

## HOA Policy on Policies

Policy Number: 1

Date Inception:

Date of Last Update:

Date of Next Review:

### Background:

The Board of Directors believes that there is a need for a formal approach to policies, including establishing a procedure for the creation and regular review of policies.

### Policy:

To be a policy of the board, the item in question must have the following characteristics:

- be duly passed by the Board of Directors;
- establish a rule or convention of general application, not related to a “one-off” event, or to a reaction to a specific problem or set of circumstances unless such reaction has a long-term effect which merits the establishment of a policy;
- be a rule or convention of general application governing the Board, directors and its processes, the democratic process of the company and the role of and involvement of members and delegates with the company, the President and any other Officer reviewed directly by the Board, any matter involving the board exercising its role in managing and supervising the management of the company as provided in the Non-Profit Corporations Act, South Carolina, as amended and any other matter with respect to which the board determines on an ad hoc basis that it is in the best interests of the company to enact a policy; and
- be identified in the motion as a “policy” of the Board.

The policy must be summarized substantially in the same format as this Policy on Policies.

### Procedure:

- 1) A Policy to be a ‘Policy’ of the Board must be moved, seconded and carried by the Board of Directors of as a ‘policy of the Board’ and must then be included in the appropriate location in the Board Manual
- 2) All policies must be reviewed by the Board of Directors or a committee of the Board of Directors or by some other group, or persons if so indicated in the Policy itself, no less frequently than every five years from the date of the last review;
- 3) Unless otherwise designated the ‘committee’, if available, which shall review policies shall be the Governance Committee of the Board; and
- 4) That in conducting its review of policies, the Governance Committee (if available), shall ensure that where appropriate in the case of any policy which requires management involvement or implementation, where substantive changes may or are proposed to be made, such policy or proposed changes as the case may be, be vetted by the relevant manager or managers prior to coming to the committee for review.

# HOA Board Expense Reimbursement Policy

Policy Number: 2

Date Inception:

Date of Last Update:

Date of Next Review:

## Objective:

The objective is to define and allow for reimbursement of reasonable expenses incurred by Directors of HOA on a fair basis. The policy is designed to rely on the goodwill and discretion of the Director, while at the same time allowing HOA to meet its stewardship obligations as institution.

## Background:

The Board of Directors of HOA oversees the management of HOA. By-laws Section 3.13, Compensation ('No director shall receive any compensation from the Association for acting as such.'), requires that Directors and officers shall serve without payment. However, they have the right to be paid for travelling or other expenses while acting for the Non-Profit Corporation, as long as the expenses are reasonable. The Board must authorize these expenses, and the expenses must comply with any guidelines and limits set by the Board.

## Policy:

HOA reimburses Directors for reasonable expenses while acting on HOA business. Pre-approval of expenses (verbal discussion of proposed expense at a Board meeting) is required by the Board prior to incurring expenses.

## Procedure:

### General

- a) Expenses submitted should be reasonable and appropriate, and personally incurred in relation to fulfilling the Director responsibilities while on the Board.
- b) The claimant will not request reimbursement on behalf of another individual nor claim expenses which have been or will be covered by another source.
- c) Expenses will be supported by receipts.
- d) Travel and accommodation outside of regular board or committee meetings arrangements are to be approved by the President before incurring any expenses.
- e) Meal expenses and accommodation required by the Director while on authorized HOA business outside of Board or Committee meetings are reimbursed by HOA.

### Expense Allowances for Board or Committee Meetings

- a) No expense allowance will be paid for Board Directors attending a Board meeting, Executive or any other Committee meeting.
- b) No expense allowance will be paid for conference call meetings or for committee meetings held directly before or after a Board meeting.

- c) No expense allowance will be paid for any Board member taking minutes at any Board or Committee meeting.
- d) No expense allowance will be paid for any authorized Board member to sign checks. Expense allowances will not require receipts for reimbursement.

### **Transportation**

Outside of regular Board or Committee meetings, transportation expenses will be reimbursed on the following basis.

- a) Mileage for use of personal vehicles on HOA business is reimbursed at the same rate as is set from time to time for employees of HOA. Currently, that rate is set at the rate defined by the IRS. It will be reviewed on a regular basis, but at least once per annum.
- b) Business requiring other travel arrangements, such as air or rail, is by the most economical /most convenient means with due regard to economics.

### **Reimbursement**

Reimbursement of expenses is claimed quarterly using the 'standard expense claim form' available from the President.

The President reviews the expense claim for reasonableness and accuracy and obtains approval for payment from the Board.

Payments will be remitted at the end of each quarter within 30 days of each quarter end.

Reimbursements of Board and Committee Meeting expense allowances will be done on the basis of director participation in the various meetings without individual submission of expense claims.

# HOA Board Mandate Policy

Policy Number: 3

Date Inception:

Date of Last Update:

Date of Next Review:

## Background:

The legal responsibilities and obligations of Directors have their roots in:

Legal documents that establish and empower HOA, including:

- The South Carolina Homeowners Act (the “Act”) and associated regulations
- The South Carolina Nonprofit Corporation Act
- Incorporation documents and By-Laws of HOA made pursuant to the Act
- The Declaration of Trust
- Rules & Regulations
- Policies established by the Board of Directors
- Common Law duties and responsibilities applicable to corporate directors.

As a general premise, there are no conflicts between the empowering documents and common law requirements. This policy focuses on the generic responsibilities of Directors, and specific requirements which can be found in the wording of the Act, the By-laws or other specified documents.

## Policy:

Directors are “fiduciaries” of the organization they serve and are expected to fully participate in orientation and development opportunities. They have an obligation to act honestly and in good faith with a view to the best interests of HOA, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In particular:

## Providing Stewardship

Directors have a role of stewardship of HOA. Stewardship means that a Director should exercise leadership visibly and be assertive when necessary. Stewardship also requires vision and forward thinking, particularly in areas such as strategic planning and identifying areas of risk.

## Fiduciary Duties

Directors are elected by the membership. Once elected, his or her primary fiduciary duty is to act in good faith and with a view to the best interests of HOA, not any particular member or group of members. This means:

- acting in the best interests of current and future members
- maintaining the confidentiality of information obtained as a Director
- disclosing information that would be important for the board to know in making its decisions
- disclosing conflicts of interest
- complying with the Act and any associated regulations

- taking positive and proactive steps to protect the interests of HOA
- bringing an independence of mind to their Director duties
- working to build trust and co-operation among members and between the board and stakeholders.

Individual Directors may bring specific knowledge of a specific area or cultural/sectoral dimension that, when shared appropriately, can be valuable to the board in making its decisions. Nonetheless, a Director must ultimately vote on an issue based on his or her perspective in furthering the best interests of HOA.

### **Acting with Care, Diligence and Skill**

Directors must devote sufficient time and attention to the affairs of HOA so that they are in a position to exercise informed judgment.

Directors must use all of their skills and experience in carrying out their duties. A Director has a common law duty to exercise the level of care, scrutiny and supervision that a prudent person (taking into account such person's level of skill, knowledge and education) would exercise in comparable circumstances.

### **Exercising Sound Business Judgment**

Directors must exercise sound business judgment and act reasonably and in good faith, without a conflict of interest.

Consistent with the requirements of due diligence, Directors ensure that:

- adequate information is available, agendas and background documents are provided prior to meetings
- they attend meetings and ask questions with independent minds
- they establish the appropriate committees to ensure that certain matters receive an in-depth and expert examination that would be difficult for an entire board to conduct
- objections to board motions are recorded in the official minutes; otherwise it is deemed that a Director is in agreement with the motion.
- Directors who are absent from a board meeting will, by virtue of the Act, be deemed to have consented to or acquiesced in a decision taken at that meeting unless the absent Director, upon becoming aware of the decision, indicates his/her dissent by delivering notice of that dissent to HOA within seven days, or requesting that his/her dissent be placed in the minutes of the meeting. Notwithstanding having recorded a dissent, Directors speak with "one voice."

### **Respecting and Contributing to the Values of HOA**

Directors abide by, respect, and contribute to the fulfillment of the By-Laws, objects, mission, vision and values of HOA. They conduct themselves in a manner befitting HOA and promote HOA, its purpose and values among Members, stakeholders, and the community.

### **Respecting and Abiding by Laws, Regulations, and HOA By-Laws and Policies**

Directors respect and abide by legal and regulatory requirements and the policies of HOA, such as they exist at present and may, from time to time, be agreed by the board. This includes taking care to ensure that their conduct cannot be interpreted as being in contravention of applicable laws and regulations.

### **Acting for HOA as a Whole**

Directors act for HOA as a whole rather than for:

- a Director's own personal interest
- groups whose positions a Director might favor.

**Speaking with One Voice**

Directors support the decisions of the Board of Directors. After the board has reached a recorded decision, Directors speak to the President and to members with a "single voice" and refrain from all public criticism of the board's decision.

Directors exercise power collectively through resolutions of the board under the authority of HOA's articles of incorporation and by-laws. Unless given specifically delegated authority, a Director has no individual authority to act on behalf of HOA.

## **Conduct of Board/Director**

Policy Number: 4

Date Inception:

Date of Last Update:

Date of Next Review:

### **Background:**

The Board of Directors of HOA oversees the management of HOA. It ensures that management operates in accordance with codes of conduct and procedures to ensure that staff and HOA discharge their fiduciary duties with the utmost good faith, to the highest standard and with a view to the best interests of HOA. Given the different roles played by the Board, Directors and staff, codes of conduct must be in place and appropriate for each. As fiduciaries of HOA the Board of Directors and each Director collectively and individually commit themselves to upholding the highest standards of conduct in serving the best interests of HOA. That is the purpose and background to this policy.

### **Policy:**

The Board of Directors and each Director of HOA commits to:

- 1) Discharge his or her duty in good faith, competently, diligently, in accordance with best practices applicable to directors and with a view to the best interests of HOA;
- 2) Hold the highest level of integrity as our standard of conduct;
- 3) Ensure that HOA complies both with the spirit and the intent of applicable laws, including those intended to promote good corporate citizenship and accountability;
- 4) Ensure that HOA conducts itself in the communities it serves as a good corporate citizen;
- 5) To promote, support and encourage by example management practices which reinforce our mission and core values, equitable employment practices, anti-harassment policies, ethical practices and dealings; and
- 6) To conduct our dealings with and on behalf of HOA observing the highest standard of ethics and in a manner to avoid possible conflicts of interests.

### **Procedure:**

- 1) Any allegations of conduct unbecoming a Director of HOA pursuant to this policy may be referred to the Board of Directors for appropriate action.
- 2) Any allegation made under 1 shall be considered by an ad hoc Directors Committee of three directors (including the President) established for the purpose, which shall be chaired by the President of the Board unless the subject matter of the allegation involves the President, in which case he or she shall not be on the committee and shall be substituted for by the Vice-President who shall Chair the committee.
- 3) The Directors Committee, if available, shall meet, shall hear any evidence which it deems appropriate, including the evidence of any advisors it chooses to consult and shall give the affected director the opportunity to be heard and to examine evidence produced before it prior to making any decision or rendering any judgment.

- 4) The Directors Committee, if available, may make any recommendation it deems to be reasonable in the circumstances up to and including dismissal from the Board.
- 5) The Board of Directors shall consider any recommendations of the Directors Committee, if available, and may make a decision with respect to disciplinary action where appropriate.
- 6) Any Director against whom a finding may be made is entitled to a hearing before the full board before any finding is made; and
- 7) Where the Directors Committee, if available, proposes in its recommendation to dismiss the Director from the Board, it must be made in the context of a recommendation to be endorsed by the Board of Directors. The members under the By-Laws remove the Director from office at a regular or special meeting of the Association duly called, any one or more of the directors may be removed, with or without cause, by a majority of the Total Association Vote and a successor may then and there be elected to fill the vacancy thus created. A director whose removal has been proposed by the Owners shall be given at least ten days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any director who has three consecutive unexcused absences from the Board meetings or who is delinquent in the payment of an assessment for more than 30 days may be removed by a majority vote of the remaining directors at a meeting.

**Cross Reference:** Conflict of Interest Policy No. 5

## Board Member Ethics & Conflict of Interest Policy

Policy Number: 5

Date Inception:

Date of Last Update:

Date of Next Review:

Adopted by the Board of Directors on Month Day, 20xx pursuant to their authority under Article III, A., Section 3.1, Governing Body; Composition, and Section 3.18, Powers, of the "By-Laws of Four Seasons Farm Homeowners Association, Inc.," which states:

Duties: It shall be the duty of the Board of Directors to:

...The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members. The Board shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;
- (b) making assessments to defray the common expenses and establishing the means and methods of collecting such assessments;
- (c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;
- (d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) making and amending use restrictions and rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) enforcing by legal means the provisions of the Declaration, these By-laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (i) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;
- (j) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and functions;
- (k) contracting with any Person for the performance of various duties.

## **Code of Ethics**

All Board members will:

- Do their best to ensure that the Four Seasons Farm HOA Association are well maintained, financially secure, and operating in the best interests of the members of the Association.
- Focus their efforts on the goals of the Association and not their personal goals
- Refrain from using their service on the Board for their personal advantage or for the advantage of their friends or associates.
- Respect and support the majority decisions of the Board.
- Keep all confidential Board information confidential.
- Approach all Board issues with an open mind, prepared to make the best decisions for everyone involved.
- Do nothing to violate the trust of those who elected or appointed them to serve on the Board.
- Never exercise authority as a Board member except when acting in a Board meeting or as delegated by the Board or its President.
- Follow the laws governing Planned Communities, the By-Laws and Covenants of the Association, and other policies of the Association including, but not limited to this Conflict of Interest Policy and Procedure.

## **Conflict of Interest Policy and Procedure**

**Purpose:** The purpose of this policy is to protect the Association's interests when it is entering into a transaction or arrangement that might benefit the private interests of a director of the Association or might result in a possible excess benefit transaction. This policy applies to any member of the Board of Directors, whether they are an officer or a director at large.

### **Definitions:**

#### **Conflicts involving financial interest:**

A Conflict of Interest shall be deemed to exist when any director knowingly has, directly or indirectly, through business, investment, or family:

- a) An ownership, investment, income or other interest in any entity with which the Association has a transaction or arrangement,
- b) A compensation arrangement with the Four Seasons Farm HOA or any entity or individual with which the Association has or is contemplating a transaction or arrangement

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Anything with a value of \$50 or more shall be considered substantial.

#### **Conflicts involving significant relationships:**

A Conflict of Interest shall be deemed to exist when any director has a significant relationship with a non-profit or for-profit entity that has or is negotiating a transaction with the Association. This definition shall include, but not be limited to, sitting on the board of a non-profit, or having a leadership role or other significant role in the operations of a for-profit or non-profit, even if there is no compensation.

#### **Conflicts involving benefit to property:**

A Conflict of Interest shall also be deemed to exist when a director's property will disproportionately benefit from a board decision relative to other members of the association.

A Conflict of Interest shall be deemed *nonexistent* when any director or their property value will benefit from a board decision in a manner that is consistent relative to other members of the association.

### **Procedures:**

1. **Conflict of Interest Disclosure Form:** Beginning March 1, 2021, all current Directors and newly elected or appointed Directors will sign a conflict of interest disclosure form prior to voting on any matters put before the board. The form may be found at the end of this document. This form shall be updated by the Director as needed, and will be effective for the Director's entire term.
2. **Duty to Disclose:** In connection with any conflict of interest the interested director must disclose the existence of the interest to the other members of the board prior to or at the beginning of any discussion involving the conflict of interest.

3. **Recusal of Self:** Any director with a conflict or potential conflict of interest shall abstain from voting on any matter that involves their interest and shall give the other members of the board an opportunity to discuss the matter without the presence of the interested party.
4. **Violations of this policy:**
  - a. If any board member or other member of the Association has reasonable cause to believe that a directory has failed to disclose conflict of interest, that individual shall notify the Board of Directors either verbally at a meeting of the Board or in writing, outlining the basis for such belief.
  - b. The Board shall give the director in question an opportunity to explain the alleged failure to disclose.
  - c. The Board may then take any of the following actions as reasonable steps to correct the violation, which shall be determined by majority vote:
    - i. Suspend the Director's voting privileges for specific related matters
    - ii. Require the Director to leave the room for the duration of consideration of and action on related matters
    - iii. Reprimand the Director and in egregious cases remove the Director from the Board
    - iv. Determine that no conflict of interest exists
5. **Documentation:** Board minutes will reflect the disclosure of conflicts of interest and potential conflicts of interest as well as any action outlined under section 4 of these procedures.

**Cross Reference:** Conduct of Board/Director Policy No. 4

## Code of Ethics and Conflict of Interest Disclosure Form

### Four Seasons Farm Homeowners Association

This form is to be completed by all members of the Four Seasons Farm HOA Board of Directors on an annual basis.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Employer:

- ☐ I have read the Association's Code of Ethics and Conflict of Interest Policy & Procedure
- ☐ I agree to abide by the Association's Code of Ethics and Conflict of Interest Policy & Procedure
- ☐ I have no conflicts or potential conflicts of interest to disclose at this time
- ☐ I have or a family member has a financial interest in or significant relationship with the following entities that have arrangements with or currently would like to have arrangements with the Association:

Name of the entity:

Relationship to the entity:

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I hereby certify that the information set forth above is true and complete to the best of my knowledge.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

## HOA Director Indemnification Policy

Policy Number: No. 6

Date of Inception:

Date of Last Review:

Date of Next Review:

### Background:

Directors provide volunteer time and resources to the Board of Directors of HOA and in oversight of the management of HOA. In this regard, so long as they act honestly, in good faith and with a view to the best interests of HOA, they should receive the best protection from potential liability which HOA can provide:

### Policy:

Directors of HOA are entitled to the full protection permitted under the Act, against personal liability. In addition to assisting Directors in being duly diligent, HOA will provide Directors with:

- advance notice of meetings and agenda items; and
- maintenance of complete corporate records, including minutes for all board and committee meetings.

Also, HOA shall provide Directors with:

- personal indemnification on the basis permitted by the applicable acts and HOA's by-laws and (in addition to the foregoing) as authorized by the Board of Directors from time to time;
- "Directors' and Officers' liability insurance" under policies pursuant to coverage that is consistent with best practices with similar not-for-profit organizations, with the actual level of insurance being in the absolute discretion of the board.

### Procedure:

The form of indemnity and the type and extent of Directors and Officers liability insurance coverage is reviewed by the Audit Committee (If available or Board) on an annual basis.

## **HOA Director Development Policy**

Policy No. No. 7

Date of Inception:

Date of Last Review:

Date of next Review:

### **Background:**

The board recognizes that investing in ongoing Director development is an important component of ensuring continually effective governance at HOA. As such, the board is committed to providing all Directors with access to training and development opportunities.

The Board acknowledges that new Directors require orientation programs that will bring them up-to-speed as quickly as possible and enable them to function effectively as Directors of HOA at the earliest possible time. As such, the board is committed to providing new Directors with an orientation program.

### **Policy:**

1. As part of their duties and obligations, Directors are expected to participate fully in orientation and development opportunities. In particular, it is expected that all Directors will attend an orientation program within three months (period as determined by Board) of joining the board of HOA.
2. There are two aspects to Director development. One is the provision of regular, periodic development opportunities for the full board. The other is the availability of development opportunities tailored to the specific needs of individual Directors.
3. Any individual development opportunities will be approved by the Executive Committee (if available, or Board) on a case-by-case basis.
4. The Governance Committee (if available, or Board) will review the effectiveness of Director development on an annual basis. There is an expectation that the board will devote at least one day per year to ongoing development for the full board, based on an agenda to be developed by the Executive Committee (if available, or Board).
5. The specific development events will be scheduled in advance and it is expected that all Directors will attend. The Executive Committee (if available, or Board) will be responsible for ensuring the development events occur.
6. It is the responsibility of Directors to determine their individual development needs with information and support provided by the President.
7. The cost of participating in personal development projects and educational courses will be through no-cost online articles (President's library) and video presentations (e.g. YouTube) as authorized by the Executive Committee (if available or Board).

8. The objective of the orientation program is to bring new Directors up to speed as quickly as possible after their election to the board.

9. The Executive Committee (if available, or Board), with the assistance of the President, is responsible for developing and maintaining a orientation program that will be a mandatory requirement for all Directors. The program will be delivered within the first three months of new Directors assuming their positions.

10. The orientation program should be comprehensive and will involve presentations by and meetings with senior management. It will include materials on the real estate development industry.

## HOA Board Committees Policy

Policy No:                No. 8

Date of Inception:

Date of Last Review:

Date of Next Review:

### **Background:**

A formal committee structure exists to support and expedite the work of the Board of Directors. Committees of the board are empowered to review matters requiring specialized expertise, issue formal recommendations, and in some cases, make decisions on behalf of the board. This allows HOA's Board of Directors to optimize its time, and achieve greater depth in its deliberations than would otherwise be possible.

In reviewing committee recommendations, the board's role is to ensure the soundness of the recommendations without re-doing the work of the committee.

### **Policy:**

The Board of Directors has established by resolution the following four standing committees:

- A. Audit Committee;
- B. Governance Committee;
- C. Executive Committee; and
- D. Membership Committee.

Other standing or ad hoc committees may be formed as appropriate.

The Mandate and Terms of Reference for each committee are developed for approval by the Board of Directors, and incorporated into HOA's governance policies.

### **Procedure:**

1. While the Board of Directors sets out the general criteria for the recruitment and selection of new Directors, standing committees may set forth additional criteria for committee participation.
2. The process for appointing Directors to the standing committees begins with each elected Director completing a "Preference Sheet" which indicates his/her first, second and third choices, as well as whether he/she wishes to serve as a committee chair. These "Preference Sheets" are submitted in confidence to the President, who review the requests and recommends to the Governance Committee (or Board), if available, the slate of Committees. The Governance Committee, if available, reviews this information, makes any

necessary adjustments and issues formal recommendations for committee appointments to the Board of Directors.

3. The appointment of standing committee members and Chairs takes place in accordance with approved board policy at a board meeting as soon as practical after the Annual General Meeting and Election of Directors. Standing committee members are appointed on an annual basis, with each committee consisting of a minimum of three directors. The Chair of each Committee is recommended by the Governance Committee, if available or Board) and approved by the Board at the first scheduled meeting of the board following the Annual General Meeting.

4. A committee may declare a committee member's position vacant if the member fails to attend two consecutive committee meetings without reasonable excuse, is frequently absent from regular Board or committee meetings, or does not perform any of the duties required of a committee member. A committee will declare a committee member's position vacant if that member no longer meets the requirements for service on the Committee.

5. Standing committees meet as often as required to fulfill their mandates, and attend to the specific responsibilities outlined in their respective Terms of Reference. At a minimum, each standing committee meets four times per year.

6. Unless otherwise detailed in a committee's individual Terms of Reference, committee meetings are held at the request of the committee chair, provided 48 hours' notice is given. A committee meeting may also be held at the request of any two members of that committee.

7. A committee's business may only be transacted at a meeting in which a quorum of the committee is present, or by a resolution in writing signed by all committee members. A majority of the committee members constitutes a quorum.

8. A committee's Terms of Reference reflects various responsibilities, namely; to review; monitor; report; recommend; In addition to ensuring that any additional communication or reporting requirements outlined in a committee's Terms of Reference are met, committee chairs are responsible for:

a) ensuring that the board is aware of the committee's deliberations, decisions and/or actions, by providing the board of Directors with a timely report after each committee meeting;

b) ensuring that accurate minutes of every committee meeting are maintained and available to the Board; and

c) reporting to the board of Directors during the Board's regular meetings, as per the regular committee Reports item on the Board's agenda.

9. Policy No. 11 applies with appropriate change to committee meetings unless the meeting is called pursuant to section 6 of this police where the material should be delivered no later than 24 hours before the meeting.

**A. Audit Committee (if available or Board) Mandate**

As required by HOA bylaws and the Act, the Audit Committee (if available or Board) is responsible for:

- a) reviewing the financial statements, internal controls, accounting policies and reporting procedures of HOA;
- b) ensuring the integrity of financial reporting;
- c) providing oversight over the external audit processes;
- d) managing the audit relationship with external auditors;
- e) reviewing the delegation of authority within HOA;
- f) reviewing and recommending to the Board the Credit and Policy annually, and monitoring compliance with this policy;
- g) reviewing and recommending to the board the Internal Control Policies for HOA;
- h) monitoring compliance with HOA's Internal Control Policies; and
- i) risk management of HOA.

**B. Governance Committee (if available or Board) Mandate**

HOA's Governance Committee (if available or Board) is a committee of the Board of Directors. It is responsible for ensuring the effective governance of HOA, and for ensuring that a spirit of trust, teamwork, transparency, and professionalism characterizes its governance processes. More specifically, it is responsible for:

- a) Creating and maintaining a healthy governance culture within the organization, so that HOA members are assured of both appropriate representation and of governance structures, policies and procedures that reflect the industry's current best practices;
- b) Conducting an annual review of HOA's Governance Policy as it relates to member needs and issuing related recommendations to the Board of Directors;
- c) Enhancing Board performance by establishing procedures for the recruitment, evaluation and election of Directors;
- d) Overseeing the development and implementation of orientation procedures for new Directors, and evaluating their effectiveness;
- e) Assessing the effectiveness of the Board, Board Committees and Committee Chairs;
- f) Monitoring adherence of HOA's directors, officers and employees to the Code of Conduct;
- g) Conflict of Interest - Review the adequacy of and monitor compliance with the Board policy on identifying and resolving conflicts of interest, and restricting the use of confidential information; and

h) Overseeing the funding for development of Directors, and evaluating the effectiveness of development initiatives.

**C. Executive Committee (if available or Board) Mandate**

HOA's Executive Committee is a committee of the Board of Directors and is responsible for:

- Ensuring that policy guidelines and systems are in place to ensure the establishment and implementation of strategic plans appropriate to achieve the HOA Mission;
- Recommending to the Board the agenda and format of the Annual Strategic Planning Session.
- Acting on behalf of the Board where Board decisions are required between Board meetings and it is not practicable to keep the item until the next regularly scheduled Board meeting;
- Reviewing the compensation and benefits programs for the President and other staff of HOA and recommending same to the board for their consideration; and
- Any other matter which needs to be considered and is not otherwise specifically within the mandate respectively of the Audit Committee (if available or Board), Governance Committee (if available or Board) or Membership Committee (if available or Board).

**Cross Reference: Policy No. 11**

## **HOA Policy on Role of Chairs**

Policy No: No. 9

Date of inception:

Date of last review:

Date of next review:

### **Background:**

The work of the board of HOA is fulfilled by having a robust committee structure with an active and engaged Chairperson of the Board as well as Chairs of standing and ad hoc committees of the board.

### **Policy**

#### **I. Chairperson**

##### **A. Accountability**

The Chair of the board is accountable to the Board of Directors for the fulfillment of the responsibilities of the office of Chair as outlined in this policy.

##### **B. Role and Responsibilities**

The Chair leads the board in establishing effective corporate governance processes and practices, and ensures efficient and effective Board meetings.

The responsibilities of the Chair of the board include, but are not limited to:

- a) Assuming principal responsibility to oversee the operation and functioning of the Board of Directors;
- b) Providing overall leadership to the board, without limiting the principle of collective responsibility and the ability of the board to function as a unit;
- c) Fulfilling their board leadership responsibilities in a manner that ensures the board is able to function independently of management. This includes ensuring that the appropriate procedures are in place for the board to meet regularly, and to allow for Directors to engage outside advisors at the expense of HOA in appropriate circumstances, subject to recommendation of the Governance Committee (if available or Board) and the approval of the Board;
- d) Setting board agendas, in consultation with the President including any items requested by a director, that are based on the responsibilities of the board and reflect current priorities;
- e) Chairing board meetings effectively, including ensuring that appropriate briefing materials are delivered in a timely fashion, encouraging full participation and discussion by individual Directors, stimulating debate, facilitating consensus, and ensuring that clarity regarding decisions is reached and duly recorded;

- f) Requesting that another Director, chair a particular meeting, or a particular agenda item should the Chair determine that due to a potential conflict of interest, they would not be the most appropriate Chair of that particular meeting or agenda item, or if the Chair wishes to participate in the discussion, he or she may appoint a meeting Chair to preside at a given meeting or portion thereof;
- g) Ensuring compliance with the governance policies of the board regarding conduct of board meetings, managing and reporting information and other policies related to the conduct of the board's business;
- h) Taking a leadership role in ensuring effective communication and relationships between HOA, members, stakeholders and the community in which HOA provides its services, and reporting to the members on the activities of HOA through the annual report at the Annual General Meeting of members and the annual and special membership meetings;
- i) Ensuring an effective and productive working relationship between the board and management, including acting as the Board's on-going liaison with the President;
- j) In conjunction with the President, serving as a representative of HOA in dealings with federal and provincial governments and community representatives and agencies, the membership, the real estate development industry and the general public;
- k) In consultation with the President, receiving and responding to any questions or complaints from members or external sources on the operation, strategic direction or management of HOA;
- l) Be the public face and primary spokesperson for HOA; and
- m) Assist the President in public and government meetings or other events.

### **C. Term Limit**

On an annual basis, the board will elect a Chair, balancing the benefits of experience and leadership continuity with the need to refresh leadership and provide opportunities for emerging skills.

## **II. Committee Chair**

### **A. Accountability**

Each Committee Chair is accountable to the Board of Directors for the fulfillment of their responsibilities as outlined in this policy.

### **B. Role and Responsibilities**

Committee Chairs lead their respective committees to fulfill their mandates and Terms of Reference as described in the board policy "Committees of the Board".

The responsibilities of a Committee Chair include:

- a) Assuming principal responsibility for the effective operation and functioning of the Committee.
- b) Providing leadership to the Committee without limiting the principle of collective responsibility and the ability of the Committee to function as a unit.

- c) Consulting with Committee members and the President to set agendas that are based on the Committee's responsibilities and reflect current priorities of the Committee.
- d) Chairing Committee meetings effectively including ensuring that appropriate briefing materials are delivered in a timely fashion, encouraging full participation and discussion by committee members, stimulating debate, facilitating consensus, and ensuring that clarity regarding decisions is reached and duly recorded.
- e) Providing a regular summary report on Committee activities to the Board of Directors, that reports on the fulfillment by the Committee of its mandate and Terms of Reference and focuses on the provision of key information and issues that the Board requires in order to fulfill its overall governance responsibilities.
- f) Ensuring compliance with board policies regarding conduct of board meetings, managing and reporting information and other policies related to the conduct of the Committee's business.
- g) Ensuring an effective productive working relationship between the Committee and management.

## **Board and Committee Minutes**

Policy No: No. 10

Date of Inception:

Date of Last Update:

Date of Next Review:

### **Background:**

The South Carolina Nonprofit Corporation Act and Four Seasons Farm by-laws, as amended, requires HOA to keep books containing minutes of the meetings of the members, directors and the executive committee, which are to be open to inspection during HOA's normal business hours by its directors. Only the minutes of members must be made open to inspection by members during HOA's normal business hours. There is no requirement in the Act that board minutes be provided to members. HOA's by-laws are consistent with these statutory provisions. The Board of Directors of HOA sees it as desirable to have a policy governing the keeping of minutes of meetings of the Board of Directors of HOA and of its committees and the accessibility thereto by directors and by members.

### **Policy:**

Minutes shall be kept of all meetings of the Board of Directors or of its committees. These minutes shall include a record (i.e. an entry indicating that a subject has been discussed) that various items have been discussed and a record of any decision made by the board or made by a committee to be recommended to the board for approval.

Any decisions which are made should be in resolution format indicating a mover, a seconder, the nature (i.e. action intended) of the resolution and that the motion carried or failed to carry. If there were any abstentions or votes against where the director abstained or voted against and asked that their abstention or negative vote be recorded, this should be recorded in the minutes.

Directors and members have the right to review all minutes, during regular business hours of HOA.

## **Board Materials Policy**

Policy No: No. 11

Date of Inception:

Date of Last update:

Date of Next Review:

### **Background:**

The Board of directors oversees the management of HOA. Directors are expected to act honestly and in good faith with a view to the best interests of the corporation. They must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. They are expected to come to meetings fully conversant of the pre-meeting materials. As a result it is seen as desirable to have a policy set out the expectations with respect to materials to be delivered to directors prior to the meeting and the manner in which those materials should be delivered.

### **Policy:**

It is the policy of HOA that board materials (meaning the notice and agenda of the meeting, minutes of past board and committee meetings, any management updates, project reports, risk assessments, project evaluations or other presentations etc.) shall be delivered to Directors no later than 4 calendar days prior to any board meeting. The standard for delivery of board materials is that they shall be delivered in electronic format in a package consistent with the notice and agenda for the meeting. Electronic delivery must also be done no later than 4 calendar days prior to any board meeting. In the event that materials are received later than the times set out in this policy, a special motion of directors shall be needed to have the material considered at the board meeting, otherwise they will be considered at the next board meeting. The special motion to be successful must receive the support of at least 75% of those voting on the motion.

Nothing herein restricts the ability of management to deliver written updates to any board meeting, including on the day of the board meeting itself, which update material is with respect to an electronic report which has already been provided to the board in writing and consistent with this policy (i.e. that the report itself which is being updated was delivered no later than 4 calendar days prior to the meeting). Where it is known at the time that the material is delivered in accordance with this policy but there will be an update to the material, this should be indicated in the appropriate place in the agenda.

### **Procedure:**

The procedure is included in the Policy description.

# HOA Board Meeting Protocol

Policy No: No. 12

Date of Inception:

Date of Last Review:

Date of Next Review:

## Background:

Meetings of the Board of Directors are an essential part of HOA's governance processes. The Board of Directors meets as necessary to effectively fulfill its governance responsibilities. The board uses a policy governance model of leadership that is informed by, and committed to principles of transparency, integrity, honesty, good faith and respect for others.

## Policy:

1. To the greatest extent possible, and to foster team building, the board determines its own meeting practices, protocols and procedures with a view to ensuring that effective, professional and efficient board meetings are conducted.
2. Those practices, protocols and procedures include, but are not limited to:
  - a) coming to meetings fully conversant of the pre-meeting materials;
  - b) arriving at the appointed time and staying until the end;
  - c) disclosing any perceived conflicts of interests at the outset of a discussion;
  - d) actively participating in each discussion;
  - e) not repeating points of view that others have already made, other than to acknowledge agreement;
  - f) allowing others to speak without interruption;
  - g) expressing dissent in a respectful manner;
  - h) treating guests with respect and allowing them to speak;
  - i) keeping comments brief and respecting the timeframes outlined in the agenda;
  - j) avoiding sidebar conversations or caucus meetings; or
  - k) not use electronic devices other than to follow the agenda or access relevant material to the meeting.
3. While the board makes every effort to manage and control its own meeting processes, in the event that a meeting situation arises that cannot be resolved through established board practices, protocols or procedures, the board will use Roberts Rules of Order to address that situation. It is a goal of HOA that there should be no need to resort to Roberts Rules of Order.
4. Meetings of the board will be held "in person", unless the Chair determines that a meeting via telephonic or electronic means is necessary. The telephonic or electronic means shall permit all participants to communicate adequately with each other during the meeting.

5. Serving as resources to the board, the following individuals may attend the regular meetings of the Board of Directors:

- a) President;
- b) External legal counsel; or
- c) External auditors (as requested by the Chair of the Audit Committee (if available) or by the external auditor).

6. HOA's by-laws provide that meetings of the board are held within Spartanburg County.

7. It is required by law that accurate minutes of all board and Committee meetings be maintained. These minutes are the formal record of the board's decisions and serve as proof that HOA has exercised an appropriate level of due diligence. From a liability perspective, the protection of the board and of individual Directors relies on demonstrable due diligence in the fulfillment of their governance obligations.

8. The minutes of all Board of Directors and Committee meetings are maintained in the Office of the External Legal Counsel or President/Treasurer.

9. HOA's external auditors and regulators have full access to the minutes of all board, Committee meetings.

**Procedure:**

To ensure its effectiveness as a board, at the conclusion of each meeting the President conducts a debriefing of the performance of the meeting as a whole. Directors are encouraged to express views on what worked and what did not, including how the meeting could have been more effective and efficient. The minutes will reflect the outcome and the President will take items under advisement to ensure improvement at future meetings.

## **HOA Board Political Advocacy Policy**

Policy Number: No. 13

Date of Inception:

Date of Last Update:

Date of Next Review:

### **Background:**

Home Ownership Alternatives (HOA) is a non-partisan organization. However, it is recognized that the social economy is influenced by government and politics. In order to advance its ends it is, therefore, necessary from time to time to inform and influence political parties, elected individuals, individuals who are interested in being elected and/or governments and government officials.

HOA representatives for this policy: Mortgage Manager (if available), President

### **Policy:**

Without prior approval of the Executive, HOA as an organization or any representative of the organization on behalf of the organization shall not make a donation either in cash or kind to an individual or political party to further an election or other activity that further the interests of a party or member of a political party.

HOA may participate in advocacy efforts in its own right to promote public policy in its interests or those of its members.

HOA may participate in advocacy efforts sponsored by national, provincial or local associations of co-operatives, housing organizations and/or social policy groups which could further the ends of HOA.

HOA may organize non-partisan events where its representatives may interact with government officials and/or elected individuals.

### **Procedure:**

In all advocacy endeavors HOA will ensure that the requirements under any Lobby legislation are met including registering as a lobbyist, if required.

All advocacy endeavors to advance HOA's interests under this policy which require the expenditure of funds must be approved by the Executive Committee (if available or Board) in advance and reported to the next Board meeting.

All advocacy endeavors to advance HOA's interests under this policy should be reported to the Board in accordance with the Policy on Management Reports to the Board.

### **Advocacy Endeavors:**

HOA may inform or influence political parties, elected individuals, individuals who are interested in being elected and/or governments and government officials by holding meetings, writing briefs, being a signature to others' briefs, and/or making deputations.

Subject to the prior approval of the Executive Committee (if available or Board), HOA may have an individual, representative of a party or government official speak and/or participate in any of its events.

# **Policy on the Delegation of the Power to Manage by the Board of Directors to the President**

Policy Number: No. 14

Date of Inception:

Date of Last Update:

Date of Next Review:

## **Definitions:**

“Act” means to be in force sometime, as amended from time to time, which is the statute that will govern HOA once in force.

“Board” means the Board of Directors of HOA.

“President” means the President, Chair of HOA and the Board of Directors, Chief Executive Officer.

## **Background:**

This policy provides for the Board of Directors’ delegation of the power to manage to the President of HOA.

The Board of a nonprofit corporation is responsible for the oversight of the management of the corporation (South Carolina HOA Act, Article 2, Incorporation). Generally, this means that the Board is responsible for supervising senior management, providing strategic planning to the corporation, and developing and implementing corporate policy. Board members must be (or at least must become) knowledgeable about the business and financial affairs of the corporation. Appropriate delegation of authority or power to manage is fundamental to the effective and efficient management and operation of the corporation.

In discharging its mandate to manage the corporation's affairs, the Board must comply with the objectives of the corporation as stated in the letters patent or articles of incorporation and bylaws. The board must also comply with the relevant provisions of the corporation’s statute under which the corporation is incorporated and the rules established under the common law governing directors' duties.

The key link between the Board and management is the President, who is chosen and appointed by the Board. The powers exercised by the President, and through him or her, by senior management, are powers delegated by the Board to the President South Carolina HOA Act, Required Officers, Section 33-31-840).

## **Policy:**

1. On becoming President of HOA, a person enters into a contract with HOA which, among other things,
  - a. sets out the scope of authority of the President;
  - b. articulates the nature of the delegation of powers by the Board to the President;
  - c. may be amended from time to time with the mutual consent of the Board and the President, subject to the right of the Board to define or alter the scope of authority of the President from time to time; and

d. includes the President's undertaking to use his/her best efforts in any situation to maintain and develop good and harmonious relations with members of HOA and to provide the best possible service to its members and stakeholders or both, where applicable, and to the public at large.

2. The Board may delegate certain functions to the President, but must maintain a supervisory role.

3. The Board is responsible for regularly reviewing the President's performance of the Board's delegated tasks.