

CODE OF ETHICS AND ETHICAL STANDARDS FOR OFFICERS AND MEMBERS OF THE BOARD OF DIRECTORS

PREAMBLE

We, the officers/board members of duly registered and/or accredited homeowners association with the HLURB, cognizant of our roles and responsibilities to our constituents and fellow officers/board members on the one hand, and the community on the other, hereby adopt this Code of Ethics and Ethical Standards For Officers and Members of the Board of Directors that will guide us in the performance of our duties to achieve the avowed goal of serving the majority interests of the members, through proactive, responsive, non-partisan and immediate basic services delivery under the atmosphere of self-help, volunteerism, rule of law, and transparency in the governance of our local affairs.

And we hereby declare to be bound by these ethical standards and norms during our incumbency in office freely, voluntarily and without reservation.

ARTICLE II

DEFINITION OF TERMS

Section 1. *Officers* refer to those members duly elected to/for the executive positions such as but not limited to, Chairman/President, Vice Chairman/Vice President, Business Manager, Secretary and Treasurer, pursuant to the association's by-laws/internal rules.

Sec. 2. *Board Members* refer to those executive officers duly elected to the Board of Directors/Trustees in accordance with the by-laws/internal rules of the association;

Sec. 3. *Conflict of Interests* occur whenever the integrity, trustworthiness, or impartiality of an officer/board member is potentially undermined, compromised or impaired by reason of his/her inconsistent or competing personal or professional interests and welfare, or that of his/her family and/or relatives to the fourth civil degree of consanguinity or affinity;

Sec. 4. *Perceived Conflict of Interests* occur whenever an officer/board member has committed or is committing an act tending or likely to cast doubt on his/her integrity,

trustworthiness, or impartiality to put the general interest and welfare of the association over and above his/her personal or professional interests and welfare;

Sec. 5. *Disputes Mechanism* refers to the Grievance Committee charged with the obligation to conduct mediation for the peaceful settlement of disputes within the association as provided in the by-laws or internal rules.

Sec. 6. *Board* refers to the board of directors/trustees of the association.

Sec. 7. *HLURB* refers to the Housing and Land Use Regulatory Board.

Sec. 8. *Internal rules* refer to circulars, orders, regulations and resolutions other than the by-laws, duly promulgated by the board of directors/trustees of the association

ARTICLE II

ETHICAL STANDARDS AND RULES OF CONDUCT

Sec. 9. Primacy of the Interests of the Association

9.1. All officers/board members shall strive for the common good of the association, foregoing personal or professional interests. All decisions and representations by the officers/board members must be made with the best interests of the Association. In the performance and discharge of the officers/board members' sworn duties and responsibilities, conflicts of interest must always be avoided.

9.2. No officer/board member shall use or take advantage of his/her position, or knowingly allow another to use or take advantage of his/her position, to advance and promote his/her personal or professional interests and gain. In all activities and processes undertaken by the board such as the procurement of goods and services, the annual and regular board meetings, the accounting of association funds, and any interaction with vendors, contractors, subcontractors, and homeowners, the conduct of each officer/board member shall at all times be above reproach and free of any appearance of impropriety.

9.3. To promote and safeguard the interests of the Association, officers/board members must always act collectively and as a body in discharging and performing their sworn duties and responsibilities. Unless demanded by the exigency of a situation, a board member shall avoid acting and deciding individually in order to avoid a real or perceived conflict of interest.

Sec. 10. Disclosure, Inhibition, and Abstention

10.1. Upon knowledge and at the earliest opportunity, an officer/board member encountering or anticipating a conflict of interest arising from any business transaction, engagement, employment and/or hiring by the Association with an entity, company, or individual with whom the officer/board member is related personally or professionally, or with whom an officer/board member stands to benefit in any way, he/she should fully disclose in writing to the Board said conflict-of-interest.

10.2. In the negotiation of any business transaction, engagement, employment and/or hiring, by the Association, the officer/board member encountering or anticipating a conflict of interest must inhibit and withdraw himself/herself from participating therewith, except to provide inputs relative to the transaction when so requested by the other members of the Board of Directors, and shall refrain from persuading, endorsing, or influencing in any manner the other officers/board members to favorably act on the said transaction. In the approval of said transaction, the concerned officer/board member shall abstain from voting thereon.

Such abstention and the reason/s thereof must be entered in the minutes of the voting.

10.3. Any dealings by the Board in which an officer/board member has abstained in the negotiation and voting therefor must be made known and disclosed to the homeowners and members of the Association in accordance with the procedure provided in the Articles of Incorporation and/or bylaws of the Association.

Section 11. Partisan Politics

11.1. Partisan Politics can be a cause of conflict of interest and must therefore be avoided. The officer/board member shall not use or take advantage of his/her position, power, and resources of the association to engage in any partisan political activity.

11.2. No contributions will be made by the Board or Association to any political parties or political candidates.

11.3. The officers/Board members shall not allow any of the properties and facilities of the association such as multi-purpose rooms, halls, pavilions, clubhouses, parks and open spaces, to be used, leased, or rented for the purpose of campaigning or giving advantage to a particular political candidate or party.

Sec. 12. Officer/Board member's Own Business and Practice of Profession

12.1. An officer/board member, upon assuming office, shall disclose in writing and submit to the board any business enterprise or entity, undertaking, or activity, in which directly or indirectly he/she has financial or pecuniary interest.

12.2. An officer/ board member who is also engaged in the practice of a profession shall not provide or render his/her professional service for the Association if the performance of such service is likely to result in a real or perceived conflict of interests.

Sec. 13. *Dealings with Families and Related Parties.* – No officer/board member, his/her spouse, agent, employee, immediate family member and relative/s by affinity or consanguinity up to 4rd civil degree, shall enter into a personal service contract with the Association without previous disclosure of such relation/interest to the Board.

Sec. 14. *Vendors, Suppliers, Contractors*

14.1. In all of the Association's business dealings, transactions, and negotiations, all officers/board members must observe transparency.

14.2. No officer/board member may use, or allow another to use or take advantage of his/her position to promote, enhance, or serve his personal and professional interests and welfare through the direct or indirect recommendation or endorsement of vendors, suppliers, or contractors.

Sec. 15. *Solicitation and Acceptance of Gifts* – No officer/board member shall accept, request, or solicit, directly or indirectly, for himself/herself or for any other person, any gift, favor, percentage or commission, loan, or any other thing of monetary value tending to influence, or made with the intent to influence the decision or action of any member of the board on any official matter.

ARTICLE III

RULES OF RESPONSIBILITIES AND DISCIPLINE

Sec. 16. *Respect and Uphold the Association's Constitution and By-Laws.* – He/she should at all times respect and uphold the constitution and by-laws and other internal rules of the association.

Sec. 17. *Regular Attendance and Decorum in Association's Meetings*

17.1. He/she should regularly attend to and actively participate in any scheduled meeting of the association.

17.2. He/she should conduct himself/herself civilly and with proper decorum in any discussion in the meeting and he/she should not criticize a fellow officer/colleague/member because of divergent in opinion or view; rather he/she should render his/her opinion with professional integrity and utmost courtesy.

17.3. He/she should respect the decision of the majority of the members in policy making process and resolution of a given issue or controversy. In case of dissent, he/she should express his/her dissenting opinion in a professional and polite manner.

Sec. 18. Information/Education Campaigns and Public Advocacy Programs.

18.1. He/she shall attend information/educational campaigns when invited by any national or local government agency or other non-government organization on matters pertaining to the Association, its members and officers on their rights, duties and obligations, and shall trickle down to its members any information obtained therein.

18.2. He/she shall likewise inform himself/herself of any public advocacy programs pertaining to or affecting the nation, community and the Association, its officers and members, and shall encourage the participation of members to such public advocacies and programs.

Sec. 19. Conduct During Investigation of Dispute/Offense

19.1. He/she should cooperate in the conduct of investigation, censure, discipline or dismissal of a fellow member/officer.

19.2. He/she should, if being charged with an offense by the board, voluntarily take an official leave of absence during the investigation and until such time that he/she has been cleared of the charge.

19.3. In case of dispute between the association and its member/s or between two (2) or more members, he/she should see to it that the controversy should exhaust at the first instance the association's disputes mechanism provided under its by-laws and/or internal rules before the filing of appropriate action with the proper forum.

Sec. 20. Respect and Obedience to the Authority of the Law – In any legal controversy or dispute involving the homeowners association, he/she should respect, obey and submit to the lawful order or final judgment of the authority of the law and the government agency or instrumentality mandated to enforce it.

Sec. 21. Public Complaints Mechanism. Complaints from members, homeowners and the public in general may be made through formal written complaint or anonymously

through unsigned written complaints. The complaint, whether instituted formally or informally, shall undergo the following investigative process:

21.1. Upon receipt of the complaint, the Board of Directors shall form an investigation committee which shall make a preliminary determination on the whether there is sufficient evidence to warrant a finding that the offense charged was probably committed by the officer or member of the Board of Directors. The proceedings of the investigation committee shall be strictly confidential and any violation thereof shall be subject to sanctions and shall be considered as a violation of the conflicts of interest rule.

21.2. If there is a finding on the absence of probable cause, the investigation committee shall dismiss the complaint. However, if there is a finding of probable cause, then the matter shall be referred to the Board of Directors which shall duly inform the officer or member, who shall inhibit from the entire proceedings, to answer the complaint and, thereafter proceed to accept evidence on the charge.

31.3. If there is no sufficient evidence to warrant a finding of guilt for the offense charged, the Board of Directors shall proceed to dismiss the complaint. However, if it is determined that substantial evidence exists, the Board of Directors shall impose the appropriate sanction/s against the officer or member of the Board of Directors found culpable for the offense charged.

31.4. At all stages of the proceedings, the rights of the witnesses for or against the charged officer or Board member shall be protected, including the adoption of appropriate measures to secure their safety and well-being.

Sec. 22. Sanctions

22.1. Violation of any provision of this Code constitutes misconduct by the board member/officer. If proven guilty, the responsible board member/officer shall be sanctioned by the association where he/she belongs pursuant to its by-laws or internal rules.

22.2. If the association's by laws or internal rules are silent as to the imposable sanctions/penalties, the guilty board member/officer shall be punished with a fine of not less than Five Thousand Pesos (Php5,000.00) but not more than Fifty Thousand Pesos (Php50,000.00) and permanent disqualification from being elected or appointed as member of the board, officer or employee of the association, without prejudice, however, to such disciplinary action that the HLURB may deem appropriate thereon when proper complaint against said board member/officer is filed with HLURB.

ARTICLE IV

GENERAL PROVISIONS

Sec. 23. *Scope.* – This Code shall apply to and cover all homeowners associations pursuant to and within the scope of RA 9904, otherwise known as the “*Magna Carta for Homeowners and Homeowners’ Associations.*”

Sec. 24. *Separability Clause.* – If the effectivity of any provision of this Code is suspended or disapproved, or otherwise declared as contrary to law, the unaffected provisions shall remain in force.

Sec. 25. *Effectivity.* – This Code shall be signed by all present and future officers and members of the Board of Directors and shall be effective immediately upon its adoption and bind all Officers/Board Members whether or not they have signed this document and shall continue to bind all subsequent Officers/Board Members.

IN WITNESS WHEREOF, we have hereunto affixed our signature, this ____ day
of _____, _____ in _____, Philippines.