

HABITAT FOR HUMANITY OF DURHAM, INC.
CONFLICTS OF INTEREST POLICY

(A) Statement of Purpose.

Directors, officers and staff members of Habitat for Humanity of Durham, Inc. (“Habitat”) owe a duty of loyalty that requires them to always act in the best interest of Habitat and imposes an obligation to conduct business in a manner that avoids actual, potential, and perceived conflicts of interest. The responsibility for avoiding and disclosing actual and potential conflicts of interest falls on the individual directors, officers and staff members. The following describes Habitat’s Conflict of Interest policy. This board-adopted policy shall govern all circumstances in which a director, officer, or staff member has a conflict of interest.

(B) Conflicts of Interest.

Directors, officers and staff members of Habitat shall not participate in transactions where they have an actual or perceived, direct or indirect, conflict of interest. Nonetheless, a transaction is not prohibited solely because of a director, officer, or staff member interest in the transaction and Habitat may proceed with such a transaction, despite the conflict of interest, so long as the following are satisfied:

- (1) The material facts of the transaction and the conflict of interest have been fully disclosed to the Board of Directors (“Board”) or a committee of the Board and (a) the Board or committee authorized, approved, or ratified the transaction; and
- (2) The transaction was fair to the corporation; and
- (3) The management of the conflict complies with the provisions of this policy.

A director, officer, or staff member may have an actual or potential conflict of interest in a transaction if they are in a position to influence a decision that may result in a direct or indirect personal or financial gain or other benefit for himself or herself or an immediate family member as a result of Habitat’s work.

Financial or Beneficial Interests.

An actual or potential conflict of interest in a transaction may arise if a director, staff member, or an immediate family member of such persons has a direct or indirect financial or beneficial interest in a transaction that involves Habitat. A financial or beneficial interest exists when a director, officer, or staff member, or an immediate family member of such persons:

- (1) Is a director, officer, general partner, agent, trustee, employee or otherwise has a significant ownership of an entity, other than Habitat, that is a party to a transaction with Habitat,
- (2) Controls one or more entities transacting business with Habitat,
- (3) Has a business relationship with a person transacting business with Habitat.

This policy shall apply if a director, officer, or staff member has any influence on, or interest in, transactions involving purchases, contracts, homeowner mortgages, or leases by Habitat.

Family Selection Process.

A conflict of interest may also exist in the Family Selection process if a director, officer, staff member, or an immediate family member of such persons applies for a Habitat home. This policy shall apply in the event such an application is received.

Habitat defines “immediate family” as your spouse or domestic partner; biological, adopted, foster or step children; sibling; parent; aunt; uncle; grandparent or biological, adopted, foster or step grandchildren and persons with similar relationships through marriage (i.e.: mother or father-in-law).

(C) Conflicts of Interest Procedural Requirements and Guidelines.

(1) Director Conflict Disclosure Requirement.

Directors and officers are required to disclose to the Board any actual or potential, direct or indirect, conflicts of interest that the director or officer believes to exist. This includes one’s own conflicts and the conflicts of any other director, officer, or staff member that is known to the director or officer.

Disclosures shall be made in writing, and shall identify the nature of the conflict and all material facts and circumstances surrounding the conflict that would be necessary for the Board to make an informed decision with respect to the transaction.

The written notice of conflict shall be presented to the Board and recorded in the minutes of the Board meeting. This will help ensure safeguards can be established to protect all parties. When a conflict arises at a Board meeting, disclosure shall be deemed written if the disclosing director ensures that the disclosure appears in the minutes of that meeting.

A conflicted director shall not be permitted to vote in matters where there is a conflict of interest, nor shall a conflicted director be present during the Board’s final discussion prior to the vote. Notwithstanding the foregoing, upon hearing of a conflict of interest, the Board shall vote as to:

- Whether the conflicted director may be present for the Board’s discussions regarding the transaction; or
- Whether the conflicted director may be permitted to participate in any of the Board’s discussions regarding the transaction;

(2) Staff Member Conflict Disclosure Requirement.

A staff member is required to disclose to the Executive Director and the Chair of the Board any actual or potential, direct or indirect, conflicts of interest that the staff member believes to exist. This disclosure shall be made in writing, and shall identify the nature of the conflict and all material facts and circumstances surrounding the conflict that would be necessary for the Executive Director and the Board to make an informed decision with respect to the transaction.

The written notice of conflict shall be presented to the Board and recorded in the minutes of the Board meeting. The procedures set forth in this policy shall govern a staff member conflict of interest.

(3) Board Action Following Conflict Disclosure.

Upon disclosure of an actual or potential, direct or indirect, conflict of interest of a director, officer, or staff member, the Board may proceed with a transaction or otherwise take action, despite the conflict, provided that the following are satisfied:

- The conflicted director, officer, or staff member has provided all material information regarding the conflict to the Board and has otherwise complied with this policy.
- A majority of directors that have no direct or indirect interest in the transaction (with a quorum present), having all material information regarding the conflict and the transaction, vote to authorize, approve or ratify the transaction.
- The minutes of the meeting of the Board or committee indicate that a conflict was disclosed, the conflicted director was not present during the final discussions, and the conflicted director did not vote.

(D) Director Annual Disclosure Requirement:

The Chairman of the Governance Committee may circulate a written conflicts survey shortly before the annual meeting. Once circulated, directors, officers and staff members shall disclose in writing to the Board any person to whom they are closely related, or any person or organization with which they are affiliated, that presently transacts business with Habitat or might reasonably be expected to do so in the future. Conflicts surveys shall be updated and resubmitted to the Board on an annual basis.

(E) Gifts:

Under no circumstances may a director, officer, or staff member, or an immediate family member or business partner of such persons – or any business in which a director, officer or staff member has a financial interest – solicit or receive any kickback, bribe, favor, anything with a monetary value in excess of \$25, including meals and entertainment, or special consideration from any person having business dealings involving Habitat without Habitat's express written consent. If you, an immediate family member, a business partner or any business in which you have a financial interest receives an unsolicited gift with a monetary value in excess of \$25, you should contact your supervisor, the Executive Director or president of the Board immediately. Any such gift is the property of Habitat.

(F) Hiring of Relatives:

Habitat does not prohibit the employment of or the volunteering of relatives or persons with close personal relationships to current directors, officers, staff members, or volunteers.

The following guidelines are not intended to foreclose opportunities for family and friends to contribute to Habitat's mission, but are adopted in order to ensure

that all directors, officers, and staff members perceive that they will receive fair, impartial and unbiased treatment.

- (1) Immediate family members cannot report to each other
- (2) Immediate family members cannot be in positions where they are making decisions that affect their own family members (i.e. salary setting, hires, promotions, time off)
- (3) To ensure effective stewardship of funds, immediate family members cannot be in positions where opportunities exist to approve financial transactions (i.e. travel advances, reimbursements)
- (4) A staff member who is related to another director, officer or staff member cannot be in a significant management position or in a position to approve financial transactions or personnel decisions

When a close relative of a director, officer, or staff member is applying for a job with Habitat, the director, officer or staff member should not participate in the hiring process in any way by interviewing candidates. The director, officer or staff member with the conflict shall not be present when other candidates are discussed, shall not participate in decisions regarding salary and benefits, and shall not be present if the Board discusses the hiring.

If a close relative of a director, officer, or staff member is hired as an employee and the hiring complies with provisions set forth herein, the Chair of the Board shall be involved in all personnel decisions involving such employee in order to ensure that proper financial and personnel controls are in place.

I have read and understand the above Conflict of Interest Policy.

Signature _____ Date _____

Printed Name of Board or Staff Member _____