

THIRD WALNUT CREEK MUTUAL BOARD

Code of Ethics & Conduct

The Board of Directors of Third Walnut Creek Mutual has adopted the following ethics policy for its board members and committees. This policy is intended to provide guidelines for ethical issues and a mechanism for addressing unethical conduct.

A. BOARD RESPONSIBILITIES

General duties for directors are to enforce the association's governing documents, collect and preserve the association's financial resources, insure the association's assets against loss, and keep the common areas in a state of good repair. To fulfill these responsibilities, directors must:

- Regularly attend board meetings
- Review the material provided in preparation for board meetings
- Review their respective Projects' Financial Reports and
- Make reasonable inquiry before making decisions

B. PROFESSIONAL CONDUCT

In general, directors and committee members must conduct all interactions with vendors, employees, and residents with honesty, fairness, and respect, and safeguard information that belongs to the association.

1. SELF- DEALING. Self-dealing occurs when directors or committee members make decisions that materially benefit themselves, their friends, or their relative(s) at the expense of the association. "Relatives" include a person's spouse, parents, siblings, children, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone who shares the person's residence. Benefits include money, privileges, special benefits, gifts or other items of value. Accordingly, no director or committee member may:

- Solicit or receive any compensation from the association for serving on the board or any committee,
- Make promises to vendors unless with prior approval from the board,
- Solicit or receive a 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 association,
- Seek preferential treatment for themselves or their relatives,
- Use association property, services, equipment or business for the gain or benefit of themselves or their relatives, except as is provided for all members of the association.

2. CONFIDENTIAL INFORMATION. Directors and committee members are responsible for protecting the association'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 director or committee member may disclose confidential information. Confidential information includes, without limitation:

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

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

4. INTERACTIONS. To ensure efficient management operations, avoid conflicting instruction from board to management and avoid potential liability, directors and committee members shall observe the following guidelines:

- The president of the board shall serve as liaison between the board and Golden Rain Foundation (GRF) and other Mutuals and provide direction as needed on a day to day basis.
- No director may threaten or retaliate against a resident or employee who brings information to the board regarding improper actions of a director or committee member.
- Directors and committee members are prohibited from harassing or threatening residents, employees, vendors, directors, and committee members whether verbally, physically or otherwise.

5. PROPER DECORUM. Directors 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 respect and dignity and not make personal attacks on others. Accordingly, directors and committee members must focus on issues, not personalities, and conduct themselves with courtesy toward each other and toward employees, managing agents, vendors, and members of the association. Directors shall act in accordance with board decision and shall not act unilaterally or contrary to the board's decisions.

C. WHEN CONFLICTS OF INTEREST ARISE

Situations may arise that are not expressly covered by this Code or where the proper course of action is unclear. Directors and committee members should immediately raise such situations with the board. If appropriate, the board will seek guidance from the association's legal counsel.

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

2. Violations of Policy. Directors and committee members who violate the association's Code of Ethics & Conduct 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:

- Censure
- Removal from committees
- Removal as an officer of the board
- Request for resignation from the board
- Recall by the membership
- 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 director/committee member believed to be in violation, confer with the association's legal counsel, and present its findings and recommendations to the board for appropriate action. The board shall endeavor to meet with the director/committee member in executive session prior to imposing disciplinary action against that person.

A violation of this Code of Ethics & Conduct may not necessarily be considered a basis for challenging the validity of a Board or committee decision.

ROSSMOOR
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TWCM DIRECTOR'S VOLUNTARY PLEDGE:

I have read the Code of Ethics & Conduct and agree to act in accordance with my obligations as a Third Walnut Creek Mutual Director, as described above.

SIGNATURE: _____ DATE: _____

PRINT NAME: _____

¹ The signature of a TWCM Director is not a requirement for becoming a TWCM Director. Signing the Code of Ethics and Conduct is voluntary.