

Eastern Gardens

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May 25, 2006

To: All Members of Eastern Gardens Cooperative, Inc.

From: Eastern Gardens Board of Directors

Subject: Maintenance Program and Director's Code of Ethics

Dear Members:

Eastern Gardens Board of Directors has an obligation to make a diligent effort to participate in the governance and policymaking process of the cooperative and to ensure that its business practices provide a clear understanding to each of its members and management staff as to what is expected of them. In order to do so, it becomes necessary for the Board to implement such changes that would help provide the necessary guidance to better facilitate this process. Therefore, the following attached documents have been implemented into Eastern Garden's business practice, they are:

- Director's Code of Ethics – Approved 5/24/06
- Eastern Garden's Maintenance Program – 4/26/06

Sincerely,

EASTERN GARDENS COOPERATIVE, INC.
Board of Directors

Cc:

1. Sr. Regional Property Manager
2. Community Director

Enclosed:

1. Director's Code of Ethics
2. Maintenance Program

**Business Office
3045 Eastern Avenue
Sacramento, CA 95821**

INTRODUCTION

The Building Maintenance Program is overseen by the Eastern Gardens Community Director who reports to the Senior Regional Portfolio/Property Manager (FPI) and is responsible for the protection and preservation of buildings and common area facilities owned by Eastern Gardens Cooperative, Inc. All services are provided as ongoing and continuous maintenance and shall be in accordance with the Management Agreement between Eastern Gardens Cooperative, Inc. and the Managing Agent.

EASTERN GARDENS BUSINESS OFFICE

The Community Director oversees all activities at the Business Office. Responsibilities include, not only managing the daily administrative actions, but also the focal point for all incoming trouble-calls and outgoing service calls. Service calls are then dispatched to the Maintenance Technician who reports to, and is supervised by, the Community Director.

The Maintenance Program and the Business Office are under the direction of the Community Director who is responsible for the following activities:

- Provides a central call-in-point for the community: trouble-calls concerning individual dwelling units, exterior of all buildings and grounds, mechanical equipment, all common areas and facilities.
- Prioritizes and dispatches all service calls to the Maintenance Technician and, when necessary, contracts personnel -- scheduled or unscheduled.
- Coordinates all utility shutdowns for dwelling unit buildings and common areas.
- Ensures all maintenance/construction projects are in compliance with current fire, building, health/safety codes and insurance requirements.
- Ensures proper disposal of all hazardous and non-hazardous waste materials and maintains compliance with local, state, and federal laws.
- Maintenance requests are prioritized as follows:
 - **Priority 1:** Building emergency is work requiring immediate attention that involves personal safety or structural damage, such as water breaks and electrical hazards.
 - **Priority 2:** Service needed within 24 hours and requires attention before the end of the work shift.
 - **Priority 3:** Service where work can wait more than 24 hours, including all scheduled routine repairs, preventative maintenance, and project installation and modifications.

<i>REQUEST FOR SERVICE</i>	
Office Phone:	(916) 489-1604
Office FAX:	(916) 489-1627
E-Mail:	eastern.gardens@fpimgt.com

* **NOTE:** To ensure cost effectiveness, outsourced chargeable services will be determined based on urgency, scope of work, expediency, manpower availability and skill level.

ELECTRICAL & LIGHTING SERVICES

Electrical Services: Maintains all the low voltage electrical systems within all buildings and facilities.

Routine & Preventative Maintenance Performed:

- Repair/replace switches and receptacles.
- Repair/replace ballasts and bulbs in light fixtures.
- Reset/replace all tripped or weakened circuit breakers. *
- Upgrade existing or install new light fixtures and lighting equipment for exterior and interior lighting.
- Repair/replace electric ovens/stoves *
- Repair/replace exhausts fans.

HEATING AND COOLING SERVICES

Heating Ventilation and Air Conditioning (HVAC) maintains, repairs, and replaces all building heating and cooling systems, ensure all energy conservation practices are observed and are working in a proper and safe condition, and maintains and follows all manufacturing preventative maintenance guidelines.

- Routine preventative maintenance performed on all HVAC equipment including pumps, fans, piping, valves, etc. *
- Changing filters at least every six months and upon dwelling unit turnover or as needed.
- Repairs and maintains all HVAC thermostat controls. *
- Evacuation of refrigerants per the Clean Air Act of 1990. *
- Renovations or modifications to the existing HVAC systems. *

LOCKS AND HARDWARE SERVICES

Lock and Hardware Services provides security to dwelling units and all common area buildings and facilities.

Some of the preventative routine maintenance performed:

- Repair/replace broken door locks.
- Service sticking or loose door locks and hardware.
- Adjust/repair/replace door closures.
- Adjustment of doors that do not close properly.
- Maintain master key system for all buildings and dwelling units.
- Oversee all outsourced chargeable services, as needed: *
 - Cut keys
 - Re-core locks
 - Fabricate and install small signs
 - Install desk or file cabinet locks
 - Repair or replace desk or file cabinet locks
 - Replace doors and frames
 - Install specialty locks

 - Change function of lock
 - Privacy gates control system, remotes and programming.

PLUMBING SERVICES

Some of the preventative routine maintenance performed:

- Repair all plumbing integral to buildings and grounds. *
- Unclog drains, sinks, and commodes. *
- Repair/replace commodes, facets, sinks, garbage disposals. *
- Conduct minor repairs/replace plumbing parts, as needed.
- Repair/replace water storage tanks. *
- Oversee all outsourced chargeable services. *
 - Main backflow preventive valves.
 - Irrigation valves.
 - Boilers & water storage tanks.
 - Plumbing associated with remodeling or renovations.
 - Perform minor construction.

STRUCTURAL SERVICES

Structural Services consists of various tasks and trades (such as carpentry, roofs, masonry, and painting). Areas covered consist of interior and exterior buildings and grounds.

Some of the preventative and routine maintenance performed:

A. Carpentry

- Repair broken doors: hinges, rails, and transoms.
- Repair or replacement of windows: balancers, sashes, locks. *
- Office furniture repair (minor). *
- Hanging of plaques and bulletin boards.
- Bathroom partitions and pilaster repairs.
- Window blind repair. *
- Major remodeling. *
- Building of cabinets, shelves, and other custom items. *
- Fabrication and installation of countertops. *
- Wood fencing, refuse areas and siding.

B. Roofing

- Repair of minor roof leaks. *
- Repair/unclog downspouts and gutters.
- Repair of exterior flashing and metal finishes.
- Custom items fabricated of metal. *

C. Masonry

- Repairs to walls and ceiling: drywall. *
- Repairs to masonry steps and landings. *
- Repairs of leaks through masonry walls. *

D. Painting

- Painting of interior/exterior common areas, roadway curbs, speed bumps and expansion joints on uneven walkways.
- Paint all vacant dwelling units (if applicable).

- Replacement of floor tile/linoleum and cove bases.

CUSTODIAL SERVICES

The cleanliness, protection and preservation of the common area buildings and facilities require janitorial services and is the responsibility of the Maintenance Technician.

Services provided as ongoing and continuous and require the proper cleaning equipment, materials and disinfectants:

Facilities serviced accordingly:

- Day Shift: M-F 8:00 p.m. – 5:00 p.m.
- Business Office
- Clubhouse
- Pool Area
- Laundry Room (North)
- Laundry Room (South)
- Workshop/shed and all storage areas

Regular and routine services performed:

- Restrooms, showers, and saunas facilities.
- Appliances, countertops and floor areas
- Provides trash receptacles for common areas, halls, and pool.
- Trash removal and disposal.
- Replacement of all restroom dispensers, toiletries.
- Outdoor pool furniture: setup; maintain and clean; breakdown and storage.
- Clean/vacuum carpet areas.
- Window washing.
- Floor restoration.
- Interior re-lamping.
- Recycling: paper, cardboard and fluorescent lamps.
- Entrance mats: cleaning and replacement.
- Emergency cleanup as a result of leaks, injuries, illness, construction.
- General cleanup on entire exterior of grounds, such as paper and trash.
- Remove any debris from top of carports, such as tree limbs, leaves, and trash.
- Report any defective maintenance to Community Director.
- Maintain all storage work areas in a orderly and organized manner.

LANDSCAPING SERVICE

Landscaping maintenance is outsourced with minor duties and responsibilities by Eastern Garden's Maintenance Technician. The landscaping contract is month-to-month and a 30-day notice is required when terminating the landscaping contract.

Eastern Gardens has numerous trees and shrubbery located on the grounds near or adjacent EG infrastructures, such as buildings and walkways, which require requires maintenance and upkeep to ensure healthy appearance and growth. Examples are:

- Routine maintenance of all Eastern Garden's green (landscaped) areas are:

Mowing & Blowing	Trees and Shrubbery
Weed Control	Fertilization
Irrigation Lines	Sprinklers
Siphon Valves	Water Valves

- Repair/replacement of damaged landscape features.
- Trim trees (up to 10/12 feet in height) to prevent negative impacts to structures/facilities.
- Emergency response for fallen or damaged trees.

The various landscaping assets throughout the Eastern Gardens complex, including irrigation systems, trees, turf and other plantings, require upkeep to maintain their healthy appearance and ensure long-term growth. Trees within the complex also require periodic and emergency trimming and/or removal to prevent a danger and/or hazard to our residential community and other Eastern Garden infrastructure.

Eastern Garden's Maintenance Technician Duties: On non-service days, replace broken valves and/or sprinkler heads when necessary.

POOL SERVICES AND EQUIPMENT

The pool and equipment service is outsourced with minor duties and responsibilities by Eastern Garden's Maintenance Technician. The pool service is month-to-month and a 30-day notice is required when terminating the contract. Weekly pool service will include the following:

Eastern Garden's Maintenance Technician Duties:

1. Monitor and maintain water level of pool.
2. On non-service days, conduct chemical reading tests and make notation into log.
3. Maintain the pool area and closet in a clean and orderly manner.
4. Ensure all proper signage is posted and doors and locks working properly.
5. Setup/store pool furniture (See Pool Rules)

Contracted Pool Service Duties:

1. Check and maintain chemical balance.
2. Vacuum pool routinely.
3. Backwash filters system when necessary.
4. Empty skimmer baskets.
5. Empty pump baskets.
6. Brush walls of pool routinely.
7. Clean depth marker tiles routinely.
8. Maintain posted daily log.
9. Leave supply of chemicals for manager.
10. Notify manager of problems.
11. Chemically treat the pool.

Pool Servicing Schedule:

In Season	May 1 st – Sept 30 th with 3 weekly service calls
Off Season	Oct 1 st – April 30 th with 2 weekly service calls

LAUNDRY EQUIPMENT AND SERVICES

GENERAL

Eastern Gardens Cooperative, Incorporated is best served by leasing the laundry equipment for the laundry rooms versus purchasing our own. Eastern Gardens has established a lease agreement with the contracted laundry equipment service company. This contracted company has the exclusive rights to install coin operated equipment, such as washers and dryers, in the designated laundry rooms, including maintenance of the equipment.

TERMS OF AGREEMENT

The contract is a lease of the laundry rooms for placement of equipment of 5 years. The contract can be extended for an agreed-upon time frame. Termination of contract must be in writing to Eastern Gardens Management at least 90 days prior to the expiration.

PERCENTAGE RATE

The contracted company will pay to owner an amount equivalent to 100% of any monies in excess of \$34.00 (or an agreed upon amount) per machine per month of the gross receipts of the installed equipment. Payment will be made on a monthly basis.

UTILITIES AND MAINTENANCE

Owner shall provide at owner's expense all water, electricity, gas and sewer services necessary to operate the installed equipment. Owner shall be fully responsible for maintenance and conditions of laundry rooms including any required modifications to the building required by a Governmental agency. Owner shall use reasonable care to assure the installed equipment is not damaged or abused. The contracted company will provide at its sole expense all normal maintenance and service required to keep the installed equipment in good working condition. Replacements and upgrading of the equipment (including type) shall be at the sole discretion of the contracted service company.

INSURANCE

Company will provide public liability and property damage insurance against claims for injuries or damages caused by use of laundry service equipment.

TERMINATION FOR CAUSE

In the event contracted company fails to service the installed equipment, owner shall provide written notice to the contracted company of such failure to service machines. If such problems have not been reasonably corrected by the contracted company within 30 days of its receipt of such notice, owner may terminate this lease. Termination shall be in writing and contracted company shall have 30 days from the date of such termination to remove the installed laundry service equipment. Owner shall not remove, relocate, repair, tamper or otherwise exercise any physical control over the installed equipment without the written consent of the contracted company.

COMMUNICATIONS - CABLE & ANTENNA SERVICE

TELEPHONE SERVICE REPAIRS

Eastern Gardens Cooperative, Incorporated covers the expense on inside repairs for one telephone line which is the wall jack located adjacent to the kitchen countertop and dining area. Repairs for additional wall jacks installed will be the responsibility of each member regardless of location. Financial responsibilities for all telephone service usage and instruments are the responsibility of each member. All outside repairs, up-to the exterior of the building, and/or the demarcation cabinet, is the responsibility of the telephone company.

CABLE SERVICE

Eastern Gardens Cooperative, Incorporated is best served by establishing a service agreement with a cable provider versus dish antenna. Eastern Gardens has established such an agreement with Comcast Cable Company and has granted them access for delivery of cable services to the premises for the compensation. All maintenance services will be maintained by Comcast Cable Company.

The terms, conditions, charges and fees for the services provided to each resident member at the premises shall be contained in contracts between Comcast Cable Company and individual resident members. The owner (Eastern Gardens Cooperative, Inc.) assumes no liability or responsibility for service charges contracted by resident members. All billing and collections from resident members will be the responsibility of Comcast Cable Company.

ANTENNA SERVICE

Eastern Gardens Cooperative, Incorporated maintains repairs and assumes financial responsibility for its own television antenna located on top of building 3065/3067. Repair services to the antenna are best done by outsourcing to current vendors on file. *

FIRE EXTINGUISHER SERVICES

GENERAL

Fire extinguisher service and maintenance is best served by outsourcing with no additional duties and responsibilities to Eastern Garden's Maintenance Technician. Type of service is done by piece work, such as quoted pricing per extinguisher.

NOTE: The Sacramento Metro Fire Department will inspect each fire extinguisher during their annual routine inspection of the property. Service and maintenance of the extinguishers should be done prior to the Fire Department's inspection. Annual servicing of the fire extinguishers will include the following:

- Replace all chemical/refrigerant as necessary.
- Replace nozzles, pins, levers and other components as necessary.
- Recharge canisters as necessary.
- Replace certification tag upon recharge as necessary.

UTILITIES & SERVICES

GENERAL

A. Electricity and Natural Gas

All common area metered buildings and structures owned and operated by Eastern Gardens Cooperative, Inc. purchase its electricity and natural gas from the Pacific Gas & Electric (PG&E) Company and the Sacramento Municipal Utility District (SMUD). NOTE: Financial responsibilities for electrical usage by individual dwelling units are billed according to the occupant's usage and not to the Corporation.

B.

C. Water

All metered buildings and structures owned and operated by Eastern Gardens Cooperative, Inc. purchase water from the Sacramento Suburban Water District. The Corporation covers all financial responsibilities for this usage including individual dwelling units.

D.

E. Refuse and Recycling

All refuse areas owned and operated by Eastern Gardens Cooperative, Inc. purchase services from BFI. The Corporation covers all financial responsibilities for this service. The following common areas, such as buildings and grounds, are the financial responsibility of Eastern Gardens Cooperative, Inc.

Common Areas	Qty/Units	Electricity	Gas	Water
Buildings (Interior)				
Business Office	850 SF	✓		✓
Clubhouse	1,950 SF	✓		✓
Laundry Room (North)	800 SF	✓	✓	✓
Laundry Room (South)	800 SF	✓	✓	✓
Work Shed (North)	100 SF	✓		
Work Shed (South)	200 SF			
Swimming Pool	3,000 SF	✓	✓	✓

Fixed Lights Grounds/Bldg. (Exterior)				
Bldg 3037/3035		✓		
Bldg 3005/3007		✓		
Bldg 3015/3017		✓		
Bldg 3075/3077		✓		
Bldg 3085/3087		✓		
Bldg 3095/3097		✓		
Bldg 3065/3067		✓		
Business Office		✓		✓
Clubhouse		✓		✓
Laundry Room (North)		✓	✓	✓
Laundry Room (South)		✓	✓	✓
Swimming Pool		✓	✓	✓

DIRECTOR'S CODE OF ETHICS

ARTICLE I

A director has a duty of good faith and loyalty to Eastern Gardens Cooperative, Inc.

- a) A director owes allegiance to the Cooperative and must act in the best interests of the Cooperative while acting in his/her official capacity.
- b) A director should be diligent to ensure that the Cooperative's interests are pursued during the meetings of the Board of Directors.
- c) A director may not use the position for personal profit, gain or other personal advantage over other member shareholders of the Cooperative.
- d) A director is accountable to the member shareholders of the Cooperative for his/her official actions and can be held personally liable for fraud or breach of fiduciary duty in the conduct of the Cooperative's affairs.
- e) A director who exercises honest and reasoned judgment and acts reasonably and in good faith for the best interests of the Cooperative will not be held liable for violation of his/her fiduciary obligation to the Cooperative.

To carry out this duty, here are some guiding rules to follow:

- i) A director should not discuss personal business during a meeting of the Board of Directors or advance his/her personal interests while in official session at the expense of the Cooperative.
- ii) A director should not make personal attacks on other directors, staff or member shareholders while performing official duties. Disagreements should be directed to the disagreement -- not the person who raises an opposing point of view.
- iii) A director may not accept commissions or rebates that belong to the Cooperative for his/her personal gain.
- iv) A director shall conduct his/her private life in a manner that befits the dignity of a Corporate Director.

ARTICLE II

A director has a duty to use care, skill, and diligence when carrying out official acts as follows:

- a) A director is required to act honestly and in good faith, in a manner reasonably believed to be in the best interests of the Cooperative, and with the care that a prudent person in a similar position would use under similar circumstances.
- b) A director should use his/her best efforts to keep apprised of legislation or regulations that affect the Cooperative.
- c) A director should seek the advice of experts when making decisions on behalf of the Cooperative in areas of competence in which a director has not been trained.
- d) A director must serve the interests of all member shareholders impartially and without bias.
- e) A director must advocate that the Cooperative comply with applicable laws, codes, contracts, and agreements to which the Cooperative is bound.

To carry out this duty, here are some guiding rules to follow:

- i) A director is expected to make a diligent effort to become trained and skilled in the business of Cooperative housing in such areas as finance, membership sale values, house rules, governance, and oversight.
- ii) A director is expected to obtain a working knowledge of laws that regulate the Cooperative, such as fair housing and minimum code restrictions that affect the Cooperative and its operations.
- iii) A director is entitled to rely upon information and reports presented by officers or other employees of the Cooperative whom the director reasonably believes to be reliable and competent.
- iv) A director is entitled to rely upon legal opinions, financial statements, and other information relating to matters that the director reasonably believes to be within the expertise of the person preparing the information.

ARTICLE III

A director has a duty to act within the boundaries of his/her authority.

- a) The authority of a Board of Directors is defined in the charter and Bylaws of the Cooperative.
- b) A director's authority is limited to those acts that are translated during the course of a duty called meeting of the Board of Directors with a quorum present.
- c) A director may not act in an official capacity except in the context of a meeting of the Board of Directors unless specifically empowered to act by a majority of directors present and voting in the affirmative at a duly called meeting.
- d) A director serving in official capacity may not violate the Cooperative's charter.
- e) A director serving in official capacity may not violate the Cooperative's Bylaws.

To carry out this duty, here are some guidelines to follow:

- i) The Cooperative Charter received from the state defines the business that the Corporation can conduct. Its Bylaws describe how the Cooperative will be operated.
- ii) The Board of Directors is obligated to comply with the Bylaws of the Cooperative. Member shareholders who may have been wronged by the failure of the Board of Directors to comply with the Bylaws may have a case of personal liability against the directors who violate the Bylaws.

ARTICLE IV

A director has a duty to disclose every personal conflict of interest to the Cooperative.

- a) A director is required to make a prompt and full disclosure of any material personal interest, either direct or indirect; he/she may have in a translation to which the Cooperative is a party.
- b) A director shall not vote on or participate in discussions or deliberations on matters when a conflict is deemed to exist other than to present factual information or to respond to questions presented.
- c) A director shall assure that the minutes properly record his/her abstention on any vote on matters for which a conflict may exist.

To carry out this duty, here are some guiding rules to follow:

- i) A director who has disclosed a conflict should request that the disclosure be recorded in the official minutes of the meeting.
- ii) A director may vote on an issue that benefits a director if the issue is one that is decided for the general good of the Cooperative and the member shareholders. An example is voting to replace windows. If the motion is to replace all windows, you can vote. If the motion is to replace windows only on your side of the Cooperative, do not vote.

ARTICLE V

A director may not divulge or profit from the confidential information learned while performing official duties.

- a) A director may not divulge or otherwise use for personal gain any personal information learned during the performance of official duties as a director.
- b) A director must hold confidential all matters involving the Cooperative until such time as there has been general disclosure of that information.
- c) A director shall not have access to the personal files and financial records of a member shareholder without the consent of that member shareholder.

To carry out this duty, here are some guiding rules to follow:

- i) A director must use special care to protect delinquency reports and check registers containing personal information from being read by unauthorized persons.
- ii) A director must not reveal confidential bidding information from contractors or provide unauthorized information to bidders about the review to the bids.
- iii) A director may not use information learned about a member shareholder during an official meeting as a topic conversation with other member shareholders.
- iv) A director does not have authority to peruse files that contain private information about individual member shareholders.
- v) A director has a duty to protect the confidentiality of information learned in the applicant screening process.
- vi) A director must have a member's consent to receive confidential information about that member.

ARTICLE VI

A director has a duty to participate in the operations of the Cooperative only as authorized in the Bylaws or by the full Board of Directors.

- a) A director's primary obligation is to participate in the governance and policymaking process of the Cooperative, and not its operations.
- b) A director should not interfere with the enforcement of the Occupancy Agreement or house rules outside of a meeting of the Board of Directors.
- c) A director should not interfere with the enforcement of policies except during a meeting of the Board of Directors.

To carry out this duty, here are some guiding rules to follow:

- i) An individual director is not empowered to provide day-to-day work instructions to staff unless clearly authorized to do so during a meeting of the Board of Directors.
- ii) An individual director does not have authority to waive compliance with any policy of the entire board of directors.

Director/Member's Signature

Date