

ASPOA CODE OF ETHICS
FOR THE 2004 BOARD OF DIRECTORS
ADOPTED JUNE 10, 2004

1. AUTHORITY

All functions and actions of the Board of Directors shall be conducted in accordance with applicable provisions of All State and Federal laws and statutes, the Association deed restrictions and by-laws.

2. MISSIONS AND GOALS

Mission: To manage the business affairs of Apache Shores in a timely and professional manner. To manage and maintain the common property and work with the membership in a professional manner. To always keep an eye toward the future, looking for steps for improvement and continually seeking a positive direction in an effort to protect the investment and interests of properties in the Apache Shores subdivision. To work to create a safe and harmonious neighborhood.

Goal: To establish and uphold a member friendly environment, to maintain Apache Shores with professionalism, honesty, integrity and teamwork. To manage the affairs of the association responsibly. To manage the financial affairs of the Association with honesty and integrity.

3. RESPONSIBILITIES

- The Board of Directors will manage and control all of the affairs of the Association. The Board is responsible for defining objectives, setting policy and procedure and providing management over all aspects of the Association.
- The Board will establish policy and procedures for operations of the Association.
- The Board will employ professional personnel and review and establish personnel policies.
- The Board will establish goals for Apache Shores based on the input of directors and community members, through various planning activities.
- The Board will review the Association's priorities, review the identified goals, review the budget, make necessary revisions and adopt the budget.
- The Board will adopt a program of community relations and remain responsible to the community.

4. BOARD MEMBERS

Board Officers: as per Apache Shores Property Owners Association By-laws.

Fees of Office:

- Reimbursement-Each Director is entitled to receive reimbursement of actual funds spent for Association business. Each Director must follow procedure for receiving reimbursement.
- Travel Expenses-Directors shall not receive travel expenses.
- Compensation-Directors shall not receive any salary or compensation for their services.

Voting by Proxy:

- In accordance with State Law, Article 1396.2.17D., directors voting by proxy at Board meetings or workshops will not be allowed. The Article of Incorporation or By-Laws do not provide for proxy voting by Directors.

Resignation:

- Board members may resign their positions at any time. Any Board member desiring to resign shall submit his/her resignation in writing or verbally to the President or Secretary of the Board. All original works/projects, keys and/or Association properties in the Directors possession shall be turned in to the

Association at the time the Director's directorship ends, for whatever reason his/her term ends.

CONDUCT:

Board members will:

- Conduct themselves in accordance with the adopted code of ethics.
- They shall make every effort to act in a cooperative professional manner.
- Develop an understanding of Association policies, procedures and projects.
- Respect the privacy of the membership, employees and other board members.
- Conduct all business under the Boards control in such a manner that will ensure adequate service to the membership.
- Will recognize that the Board makes decisions through the democratic process and will support this process.
- Will be held to the same standards and policies as the membership in regards to the use of the amenities.
- Utilize emails for exchange of ASPOA ideas and information only. Emails are not to engage in a personal nature whatsoever, including slander, assessments, or evaluations of the directors. Board Members will conduct their communications with other Board Members, employees and members, in board Meetings, Workshops, and all dealings regarding ASPOA business - without cursing or making allegations of impropriety or illegality that they cannot reasonably substantiate. If any discord is taking shape, a resolution committee will take immediate action.
- Treat all employees with respect.
- Respect the chair's decision as to who has the floor in meetings and not disrupt the recognized speaker.

Board members will not:

- Obligate the Board to actions or expenditures without authorization.
- Monopolize meetings and will give other directors equal time.
- Undermine Board decisions.
- Make public comments, including verbally, through press, media or handouts, about personnel or other board members.
- Permit any personal or unauthorized use of association-owned or association controlled equipment, supplies, materials or property.
- Use foul, cursing, abusive or discriminating language within Board meetings or workshops.

5. MEETINGS

- As per the By-laws, utilizing Roberts Rules of Order as a guideline for parliamentary procedure.

6. COMMITTEES

The Board shall have the following standing committees:

- Executive Committee comprised of the President, Secretary and Treasurer.
- Policy and Procedure-the policy and personnel committee shall advise and assist the board regarding all matters pertaining to policies to be adopted by the Board and all personnel issues including salaries and benefits.
- Budget and Finance-the budget and finance committee shall advise and assist the Board regarding the budget, audit procedures and other financial matters.
- Communications-the communications committee shall seek to improve and facilitate communications among the membership and the Board. This gathering of information will assist the Board, and, thereby, the members of Apache Shores in promoting community activities and promoting relationships with adjoining communities.

- Special Committees-The President may appoint special committees as necessary to fulfill specific assignments. The function of committees shall be fact-finding and advisory, but not administrative. Special committees shall report their finds to the Board and shall be dissolved upon completions of the assigned task/project. Recommendations of committees maybe submitted verbally or in writing.

ETHICS POLICY

- All Board of Directors must be members of the Apache Shores Property Owners Association in accordance with the by-laws of said Association.

ACCEPTANCE OF GIFTS:

- A Board member shall not solicit or accept any benefit of value from a person or business entity the Association knows is interested in any contract, claim, or other transaction involving the exercise of their discretion as a Board member, or any matter before the Board, or likely to come before the Board for any decision, opinion, recommendation, or vote. The prohibition against benefits above shall not apply to an award publicly presented in recognition of public service.

BRIBERY:

- A Board member shall not intentionally or knowingly offer, confer, agree to confer on another, solicit, accept, or agree to accept a benefit as consideration for a decision, opinion, recommendation, vote or other exercise of discretion as an association Board of Director. "Benefit" means anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in who welfare the member has a direct and substantial interest.

ENGAGING IN BUSINESS ACTIVITY:

- Any Board member who engages in business activity with the ASPOA must make full disclosure to the Board of Directors and receive majority approval, at a Board meeting, for such activity.

ABUSE OF OFFICE:

- A Director shall not, with intent to obtain a benefit or with intent to harm or defraud another, intentionally or knowingly violate a law pertaining to the office or misuse of property, services, personnel, or any other thing of value, belonging to the Association that has come into his custody by virtue of his office.

USE OF ASSOCIATION LETTERHEAD:

- No employee or director may use association letterhead for personal reasons. Association letterhead shall be reserved for use in the transaction of official Association business. Directors may utilize Association letterhead in their official capacities as members of the Board of Directors. Any correspondence on Association letterhead, which purports to represent the opinions or recommendations of the Board of Directors, is authorized only if a quorum of the Board of Directors approves such use at a regular or special meeting.

ASSOCIATION RECORDS

- Board members may not abuse their position on the Board to acquire individual personal membership information for their personal use. All inquiries must strictly be related to Association business. Board members will respect the privacy of the membership. Board members shall not take official records of the Association office or fail to put back Association records in their original file and order, after each use.

FIDUCIARY DUTY

- Each Board member has an inherent fiduciary duty to the members of ASPOA to act in the best interest of the Association and its members. Therefore, a Board member may not file a lawsuit against the Association or a fellow Board member

for ASPOA related activity, and remain on the Board of Directors. By filing of such a lawsuit, said Director agrees to voluntary and immediate suspension from all Board functions until the lawsuit is settled.

- Each Board member shall recognize the Board is a democratic body with all members having equal voting power regardless of position held. All Board members shall be bound by majority vote and shall not engage in undermining Board decisions.
- Suspension, vote of no confidence, or other disciplinary action, shall require a 2/3rds vote by the Board of Directors, present and voting.
- Board member shall recognize that fiduciary duties require the board members participate in the workload of the Association business.
- Board members who refuse to participate without a reasonable excuse approved by 2/3rds of the board, present and voting, shall be suspended from the Board for dereliction of duty.

ADVANCEMENT OF LEGAL FUNDS

- Board of Directors may not receive any advancement of ASPOA legal funds for any alleged criminal legal matter of a personal level, and may only receive reimbursement if found completely innocent by the courts on all charges and approved by the Executive Committee (i.e....assault, embezzlement, etc.).
- For all civil matters, the determination of the courts will result in the Association paying the Directors legal fees. If the courts find the Director guilty, the Director will be responsible for his/her own legal fees. If the Director is found not guilty or the suit is dismissed, or 2/3rds of the board, present and voting, vote that the guilty Director did in fact act in good faith to achieve a desired function, the Association will pay all legal fees.

PURCHASE AND RESALE OF ASPOS INVENTORY PROPERTIES

- Directors may not purchase inventory property belonging to Apache Shores Property Owners Association; until said property has been made available for sale to the general public. Once property has been marketed to the general public, Directors may purchase property. Any information obtained through the ASPOA office, as a Director, regarding owners in distress looking to abandon their properties, cannot be abused. Such action would undermine the Associations ability to recoup its fees or abilities to make financial gain through resale of said property. Such action from a Director will be a violation of the Code of Ethics.

ACTION FOR CODE OF ETHICS VIOLATIONS

- As per the bylaws of ASPOA: Any Director(s) of ASPOA to be suspected of Code of Ethics violations, at the majority of the Executive Committees option, be banned from participating in ASPOA business, board meetings, board workshops, committee workshops, for a period of time that the next official board meeting takes place.
- At the next ASPOA official meeting, a vote on the evidence at hand all attending Directors will determine innocence or guilt. Two-thirds of the attending Board must vote to accept the executive boards' decision to convict, or failure of a 2/3rds vote, the suspected Director can return to their normal status.
- With a 2/3rds vote, the Board must use the qualifying guidelines set below in Paragraphs 1, 2 and 3:
 1. If the violation is considered to have cost the ASPOA, or its members, employees, or sub-contractors, any value greater than \$100.00, the board can ask that an equal value be reimbursed from the violating Directors

personal funds, to ASPOA board members to be rightfully returned to the offended. If the offended is reimbursed to the Boards satisfaction, the violating Director can be returned to normal Board activity within 60 days. If the violating Director(s) fail to reimburse, he/she will be banned from any future ASPOA activity until his/her term expires.

2. If violation is considered to have cost less than or equal to \$100.00, the term of disbarment of the violation director(s) will be no more than 60 days, and he/she will be required to repay the offended party. Repeated violations (greater than three during his/her term will be cause for banning for the remainder of their term.
3. If violation has no calculable dollar value, but violation was of an unruly and disruptful nature to the offended, the violating director(s) will be subject to a 30 day suspension with a 2/3rds vote of the attending Board.

AMENDMENT OF THE CODE OF ETHICS:

This Code of Ethics may be amended by a 2/3rds vote of the new Board, present and voting. The new Board may only do the action of amendment prior to adoption. Once adopted, no amendment will be allowed until the following year. Each new Board, yearly, shall adopt the Code of Ethics within ninety (90) days of the Annual Meeting and shall adopt the Code of Ethics at a regular Board meeting.

ASPOA Code of Ethics
For the 2004 Board of Directors

ASPOA President, Judy Wilcox Phelps

ASPOA Vice-President, William Mitchell

ASPOA Secretary, Renee Crowder

ASPOA Treasurer, Chris Cokins

SUBSCRIBED AND SWORN TO BEFORE ME by said, _____,
President, _____ Vice-President,
_____ Secretary and
_____ Treasurer of Apache Shores Property Owners
Association, Inc., a Texas non-profit corporation, on behalf of such non-profit corporation,
on this _____ day of _____ 2004.

NOTARY PUBLIC FOR THE STATE OF TEXAS