

## **NSHBA CONFLICT OF INTEREST POLICY**

*Adopted by the NSHBA Board of Directors on September 29th, 2006*

### **I. REASON FOR STATEMENT**

NSHBA is a nonprofit organization, tax-exempt under I.R.C. § 501(c)(6). Maintenance of its tax exempt status and its reputation for fair dealing is important both for the Association's continued financial stability and to retain the complete trust of its members and of those with whom NSHBA may conduct business in the future.

Consequently, NSHBA's Senior Officers and Board members owe a fiduciary duty to the Association that carries with it a broad duty of loyalty and fidelity. The Senior Officers and Board members have the responsibility of administering the affairs of NSHBA honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of NSHBA. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with NSHBA or confidential information gained there from for their personal benefit. The interests of the Association must have the first priority in all decisions and actions.

This Policy is intended to supplement but not replace any applicable laws governing conflicts of interest applicable to nonprofit corporations.

### **II. PERSONS CONCERNED**

This Policy is directed specifically to NSHBA's Senior Officers and all members of the Executive Committee, voting and non-voting alike. This Policy would also include all those individuals who act on behalf of NSHBA by virtue of appointment or by action of the Bylaws. This policy shall refer to all persons concerned collectively and individually as "Members".

### **III. AREAS IN WHICH CONFLICT MAY ARISE**

Conflicts of interest may arise in the interaction of the Senior Officers or Members with any of the following third parties ("related parties"):

- A. Persons and firms supplying goods and services to NSHBA.
- B. Persons and firms from whom NSHBA leases property or equipment.
- C. Persons and firms with whom NSHBA is dealing or planning to deal in connection with the gift, purchase, lease or sale of real estate, securities, or other property.
- D. Competing organizations or corporations.
- E. Business partners of NSHBA or those entities with which NSHBA has entered into a joint venture or an endorsement relationship.
- F. Agencies, organizations, and associations, which affect the operations of NSHBA.
- G. Family members, friends, employees of the Member's company and NSHBA staff.

### **IV. NATURE OF CONFLICTING INTEREST**

A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned in Section III. Such an interest might arise through:

- A. Owning stock or holding debt or other proprietary interests in any third party dealing with NSHBA (excluding investments in publicly traded mutual funds and

trusts). For purposes of this Policy, a “material interest” shall be defined as ownership in excess of one percent of the value of the contemplated business partner.

B. Holding office, serving on the Board, participating in management, or being otherwise employed (or formerly employed) in any third party dealing with NSHBA.

C. Receiving remuneration for services with respect to individual transactions involving NSHBA.

D. Using NSHBA's time, personnel, equipment, supplies, or good will for other than NSHBA-approved activities, programs, and purposes.

E. Receiving personal gifts, loans or other benefits from third parties dealing with NSHBA. Receipt of **any** gift is disapproved except for gifts of nominal value that could not be refused without discourtesy. No personal gift of money or securities should ever be accepted.

## **V. INTERPRETATION OF THIS STATEMENT OF POLICY**

The areas of conflicting interest listed in Section III, and the relations in those areas, which may give rise to conflict, as listed in Section IV, are neither exhaustive nor all-inclusive.

Conceivably, conflicts might arise in other areas or through other relations. This Policy assumes that the Senior Officers, members and other decision-makers will recognize such areas and relationships by analogy.

A conflict may be present where an Officer, Member, or relative has a significant ownership in a firm with which NSHBA does business or where an Officer, Member, or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction involving NSHBA. The fact that one of the interests described in Section IV exists does not mean necessarily that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance. Upon full disclosure of all relevant facts and circumstances, a conflict may be adjudged material but not necessarily adverse to the interests of NSHBA.

However, it is NSHBA’s policy that the existence of any of the interests described in Section IV shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the Officers and Members to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

## **VI. DISCLOSURE POLICY AND PROCEDURE**

Disclosure should be made according to the standards set out in this Policy. Upon his or her election to Senior Office or upon appointment as a Member to the NSHBA Executive Committee and upon each appointment or election thereafter, each member shall complete a Conflict of Interest and Disclosure Statement. Similarly, individuals to whom the Board or the President delegates decision-making authority shall complete and submit a Conflict of Interest and Disclosure Statement. Conflict of Interest and Disclosure Statements must be completed and submitted on no less than an annual basis.

Officers and Executive Committee members shall forward their completed and signed Conflict of Interest and Disclosure Statements to the NSHBA Secretary who shall prepare regular disclosure summaries for the President and the CEO/EVP. As events warrant and to the

extent possible, the President shall disclose apparent reported conflicts to the Executive Committee or the Board of Directors. Executive Committee Members with apparent conflicts will abstain from the business discussion and any vote relating to an entity with which the Member may have a conflict. Notwithstanding any statement to the contrary, nothing in this Policy shall preclude a Member from discussing or presenting a business opportunity to the Association or any of its constituent groups if the Member has fully disclosed any relationship the Member may have to the proposed or considered transaction.

The meeting minutes shall reflect the names of persons who have disclosed or otherwise were found to have an apparent conflict in connection with a contemplated transaction or arrangement. The minutes will also reflect whether such persons were present for and/or participated in discussions and votes relating to such transactions or arrangements.

Transactions involving a member with a conflict of interest may be undertaken only if all of the following safeguards are observed:

- A. The related party is excluded from the business discussion and approval of such transaction and
- B. The NSHBA Board has reviewed the transaction and has deemed it to be in the best interest of the Association.

In the event of a dispute over whether NSHBA should enter into a given transaction, the Board shall determine whether a conflict exists and, if material, whether the contemplated transaction may be authorized as just, fair, and reasonable to NSHBA, notwithstanding the material conflict. The Board will have sole discretion in these matters, and its concern must be the welfare of NSHBA and the advancement of NSHBA's tax-exempt purposes.

This Policy is intended to apply to all Members and all transactions beginning upon the date of this Policy's adoption by the NSHBA Board of Directors. The NSHBA Executive Committee must approve any modifications of this Policy or of the NSHBA Conflict of Interest Disclosure Statement before such modifications will take effect.

## **NSHBA CONFLICT OF INTEREST DISCLOSURE STATEMENT**

Please sign and date in the space at the end of Item A or complete Item B, whichever is appropriate. Complete Item C, sign and date the statement and return it to the NSHBA Secretary. The NSHBA Conflict of Interest Policy provides definitions for who should complete this Statement and what types of relationships should be reported. (Attach any additional pages if more room is needed to respond to individual questions.)

A.) I am not aware of any relationship or interest or situation involving my family or myself which might result in, or give the appearance of being, a conflict of interest between such family member or me on one hand and NSHBA on the other.

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Sign & date

B.) The following relationships, interests or situations involving me or a member of my family might result in or appear to be an actual, apparent or potential conflict of interest between such family members or myself on one hand and NSHBA on the other.

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Sign & date

For-profit corporate directorships, positions as officers or employment with:

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Nonprofit directorships, trusteeships and positions:

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Memberships in the following organizations:

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Contracts, business activities and investments with or in the following organizations (excluding investments in publicly traded mutual funds and trusts):

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Other relationships and activities that may present a conflict:

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At this time my occupation and the primary business name under which I operate are:

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C. I have read and understand NSHBA's Conflict of Interest Policy and agree to be bound by its terms and conditions. I further represent that I will not disclose any non-public information made known to me as a result of my NSHBA leadership position to any party in competition with NSHBA products and services. I will promptly inform the President or the Association Secretary of any material change in the information contained in this foregoing Statement.

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Signature

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Date

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Type or print full name