

PIKES PEAK ASSOCIATION OF REALTORS®
Conflict of Interest Policy Overview

As a nonprofit organization the Pikes Peak Association of REALTORS®, Inc. (“PPAR”) and persons who have a significant relationship with PPAR are subject to potential penalties for certain impermissible private transactions. Penalties can range from individual fines to revocation of PPAR’s tax exempt status.

An impermissible private transaction, for the purposes addressed here, is an “excess benefit transaction” which occurs when an economic benefit is provided by a tax-exempt organization directly or indirectly to or for the use of any disqualified person, if the value of the economic benefit provided exceeds the value of the consideration received for providing the benefit.

A “disqualified person” is someone who was, at anytime during the five-year period ending on the date of the excess benefit transaction, in a position to exercise substantial influence over the affairs of the tax-exempt organization (whether by virtue of being an officer, director or otherwise). It also includes members of the family of a disqualified person or an entity in which the disqualified person or family member owns more than a thirty-five percent (35%) interest.

Excess benefit transactions typically arise from conflicts of interest with disqualified persons. A “conflict of interest” presents itself when a disqualified person is deriving or may be in a position to potentially derive, a benefit from something the nonprofit organization is doing or may be doing. For example, PPAR hires a company owned by a PPAR director to provide products or services to PPAR. The PPAR director may be able to obtain some personal benefit, economic or otherwise, from the transaction. Such a conflict can often be resolved by disclosure to and approval of the conflict of interest by the Board of Directors and a showing of reasonable compensation and an arm’s length transaction. If the director’s company is not qualified to provide the product/services, however, reasonable compensation is not enough and it still could result in an excess benefit transaction.

The principal obligation of a person involved in a potential conflict of interest is disclosure. In addition, he/she is obligated to answer questions from the Board of Directors as to the conflict of interest (actual, potential or perceived), to disclose to the organization any adverse consequences that may result from the conflict of interest of which the person is aware and to refrain from voting on the transaction involved, from being included in the quorum for the meeting, and from being present during the voting. The disclosure should be made only to the Board of Directors.

As soon as reasonably possible following the disclosure, the Board of Directors should discuss the matter at a board meeting. If a particular transaction is involved, the Board should vote on the conflict before considering the transaction. It is the responsibility of the Board of Directors to determine whether there is a conflict of interest and, if so, whether to proceed with the transaction or to use other means to reconcile the conflict. If a violation of the Conflict of Interest Policy occurs the Board shall inform the director or officer of the violation and require the director or officer to completely disclose the conflict of interest. If a violation of the Conflict of Interest Policy occurs repeatedly the Board may need to determine an alternative course of action.

The Conflict of Interest policy outlined above is meant to identify and properly deal with conflicts of interest to avoid individual and organizational sanctions.

PIKES PEAK ASSOCIATION OF REALTORS®, INC.
Conflict of Interest Policy

This Conflict of interest Policy is designed to help directors, officers and employees of the Pikes Peak Association of REALTORS®, Inc. (“PPAR”) identify situations that present potential conflicts of interest and to provide PPAR with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though a director, officer or employee has or may have a conflict of interest with respect to the transaction. The policy is intended to comply with the procedure prescribed in Colorado Statutes, Section 7-128-501 governing conflicts of interest for directors of nonprofit corporations.

PART I

Definitions

1. **Terms Defined.** Capitalized terms in this policy shall have the following definitions:
 - 1.1 A "Conflict of Interest" is any circumstance described in Part II of this Policy;
 - 1.2 A "Disqualified Person" is any person serving as a PPAR officer (or any PPAR employee who has the power or responsibilities of a PPAR officer) or any member of the Board of Directors of PPAR;
 - 1.3 A "Family Member" is a spouse, parent, child, brother, sister or spouse of a child, brother or sister of a Disqualified Person;
 - 1.4 A "Material Financial Interest" in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Disqualified Person’s or Family Member’s judgment with respect to transactions to which the entity is a party; and
 - 1.5 A "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of pecuniary relationship, or review of a charitable organization by PPAR. The making of a gift to PPAR is not a Contract or Transaction.

PART II

Conflicts of Interest

2. **Conflict of Interest Defined.** For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest.
 - 2.1 **Outside Interests.**
 - 2.1.1. A Contract or Transaction between PPAR and a Disqualified Person or Family Member.
 - 2.1.2. A Contract or Transaction between PPAR and an entity in which a

Disqualified Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative.

2.2 Outside Activities.

2.2.1 A Disqualified Person competing with PPAR in the rendering of services or in any other Contract or Transaction with a third party.

2.2.2 A Disqualified Person having a Material Financial Interest in; or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative of, or consultant to an entity or individual that competes with PPAR in the provision of services or in any other Contract or Transaction with a third party.

2.3 Gifts, Gratuities and Entertainment. A Disqualified Person accepting gifts, entertainment or other favors from any individual or entity that:

2.3.1 does or is seeking to do business with, or is a competitor of PPAR; or

2.3.2 has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from PPAR;

under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Disqualified Person in the performance of his/her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of PPAR.

PART III

Procedures

3. Procedures. The following procedures shall be used to implement the policy.

3.1 Prior to board or committee action on a Contract or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.

3.2 A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

- 3.3 A person who has a Conflict of Interest shall not participate in or be permitted to hear the Board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- 3.4 A person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a Conflict of Interest may not vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of PPAR has a Conflict of Interest when he or she stands for election as an officer or for re-election as a member of the Board of Directors.
- 3.5 Disqualified Persons who are not members of the Board of Directors of PPAR or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board or committee action, shall disclose to the Chair or the Chair's designee any Conflict of Interest that such Disqualified Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Disqualified Person. The Disqualified Person shall refrain from any action that may affect the PPAR participation in such Contract or Transaction.
- In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Chair or the Chair's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.
- 3.6 Any vote to approve a Contract or Transaction in which there is a Conflict of Interest must be approved by a vote of two-thirds (2/3) of the directors present at a meeting of the Board of Directors at which there is a quorum.

PART IV

Confidentiality

Each Disqualified Person shall exercise care not to disclose confidential information acquired in connection with such status and not to disclose confidential information which might be adverse to the interests of PPAR. Furthermore, a Disqualified Person shall not disclose or use information relating to the business of PPAR for the personal profit or advantage of the Disqualified Person or a Family Member.

PART V
Review of Policy

5. Review of Policy: This policy shall be reviewed as follows:
- 5.1 Each Disqualified Person shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so;
 - 5.2 Each Disqualified Person shall annually complete a disclosure form identifying any relationships, positions or circumstances in which the Disqualified Person is involved that he or she believes could contribute to a Conflict of Interest. Such relationships, positions or circumstances might include service as a director of or consultant to a nonprofit organization, or ownership of a business that might provide goods or services to the PPAR. Any such information regarding business interests of a Disqualified Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chair, the Chief Executive Officer, and any committee appointed to address Conflicts of Interest or the Board if so appointed, except to the extent additional disclosure is necessary in connection with the implementation of this Policy; and
 - 5.3 This policy shall be reviewed annually by each member of the Board of Directors. Any changes to the policy shall be communicated immediately to all Disqualified Persons.

PIKES PEAK ASSOCIATION OF REALTORS®, INC.
Conflict of Interest Disclosure Statement

The Pikes Peak Association of REALTORS®, Inc. (“PPAR”) has developed this Conflict of Interest Disclosure Statement to facilitate proper disclosure of potential or existing conflicts of interest between directors and officers and PPAR. By signing this Statement you agree that you have made full disclosure of any conflict of interest you have or may have with PPAR to the best of your knowledge.

A conflict of interest arises when a person who has a significant relationship with PPAR (usually its directors or officers) also is deriving, or may be in a position to potentially derive, a benefit from something PPAR is doing or may be doing. A conflict of interest with PPAR is not necessary illegal, it should, however, be disclosed to the Board and be discussed to the extent necessary to ensure adequate understanding of the conflict by the Board and enable an informed Board decision. Please list any organization that does business with or is in competition with PPAR in which you or any member of your immediate family has an ownership relationship of over Ten Percent (10%) or serves as a director or officer or that has any arrangement, where you or an immediate member of your family receives compensation of \$10,000 or more annually.

Name: _____.

Position with PPAR: _____.

1. Organization/Arrangement: _____.
Description of Conflict: _____

_____.

2. Organization/Arrangement: _____.
Description of Conflict: _____

_____.

3. Organization/Arrangement: _____.
Description of Conflict: _____

_____.

(If you need more space please attach another page.)

Signature: _____

Date _____