

Code of Ethics Enforcement Procedures for the Community Associations Institute's Designation Ethics Committee

*Adopted by CAI
Board of Trustees 5/6/95
Revised 10/ 08
Approved by CAI Board 1/29/09*

A. *Scope*

The procedures which follow shall be applied with respect to any alleged violations of the published PROFESSIONAL MANAGER CODE OF ETHICS of the Community Associations Institute ("CAI"). Individuals who have achieved the AMS, the LSM and/or the PCAM designations and Management Companies with the AAMC accreditation are subject to the Managers Code.

Each AMS, LSM or PCAM professional manager member is personally responsible for his or her actions and any disciplinary actions arising from a complaint or eventual sanctions shall be against the individual and not against any association or firm.

Each AAMC member is responsible for the actions and omissions of its employees, and any complaint or eventual sanctions shall be against the company and may be against the individuals as well. For purposes of these procedures, the term "Designee" shall apply to an AMS, LSM, PCAM, and AAMC.

B. *Ethics Committee Organization*

1. The Designation Ethics Committee shall be comprised of fifteen members and shall report to the Board of Trustees of CAI. The term of each member shall be for three years and the terms of the members shall be staggered so that four members' terms shall expire each year. Committee members' terms shall run concurrently with the terms of the Trustees and Officers of CAI. All appointments to terms shall be made by the President of CAI effective on the first day of the term of the President of CAI.
2. Of the total members of the Designation Ethics Committee, six members shall be PCAM Designees. Current Officers of CAI may not serve as a member of the Designation Ethics Committee at the same time they are serving as Officers.
3. Members may be re-appointed to successive terms without limitation. In the event a member resigns or is unable to serve, the then current President of CAI shall appoint a replacement committee member for the balance of the unexpired term.
4. The President of CAI shall designate the Chairperson (the "Chairperson") and the Vice-Chairperson (the "Vice-Chairperson") of the Designation Ethics Committee. The Chairperson and the Vice-Chairperson shall serve one-year terms in such capacity. The

Vice-Chairperson shall perform all the duties of the Chairperson at any time that the Chairperson is unable to do so.

C. Allegations

1. Any person, including a Designation Ethics Committee Member, (the "Complainant") may initiate a complaint regarding alleged violations of the Professional Manager Code of Ethics (the "Code") by submitting to CAI's Chief Executive Officer a written complaint (the "Complaint"), signed by the Complainant. The Complaint shall be submitted on the approved Ethics Complaint Form and shall include, among the following, information specifying:
 - a. the identity of the Designee who is alleged to have violated the Code (the "Accused Designee") along with a narrative summary of the circumstances and events leading to the alleged violation. An Accused Designee must be an individual with an AMS and/or LSM and/or PCAM designation, or a management company with an AAMC designation;
 - b. evidence (which may include corroborating statements by other persons or specific information as to persons who may be contacted to provide such corroboration) supporting the allegation(s); and
 - c. complainant's name, address and telephone number; and
 - d. if the Complaint is filed by an association the Board of Directors must attach an approved and witnessed Resolution indicating a majority of the Board members approve the filing of the Complaint.
2. If the complaint submitted is not in compliance with the procedures outlined under section 1(a)-(d), CAI's Chief Executive Officer or his designee may return the complaint with instructions on compliance with CAI procedures. All Complaints conforming to the filing requirements shall be promptly forwarded by CAI's Chief Executive Officer or his designee to the Designation Ethics Committee Chairperson. If the complaint originates in the market area of the Chairperson, the Chairperson has a personal or professional relationship with any of the parties named in the complaint or is anyway associated with any individual named in the complaint CAI's Chief Executive Officer shall forward the complaint to the Vice-Chairperson. (In that circumstance, the Vice-Chairperson shall perform the functions of Chairperson for this Complaint only.) Should the Vice Chairperson have any of the same conflicts as the Chair, the complaint will then be forwarded to another Committee Member, selected on a basis of seniority, until a member does not have a conflict. The Chief Executive Officer shall also advise the Ethics Designation Chairperson of all designations held by the Accused Designee and all dates such designations were received. The Chief Executive Officer shall notify in writing the Accused Designee of the receipt of a complaint without revealing the identity of the Complainant. The Chief Executive Officer shall also formally acknowledge to the Complainant the receipt of said Complaint.

3. Upon receipt of the Complaint the Chairperson shall review the complaint and make an initial determination as to if the complaint, on its face, raises an actual question of ethics under the PROFESSIONAL MANAGER CODE OF ETHICS.
 - a. If in the determination of the Chairperson there is a legitimate question of ethics in the complaint, the Chairperson shall appoint a Review Committee of three to make such inquiries and preliminary investigations as to the matters covered by or related to the Complaint as they deem appropriate. Allegations of incidents occurring before the Accused Designee received his or her designation(s) will not be considered further by the Designations Ethics Committee.
 - b. If the complaint on its face, does not state a claim that is actionable under the Code, the Chairperson may dismiss such complaint upon prompt notification and concurrence from the CEO of the Community Associations Institute.
 - c. If there is any doubt as to questions of ethics arising from a filed complaint, such a complaint will be handled pursuant to subsection (a) above.

4. Upon receipt, CAI staff will review and ensure the complaint conforms with the filing requirements under Section 1 within 30 calendar days of receipt. Within 30 days from the date on which the Complaint is received by the Chairperson, the Review Committee shall reach one of these determinations, in its sole discretion:
 - a. an additional time period of no more than thirty (30) days is needed in order for the Review Committee to determine whether the Designation Ethics Committee should conduct an Inquiry pursuant to Section D hereof; or
 - b. further consideration of the Complaint, including a determination as to whether the Designation Ethics Committee should conduct an Inquiry, should be suspended until the completion of other proceedings or the occurrence of other events specified by the Review Committee; or
 - c. the information and evidence set forth in the Complaint together with any additional information subsequently coming to the attention of the Review Committee **do not** constitute sufficient grounds for consideration by the Designation Ethics Committee, or the Complaint contains unreliable or insufficient information or is patently frivolous or inconsequential, therefore no further investigation shall be conducted and no sanctions shall be considered; or
 - d. the information and evidence set forth in the Complaint together with any additional information subsequently coming to the attention of the Review Committee **do** constitute sufficient grounds for the Designation Ethics Committee to conduct an Inquiry pursuant to Section D hereof (an "Inquiry Determination").

5. The Review Committee shall forward its determination to the Chair and/or Vice-Chair of the Designation Ethics Committee, who following proper review and consideration, shall forward the Review Committee's determination to the CAI Chief Executive Officer.

6. The CAI Chief Executive Officer shall provide prompt written notice to the Complainant of any determination made by the Review Committee pursuant to Section C.4 hereof. The Complainant shall be advised that they are not entitled to any relief or damages by virtue of this investigation process, although they will receive written notice of any actions taken.
7. In the event of an Inquiry Determination, the CAI Chief Executive Officer also shall provide prompt written notice to the Accused Designee:
 - a. that the Complaint has been filed;
 - b. of the nature of the violations that are the subject of the Complaint; and
 - c. that the Complaint has been referred to the Designation Ethics Committee for an Inquiry pursuant to Section D hereof.
 - d. the name(s) of the Complainant(s) will be provided.

Such notices to the Complainant and to the Accused Designee shall include a copy of these Enforcement Procedures.

D. *Inquiry*

The following procedures shall govern any Inquiry by the Designation Ethics Committee:

1. The Chairperson shall assign two or more Designation Ethics Committee Member(s) ("Investigating Committee Member") the task of conducting an Inquiry as to the merits of the Complaint with the cooperation of the CAI Chief Executive Officer or his/her Designee.
2. All inquiries shall be conducted with the utmost confidentiality, with correspondence marked "Personal and Confidential." Only the following people should be advised of an Inquiry:
 - a. the Chairperson;
 - b. the Investigating Committee Members;
 - c. the Accused Designee(s) (see D.3 below)
 - d. the Complainant;
 - e. others who may have to be contacted as part of the investigation; and

- f. the Chief Executive Officer of CAI, CAI's Legal Counsel and such CAI national staff members as are determined by the Chief Executive Officer of CAI to be essential in order to carry out the purposes of these Procedures.

All persons involved in the conduct of an Inquiry shall exercise their best efforts not to reveal the identity of the Complainant and to maintain integrity, impartiality, and confidentiality of the process.

3. Complaints involving an AAMC member or those AMS, LSM or PCAM members affiliated with an AAMC member shall follow these additional guidelines:
 - a. The definition of The Accused Designee may include the firm as well as the PCAM member responsible for the AAMC Member's management program and may include other Designees;
 - b. the AAMC member is responsible for the ethical behavior of all employees, including any AMS, LSM, or PCAM, Designees under its direction. The AAMC designation is subject to sanctions for violations of any of its affiliated staff members;
 - c. the person responsible for the AAMC member's management program ("Supervising" PCAM member) will be advised of any complaint regarding the AAMC or any affiliated Designees;
 - d. to the extent possible, the procedures described herein, including a hearing, shall be conducted simultaneously in situations where the AAMC member and one or more of its affiliated Designees are involved;
 - e. any determination will recognize and be in accordance with established legal principles of responsibility and liability with respect to agency law and the employer/employee relationship;
 - f. resulting sanctions, if any, may vary against those involved based upon degree of violation and responsibility.
4. Since the nature and seriousness of each alleged violation will vary, the Investigating Committee Members shall use personal judgment regarding the degree of investigation required. The Inquiry may include such actions as:
 - a. telephone conversations with individuals involved;
 - b. requests for written or published materials; and
 - c. visits to the locations(s) involved.
5. Within sixty (60) days following receipt of the Complaint package or Inquiry Determination, the Investigating Committee Members shall issue a written report to the

Chairperson with a copy to the CAI Chief Executive Officer. This report shall explain the steps of the investigation and the basis for the recommendation, and shall include all related documents, correspondence, and other materials obtained and considered during the investigation. Included in this report must be one of the following recommendations:

- a. no hearing is needed; or
- b. no hearing is needed but a Letter of Warning as defined in 7b below should be sent; or
- c. a hearing should be conducted.

In the event the report recommends conducting a hearing, the Chief Executive Officer, the Chairperson and if necessary CAI's legal counsel shall determine whether there is sufficient evidence to proceed with a hearing. If the Chairperson determines there is not sufficient evidence, the Chairperson may request the Investigating Committee Member to pursue additional information. Within thirty (30) days of receiving such a request, the Investigating Committee Member shall obtain, if possible, and submit to the Chairperson and CAI's Chief Executive Officer, such supplemental information.

6. Within fifteen (15) days after his or her receipt of such report, the Chairperson shall make a recommendation to the CAI Chief Executive Officer in writing regarding which of the three actions is warranted. If the Chairperson has requested additional information under the provisions of Paragraph 5, he or she shall send the recommendation to the Chief Executive Officer within fifteen (15) days of receiving the supplemental information, or of being informed by the Investigating Committee Member that such information would not be available.
7. Within ten (10) days after receipt of the Chairperson's recommendation, the CAI Chief Executive Officer shall provide written notice to the Accused Designee indicating which of the following recommendations the committee has decided:
 - a. A letter is sent indicating there will be no hearing conducted, no Letter of Warning issued, and no sanctions will be considered with respect to the Complaint.
 - b. A Letter of Warning is sent to the Accused Designee. This Letter indicates that there was or there is the potential for impropriety which does or could border on a violation of the Code. Additionally, the Letter of Warning shall stipulate that a hearing may be convened should additional complaints be received or further evidence be received that indicates a violation has occurred.
 - c. A letter is sent indicating that there will be a hearing and it will be scheduled not less than thirty (30) days and not more than sixty (60) days following the date of the letter, unless a later date is reasonably requested by the Accused Designee and agreed to by the Chairperson.

A copy of this written notice shall be provided to the Complainant, the Investigating Committee Member and the Designation Ethics Committee Chairperson.

E. *Designation Ethics Hearing*

1. Unless the Chairperson and the CAI Chief Executive Officer decide otherwise, a single hearing will be conducted regarding the same or similar complaints even if they are against more than one Designee affiliated with an AAMC member and the AAMC member.
2. Notice of the Hearing shall be issued to the Accused Designee(s), the Complainant and the members of the Hearing Panel (the "Parties"). The Hearing Panel shall be composed of the Chairperson and/or Vice-Chairperson of the Designation Ethics Committee and at least four other individuals selected by the Chairperson, who have not been involved in the Inquiry and do not have a conflict of interest with the Complainant or the Accused Designee. One member shall be a non-Trustee attorney from the Business Partners MRG, two members will be from the APCM Board, and the remaining member shall be either a former Chair of the APCM or Past President of the Institute. Included in this notice will be:
 - a. the date, location and time of the hearing;
 - b. the names and addresses of the Parties
 - c. copies of all written evidence pertaining to the Complaint that has heretofore been obtained by CAI in the course of the Inquiry, including the Complaint, and the report of the investigating Committee Member;
 - d. a statement that the Accused Designee is entitled to submit a written statement or any other written materials to the Designation Ethics Committee prior to the Hearing; and
 - e. a statement that all participants, including CAI, are entitled to legal counsel and may bring further written evidence or materials to the Hearing; and
 - f. a statement that the Accused Designee has been asked to appear and must notify CAI, in writing, not less than fourteen days prior to the hearing whether they **will** attend. In the absence of such notice, the Hearing Panel may conduct a telephone hearing in which the Accused Designee may participate. Should the Accused Designee not respond or participate in such a telephone hearing, the Hearing Panel shall act without his or her involvement
3. A recording secretary or stenographer shall record the Hearing, and a transcript of such record shall be provided to each Party, upon request and payment to CAI for costs.
4. Three members of the Hearing Panel, including the Chairperson or Vice-Chairperson, shall qualify as quorum with a majority of those present necessary to reach any decision.

5. The Hearing shall be conducted under the following procedures:
 - a. hears Complainant and/or other witnesses outlining the allegations; receive any written evidence.
 - b. hears the report of the Investigating Committee Member(s).
 - c. hears the Accused Designee(s) and/or witnesses called by him/her, then receive any written evidence.
 - d. hears the Complainant's rebuttal.
 - e. hears any final comments from the Investigating Committee Member(s).
 - f. hears the Accused Designee's rebuttal to any charges.

All Hearing Panel members are able to question or seek additional clarification at each of these steps, in the presence of the Accused Designee.

6. Immediately following the Hearing, the Hearing Panel shall reconvene in executive session to reach a decision. The Chief Executive Officer, designated CAI staff member, and CAI's legal counsel may attend the executive session in a non-voting capacity.

The Investigating Committee Member(s), the Complainant and the Accused Designee shall not be present during the deliberations and voting. These individuals may be called back to answer questions during deliberations.

The decision shall be issued in writing by the Chief Executive Officer within thirty (30) days after the Hearing. All Parties involved shall be advised in writing of the decision.

The Hearing Panel can generally reach one of these two decisions:

- a. Dismiss the charges, in which event, there is no further recourse within CAI; or
- b. Determine the Accused Designee has committed a violation of one or more of the sections of the Code and is subject to sanction.

F. *Sanctions*

If the Hearing Panel determines an Accused Designee has violated one or more provisions of the Code of Ethics and a sanction is warranted, the following sanctions are available:

1. Admonishment

The Hearing Panel can instruct the CAI Chief Executive Officer to issue a letter to the Accused Designee admonishing his or her actions and warning of the consequences of subsequent violations.

2. Censure

The Hearing Panel can instruct the CAI Chief Executive Officer to issue a letter of censure to the Accused Designee.

3. Suspension

The Hearing Panel can recommend to the CAI Officers that the designation or designations of the Accused Designee be suspended for one (1) year. If such recommendation is approved by a vote of the majority of the Board of Trustees such suspension shall become effective as of the date of that meeting.

If majority vote is not obtained, the Accused Designee shall be censured in accordance with Section F.2 hereof. The CAI Chief Executive Officer shall send a written notice of any suspension or censure to all parties and to the Chief Executive Officer of the local CAI chapter (if any) in the area in which the violation occurred.

4. Revocation

This sanction is reserved for the most serious of offenses. The Hearing Panel can recommend to the Board of Trustees the designation or designations of the Accused Designee be revoked. If such recommendation is approved by a vote of the Trustees, such revocation shall become effective as of the date of the meeting. By a majority vote of the Board of Trustees the CAI membership of the Accused Designee may be terminated.

If revocation is not obtained, a second vote shall be taken with respect to a one-year suspension in accordance with Section F.3 hereof. If the required majority vote is not obtained, the Accused Designee shall be censured in accordance with Section F.2 hereof. The CAI Chief Executive Officer shall send a written notice of any revocation to all Parties and to the Chief Executive Officer of the local CAI chapter (if any) in the area in which the violation occurred.

5. Resignations or Other Settlement

In lieu of the imposition of any sanctions, the Board of Trustees may, by a majority vote, determine to accept the resignation of the Accused Designee or to accept other arrangements in the nature of settlement proposed by the Accused Designee. The terms of any such resignation or other settlement arrangements shall be as determined by the Board of Trustees. If the Accused Designee submits a resignation in lieu of accepting sanctions as determined by the Designation Ethics hearing panel, the Accused Designee will not be permitted to request reinstatement.

The Board of Trustees reserves the right to review the decision of the Hearing Panel regarding any SUSPENSION or REVOCATION. This review is initiated by the Chief Executive Officer of CAI appointing three Trustees (all independent of the Complainant or Hearing Panel) whose sole focus is to determine if the Hearing Panel recommendation was inappropriate either because of material errors of fact or because the Panel failed to substantially conform to CAI's published criteria, policies, or procedures or upon request of the accused Designee.

An announcement of a suspension, revocation or other sanction considered severe by the Designation Ethics Committee shall be published in those National and/or chapter periodicals defined by the appropriate designating committee.

The announcement shall include the name(s) of the Designee(s), the types of sanction(s), and the section(s) of the Code which were determined to have been violated.

G. Special Situations

1. State or Regulatory Body Revocation

If any state or regulatory body requiring a certificate, license, permit or other type credential to act as a community association manager or management company revokes such credential of a AMS member, LSM member, PCAM member, and/or AAMC member for cause, then such member's designations shall be revoked by CAI automatically.

2. Invalid Application Information

The awarding of an AMS, LSM, PCAM or AAMC designation or re-designation is partially dependent upon application information and affirmations made by the applicant and subsequent Designee.

CAI reserves the right to revoke any designation for a period of one (1) year should it be proven the application or affirmation contains substantive information, which is incorrect, invalid or fraudulent. Such revocation would only take place after CAI completes similar procedures described in an Inquiry as described above allowing for greater CAI staff participation, if appropriate, instead of a Committee member. All communications and other relevant information regarding the cause for such revocation shall remain in the Designee's file for relevant follow-up should the Designee reapply after the one (1) year revocation period.

3. Failure to Properly Re-designate

There are requirements for each Designee to retain his or her designation. Proof of meeting those requirements is requested of the Designee on a scheduled basis. The Designee has an

obligation to be aware of those re-designation requirements and to provide the information requested by CAI to demonstrate compliance.

After reasonable attempts are made to the designee for such information, CAI reserves the right to revoke the designation for failure to meet current re-designation requirements.

4. Non-Payment of AMS, LSM, PCAM or AAMC fees

In the event a Designee has not made timely payments of AMS, LSM, PCAM or AAMC fees after reasonable notices and attempts to contact the designee, the designation may be suspended.

6. Conviction of a Felony

If a Designee (or the PCAM responsible for an AAMC member) is convicted of a felony or enters a "no contest" or "guilty" plea regarding any felony, the designation shall be revoked immediately by the CAI Chief Executive Officer. Notice of such action shall be provided to the Designee, the Designation Ethics Committee and the local CAI Chapter President.

7. Failure to Cooperate

If a Designee (or the PCAM responsible for an AAMC member) fails to cooperate in an Inquiry by not providing or withholding requested documents, destroying documents, refusing to answer questions or cooperate with the investigation or inquiry, the Chairperson after consultation with CAI's Legal Counsel and Chief Executive Officer, may recommend suspending the designation(s) immediately until such time as the requested information is provided or a final decision is reached. Should the Designee's actions of withholding information or documents, impede or obstruct the investigative process, thereby prohibiting the appropriate investigative body from accomplishing their task, then CAI shall have the right and privilege to revoke the designations in accordance with Section F.4., above.

H. *Use of Designation(s)*

No individual or company which has had a designation suspended or revoked or has resigned, regardless of cause, may use the designation in any fashion during the term of the suspension or revocation. CAI is committed to taking whatever action is required, including legal action, should this provision be violated.

I. *Reinstatement Provisions*

1. A sanctioned individual or company ("Former Designee") may apply to CAI for reinstatement, subject to the provisions contained herein. The Former Designee understands that CAI gives no assurance of reinstatement by accepting a request.

2. The standing CAI Committee or Review Board which recommends the initial designation (that was sanctioned) will review and recommend approval or rejection of a reinstatement request, taking into consideration these factors:
 - a. the original cause(s), facts, and circumstances surrounding the decision to suspend or remove the designation; and
 - b. the Former Designee's current situation; and
 - c. how the Former Designee has addressed the original reason(s) for designation removal.

These deliberations may take place outside the public committee meetings held at each conference or as determined by the respective Committee or Review Board Chairperson.

3. No reinstatement request will be considered unless:
 - a. The Former Designee meets all the current qualifications for re-designation, as if no loss of designation had occurred, and;
 - b. All past and current unpaid CAI designation fees must be paid, and;
 - b. The request is received in writing, at the CAI National Office, on or before the fifth anniversary of the date of the letter informing the Former Designee of the designation removal.
 - c. If a former PCAM designee has been inactive for five or more years, reinstatement will require successful completion of a PMDP refresher course, submission of a new PCAM Application and successful completion of a new PCAM Case Study.
4. CAI National Staff have no obligation to issue reminders regarding reinstatement requirements or time limits. Each Former Designee shall have received a copy of these Procedures and therefore is appropriately advised. Should a Former Designee request reinstatement after the one-year limit and before the five year anniversary, the appropriate Committee or Review Board will determine the requirements for reinstatement.

J. *Application of Procedures*

1. A Designee is subject to the Code of Ethics Procedures in effect when the Complaint is received.
2. A Former Designee is subject to the reinstatement provisions in effect when a request for reinstatement is received.
3. CAI reserves the right to amend these Procedures as it determines is appropriate.

4. Should a court determine that one or more of these Procedures are unenforceable, the rest of the Procedures remain in force.