



## **Conflict of Interest & Disclosure Policy**

**APPLICABILITY:** This policy applies to all directors, officers, the Chief Executive Officer (staff administrator), and committee, council and task group chairs, each of whom is hereinafter, whether acting individually or together, referred to as a “Leader” of the Home Builders Association of Connecticut, Inc. (HBACT). Each Leader, by virtue of accepting and serving in any of these positions, hereby agrees, to the best of their ability, to fully comply with all terms and conditions of this conflict of interest policy at all times during his or her service as a Leader.

1. Each Leader of the Home Builders Association of Connecticut, Inc. (HBACT) must act at all times in the best interests of HBACT. The purpose of this policy is to help inform Leaders of the HBACT about what constitutes a conflict of interest, assist Leaders in identifying and disclosing actual and potential conflicts, help them to avoid conflicts of interest where necessary and set out options for the resolution of actual, potential and apparent conflicts. This policy may be enforced against individual Leaders as described below.
2. Leaders have a fiduciary duty to conduct themselves without conflict to the interests of HBACT. In their capacity as Leaders, they must subordinate personal, individual business, third-party, and other interests to the welfare and best interests of HBACT. Leaders must not take for themselves (or for family members or for any other non-profit or for-profit organizations) business or other opportunities relating to the business of HBACT, use the real, personal or intellectual property or information of HBACT for personal or business gain to the detriment of the HBACT, or compete with HBACT’s business opportunities, except as specifically waived under this policy.
3. A conflict of interest may arise when a Leader has some “other interest” that might suggest divided loyalty on the part of the Leader between obligations to HBACT, on one hand, and to some other individual, organization or cause, on the other. The “other interest” may arise from a transaction between HBACT and a third party, or a Leader’s volunteer or paid relationship with a third party, which may compromise a Leader’s ability to provide unbiased and undivided loyalty to HBACT. The other interests to which this policy applies and that must be listed on the attached disclosure form include:
  - a. All financial transactions a Leader has with the HBACT (other than the payment of normal membership dues, an employment agreement, or the normal payment for event attendance or HBACT membership service);
  - b. Whether the Leader or any family member of the Leader has an interest in any third parties providing goods or services to the HBACT;
  - c. Any nonprofit or for-profit organizations with interests potentially conflicting with HBACT’s interests, in which such other organizations the Leader or any family member of the Leader is actively involved, has a significant

investment, owns at least a 1% interest, or acts as an agent, representative or spokesperson for any person, business, group or organization in order to influence HBACT on any issue, matter or transaction; and

- d. All paid or unpaid positions or relationships a Leader has with nonprofit or for-profit third-party organizations that compete with HBACT or take public positions contrary to those of HBACT.
4. All conflicts of interest are not necessarily prohibited or harmful to HBACT. However, full disclosure of all actual, potential and apparent conflicts must be made to the HBACT Executive Committee. The disinterested members of the HBACT Executive Committee shall make a determination as to whether a conflict exists and it shall decide how such conflict should be addressed pursuant to this policy. The Leader(s) whose other interest(s) are under consideration must be recused from participating in debates and voting on the matter. The Executive Committee may consult legal counsel or any other outside expert for advice on such matter. The Executive Committee may request additional information from the Leader whose involvement in such other interest, transaction or relationship is under consideration, detailing the nature of the other interest, transaction or relationship.

All actual, potential and apparent conflicts of interests shall be disclosed by Leaders to the HBACT Executive Committee through the disclosure form attached. The HBACT Executive Committee shall inform the Board of such determinations and actions taken. The Board shall retain the right to modify or reverse such determination and action and shall retain the ultimate enforcement authority with respect to the interpretation and application of this policy. The Board shall have all the rights and privileges granted to the Executive Committee under this paragraph.

5. Appropriate actions by the Board or Executive Committee to resolve actual, potential or apparent conflicts of interest shall be in one of the following manners:
- **Waiver:** *Waive* the actual, potential or apparent conflict as unlikely to affect the Leader's ability to act in the best interests of the HBACT;
  - **Recusal:** Determine that the individual Leader should be *recused (i.e., not be present for any discussion or vote on the matter)* from all deliberations and decision-making related to the particular transaction which gives rise to the actual, potential or apparent conflict. This resolution should apply particularly when the transaction or relationship is one which presents a conflict only with respect to one or two discrete programs or activities. For example, if an individual Board member also works for a company or is actively involved in an organization that produces a program that competes with one or two discrete programs of HBACT, the Board or Executive Committee may determine that the Board member should be recused from all deliberations and voting related to such HBACT program(s) (both at the outset and on an ongoing basis), but that the Board member need not resign his or her seat on the Board.
  - **Resignation:** Determine that the individual Leader must *resign* from his or her service to HBACT because the actual, potential or apparent conflict is so

pervasive that the Leader would seldom, if ever, likely be able to act in the best interests of the organization. For example, if an individual Board member also works for a company or is actively involved in an organization that produces educational or other significant programs that compete with most of the educational or significant programs of HBACT, the Board or Executive Committee may determine that the individual should resign from the Board.

- **Special Procedure for Leaders who are also paid vendors of HBACT:**

Applicable to all instances in which a Leader (or the Leader's company, organization or another entity for which the Leader serves in a leadership, employment or ownership capacity, or a member of the Leader's family) seeks to provide goods or services to HBACT as a paid vendor, or seeks to receive a significant grant or contract from HBACT (other than an employment contract). *This procedure shall not apply to pre-existing relationships with Leaders that previously have been disclosed to, and waived by, the Board or Executive Committee.*

(a) the Leader must disclose to the governing board or committee making a decision on such goods, services, grant or contract, through the Chairman of the Board or committee and the Chief Executive Officer, in advance of any related action to be taken by the governing board or committee his or her intent to seek to provide goods or services as a paid vendor to HBACT, or to receive a grant or contract from HBACT;

(b) the Leader must recuse himself or herself from all deliberations and voting related to the contemplated action;

(c) After exercising due diligence, the governing board or committee shall determine whether the HBACT can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest;

(d) the Board or Executive Committee must determine (without the presence or participation of the Leader) that the transaction is fair, reasonable and in the best interests of HBACT based on all of the facts and circumstances, and such determination (including the fact that it was made in the absence of the Leader) shall be documented as part of the relevant meeting minutes.; and

(e) if selected, the Leader may not participate in any process by which his or her performance as a vendor or grant or contract recipient is evaluated, other than to answer questions or provide information that the Board or Executive Committee requests to assist it in conducting such evaluation.

6. On an annual basis, all Leaders shall be provided with a copy of this policy and attached disclosure form. **Each Leader is required to fill out the attached conflict of interest disclosure form whenever during their term an actual, potential or apparent conflict of interest arises, and send their completed, or amended, form to the Chief Executive Officer (or in the case of the CEO to the Chairman of the Board).** All completed forms shall be provided to and reviewed by the HBACT Executive Committee.

