

**MORENO VALLEY RANCH COMMUNITY ASSOCIATION
RULES OF OPERATION FOR DIRECTORS & COMMITTEE MEMBERS**

adopted August 21, 2017

The Board of Directors has adopted the following rules of operation for members of the Board of Directors and Committee members as part of the Association's governing documents.

Directors and committee members must conduct all dealings with members, vendors and staff with honesty and fairness and safeguard information that belongs to the Association. Directors and committee members must disclose personal or professional relationships with any company or individual who has or is seeking to have a business relationship of any sort with the Association.

Practices. No director or committee member may:

- J make unauthorized promises to a contractor or bidder;
- J use their positions or decision-making authority for personal gain or to seek advantage over another member or non-member resident;
- J spend unauthorized Association funds for their own personal use or benefit;
- J accept any gifts—directly or indirectly—from members, residents, contractors or suppliers;
- J solicit or receive any compensation from the Association for serving on the Board or any committee;
- J make promises to vendors unless with prior approval from the Board;
- J 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 has or is seeking a business or financial relationship with the Association;
- J seek preferential treatment for themselves or their relatives; or
- J 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.

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. Accordingly, no director or committee member may:

- J reveal confidential information provided by contractors or share information with those bidding for Association contracts unless specifically authorized by the Board;
- J divulge to another member personal, confidential information about any Association member or resident that was obtained in the performance of director or committee member's duties;
- J reveal to any member, resident or other third party the discussions, decisions and comments made at any meeting of the Board properly closed or held in executive session;
or
- J discuss with any member, resident or other third party any legal disputes in which the Association is or may be involved--without the prior approval of the Board. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and loss of confidential information.

Interaction with Staff. 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 operational rules:

- J the president of the Board shall serve as liaison between the Board and management and provide direction on day to day matters;
- J except for the president, committee members and directors may not give direction to management, staff or vendors;
- J directors may not contact management after hours unless there is an emergency representing a threat of harm to persons or property;
- J if directors or committee members are contacted by staff or vendors with complaints, the staff or vendor shall be instructed to contact management or the Board as a whole; and
- J directors and committee members are prohibited from harassing or threatening staff, vendors, directors, committee members, and owners, whether verbally, physically or otherwise.

Office Visits. When director office visits with the on-site General Manager are infrequent, the General Manager shall deal with the same according to his/her work flow. If office visits become regular or repetitive, or may be adversarial, the General Manager may implement the following protocol. The General Manager shall keep in mind that directors, in order to meet their fiduciary duties, need to be able to ask questions, obtain information and review documents. However, to effectively perform the General Manager's job, the General Manager cannot be required to immediately drop everything and dedicate time and management resources to meet with and respond to questions from a director at the director's whim.

- J For inquiries and matters that are not of immediate urgency but for which a director nevertheless wants to meet with and have a discussion with the General Manager, the director shall e-mail or message the General Manager with the request for a meeting. The e-mail shall identify: (1) the topic to be discussed; and (2) the data, records or information sought (if any). The General Manager shall reply by providing the requesting director with potential meeting dates and times for the requesting director to choose from. The General Manager may have one or more other on-site staff members attend the meeting. If the meeting is such that the requesting director or General Manager believes should involve only the General Manager and no other on-site staff, then at least two directors members must attend the meeting in order for the meeting to go forward. The burden for obtaining the second director's attendance falls on the director member requesting the meeting.
- J Directors may not contact management after hours unless there is an emergency representing a threat of harm to persons or property.
- J If a staff member or vendor contacts a director with a complaint, the director shall inform the staff member or vendor to contact management or the Board as a whole.
- J For inquiries that are, in the director's opinion, of immediate urgency, the director member shall make the request to the president and the president can arrange such a meeting, including but not limited to a special meeting of the Board, as the president deems appropriate.

Professional Behavior. 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 staff, 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. Accordingly, no director or committee member may:

- J harass, threaten or attempt through any means to control or instill fear in any Board member, member, resident, staff member, vendor or contractor;
- J advocate or support any action or activity that violates a law or regulatory requirement; or
- J use his/her official Board or committee member title/position on any communications to anyone except other directors, committee members, Association members and the Association's management. Use of the Association name or the director/committee member's title/position is prohibited because the Association owns the Association's corporate name, and use of that name by anyone other than the Association for official business could create confusion and potential legal liability concerning authority. Use of the director's or committee member's title/position in said communications is not permitted because it may create confusion and potential legal liability concerning that director or committee member's authority to take actions on behalf of the Association and/or his/her authority to bind the Association.

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.

Violations. Directors and committee members who violate the Association's governing documents, including these rules, may be found to be not in good standing with the Association and/or subject to disciplinary action, including, but not limited to:

- J censure;
- J restricted access to confidential Association information and documentation;
- J removal from committees;
- J removal as an officer of the Board;
- J request for resignation from the Board;
- J removal from the Board;
- J recall by the membership; and
- J legal proceedings.

Situations may arise that are not expressly covered by these operating rules 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.

ACKNOWLEDGMENT

I acknowledge that I have received and read these rules of procedure. I understand my obligations as a director and/or committee member under these rules and will act in accordance with my obligations.

Signature: _____

Date: _____

Print name: _____