

# **Board of Directors Code of Ethics and Procedures for Review of Board Member Conduct**

*This Board of Directors Code of Ethics and accompanying Procedures for Review of Board Member Conduct were adopted by the [ASSOCIATION] Board of Directors on \_\_\_\_\_, \_\_\_\_\_, 200\_\_.*

## **Preamble**

### **[ASSOCIATION MISSION AND MEMBERSHIP]**

The [ASSOCIATION] Board of Directors Code of Ethics (the “Code”) serves as a code of conduct for members of the Board in their capacity as Board members. Violations of the Code may result in sanctions imposed under the Procedures for Review of Board Member Conduct (the “Procedures”). The principles and requirements that comprise the Code and the Procedures are based upon, and are designed to ensure full compliance by [ASSOCIATION] and its officers, directors and employees with, the fiduciary duties imposed upon such individuals by state corporate law, the federal tax code’s prohibition on private inurement and private benefit and other requirements of federal tax exemption, common law due process requirements, federal and state antitrust and unfair competition law, state tort law, and other legal precepts and prohibitions.

At the same time, the Code and Procedures are not designed to supplant courts of law in the resolution of disputes within the affordable housing industry. Moreover, the checks and balances built into the Code and Procedures are designed to strike the proper balance between ensuring full compliance with the legal obligations described above and ensuring the integrity and efficacy of the Code on the one hand, and protecting members of the Board, through the use of reasonable due process procedures, against patently false, malicious or groundless accusations that could result in significant business or personal harm if not properly handled. Members of the Board affirm their endorsement of the Code and acknowledge their commitment to uphold its principles and obligations by accepting and retaining membership on the Board.

## **Board of Directors Code of Ethics**

Members of the Board (including ex officio Board members) shall at all times abide by and conform to the following code of conduct in their capacity as Board members:

1. Each member of the Board of Directors will abide in all respects by all rules and regulations of the Association (including but not limited to the Association's Articles of Incorporation and Bylaws) and will ensure that their membership (or the membership of the entity for which they serve as officer, director, employee, or owner, as the case may be) in the Association remains in good standing at all times. Furthermore, each member of the Board of Directors will at all times obey all applicable federal, state and local laws and regulations (for example, portions of the Sarbanes-Oxley Act that pertain to non-profit entities), and will provide or cause to provide the full cooperation of the Association when requested to do so by those institutions and their persons set in authority as are required to uphold the law.
2. Members of the Board of Directors will conduct the business affairs of the Association in good faith and with honesty, integrity, due diligence, and reasonable competence.
3. Except as the Board of Directors may otherwise require or as otherwise required by law, no Board member shall share, copy, reproduce, transmit, divulge or otherwise disclose any confidential information related to the affairs of the Association and each member of the Board will uphold the strict confidentiality of all meetings and other deliberations and communications of the Board of Directors.
4. Members of the Board of Directors will exercise proper authority and good judgment in their dealings with Association staff, suppliers and the general public and will respond to the needs of the Association's members in a responsible, respectful and professional manner.
5. No member of the Board of Directors will use any information provided by the Association or acquired as a consequence of the Board member's service to the Association in any manner other than in furtherance of his or her Board duties. Further, no member of the Board of Directors will misuse Association property or resources and will at all times keep the Association's property secure and not allow any person not authorized by the Board of Directors to have or use such property.
6. Each member of the Board of Directors will use his or her best efforts to regularly participate in professional development activities and will perform his or her assigned duties in a professional and timely manner pursuant to the Board's direction and oversight.
7. Upon termination of service, a retiring Board member will promptly return to the Association all documents, electronic and hard files, reference materials, and other property entrusted to the Board member for the purpose of fulfilling his or her job

responsibilities. Such return will not abrogate the retiring Board member from his or her continuing obligations of confidentiality with respect to information acquired as a consequence of his or her tenure on the Board of Directors.

8. The Board of Directors dedicates itself to leading by example in serving the needs of the Association and its members, and in representing the interests and ideals of the affordable housing industry at large.
9. No member of the Board of Directors shall persuade or attempt to persuade any employee of the Association to leave the employ of the Association or to become employed by any person or entity other than the Association. Furthermore, no member of the Board of Directors shall persuade or attempt to persuade any member, exhibitor, advertiser, sponsor, subscriber, supplier, contractor, or any other person or entity with an actual or potential relationship to or with the Association to terminate, curtail or not enter into its relationship to or with the Association, or to in any way reduce the monetary or other benefits to the Association of such relationship.
10. The Board of Directors must act at all times in the best interests of the Association and not for personal or third-party gain or financial enrichment. When encountering potential conflicts of interest, Board members will identify the conflict and, as required, remove themselves from all discussion and voting on the matter. Specifically, members of the Board of Directors shall:
  - avoid placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of the Association; while the receipt of incidental personal or third-party benefit may necessarily flow from certain Association activities, such benefit must be merely incidental to the primary benefit to the Association and its purposes;
  - not abuse their Board membership by improperly using their Board membership or the Association's staff, services, equipment, resources, or property for their personal or third-party gain or pleasure, and shall not represent to third parties that their authority as a Board member extends any further than that which it actually extends;
  - not engage in any outside business, professional or other activities that would directly or indirectly materially adversely affect the Association;
  - not engage in or facilitate any discriminatory or harassing behavior directed toward Association staff, members, officers, directors, meeting attendees, exhibitors, advertisers, sponsors, suppliers, contractors, or others in the context of activities relating to the Association;
  - not solicit or accept gifts, gratuities, free trips, honoraria, personal property, or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donor with respect to matters pertaining to the Association without fully disclosing such items to the Board of Directors; and
  - provide goods or services to the Association as a paid vendor to the Association only after full disclosure to, and advance approval by, the Board, and pursuant to any related procedures adopted by the Board.

## **Procedures for Review of Board Member Conduct**

### **I. Introduction**

A. The Code serves as a code of conduct for members of the Board in their capacity as Board members. Members of the Board affirm their endorsement of the Code and acknowledge their commitment to uphold its principles by accepting and retaining membership on the Board. Violations of the Code may result in sanctions imposed under these Procedures.

B. The grounds for disciplinary action are one or more material, demonstrable violations of any provision of the Code. Multiple alleged violations of the Code may be consolidated, at the discretion of the Chairman (as such term is defined below), into a single complaint (as such term is defined below).

C. These Procedures shall apply to all complaints, allegations, inquiries, or submissions involving a potential violation of the Code (hereinafter collectively referred to as “complaints”) received by [ASSOCIATION] about a Board member, whether initiated by another Board member, an officer, employee, member, or agent of [ASSOCIATION], or other third party.

D. Actions taken under these Procedures do not constitute enforcement of the law, although referral to appropriate federal, state or local government agencies may be made about a Board member's conduct in appropriate situations. Persons bringing complaints are not entitled to any relief or damages by virtue of this process, although they will receive notice of the actions taken. Complaints essentially of a commercial nature (such as claims alleging defamation by or unfair business practices of a competitor), or primarily requesting judicial-type relief, may not be considered under these Procedures unless they also involve potential violations of the Code.

### **II. Development and Administration of Procedures**

A. The Board is responsible for the development and administration of these Procedures, however, the [ASSOCIATION] Ethics Committee (the “Committee”) is delegated to administer these Procedures on behalf of the Board.

B. The Chairman of the Committee (the “Chairman”) is specifically responsible for ensuring that these Procedures are implemented and followed consistently and objectively.

C. All Committee members, [ASSOCIATION] employees, and other individuals engaged in investigations or decisions on behalf of [ASSOCIATION] with respect to any complaint under these Procedures are indemnified and shall be held harmless and defended by [ASSOCIATION] against any liability arising from such activities to the extent permitted by law, provided such individuals act in good faith and with reasonable care, without gross negligence or willful misconduct, and do not breach

any fiduciary duty owed to [ASSOCIATION]. No individual who (directly or through his or her family or business) has any personal or private business involvement in or connection to the alleged misconduct or any other conflict of interest shall be permitted to participate in the matter to be reviewed. Any such involvement or connection shall be immediately disclosed by the affected individual to the Committee and to the Board.

### III. Complaints

A. Complaints may be made and transmitted by any person to the Chairman, any member of the Committee, or any officer or director of [ASSOCIATION] (including the [ASSOCIATION] President) (collectively, "Complaint Recipients") in any manner by any individual. While complaints generally should be in writing and the complaining individual generally should be identified, if credible evidence of a violation of the Code is presented, the Complaint Recipient that receives such evidence shall reduce the evidence to writing (including identifying the complaining individual) and promptly forward it to the Chairman. Moreover, all credible evidence of Code violations received by a Complaint Recipient, or of which a Complaint Recipient becomes aware, shall be subject to mandatory written referral by the Complaint Recipient to the Chairman, such referrals which shall be subject to these Procedures. In addition, in all instances, any Complaint Recipient may self-initiate a written complaint if circumstances warrant. All complaints received by any person other than a Complaint Recipient should be immediately directed or forwarded to the Chairman.

B. Direct or indirect retaliation of any kind by [ASSOCIATION] or its officers, directors, employees, members, or agents against any individual that makes, initiates or is involved in the making of a complaint is strictly prohibited. This prohibition on retaliation shall be enforced strictly by the Board. Similarly, complaints made with knowledge of their falsity, in whole or in part, are strictly prohibited. This prohibition on the making of knowingly-false complaints shall be enforced strictly by the Board.

C. Upon receipt and preliminary review of each complaint, the Chairman may conclude, in the Chairman's sole discretion, that the complaint: (1) contains facially unreliable or insufficient information, or (2) is patently frivolous or trivial. In such cases, the Chairman may determine that the complaint does not constitute a potentially actionable complaint that would justify bringing it before the Committee for determination of whether there has been a material violation of the Code. If so, such complaint shall be dismissed without prejudice by the Chairman, and notice to its submitter of such action shall be provided by the Chairman in writing. All such preliminary dispositions of complaints by the Chairman shall be immediately reported in writing to all members of the Committee, with a copy to the [ASSOCIATION] President and to [ASSOCIATION]'s general counsel. Any such complaint may be re-initiated at any subsequent time pursuant to these Procedures.

D. If a complaint is deemed by the Chairman on a preliminary basis to be a potentially actionable complaint, the Chairman shall see that written notice is provided to the Board member whose conduct has been called into question, advising the Board

member that an investigation is being initiated. The Chairman also shall provide written notice to the individual who submitted the complaint that the complaint is being reviewed by the Committee.

#### IV. Review of Complaint

A. For each complaint involving an alleged violation of the Code that the Chairman believes is a potentially actionable complaint, the Chairman shall authorize an investigation into its specific facts or circumstances to whatever extent is necessary in order to clarify, expand or corroborate the information provided by its submitter, and in order to assist the Committee in making a determination as to whether charges (and, if so, what charges) against the Board member should be brought. The Committee may be assisted in the conduct of its investigation by [ASSOCIATION] staff, legal counsel, and/or outside experts, provided that no such staff person, legal counsel, or outside expert has any actual or apparent conflict of interest with respect to the matter and provided such individuals agree to maintain the complete confidentiality of the investigation. Both the individual submitting the complaint and the Board member who is the subject of the charge also may be contacted by the Committee or its agents for additional information with respect to the complaint. In addition, the Committee or its agents may contact such other individuals who may have knowledge of the facts and circumstances surrounding the complaint.

B. The Committee shall then determine whether the complaint warrants the bringing of charges under these Procedures against the Board member who is the subject of the complaint. If the Committee concludes that charges should be brought, it shall prepare written charges and a written report explaining the alleged aggrieved conduct and why such conduct constitutes grounds for disciplinary action under the Procedures. If the Committee concludes that no charges should be brought, it shall dismiss the charges without prejudice and so notify the Board member in writing. All such dispositions of complaints shall be immediately reported in writing to all members of the Committee, with a copy to the [ASSOCIATION] President and to [ASSOCIATION]'s general counsel. Any such complaint may be re-initiated at any subsequent time pursuant to these Procedures. Whether or not charges are brought, for all complaints, the Committee should determine whether the matter should be referred to another entity engaged in the administration of law, and, if so, should promptly do so.

C. If the Committee recommends that charges be brought, the Chairman shall notify the Board member to be charged and send the Board member a copy of the charges and the Committee's report. The Chairman shall advise the Board member that an investigation will be conducted and that a hearing will be held, providing the Board member with the proposed date and time for such hearing. The Board member shall be advised that he or she may request the opportunity to submit information or arguments contesting the charge in person or in writing, by submitting such request to the Committee within thirty days from receipt of the notice (or such other period established by the Committee, if any). The Board member also shall be advised that he or she may have the right to review evidence to be presented at the hearing and that he or she may be

represented by legal counsel. The Board member shall be sent a copy of these Procedures.

D. All investigations and deliberations of the Committee are to be conducted in strict confidence to the extent possible, except that the Committee shall be permitted to disclose any relevant information when compelled by law or to parties essential to the review and investigation of the alleged misconduct. All investigations and deliberations of the Committee shall be conducted objectively, without prejudgment of any kind. An investigation may be directed toward any aspect of a complaint that is relevant or potentially relevant.

E. The Committee hearing may be held in person, or by telephone, electronic or video conference if the Board member does not request the opportunity to appear in person. The Chairman shall preside and make evidentiary and other procedural rulings with the advice of [ASSOCIATION]'s general counsel. If a hearing is held with the charged Board member present, the Chairman shall, in his or her discretion, determine the rules of evidence and for oral presentations by the parties, as advised and approved by [ASSOCIATION]'s general counsel. Written statements may be accepted as evidence. If witnesses appear, they shall be subject to cross-examination. The Board member may be accompanied and represented by legal counsel at all times, at the Board member's sole discretion and expense.

#### V. Determination of Violation

A. Upon completion of its investigation and the hearing, the Committee shall determine by majority vote, upon a preponderance of the evidence, whether or not there has been a violation of the Code, and whether the Board should impose sanctions. When the Committee finds that there has been a violation, it also shall recommend imposition of an appropriate sanction. If the Committee so recommends, a written determination with a proposed sanction shall be prepared under the supervision of the Chairman, and shall be presented by a representative of the Committee to the Board, along with the record of the Committee's investigation and deliberation. Written notice of the Committee's determination, the proposed sanction, and the fact that the matter will be reviewed by the Board shall thereafter be provided to the charged Board member. If the Committee determines that a violation has not occurred, the complaint shall be dismissed with prejudice, with written notice thereof provided to the affected Board member, as well as to the individual who submitted the complaint. A summary report also shall be made in writing to the Board.

B. If a violation is found and sanctions are recommended by the Committee, the Board shall review the recommendations of the Committee based upon the record presented. The Board member charged may submit a written statement to the Board prior to the Board making its decision, but may not otherwise appear before or participate in the Board's deliberations. The Board may accept, reject or modify the Committee's determinations either with respect to the determination of a violation or the recommended sanction to be imposed. If the Board agrees by the affirmative vote of not less than a

majority of a quorum that a violation has occurred, then the determination and imposition of a sanction, as determined by the Board based on the affirmative vote of not less than a majority of a quorum, shall be promulgated by written notice to the affected Board member, as well as to the individual who submitted the complaint, if the submitter agrees in advance and in writing to maintain in confidence whatever portion of such information is not made public by the Board. If the Board determines that a violation has not occurred, then the complaint shall be dismissed with prejudice, with written notice thereof provided to the affected Board member, as well as to the individual who submitted the complaint.

C. The Board may consider a recommendation from the Committee that the Board member in violation of the Code should be offered the opportunity to submit a written assurance that the conduct in question has been terminated and will not recur. The decision of the Committee to make such a recommendation and of the Board to accept it are within their respective discretionary powers. If such an offer is extended, the affected Board member must promptly submit the required written assurance to the Board, and the assurance must be submitted in terms that are acceptable to the Board, including but not limited to any probationary period, if required by the Board. If the Board accepts the assurance, then written notice thereof shall be provided to the affected Board member, as well as to the individual who submitted the complaint, if the submitter agrees in advance and in writing to maintain in confidence whatever portion of such information is not made public by the Board. Complaints disposed of in this manner shall be deemed to have been disposed of without prejudice.

D. All examinations of the record by, and deliberations of, the Board are to be conducted in strict confidence to the extent possible, except that the Board shall be permitted to disclose any relevant information when compelled by law. All examinations of the record and deliberations of the Board shall be conducted objectively, without prejudgment of any kind.

## VI. Sanctions

One or more of the following sanctions may be imposed by the Board upon a Board member whom the Board has determined to have violated the Code. The sanction applied must reasonably relate to the nature and severity of the violation, focusing on reformation of the conduct of the affected Board member and deterrence of the same or similar conduct by others. The sanctions are:

1. Written reprimand to, or censure of, the Board member (combined with any probationary period, if desired);
2. Suspension of the Board member from membership on the Board for a designated period of time (combined with any probationary period, if desired);



3. Permanent expulsion of the Board member from membership on the Board;
4. Suspension of the Board member from membership on one or more [ASSOCIATION] committees or similar bodies for a designated period of time (combined with any probationary period, if desired);
5. Permanent expulsion of the Board member from membership on one or more [ASSOCIATION] committees or similar bodies;
6. Suspension of the Board member from membership in [ASSOCIATION] (combined with any probationary period, if desired);
7. Permanent expulsion of the Board member from membership in [ASSOCIATION].

Once one or more of the above sanctions is imposed, the complaint shall be deemed to have been disposed of with prejudice. For each of these sanctions, a written summary of the determination and the sanction, along with the Board member's name, may be published, in the sole discretion of the Board, in a printed or electronic medium that is distributed to all [ASSOCIATION] members.

## VII. Resignation

If a Board member who is the subject of a complaint voluntarily resigns (in writing) his or her membership on the Board at any time during the pendency of a complaint under these Procedures, the complaint shall be dismissed without prejudice and without any further action by the Committee or the Board. The Board member may not seek membership on the Board or any [ASSOCIATION] committee or similar body for a period of five years from the effective date of his or her resignation. However, the Board may communicate the fact and date of Board member's resignation, and the fact and general nature of the complaint that was pending at the time of resignation, to or at the request of one or more government entities engaged in the administration of law. Similarly, in the event of such resignation, the individual who submitted the complaint shall be notified in writing of the fact and date of the resignation and that the Board has dismissed the complaint (without prejudice) as a consequence.