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## ETHICS AND CONFIDENTIALITY POLICY FOR DIRECTORS & COMMITTEE MEMBERS

**Adopted: October 27, 2022**

The Board of Directors has adopted the following ethics and confidentiality policy for its board members and committee members. This policy is intended to provide guidance on ethical issues and a mechanism for addressing unethical conduct.

### **A. BOARD RESPONSIBILITIES**

The general duties for directors are to enforce the association's governing documents, collect and preserve the association's financial resources, ensure the association's assets against loss, and keep the common areas in a state of good repair. To fulfill that responsibility, directors must:

- Regularly attend board meetings,
- Review material provided in preparation for board meetings,
- Review the association's financial reports, and
- Make reasonable inquiries before making decisions.

### **B. PROFESSIONAL CONDUCT**

In general, directors and committee members must conduct all dealings with vendors and employees with honesty and fairness, and safeguard information that belongs to the association. No Heritage Ranch Owners' Association (HROA) "Official" shall derive any financial profit or gain, directly or indirectly, by reason of his or her participation with the HROA. Each Association Official shall disclose in writing (use attached information sheet) to the HROA Board of Directors any personal interest which he or she may have in any matter pending before the organization and shall refrain from voting on any decision on such matter.

Note: For purposes of this policy, Association Official means and includes all of the following:

- All members of the HROA Board of Directors
- All Association Committee Members

All Association Officials

1. Self-Dealing. Self-dealing occurs when directors or committee members make decisions that materially benefit themselves or their relatives 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, all Association Officials may NOT:

- Work as a paid employee of the association,
- Solicit or receive any compensation from the association for serving on the board or any committee,
- Make promises to vendors without prior approval from the board,
- 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 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.

Any director who wishes to have their services, or the services of an entity in which they or their relatives hold a controlling and/or significant financial interest, considered by the Association must recuse themselves from all Board consideration of the bid process for the services, including leaving the directors' table during an Open Session and exiting the meeting during an Executive Session. To ensure a fair bid process, such Directors are not allowed to know any more information than what other bidders know, nor the details of competitive bids received from other vendors. If the director learns of any other competitive bids prior to submitting her/his own bid, the director is not permitted to be hired for the subject services.

It is important when conducting Association Business to prevent the perception of unethical behavior by any Association Official. All Association Officials shall refrain from accepting gifts from an individual or business entity that exceed twenty-five (25) dollars. If a gift exceeds this amount and is donated to the Association, the Board of Directors will determine if it is appropriate to accept the gift.

2. **Confidential Information**. Maintaining the Confidentiality of Association Business, Records, and Files is mandatory. All Association Officials 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. It is the Association's policy that the business affairs of the Association not be discussed inside or outside the organization, except when disclosure is duly authorized or legally mandated. Association Officials during their tenure, or thereafter, may not divulge any confidential information, including, but not limited to:

- Membership lists, Property owner records and files,
- Reports, Minutes, Financial information, Letters, Plans
- 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.

The disclosure of Association records, documents, and files shall only be made in accordance with the Association's governing documents and applicable law. When an Association Official leaves the Association, for whatever reason, they shall not take, nor allow a third party to take, Association Property, original documentation, and confidential material. They shall also return all keys to the Association. Association Officials should recognize that the unauthorized taking of any confidential information of the Association may be a crime under applicable state statutes.

3. Misrepresentation. Association Officials may not knowingly misrepresent facts. All association 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, committee members and directors shall observe the following guidelines:
  - The president of the board shall serve as liaison between the board and the General Manager and provide direction on day-to-day matters.
  - Directors and committee members may not give direction to association employees or vendors.
  - Directors may not contact management after hours unless there is an emergency representing a threat of harm to persons or property.
  - If directors or committee members are contacted by an employee with a complaint, the employee shall be instructed to contact the General Manager or Human Resources.
  - No director or committee member may make a promise to any employee (past, present, or prospective) related to employment, job duties, compensation, or resources.
  - No director may threaten or retaliate against an 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 employees, vendors, directors, committee members, and owners, whether verbally, physically, or otherwise.
5. Proper Decorum. Association Officials 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 decisions and shall not act unilaterally or contrary to the board's decisions.
  - No director shall discuss association business in the presence of a quorum of the board except at a duly noticed meeting.
  - No director shall seek consensus of the Board regarding association business through any method of communication with individual directors.
6. Social Media. Association Officials must always assume that their social media activity is visible to the association, as well as current and potential employees, clients, partners, prospects, and competitors. HROA reserves the right to direct its Association Officials to avoid certain subjects

and remove inappropriate comments and posts. All Association Officials must protect association interests, including, but not limited to:

- The privacy of our employees,
- Confidentiality regarding our business purpose and plans,
- Confidentiality regarding our partners, users, and competitors

All other association policies against inappropriate usage, including the association's no tolerance for discrimination, harassment, or retaliation in the workplace, and protection of confidential or trade secret information, apply.

### **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. All Association Officials should immediately raise such situations with the board. If appropriate, the board will seek guidance from the association's legal counsel.

1. **Disclosure & Recusal.** An Association Official must immediately disclose the existence of any conflict of interest, whether their own or others. An Association Official who is a committee member or staff member of a client organization or vendor of the HROA shall identify his or her affiliation with such agency or agencies. In connection with any committee or board action specifically directed to that agency, he or she shall not participate in the decision affecting that agency, and the decision must be made and/or ratified by a majority vote of the Board of Directors. Each Association Official shall refrain from obtaining any association-generated list for personal or private use.
2. **Violations of Policy.** Association Officials who violate the association's ethics 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:
  - Censure,
  - Removal from committees,
  - Removal as an officer of the board,
  - Request for resignation from the board,
  - Recall by the membership, and
  - 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.

### **D. POLICY**

It is the policy of the HROA that all Association Officials will sign this Ethics and Confidentiality Policy. It is also the policy of the HROA that each candidate for the HROA Board of Directors will sign this Ethics

and Confidentiality Policy at the time he or she files their Candidate Petition. Candidates for an HROA Director's position must sign and comply with this Policy before his or her name will appear on any ballot for the position of director. If an Association Official fails to file a full and complete disclosure statement, he or she may be removed from his or her position by the Board of Directors.

The authority to oversee that this Ethics and Confidentiality Policy for the HROA is maintained is the responsibility of the HROA Board of Directors.

#### **E. PLEDGE**

This is to certify that I, except as stated on the Information Sheet, am not now nor at any time during the past year have been:

1. A participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party, doing business with the HROA, which has resulted or could result in personal benefit to me.
2. A recipient, directly or indirectly, of any salary payments or loans or gifts of any kind or any free service or discounts or other fees from or on behalf of any persons or organization engaged in any transaction with the HROA.

I have read the Ethics and Confidentiality Policy and pledge to act in accordance with my obligations as described above.

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Print Name

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Date

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Signature

**Check all that apply:**

<input type="checkbox"/> Board Member	<input type="checkbox"/> Marina Committee Member
<input type="checkbox"/> AEC Committee Member	<input type="checkbox"/> Strategic Planning Committee Member
<input type="checkbox"/> ES Committee Member	<input type="checkbox"/> CE Committee Member
<input type="checkbox"/> Finance Committee Member	<input type="checkbox"/> Trails Committee Member



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## HERITAGE RANCH OWNERS' ASSOCIATION ETHICS AND CONFIDENTIALITY POLICY INFORMATION SHEET

Please list all matters pending before the HROA Board from which you could derive any personal financial gain: \_\_\_\_\_

\_\_\_\_\_

Please list all companies that you have worked for, still work for, or have been or still are affiliated with that have done business with HROA: \_\_\_\_\_

\_\_\_\_\_

Please list all companies of which you are currently an employee (including HROA), and businesses that you own: \_\_\_\_\_

\_\_\_\_\_

**Note: An Association Official shall file an amendment to his or her statement within ten (10) days of a change in status.**

Signature:

Date:

Printed Name:



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### **HROA COMMITTEE MEMBER LEAVE OF ABSENCE POLICY**

The purpose of this policy is to ensure that Heritage Ranch Homeowners Association (HROA) committees are able to conduct business in accordance with HROA governing documents and have quorums necessary to provide prompt support to members and the Board of Directors.

**HROA committee members may be granted an excused leave of absence from any HROA committee(s) upon which they serve under the policy as set forth below.**

#### **APPROVED LEAVE OF ABSENCE (LOA)**

A committee member may request a leave of absence for up to three-months by submitting a written request to the committee chairperson. Upon approval and during the LOA, the committee member's name shall remain on the committee roster and shall appear on all agendas and minutes under "Leave of Absence." The member shall not be counted towards quorum.

#### **RETURNING FROM LOA**

A member on leave shall confirm in writing his/her return date with the committee chairperson prior to the end of the approved LOA period. This notification enables the chairperson/liaison to reflect the member's revised standing on the agenda as well as to anticipate total attendees for quorum and to prepare meeting materials.

#### **EXTENDED LOA**

If extenuating circumstances prevent a committee member from returning by the approved date, he/she may request an extension in writing prior to the end of the approved LOA. The committee chair is responsible to review and approve or deny the request and may consult the HROA Board of Directors as needed. If approved, the chairperson will notify the committee member in writing. The member's name shall remain on the committee roster and will appear on all agendas and minutes under "Leave of Absence." The member shall not be counted towards quorum.

#### **FAILURE TO RETURN FROM LOA**

If a member does not return to the committee by the end of an approved LOA period and does not request and receive approval for an LOA extension from the committee chair, his/her name shall be removed from the committee roster and shall no longer be considered a committee member. The chairperson shall provide written notification when this action is taken.

#### **RETURNING TO SERVICE AFTER LEAVING A COMMITTEE**

A member who has been removed from a committee roster may request to re-join the committee as a new member according to the HROA Bylaws which require attendance at three meetings, recommendation to and approval by the HROA Board of Directors prior to acquiring voting rights.

## **Acknowledgement of Receipt and Understanding**

I have received copies of the governing documents listed below. I understand that it is my responsibility to read and abide by these policies and follow the procedures.

### **Ethics Policy for Committee Members**

### **HROA Committee Member Leave of Absence Policy**

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Committee Member Signature

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Date

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Print Committee Member Name

**Check all that apply:**

- Board Member
- AEC Committee Member
- ES Committee Member
- Finance Committee Member

- Marina Committee Member
- Strategic Planning Committee Member
- CE Committee Member
- Trails Committee Member