

Reflection Homes Association, Inc
Administrative Resolution 2000-1
Requirements for Board Members Regarding Disclosure of Interest and Confidentiality

WHEREAS, Article VII, Section 1 of the By-Laws of Reflection Homes Association (Association) charges the Board of Directors (Board) with the powers and duties of administration of the Association; and

WHEREAS, the Board recognizes that in order to effectively govern and administer the affairs of the Association it must establish confidence and trust among the members of the Association; and

WHEREAS, the Board wishes to establish ethical standards of conduct for directors and committee members in order to avoid actual or perceived conflicts of interest in administration of the Association;

NOW THEREFORE BE IT RESOLVED THAT the following ethical standards be adopted for members of the Board and all members appointed by the Board to any Committee.

I. GENERAL STANDARDS OF CONDUCT

- A. All members of the Board or any committee have ethical obligations and fiduciary duties to the Association and should keep paramount the interests of the Association at all times in the fulfillment of their official duties and the exercise of their powers.
- B. All members of the Board or any Committee shall be courteous and civil in the fulfillment of their official duties and the exercise of their powers particularly during official functions and when interacting with the membership.
- C. All members of the Board or any Committee owe a duty of respect to the Board, particularly with respect to its formal votes and formally approved policies. The duty of respect owed to the Board or Committee allows dissenting members to work only within the formal procedures of the Board (or Committee) to modify or reverse the votes or approved policies of the Board or Association with which they disagree.

II. CONFLICT OF INTEREST

- A. No member of the Board shall knowingly approve the purchase of goods or services by the Association from:
 - 1. any entity (whether it be a proprietorship or otherwise) which is affiliated with any of the Board members or with relatives of any of the Board members; or
 - 2. any Board member or any relative of a Board member acting in a personal capacity, unless approved by a two-thirds majority of the Board acting at a duly convened meeting.

Board members are defined as any person who was either elected or appointed to serve the unexpired term of an elected member on the Board. Relatives are defined as spouses, parents,

children, grandparents, grandchildren, brothers, sisters, aunts, uncles, in-laws, or any of these in a step relationship. The reason for any exception to this policy approved by a two-thirds majority of the Board must be recorded in the minutes.

3. No member of the Board shall vote to employ or retain members of the Board or relatives of Board members for services on behalf of the Association which may result in a conflict of interest for the individual employed or retained, unless approved by a two-thirds majority of the Board acting at a duly convened meeting. Relatives are defined as spouses, parents, children, grandparents, grandchildren, brothers, sisters, aunts, uncles, in-laws or any of these in a step relationship. The reason for any exception to this policy approved by a two-thirds majority of the Board must be recorded in the minutes.
4. Any member of the Board who receives a gift or gratuity from any vendor or professional serving the Association (or attempting to obtain business from the Association) must promptly disclose receipt of the gift or gratuity to the other members of the Board at a duly convened meeting of the Board. Unless the gift or gratuity is of nominal value, the gift or gratuity shall be given to (or sold on behalf of) the Association if a majority vote of the Board so decides.
5. Any duality of interest or possible conflict of interest on the part of any Board member or Committee member must be immediately disclosed to the Board and made a matter of record at a duly convened meeting of the Board. Board or Committee members shall not vote on any matter for which they have a duality or conflict of interest.
6. All Officers, Board members and Committee members must exercise their powers and duties in good faith and in the best interest of the Association and this principle shall be given top priority by all Board members and Committee members whenever any duality or conflict of interest occurs.
7. Any Officer, Board member or Committee member who is party to or who resides in the household or is a relative of any person making any appeal, filing an complaint or undertaking any legal action against the Board or the Association, must recuse themselves from all Association activities and deliberations regarding those matters at issue.

III. CONFIDENTIALITY REQUIREMENT

- A. All members of the Board or any Committee must recognize that some matters pertaining to the Association's business must be kept confidential and not disclosed to the community membership or to members of the public at large. Board and Committee members shall not disclose Confidential Information (as that term is defined below) under any circumstances to any person not on the Board or the Committee without the express consent of a majority of the Board voting at a duly convened meeting of the Board.
- B. In order to minimize the possibility of inadvertent disclosure, Board and Committee members agree to consult with the legal liaison before making any disclosure of any confidential information which may be covered by this Resolution, as that term is defined below.

- C. All Confidential Information is the property of the Association. Board and Committee members shall keep in strict confidence any and all information, documentation, records and devices which contain Confidential Information, and, upon the expiration of the Board or Committee member's term, shall return all Confidential Information in his possession to the Board and shall keep confidential all non-tangible Confidential Information.
- D. For the purpose of this Resolution, the term "Confidential Information" shall mean any information related to:
1. communications with the Association's legal counsel or professional consultants,
 2. pending or probable litigation,
 3. pending matters involving formal proceedings for enforcement of the governing documents or rules or regulations of the Association,
 4. transactions involving the Association currently in negotiation and agreements containing confidentiality requirements, or
 5. content of meetings of Executive Sessions of the Board and the substance thereof.

Confidential Information shall not be deemed to include information:

- A. that at the time of disclosure is available to the general public through public records or records of the Association which must be made available for public inspection;
- B. that is ordered to be disclosed by an administrative agency or court of competent jurisdiction, provided however, that upon receipt of any subpoena, or summons of any kind, before providing the information or document requested, the Board member shall give the Association immediate notice thereof in order to allow the Association an opportunity to protect its Confidential Information. The Board member shall provide all necessary cooperation for this purpose.
- C. that is required to be disclosed under the Virginia Property Owners Association Act.

Location: This Administrative Resolution shall be filed in Section I, Board Responsibilities and Limitations, of the Book of Resolutions.

The effective date of this Administrative Resolution is **October 10, 2000**.