

## **ETHICAL CODE OF CONDUCT FOR MEMBERS OF THE BOARD OF DIRECTORS**

As the Board of the Manderley Homeowner's Association we have been charged with managing the community. In fulfilling our duties, it is important for us to appreciate and understand the nature of the responsibilities we have undertaken.

One of the most significant issues we face as directors is the potential for personal liability for improper performance of our duties. Even though we are unpaid volunteers, Florida law holds that we have legal responsibilities to the Association and can be held personally liable to the Association for failure to fulfill these responsibilities. As directors we have a fiduciary duty to always act in the best interests of the Association. This fiduciary duty is comprised of the duty of loyalty, care, honesty and good faith. Acting in accordance with these duties requires a basic understanding of what each duty requires.

### **CODE OF CONDUCT**

1. **Good Faith**. A director owes the Association a legal duty to act in good faith, which basically means to act honestly and faithfully in upholding our obligations in the association's best interests. All information given to homeowners should always be factually correct and represent the position of the Association.

2. **Duty of Care**. A director owes the Association a legal duty of care to act with the same degree of care as an "ordinarily prudent" person would under the same circumstances. When taking bids for services or reviewing a contract, directors must carefully review all of the options available and consider all relevant factors before making a decision.

3. **Duty of Loyalty**. A director owes the Association a legal duty of loyalty to act in a manner that the director reasonably believes to be in the best interests of the Association. A director may not make any decisions or take any action against the interests of the Association and its members for his or her own benefit. The duty of loyalty to the Association is above personal loyalties.

4. **Duty to Minimize and Disclose Conflict of Interest**. A director owes the Association a duty to minimize conflicts of interest. Conflicts of interest can involve personal financial benefit at the expense of the association and but can also involve other situations which should be avoided:

#### **a. Self dealing contracts**

Self-dealing in contracts, where a director or close relative contracts with the Association for the provision of services should be avoided. If the Association does make such a contract the conflict should be publicly disclosed, and noted in the official minutes of the Association.

#### **b. Covenant enforcement**

Directors are not above the law. Like all owners, directors must be held accountable for violations of the Association's covenants, rules and regulations, including going through proper approval procedures prior to making alterations to their home and paying late charges when assessments are delinquent. Selective enforcement of the covenants against directors can result in the Association waiving its right to enforce them against other owners.

#### **c. Budgeting**

Directors should not make decisions to waive reserves for capital improvements or keep reserves low because they personally do not want to pay higher assessments. All budget decisions should be made with the Association's best interest in mind.

As directors we should take an oath to protect ourselves, and diligently, faithfully and honestly provide service to the community. If a conflict or potential issue arises which could give the board an appearance of impropriety please take every effort to minimize the conflict and disclose it on the record.

I hereby agree to abide by the code in serving the members of Manderley Community as a director.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director