

## Director's Fiduciary Responsibility and Ethics Resolution

Members of the Albion Woods Townhouse Association (AWTA) Board of Directors volunteer their services to the Association for many reasons. However, a Director may accept a position on the board without an appreciation and understanding of the responsibility that they have undertaken. This resolution describes the “**fiduciary responsibility**” of each person who volunteers as a member of the Albion Woods Townhouse Association Board of Directors.

Board members owe a fiduciary responsibility to the Owner members of the Albion Woods Townhouse Association. That responsibility includes a **duty of loyalty, a duty of care, and a duty of confidentiality**. These duties start when the person becomes a Director, and except for the duty of confidentiality, ends once he or she is no longer a Director. Fiduciary duties exist to ensure that those who manage other people's money, or assets, act in their beneficiaries' interests, rather than serving their own interests.

A violation of this fiduciary responsibility may result in personal liability to a Director. While a Director may be protected by either the Association's Directors and Officer's liability insurance policy, or a personal liability insurance policy, a Director must understand the responsibilities they have to the Albion Woods Townhouse Association (AWTA) in order to avoid potential personal liability. There are instances when insurance protection did not cover an individual acting outside of their authority as a Director. Directors must also be alert to potential “conflicts of interest” that develop and take the appropriate action if such conflicts appear.

**WHEREAS**, the Albion Woods Townhouse Association Board of Directors wants to avoid self dealing, actual or apparent, in its administration of the Association; and

**WHEREAS**, the Albion Woods Townhouse Association Board of Directors wishes to adopt guidelines for Directors in order to assure sound management of the Association:

### **NOW THEREFORE BE IT RESOLVED THAT the following guidelines shall apply:**

1. Each Director shall have familiarity with the governing documents (Articles of Incorporation, CC&R's, Bylaws, and Rules) so that he or she can use them to assist the Board in its decision-making process.
2. No Director shall use his or her official capacity to make, or participate in making, an Albion Woods Townhouse Association decision in which he or she may have a direct or indirect financial interest (other than an undivided homeowner interest).
3. A Director shall disclose to fellow Directors the potential for a conflict of interest as soon as it is apparent and will work to avoid even the appearance of impropriety.
4. Each Director shall exercise their powers and duties in good faith and to the best of their abilities with the utmost loyalty to the Albion Woods Townhouse Association and Owners.
5. No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
6. No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association.
7. No Director shall receive any compensation from the Association for acting as a volunteer other than to be reimbursed for Association expenses incurred that had prior approval and knowledge of a majority of the board.
8. No promise of anything can be made by any Director to any subcontractor, supplier or contractor during negotiations unless it was approved by the Board as a whole at a meeting.
9. No Director shall knowingly misrepresent any facts to anyone involved with the Association that would benefit himself/herself in any way.
10. Each Director shall respect the Albion Woods Townhouse Association property as corporation property, and not take it or use it for self-serving purposes.
11. Each Director shall not undermine the decisions and actions of the Board of Directors by acting outside of Board Meetings.
12. Each Director shall follow the Association's policies consistently and shall not take matters into his or her own hands.

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- 13. Each Director shall seek to understand and fulfill the responsibilities of his or her position as a Director, including the additional responsibilities he or she may assume as an officer and/or committee member. If unable to perform these duties because of the time required or any other reason, that Director must advise the full Board.
- 14. Each Director shall prepare in advance for meetings to enable the best use of all participants' time. Prior to meetings each Director should review any relevant information or reports they received.
- 15. Each Director shall be prepared to vote at each meeting on issues that were properly noticed and properly placed on the agenda. They shall not abstain from voting unless there is a valid reason for an abstention, and they will advise the remaining Directors of the reason for that abstention to have it recorded in the Minutes.
- 16. Each Director acknowledges that if he or she is delinquent on paying their HOA dues or assessments, they shall not vote on any issue in executive session where disciplining or a fine may be imposed on any other owner.
- 17. Each Director acknowledges his or her responsibility to support the other Directors in enforcing the CC&Rs as written even if he or she disagrees with certain rules.
- 18. Each Director acknowledges that they do not have *individual* authority to enforce the governing documents by confronting owners. The *entire board* shall follow the CC&R's and follow Idaho State laws when addressing any suspected or obvious rule violation caused by an HOA member.
- 19. In contrast to the business discussed during general board meetings that are open to the HOA members ("open meetings"), any confidential business discussed during Executive Session ("closed meetings") is privileged and confidential shall not be discussed by Board members, unless expressly authorized to do so by a majority of Board Directors, or the information becomes part of the Association's public records. The Board member shall not disclose such information to their spouse, significant other, or room mate. This duty extends even after his or her term as a Director has expired.
- 20. I understand that if I violate board confidentiality I may lose my officer position, and the defense of any possible claims or lawsuits might not be covered by the HOA's Directors and Officer's insurance policy. Further I may not be entitled to indemnification/reimbursement by the Association for any damages I incur as a result of my
- 21. Copies of Attorney/Client communications are privileged and copies are not to be distributed beyond the Board, unless expressly authorized to do so by the Board. This duty extends even after his or her term as a Director has expired.
- 22. Each Director shall review the Management Company's contract and expect no more from the Management Company than is detailed in that contract. If additional services are desired, an agenda item will be requested for those purposes and considered by the entire pBoard of Directors.
- 23. Each Director shall, at all times, treat all fellow Directors, owners, and residents with courtesy and respect, and shall not bully, intimidate, or make personal attacks against anyone.

These resolutions are intended to assist Directors to act in a manner which may well be *above* the standard of conduct for an HOA Director. The goal is to avoid any misconduct claims or accusations against Directors, regardless of whether such claims have merit, or are without merit.

Duly adopted by the Albion Woods Board of Directors on \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_ Director

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