

COMPANY, INC.

CODE OF ETHICS AND CONFLICTS OF INTEREST POLICY FOR DIRECTORS, OFFICERS AND SENIOR TEAM LEADERS

The COMPANY, Inc. (“Company”) demands the highest possible ethical conduct from individuals serving as its directors, officers and senior team leaders who are members of the Team Leader Resource Group (“Senior Management”). Full compliance with this Code and with Company’s *Code of Business Conduct and Ethics* is mandatory, and you are expected to foster a culture of transparency, integrity and honesty.

Construction and Implementation

The provisions of this Code are intended to be broadly construed in accordance with the purpose of this Code. The Company Board of Directors shall be the body responsible for implementing these provisions and advising persons as to their application. Any Senior Management member may file with Company’s Designated Ethics Official (“DEO”) or the Chair of the Board a complaint alleging a violation of this Code and/or request an advisory opinion regarding interpretation of the provisions of this Code and its application. The complaint and/or request shall set forth the facts upon which the complaint and/or request is based. The DEO and/or the Board shall be responsible for making a determination and/or rendering an opinion in accordance with the procedures contained in this Code within thirty (30) days of the request or complaint. If a complaint relates to a Board member, such Board member may not participate in the process of determining whether he/she has a conflict or appearance of a conflict on any matter subject to this Code.

Accurate Periodic Reports and Public Disclosures

Public disclosure of certain Company information is part of Company’s policies. It is Company’s policy to make full, fair, accurate, timely and understandable disclosures in its periodic reports, and in public statements, such as press releases. Senior Management must exercise the highest standard of care in preparing such reports and public disclosures in accordance with the following guidelines:

- All accounting records, as well as reports produced from these records, must be in accordance with applicable law.
- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect, in reasonable detail, Company’s assets, liabilities, revenues and expenses.
- Company’s accounting records must not contain any false or intentionally misleading entries.
- No transactions should be intentionally misclassified as to accounts, departments or accounting periods.
- All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.
- No information should be concealed from the internal auditors or the independent auditors.
- Compliance with Company’s system of internal accounting controls is required.

Compliance

Senior Management is expected to comply with both the letter and spirit of all applicable governmental laws, rules and regulations.

If a Company officer or senior team leader fails to comply with this Code, with Company's *Code of Business Conduct and Ethics*, Company's *Policy For Reporting Violations of the Code of Business Conduct and Ethics* and/or with any applicable laws, such person will be subject to disciplinary measures, up to and including immediate discharge. If a Company director fails to comply with any of the foregoing codes or applicable law, the director will be subject to reprimand or removal consistent with Company's Charter and By-Laws.

Conflicts of Interest

All Senior Management must avoid any personal activity, investment or association that could appear to interfere with good judgment concerning Company's best interests, and must not exploit their positions or relationships with Company for personal gain. In this regard, Company acknowledges the importance of having a comprehensive policy for identifying and effectively handling potential "Conflicts of Interest" (defined below) that may arise between Company and "Interested Persons" (defined below). The adoption of a Conflicts of Interest policy as part of this Code is an important measure to assure that members of Senior Management act in accordance with their fiduciary duties under Maryland law, that rules applicable to tax-exempt organizations are not violated, and that Senior Management avoid sanctions for "excess benefit transactions" under Section 4958 of the Internal Revenue Code.

Conflict of Interest Defined. A Conflict of Interest exists in the case of any proposed contract or business dealings between Company and an Interested Person or a party with which an Interested Person has a direct or indirect family, social, business or employment relationship or financial interest in such contract. For purposes of this Conflicts of Interest policy, a person is deemed to have an "interest" in a contract or business dealing if he or she is a director, trustee, officer, employee or agent of, or has a significant financial interest in, or an influential position with, the entity contracting or dealing with Company (other than another entity owned, controlled, or managed by Company). Entities include any entity whether private, public or governmental and regardless of form. A conflict of interest also exists when a Interested Person's private activities or involvement could reasonably be expected to interfere in any way with the Interested Person's objectivity or judgment in protecting and promoting the interests of Company, or when an Interested Person or his/her family members receive improper personal benefits as a result of the Interested Person's position with Company.

Interested Person Defined. An Interested Person is any person that is a director, officer or senior team leader of Company.

Committee Review of Potential Conflicts of Interest. The Board's Board Operations Committee (the "Committee") will review information relevant to a request for an advisory opinion from the Board or a complaint filed with the Board under this Code and make a recommendation to the Board for determination. The recommendation submitted by the Committee shall include a summary of the information reviewed and reasons for the recommendation. The Board, by majority vote of its members taken in accordance with Company's Bylaws, may review the matter. The Committee shall be composed of the Chair of the Board, the Chairs of the Board's Planning, Performance Monitoring and External Relations Committees, and Company's President.

General Policy. All Interested Persons shall exercise good faith in all transactions relating to their duties to Company and shall not use their positions in any manner that is contrary to the best interests of Company or to promote their own business interests or those of family, friends or business partners. Moreover, each Interested Person shall (i) promptly and fully disclose all known and potential Conflicts of Interest to the DEO and the Board or a committee of the Board that will consider a contract, transaction or arrangement to which a known or potential Conflict of Interest relates (a “Contract”), including any relevant facts known to such person regarding a potential Conflict of Interest, (ii) refrain from participating in, or acting on, the decision on any matter in which a Conflict of Interest, or the appearance of a Conflict of Interest, is present with respect to such Interested Person, and (iii) remove himself or herself from any meeting or deliberations on the matter. Any doubts on the part of any Interested Person as to the existence of, or proper conduct in light of, any perceived Conflict of Interest should be directed to the DEO and the Chair of the Board for resolution.

Conflicts of Interest Disclosure Statements. Each Interested Person shall submit an initial statement disclosing any potential or existing Conflict of Interest upon adoption of this Code or prior to starting his or her position(s) with Company, as applicable. All Interested Persons shall submit an annual statement, at such time as determined by Company, disclosing any potential or existing Conflicts of Interest. Such statements shall be submitted to the DEO and the Board.

Procedure Upon Filing of a Request/Complaint Regarding Potential Conflict of Interest. The Board or the Committee shall review the information set forth in the request and/or complaint and other reasonably obtainable relevant information and consult with legal counsel. The individual or individuals whose conduct is the subject of the request and/or complaint as well as the individual or individuals making the request and/or complaint are entitled to present information to the Board or the Committee to assist them in making a determination. Other persons with information that is relevant and of value may be allowed to present such information to the Board or the Committee. Neither the Board nor the Committee in its review or consideration of the complaint or request shall be bound by the technical rules of evidence. Determinations regarding Conflicts of Interest shall be made by the majority vote of the members of the Board or the Committee in accordance with the voting procedure stated in the Bylaws of Company. The Board may impose sanctions authorized by this Code upon the determination of a violation of this Code.

Meetings of the Board or Committee under this Code shall be held in closed session in accordance with the provisions of the Maryland Homeowners Association Act and all applicable laws. Information, documents and records obtained by the Board or the Committee shall be withheld from public disclosure in accordance with the Maryland Homeowners Association Act and all applicable laws.

The Board or the Committee, as applicable, shall determine, after receiving a disclosure, whether a Conflict of Interest exists or can reasonably be construed to exist. If a Conflict of Interest is known or deemed to exist after disclosure, the Board or the Committee, as applicable, shall not approve the Contract with the Interested Person unless it is determined that (a) entering into such Contract is in the best interests of Company, (b) the Contract is fair and reasonable to Company, and (c) a more advantageous Contract cannot be obtained under the circumstances. Additionally, the Board or the Committee, as applicable, shall take any action required or prudent to avoid imposition of an excise tax under Internal Revenue Code Section 4958 in connection with considering such Contract.

Record Keeping. The Board or the Committee considering a known or potential Conflict of Interest matter shall maintain detailed minutes and records regarding the matter. Such minutes shall reflect the name of the Interested Person and any disclosure made, the vote on whether a Conflict of Interest is present, the names of the persons participating in any discussions and deliberations with regard to approving or rejecting the Contract involving the Interested Person and the substance of such

discussions and deliberations, adherence with the procedures described above, the abstention from voting and participation by the Interested Person, and that a quorum was present.

Corrective Action. In the event an Interested Person fails to act in accordance with this Conflicts of Interest policy, the Board may take corrective action against such Person. In the event that a formal reprimand, or in an extreme case, the removal of such Person from his or her position(s), is proposed, such recommendation must be presented with supporting documentation. The Interested Person involved shall be given an opportunity to be heard prior to the Board's final decision on the matter.

Additional Conflicts Provisions for Members of the Board. Members of the Board may not:

- Within one year following termination of their term on the Board assist or represent another party for compensation in a case, contract or other specific matter involving Company if that matter is one in which the member participated while affiliated with Company.
- Solicit or accept any gift for personal benefit of greater than \$25.00 in value or a series of gifts totaling \$100.00 in value in one year from any entity or person who has an interest in an entity which would be affected by the Board member's vote on a proposed matter or that has or is negotiating a contract with Company.
- Disclose or use confidential information acquired by reason of their position as a Board member for their own gain or that of another, or for purposes which are inconsistent with the Board member's fiduciary duty to Company.
- While serving on the Board and within one year following termination of their Board service be employed by or enter into any contract for compensation in excess of \$2500 with Company either personally or in a manner from which they would so benefit directly.

A member of the Board upon declaring a candidacy for election to public office shall resign from the Board.

Any action by the Board to provide for or increase the compensation for Board members for expenses incurred for attendance at Board meetings or for other expenses associated with the performance of the duties of a Board member shall not become effective until one (1) year after the date of the public meeting at which such action was approved. Board members are entitled, however, to receive without such passage of time such indirect benefits as attendance at relevant conferences and meetings, travel in the sister city program to accompany youth participants, and other such benefits as are reasonably related to the conduct of Company's affairs and activities as shall be approved in a public meeting in accordance with federal and state laws and regulations.

Persons in the family of a member of the Board may not receive any remuneration for any work performed with the exception of dependent children employed on a part time or seasonal basis.

Code of Conduct

This Code of Conduct is intended to be used in concert with Company's governing documents including its charter, by-laws and such policies as the Board may adopt as well as applicable Maryland law. It outlines a set of fundamental principles, whether or not they are the basis for certain operational or legal requirements or prohibitions.

These principles are intended to help Senior Management understand why Company's documents direct behavior in certain ways, why the laws require or prohibit certain actions and what is to be done when the governing documents and legal strictures are ambiguous or subject to interpretation.

This Code of Conduct addresses the values of Company and how they reflect the values of the larger society. It is intended to help Senior Management define what is right, fair, just and good in those cases where it may be less than obvious which path constitutes the high road.

This Code of Conduct has several goals:

- It is an ethical document defining what Company means when it holds Senior Management to the highest ethical standards—it details the fundamental maxim—do the right thing, by defining right and wrong in some detail.
- It has official standing, in that the standards articulated here become concrete evidence of Company's expectations and intentions, with respect to the behavior of Senior Management.
- It is pragmatic in that it provides an agreed-to description of both organizational values and the behaviors that those values prescribe.
- It is intended to remind Senior Management that although their primary duty is to Company itself, the vested interest of the residents of Columbia and its environs are impacted by the decisions of Company.

Personal Ethics. Senior Management is expected to behave morally according to general expectations of any person in any society, acting in any capacity. The principles of personal ethics include:

- Concern for the well-being of others.
- Respect for the autonomy of others.
- Trustworthiness and honesty.
- Compliance with the law.
- Basic justice: being fair.
- Refusal to take unfair advantage.
- Benevolence: doing good.
- Prevention of harm.

Professional Ethics. An individual acting as a Senior Management member takes on an additional burden of ethical responsibility. These codes provide rules of conduct and standards of behavior based on the principles of professional ethics, which include:

- Impartiality.
- Openness and full disclosure.
- Confidentiality.
- Due diligence and duty of care.
- Fidelity to professional responsibilities.
- Avoiding potential or apparent conflict of interest.

Political Activity. A member of Senior Management is free to engage in political activity, including endorsement of candidates for political office, when the member is acting in his/her individual capacity. In no way, however, should the activities of Senior Management be performed in such a manner as to indicate that Company supports a specific candidate. All political activities must be carried out on a strictly personal basis and supported only by personal, not Company, resources. A member of senior management may not endorse candidates for political office while the member is acting as a

representative of Company. A Senior Management member will be considered to be acting as a representative of Company when he/she is:

- Carrying out work duties on behalf of Company,
- Acting during his/her normal Company work hours,
- Attending a CA meeting or event sponsored by Company,
- Attending a meeting as a representative of Company,
- Wearing a name badge or clothing designating him/her as a representative of Company,
or
- Otherwise identifying himself/herself as a representative of Company.

Reporting Violations

Senior Management's conduct can reinforce an ethical atmosphere and positively influence the conduct of fellow officers and team members. If a Senior Management member is powerless to stop suspected misconduct or discovers it after it has occurred, he or she must report it to the DEO, President or Chair of the Board, as appropriate. Reference is made to Company's *Policy For Reporting Violations of the Code of Business Conduct and Ethics*.

If a Senior Management member is still concerned after speaking with the DEO, President or Chair of the Board, or feels uncomfortable speaking with any of them (for whatever reason – including the involvement of any of them in the conduct being reported), the Senior Management member must (anonymously, if so desired) send a detailed note, with relevant documents, addressed to the Board.

Calls, detailed notes and/or emails will be dealt with confidentially. It is the commitment of Company and of the Board that the reporting person will be protected from retaliation. Reference is made to Company's *Policy For Reporting Violations of the Code of Business Conduct and Ethics*.

Waivers

Company may waive application of the policies set forth in this Code only when circumstances warrant granting a waiver, and then only in conjunction with any appropriate monitoring of the particular situation. Changes in and waivers of this Code may be made only by the President or the Board and will be disclosed as required under applicable law and regulations.

Additional Provisions for Members of the Board

In addition to the personal and professional ethical responsibilities for Senior Management stated above, members of the Board are expected to understand and comply with the following legal strictures governing their behavior.

The Standard of Care

Compliance with a standard of care is required by the *Annotated Code of Maryland*, Corporation and Associations Article, Section 2-405.1. The standard of care encompasses two principal elements—a Duty of Care and a Duty of Loyalty.

The Duty of Care. The satisfaction of the duty of care requires:

- Reasonable and prudent care, informing oneself and acting in good faith.
- Regular attendance at meetings of the Board, sharing equally in the work of the Board, and exercising independent and informed judgment on all corporate decisions.
- Acting in reliance on information and reports received from regular sources that the Board member reasonably regards as trustworthy.

The Duty of Loyalty. The duty of loyalty requires directors to exercise their powers in good faith and in the best interests of Company rather than in their own interest or the interest of another entity or person. The duty of loyalty primarily relates to:

- Conflicts of Interest – A director must act with candor and care in dealing with situations which have the potential for a conflict of interest.
- Corporate Opportunity – Before a director engages in a business transaction that may be of interest to Company, the director must disclose the transaction to the Board to enable the Board to act or decline to act with regard to the transaction.
- Confidentiality -- A director shall not disclose information about Company unless that information is a matter of public record under the Maryland Homeowners Association Act or already known to the public.

The Best Interests of Company. Members of the Board shall bear in mind the purposes in Company's governing documents. When determining the best interests of Company each Board member must consider the following:

- The purpose of Company to operate exclusively for the common good and social welfare of the people of Columbia and its environs.
- The Company mission to enhance the quality of life for those living or working in Columbia and to remain an open, integrated and caring community.
- Company's financial ability to remain viable and to continue to achieve its purpose and mission.

Each member of the Board must act in the interest of the whole community of Columbia and not simply as a representative of a particular village or constituency. Once all constituent perspectives are established and acknowledged, they must be considered in relation to the perspective of the entire community of Columbia.

In accordance with the foregoing Code of Conduct, and in addition to the requirements of this Code, no member of the Board shall:

- Make personal criticisms of other board members inside or outside of board meetings.
- Discuss the confidential proceedings of the Board outside the boardroom or release confidential information not previously available to the public by order of the Board.
- Act in a way which is intended to intimidate another person in the conduct of their office or which a reasonable person would conclude had such intent and which, in fact, did intimidate.
- Undermine the authority of the Board, its Chair or the Company President to perform his/her duties, or interfere with the duties of Company's management and staff or treat Company's management and staff with disrespect.
- Commit an act which a person would reasonably expect to cause harm to the reputation of Company or the Board.
- Speak for or act on behalf of Company unless specifically authorized to do so by the Board.

- Conduct themselves in a manner that assumes any greater rights and privileges than any other resident in the Columbia community.

ACKNOWLEDGEMENT OF RECEIPT

COMPANY , INC.

**CODE OF ETHICS AND CONFLICTS OF INTEREST POLICY
FOR DIRECTORS, OFFICERS AND SENIOR TEAM LEADERS**

I, _____, acknowledge and confirm that I have received a copy of the COMPANY , Inc. Code of Ethics and Conflicts of Interest Policy for Directors, Officers and Senior Team Leaders, dated _____, 2006, and have read those standards and do agree that while I hold a position with the COMPANY , Inc., I will conduct myself in accordance with those standards.

Witness

Signature

Title/Position

Date