings.
 - b. Review material provided in preparation for Board meetings.
 - c. Review the HOA's financial reports.
 - d. Make reasonable inquiry before making decisions.
2. Committee Members: The functions of each committee vary and are stated in their Purpose and Structure documents. In general, committee members must:
 - a. Regularly attend committee meetings.
 - b. Review material provided by the chair.
 - c. Make reasonable inquiry before making decisions.

B. PROFESSIONAL CONDUCT

In general, Trustees and committee members must conduct all dealings with residents, homeowners, prospective homeowners, vendors and employees with honesty and fairness, and safeguard information that belongs to the HOA.

1. Self-Dealing. Self-dealing occurs when Trustees or committee members make decisions that materially benefit themselves or their relatives at the expense of the HOA. "Relatives" include a person's spouse, parents, siblings, children, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, cousins and anyone who shares the person's residence. Benefits include money, privileges, special benefits, gifts or other item of value. Accordingly, no Trustee or committee member may:
 - a. Solicit or receive any compensation (other than reimbursement for items or services purchased to benefit the HOA) from the HOA for serving on the Board or any committee.
 - b. Make promises to vendors or prospective home buyers unless with prior approval from the Board. This does not include necessary agreements used by the Activities Committee to arrange for events inside and outside of the community.
 - c. 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 HOA. This does not apply to promotions made available to the general public.

- d. Seek preferential treatment for themselves or their relatives.
- e. Use HOA property, services, equipment or business for the gain or benefit of themselves or their relatives, except as is provided for all residents.

2. Confidential Information. Trustees and committee members are responsible for protecting the HOA'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 Trustee or committee member may disclose confidential information. Confidential information includes, without limitation:

- a. Private personal information of fellow Trustees and committee members.
- b. Private personnel information of the HOA's employees.
- c. Disciplinary actions against members of the HOA.
- d. Assessment collection information against members of the HOA.
- e. Legal disputes in which the HOA is or may be involved--Trustees may not discuss such matters with persons not on the Board without the prior approval of the HOA's legal counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and loss of confidential information.

3. Misrepresentation. Trustees and committee members may not knowingly misrepresent facts. All HOA data, records and reports must be accurate and truthful and prepared in a proper manner.

4. Interaction with Employees. To ensure efficient management operations, avoid conflicting instructions from the Board to management and avoid potential liability, Trustees and committee members shall observe the following guidelines:

- a. The President shall serve as liaison between the Board and management and provide direction on day to day matters.
- b. Except for the President and Treasurer, Trustees and committee members may not give direction to management, employees or vendors. This does not preclude Trustees and committee members from working in collaboration with management, employees, or vendors in order to accomplish the necessary business of the HOA.
- c. If Trustees or committee members are contacted by employees with complaints, the employees shall be instructed to contact the President.
- d. No Trustee may threaten or retaliate against an employee who brings information to the Board regarding improper actions of a Trustee or committee member.
- e. Trustees and committee members are prohibited from harassing or threatening employees, vendors, other Trustees, committee members, residents and Homeowners, whether verbally, physically or otherwise.

5. Proper Decorum. Trustees 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 civility and not make personal attacks on others. Accordingly, Trustees and committee members must focus on issues and conduct themselves with courtesy toward each other and toward employees, managing agents, vendors, residents and members of the HOA. Trustees shall act in accordance with Board decisions and shall not act unilaterally or contrary to the Board's decisions. No provision of this

paragraph should be construed as an effort to suppress the sometimes intense debate that can be a necessary part of self government.

C. 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. Trustees and committee members should immediately raise such situations with the Board. If appropriate, the Board will seek guidance from the HOA's legal counsel.

1. Disclosure and Recusal. Trustees and committee members must immediately disclose the existence of any conflict of interest, whether their own or others. Trustees and committee members must withdraw from participation in decisions in which they have a material interest.

2. Violations of Policy. Trustees and committee members who violate the HOA's ethic's 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:

- a. Censure.
- b. Removal from committees.
- c. Removal as an officer of the Board.
- d. Request for resignation from the Board.
- e. Removal from the Board.
- f. 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 Trustee/committee member believed to be in violation, confer with the HOA's legal counsel, and present its findings and recommendations to the Board for appropriate action. The Board shall endeavor to meet with the Trustee/committee member in a closed session prior to imposing disciplinary action against that person. Complete procedures for the removal of a Trustee as an officer or complete removal from the Board are found in our By-Laws. Complete procedures for the removal of a committee member are also found in our By-Laws.