



## STANDARD PACIFIC HOMES

### **Code of Business Conduct and Ethics**

The Board of Directors of Standard Pacific Corp. has adopted the following Code of Business Conduct and Ethics (the "**Code**"). The Code applies to all directors, officers and employees (each a "**Covered Person**") of Standard Pacific Corp. and its subsidiaries (collectively, the "**Company**").

Certain activities permitted by the Code require written approval. For purposes of the Code, "**Required Approval**" means obtaining the written approval of the following persons:

**Division Employee:** Division President

**Division President/Regional Employee:** Regional President

**Corporate Employee (excl. SVP, EVP, RP):** CEO, CFO, GC, or SVP HR

**Senior Corporate Officer (EVP, SVP, RP):** CEO

**Chief Executive Officer/Director:** Lead Independent Director

**Approval Forms.** The following forms have been created to facilitate the approval process. A copy of each written approval must be submitted to the Corporate Human Resources department promptly after it is signed by the required approver. These forms are available on the HR portion of the Company's intranet site.

- Political Contribution Approval Form
- Charitable Contribution Approval Form
- Non-Cash Gift Approval and Reporting Form
- Sponsored Social Events Approval and Reporting Form
- Engagement of Relative Approval Form
- Personal Use of Standard Pacific Vendor Request Form
- Home Purchase Approval Form

**Training and Annual Certification.** Covered Persons are required to complete the Company's on-line Code training course and to certify their compliance with the provisions of the Code each year.

**Modifications, Interpretation and Enforcement.** The Board of Directors reserves the right to modify, supplement, amend or delete any provision of this Code. No one other than the Board of Directors (or its designee) shall have the power to interpret, enforce or rely on this Code.

1. **Introduction.** Covered Persons are expected to be guided by the following principles in carrying out their responsibilities:

- ***Loyalty.*** Covered Persons should not be, or appear to be, subject to influences, interests or relationships that conflict with the best interests of the Company.



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- **Compliance with Laws.** Covered Persons are expected to comply with all laws, rules and regulations applicable to the Company's activities.
- **Observance of Ethical Standards.** Covered Persons must adhere to high ethical standards in the conduct of their duties. These include honesty and fairness. Unethical actions, or the appearance of unethical actions, are not acceptable.

**2. Integrity of Records and Financial Reporting Disclosure.** All Covered Persons are responsible for assisting the Company in ensuring the accurate and reliable preparation and maintenance of the Company's financial records.

- *Control Procedures.* Covered Persons are responsible for adhering to the Company's disclosure controls and procedures, and internal controls and procedures (including the segregation of duties controls that are enforced on the Company's computer network through the use of user profiles and passwords).
- *False Entries Prohibited.* No Covered Person shall knowingly furnish false or misleading information to the Company, its shareholders, or to anyone else, make false or artificial entries in the books and records of the Company, or withhold material information in order to mislead the Company, its auditors, any government agency or anyone else.
- *Disguise of Source and Application of Funds Prohibited.* No Covered Person may engage in accounting or tax practices designed to disguise the source or application of funds or assets such as duplicate billings, unauthorized billings, fictitious approvals of subcontractor or vendor invoices, misclassification of expenditures, payment of misleading invoices, failure to record or disclose Company funds or assets, creation of duplicate or fictitious accounts, or misuse of reserves, budget allocations or inter-company transfers.

**3. Improper Payments.**

- *Funds Used Only For Lawful Purposes.* No Covered Person shall use Company funds or assets for any unlawful or improper purpose such as bribes or kickbacks involving government officials, vendors, subcontractors, suppliers, customers, or anyone else.
- *Documentation Must Accurately Reflect Payments.* No payment on behalf of the Company shall be approved or made with the intention or understanding that any part of such payment is to be used for purposes other than those described by the documents supporting the payment.

**4. Sensitive Payments; Political and Charitable Contributions.**

- *Bribery Prohibited.* No Covered Person shall pay or give or authorize the payment or gift by anyone else of anything of value in the form of money, gifts, gratuities or favors to any person, political organization, governmental



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official, charitable organization or business entity with the intention of causing the recipient to illegally influence any transaction for the benefit of the Company.

- *Approval Required for Political Contributions.* No illegal direct or indirect contributions of money or property shall be made by any Covered Person in the name of, or on behalf of, the Company to any political parties, candidates for public office or other similar causes. Any legal political contribution may be made in the name of, or on behalf of, the Company only after a “**Political Contribution Approval Form**” has been completed and such form has been reviewed and approved by the person(s) designated on the Company’s Political Contribution Approval Form.
- *Approval Required for Charitable Contributions.* A Covered Person may make a contribution of money or property to a 501(c)(3) charitable organization or make other donations in the name of, or on behalf of the Company, only after a “**Charitable Contribution Approval Form**” has been completed and such form has been reviewed and approved by the person(s) designated on the Company’s Charitable Contribution Approval Form.
- *Personal Reimbursement Prohibited.* No Covered Person shall seek or receive direct or indirect reimbursement from the Company of any political or charitable contribution made by, or on behalf of, such Covered Person.
- *Personal Support Permitted.* A Covered Person may support the candidate, party, cause and/or charitable organization of his or her choice on his or her own time and at his or her own expense.

### **5. Questionable Expenses and Use of Company Assets.**

- *Appropriate Use Only.* No Covered Person shall engage in any social amenities such as lunches, drinks, parties or entertainment at Company expense, except such as are normal and customary for a person serving in such Covered Person’s position and as are compatible with any additional limitations promulgated by the applicable Company division or department of which such Covered Person is an employee.
- *Expense Reporting.* All expenses are to be properly identified, disclosed and substantiated on the books and records of the Company. Reimbursable expenses must be incurred, recorded and reported in accordance with the Company’s Business Expense and Travel Policy, which is contained in the Company’s Employee Handbook.
- *Required Approval Necessary to Use Company Resources for Personal Use.* Covered Persons may not use Company assets, labor or information for personal use, other than incidental personal use, without obtaining Required Approval.



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6. **Gifts.** A Covered Person's receipt of a gift from a Company vendor or customer is subject to the Company's pre-approval and reporting requirements. Non-cash gifts that would not reasonably be expected to influence a Covered Person's independent judgment are generally permissible. Cash gifts and gift cards (which the Company views as similar to cash) are prohibited, except that Covered Persons may accept gift cards from Company customers if they follow the procedures for non-cash gifts described below. The Company's "**Non-Cash Gift Approval and Reporting Form**" should be used for both pre-approval and reporting purposes. A copy of each completed form must be promptly provided to Corporate Human Resources following receipt of Required Approval. Non-cash gifts that reach the following thresholds require reporting or pre-approval:

Covered Person	Reporting Threshold	Pre-Approval Threshold
Non-Management Employee (any employee who is not at the department manager level or above)	\$50	\$50
Management Employee or Director	>\$100	>\$250

7. **Sponsored Social Events.** Meals, rounds of golf, tickets to sporting and other entertainment events, and other sponsored social events are subject to the Company's pre-approval and reporting requirements. The Company's "**Sponsored Social Event Approval and Reporting Form**" should be used for both pre-approval and reporting purposes. A copy of each completed form must be promptly provided to Corporate Human Resources following receipt of Required Approval. Sponsored social events that reach the following thresholds require reporting or pre-approval:

Covered Person	Reporting Threshold	Pre-Approval Threshold
Non-Management Employee (any employee who is not at the department manager level or above)	\$50	\$50
Department Head/Corp. VP	>\$100	>\$250
DP, RP, EVP, SVP, Director	>\$250	>\$500



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- *Considerations Regarding Gifts and Sponsored Social Events.* Gifts and sponsored social events should only be accepted on a sporadic basis. In determining when non-cash gifts and sponsored social events might be reasonably expected to influence a Covered Person's independent judgment, the following factors, among others deemed relevant in the specific instance, shall be considered:
  - the cumulative annual value of gifts received from the applicable vendor by the Covered Person;
  - the Covered Person's position with the Company; and
  - whether the nature of the gift is normal and customary in the industry.

**8. Conflict of Interest.** A "conflict of interest" can occur when an individual's personal interest (or an Extended Family member's personal interest) is adverse to – or may appear to be adverse to – the interests of the Company as a whole. Conflicts of interest also arise when an individual, or a member of his or her Extended Family, receives improper personal benefits as a result of his or her position with the Company.

**"Extended Family"** includes a person's entire family, including, without limitation, the person's spouse, domestic partner, sons, daughters, grandparents, grandparents-in-law, parents, parents-in-law, step-parents and step-parents-in-law; brothers, step-brothers and brothers-in-law; sisters, step-sisters and sisters-in-law; children and step-children; grandchildren and step-grandchildren; sons and daughters-in-law; aunts and uncles; nieces and nephews; cousins; and anyone else who shares such person's home.

This Code does not attempt to describe all possible conflicts of interest that could develop. Specific rules regarding some of the more common potential conflicts of interest that might arise are set forth below.

- *Competing Activities.* Unless Required Approval is obtained, a Covered Person may not engage in for profit, or hold any ownership interest in (whether active or passive), consult with, or otherwise work for a business (other than the Company) engaged in homebuilding, land development, land acquisition, real estate brokerage, real estate sales, mortgage lending, title insurance or escrow services; provided, however, that investments in publicly traded securities that are listed on a recognized securities exchange or securities quotation system not exceeding one (1) percent of the outstanding securities of a class or series are permissible.
- *Providing Goods or Services to the Company.* Unless Required Approval is obtained, neither a Covered Person, nor an individual in a Covered Person's Extended Family, may directly or indirectly sell, lease or otherwise provide any goods, property or services to the Company. If a member of a Covered Person's Extended Family is being considered for employment with the Company or to serve the Company as a consultant or subcontractor, Required Approval must be obtained through the procedure described on the Company's "**Engagement of Relatives Approval Form.**" Such employment or engagement will be approved only in rare instances and only when such



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employment or engagement would be permissible under the Company's Employment of Relatives policy.

- *Receiving Goods or Services from the Company.* Unless Required Approval is obtained, neither a Covered Person, nor an individual in a Covered Person's Extended Family, may directly or indirectly buy, lease or otherwise receive any goods, property or services from the Company. For example, if you are purchasing a home from the Company you must obtain pre-approval through the procedure described on the Company's "**Home Purchase Approval Form**".
- *Discounts from Vendors.* Covered Persons that utilize subcontractors or other vendors with which the Company does business to perform maintenance, repair, upgrades, remodels, or perform other services must obtain pre-approval for such use through the procedure described on the Company's "**Personal Use of Standard Pacific Vendor Request Form.**" Requests will generally be approved only if the Covered Person is paying for the services at a rate that is available to all Covered Persons in the applicable geographic area.
- *Vendor Referral Fees.* Covered Persons are prohibited from personally receiving a kickback, referral fee, or any other type of direct or indirect payment from a vendor for referring that vendor the business of a Company customer.
- *Employment by and Solicitation of Company Customers Prohibited.* Covered Persons are prohibited from communicating with Company customers in an attempt to solicit "side jobs" or other work for themselves or any other persons or entities; or directly or indirectly, accepting compensation or any other payment from a Company customer, other than the acceptance of a payment to the Company.

**9. Corporate Opportunities.** A Covered Person shall not use the Company's property, information or position for personal gain; or unless Required Approval is obtained, take personally an opportunity related to the Company's business.

**10. Loans to Directors and Executive Officers.** No loan may be made from the Company to any Covered Person that is a Director or Executive Officer unless approved by the disinterested members of the Company's Board.

**11. Settlement Services.** The Real Estate Settlement Procedures Act (RESPA) governs our relationship with mortgage companies, title agencies, and other settlement service providers, whether or not these companies are part of the Company. Among the RESPA rules are the following:

- *Fee Splitting.* The Company is prohibited from splitting the fee that a settlement service provider receives for its settlement services unless the Company performs appropriate services for which the fee is fair value. Covered Persons may not, directly or indirectly, enter into an arrangement



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that provides for the splitting of such a fee without the prior consent of the Corporate legal department.

- *Receiving Referral Fees and Kickbacks Prohibited.* The Company is prohibited from providing a kickback or a referral fee to, or receiving a kickback or referral fee from, a settlement service provider for the mere referring of business. Covered Persons may not, directly or indirectly, enter into any such arrangement.
- *Affiliated Business Arrangement Disclosure Forms.* Covered Persons, to the extent relevant to their job function, must have every customer that both purchases a Company home and uses a Company settlement service sign an Affiliated Business Arrangement Disclosure form.

**12. Compliance with Employee Manual.** Employee Covered Persons shall comply with the policies and procedures set forth in the Company's Employee Manual including, without limitation, the following:

- Outside Employment
- Policy Against Harassment
- Insider Trading Policy
- Violence Prevention Policy
- Employment of Relatives Policy
- Email, Voice Mail and Computer Network System Usage and Privacy
- Confidentiality Policy
- Policy Against Discrimination in Housing and Lending
- Whistleblower Reporting Policy
- Off Duty Conduct
- Employee Purchase Discounts
- Business Expense and Travel Policy
- Expectation of Employee Conduct and Performance

**13. Communication of Suspected Violations.**

- *Reporting of Potential Violations Required.* Each Covered Person is required to report what he or she believes in good faith are violations of this Code or applicable law by any Covered Person, including potential conflicts or the taking of a corporate opportunity.
- *Method for Reporting Directly to the Company.* A Covered Person may report actual or potential violations of this Code involving any Covered Person to any of the Company's General Counsel, Vice President of Human Resources, or Audit Committee Chairman. Reports may be made in person or by telephone, email or regular mail.
- *Third Party Whistleblower Reporting; Anonymous Reporting Permitted.* Reports may also be made using Report-It, the independent third party whistleblower complaint service that has been engaged by the Company to



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take reports of potential violations. Covered Persons may choose to make their reports anonymously, in which case no record of the person's identity will be retained or forwarded to the Company by Report-It. Reports may be submitted to Report-It using any of the following three methods:

- *Online.* (1) Log on to [www.reportit.net](http://www.reportit.net), (2) click on "Report it Online", (3) click on "Report it Now", (4) login by entering "standardpacific" as the username (all lowercase letters and no space between standard and pacific) and "hotline" as the password, and (5) follow the online prompts to record your report.
  - *Telephone.* Dial 1-800-778-5463. Tell the live operator you would like to make a report and provide the operator with the name "standardpacific" and password "hotline". The operator will then take your report. Operators are available 24 hours per day and are not affiliated with Standard Pacific.
  - *U.S. Mail.* Address the envelope as follows: Report-It c/o Standard Pacific Homes, P.O. Box 163 Oakdale, New York 11769. Please indicate on the envelope whether the report should be directed to the Chairman of the Audit Committee or the Company's General Counsel.
- *Anonymous vs. Non-Anonymous Reporting.* Covered Persons are permitted to make anonymous reports of potential violations. If a Covered Person makes a report utilizing the Report-It whistleblower service and indicates that he or she wishes to remain anonymous, no identifying information regarding the person will be requested or retained by Report-It. If a Covered Person decides to make a non-anonymous report, if he or she requests, the identity of the person reporting the possible violation of the Code will be kept confidential to the greatest extent possible, consistent with applicable law and the investigation and resolution of the matter disclosed.
  - *What to Report.* Each report should describe the potential violation candidly and should list all facts that the person filing the report knows about the matter. Important information that might be useful to report includes:
    - *Name of the division or department involved*
    - *Approximate time and date that the violation occurred*
    - *Factual description of the nature of the violation*
    - *Names of all employees or other persons (such as subcontractors) involved in the potential violation*
    - *Names of all employees or other persons that might be witnesses or otherwise have additional information*
    - *Your name and contact information (which can be omitted if you desire to make an anonymous report)*





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### 14. **Investigation of Violations and Disciplinary Proceedings.**

- *Investigation.* Suspected violations of this Code will be investigated by persons designated by the General Counsel or Audit Committee.
- *Disciplinary Action.* Where Code violations are determined to exist, appropriate corrective and disciplinary action will be taken, which may include one or more of the following measures, as applicable:
  - counseling;
  - a warning;
  - a reprimand noted in the Covered Person's personnel file;
  - change, including reassignment, in job responsibilities, authority and/or title;
  - temporary suspension, with or without pay;
  - termination of employment or other relationship with the Company;
  - removal as a director or officer;
  - reimbursement paid by the Covered Person of losses or damages resulting from the violation; or
  - referral for criminal prosecution or civil action.
- *Retaliation Prohibited.* The Company will not allow retaliation for reports of possible violations of this Code made in good faith.
- *Interaction with Company Attorneys.* Attorney members of the Company's in-house legal team and outside lawyers hired by the Company represent the Company and do not represent individual employees. While discussions between a Covered Person and such an attorney are protected by the Company's privilege and are confidential, the Company is permitted to waive the privilege and provide information disclosed to Company attorneys to the government and other third parties. A Covered Person does not have a right (as he or she would with information disclosed to his or her own personal attorney), to prevent the Company from disclosing such information or from using disclosed information for internal Company disciplinary purposes, up to, and including, termination.

### 15. **Waivers.** Waivers of this Code will not be granted except in very limited circumstances

- *Approval Process.* Any waiver of any provision of this Code must be approved:
  - With regard to any Director, Executive Officer or Division President, by the Board of Directors (but without the involvement of any director who will be personally affected by the waiver) or by a committee consisting entirely of Directors who will not be personally affected by the waiver.



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- With regard to any other Covered Person, unless noted otherwise with respect to any other provision of this Code, by the Company's General Counsel.
- *Disclosure Requirement.* No waiver of any provision of this Code with regard to a Director, Executive Officer or other senior financial officer will be effective until that waiver has been reported in a filing with the Securities and Exchange Commission, or in another manner that complies with applicable Securities and Exchange Commission and stock exchange rules.

**16. At-Will Employment.** Compliance with this Code does not guarantee or imply continued employment for any Covered Person, nor will a Covered Person's status as an at-will employee under applicable law be altered by this Code, the Employee Manual or any other Company documents. All Covered Persons that are also employees of the Company are also covered by, and expected to comply with, the policies and procedures set forth in the Company's Employee Manual.

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