

**EXETER HOMEOWNERS ASSOCIATION**  
**POLICY RESOLUTION NO. P15-001**

**CODE OF CONDUCT AND OPERATING PROCEDURES  
FOR THE BOARD OF DIRECTORS**

WHEREAS, Article VI, Section 1 of the Bylaws for the Exeter Homeowners Association (“Association”) provides that the Board of Directors (“Board”) shall manage the affairs of the Association; and

WHEREAS, the Board has determined there to be a need to establish a code of conduct and operating procedures for members of the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the following operating procedures and code of conduct as its formal policy:

**I. BOARD OF DIRECTORS CODE OF CONDUCT**

**A. CONFLICT OF INTEREST**

Members of the Board owe a fiduciary duty to the Association which requires them to consider only the best interests of the Association when they vote or discuss any matter and thus must exclude any self-interest or any competing interest from their consideration.

Each director or officer shall exercise such director’s or officer’s powers and duties in good faith and in the best interests of the Association. Any common or interested director or officer may be counted in determining the presence of a quorum of any meeting of the Board of Directors, or a committee of the owners which authorizes, approves or ratifies any contract or transaction. Any Board member who has, or thinks that he/she may have a conflict of interest, either presently or in the future on any issue that is likely to be introduced for discussion at a Board meeting, then prior to any discussion or vote on this issue, shall immediately make known to the Board members this potential conflict of interest. Such director’s or officer’s vote shall not be counted with respect to any matter as to which such director or officer would have identified a conflict of interest. Such director or officer may vote, however, at the meeting to authorize any other contract or transaction. The voidability of a transaction involving a director or officer with a conflict of interest shall be determined in accordance with Section 13.1-871 of the Virginia Non-Stock Corporation Act.

A conflict of interest transaction is a transaction of the Board of Directors in which a Board member has a direct or indirect personal interest. A conflict of interest transaction is not voidable by the Board solely because of the Board member’s interest in the transaction if any one of the following is true:

1. The material facts of the transaction and the Board member's interest were disclosed or known to the Board of Directors and the Board authorized, approved or ratified the transaction; or
2. The material facts of the transaction and the Board member's interest were disclosed to the members entitled to vote and they authorized, approved or ratified the transaction; or
3. The transaction was fair to the Association.

A Board member has an indirect personal interest in a transaction if: (i) another entity in which he has a material financial interest or in which he is a general partner is party to the transaction; or (ii) another entity of which he is a director, officer or trustee is a party to the transaction and the transaction is, or should be, considered by the Board of Directors.

A conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of the majority of the Board members who have no direct or indirect personal interest in the transaction; however, a transaction may not be authorized or approved by a single Board member. If a majority of the Board members who have no direct or indirect personal interest in the transaction, vote to approve the transaction, a quorum is present for the purpose of taking action pursuant to this paragraph. The presence of, or a vote cast by, a Board member with a direct or indirect personal interest in the transaction does not affect the validity of any action taken pursuant to the paragraphs of this section, if the transaction is otherwise authorized or approved as provided in these paragraphs.

No Board member shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan, or other item of monetary value from a person who is seeking to obtain contractual or financial relationships with the Association.

No Board member shall accept any gifts or favors made with the intent of influencing any decisions or actions on any official matter.

No Board member shall misrepresent facts to the residents of the community for the purpose of advancing a personal cause or influencing the community to put pressure on the Board to advance a Board member's personal cause.

## **B. MOTIONS AND VOTING**

No actions shall be taken by the Board, unless such action has been considered at the Board meeting by a motion and a vote, or by unanimous written consent as authorized by Section 13.1-865 of the Virginia Nonstock Corporation Act." The results of any vote taken shall be recorded in the Board meeting minutes. Board meeting minutes will include a listing of the meeting participants, a record of business conducted, motions made, votes taken, and will include who voted and how they voted on each issue. The aforementioned

listing of the meeting participants may either be within the body of the minutes or attached thereto.

Those Board members voting against any motion that is ultimately voted on affirmatively by the Board shall stand behind the vote taken and move forward positively with the Board in any action needed to be taken in order to implement the issue voted upon.

Board meetings will be conducted generally in accordance with Robert's Rules of Order.

### C. CODE OF CONDUCT

No Board member may act in an unprofessional manner or utilize unprofessional language in any Association meeting. For purposes of this section, if a majority of the Board deems a member's conduct to be inappropriate, such conduct shall be deemed to be unprofessional.

No Board member shall act on his or her own, in the capacity of a Board member, or under color thereof, with respect to any decisions or actions that is within the purview of the entire Board, unless the Board member is specifically authorized to so act beforehand, by vote of the entire Board.

Each Board member, when dealing with outside entities, third parties, or residents not on the Board, must consider how they are viewed by whomever they are dealing with, and should make it clear to whomever, whether they are speaking as a Board member or as a resident of the community.

If a Board member is contacted directly by a resident concerning Association matters that are currently, or that should properly be, before the entire Board, then the Board member should inform the resident that he is unable to speak on the issue, and either request the resident to put his/her questions or concerns in writing and submit them to the Board, or, if appropriate, invite the resident to the next Board meeting to address the entire Board regarding the questions or concerns. If a discussion is unavoidable with said resident and an interaction does ensue, the Board member should attempt to get a second Board member or other witness to be included in or to overhear the discussion if at all possible. Afterwards, the Board member should prepare a memorandum of the conversation and submit same to the Board for review at the next scheduled Board meeting, as well as send a letter to the homeowner memorializing the conversation.

No Board members have the authority to interact individually in the capacity of representing the Board, with persons representing any outside entities, such as any member of the Federal, State or local governments, members of the local press or newspaper, police and fire departments, business contractors, or other third parties. If such interaction is unavoidable for any reason, then that Board member is required to disclose to the Board the circumstances and content of any communications as soon as is

possible, through the General Manager or Board President.

Each Board member shall observe Roberts Rules of Order in any Association meeting, as set forth in Article IV, Section 2(a) of the Bylaws and shall wait to speak until recognized by the presiding chair of such meeting.

#### **D. SANCTIONS AND ENFORCEMENT**

In the event that a majority of the members of the Board of Directors determine that a director has violated any provision of this resolution, upon consideration of the facts, the Board of directors may impose the following sanctions:

1. Censure: The Board of Directors may publicly censure a director by resolution of the Board of Directors.
2. Removal from Office: If a director also serves as an officer of the Association, such director may be removed from office in accordance with Article XII, Section 5 of the Association's Bylaws.
3. Special Meeting: After a public censure, the President or the Board of Directors may call a special meeting of the association members for purposes of removal of a director pursuant to Section 13.1-860 of the Virginia Nonstock Corporation Act; and/or
4. Legal Action: The Board of Directors may seek injunctive relief against a violating director.

**EXETER HOMEOWNERS ASSOCIATION  
RESOLUTION ACTION RECORD**

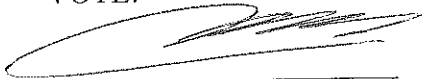
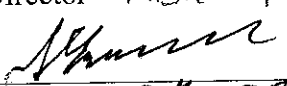

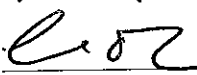
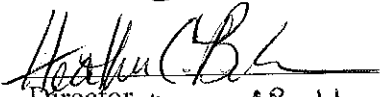
Resolution No. P15-001

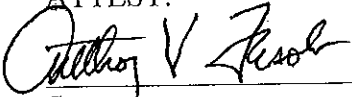
Pertaining to: Director Code of Conduct

Duly adopted at a meeting of the Board of Directors held on 3/26, 2015.

Motion by: Sandy Grossman Seconded by: Anthony Fasolo

VOTE: YES NO ABSTAIN ABSENT

	✓			
Director <u>misha Atak</u>				
	✓			
Director <u>CHRISTOPHER A. TUCK</u>				
	✓			
Director <u>J MARK CHELICK</u>				
	✓			
Director <u>CHRISTOPHER A. TUCK</u>				
	✓			
Director <u>Heather C. Binkley</u>				

ATTEST: <sup>Director</sup>  
  
 Secretary  
ANTHONY V. FASOLO

MARCH 26, 2015  
 Date