

CONFLICT-OF-INTEREST POLICY

Purpose for Policy

YES Housing, Inc ("YES"), as a nonprofit, tax-exempt organization, must protect its interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or employee of the organization or might result in a possible excess benefit transaction. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the operations of YES first must fulfill all legal requirements. They also depend on the public trust and thus are subject to scrutiny by and accountability to both governmental authorities and members of the public.

A conflict of interest may exist when the interests or potential interests of any director, officer, or employee, or that person's close relative, or any individual, group, or organization to which the person associated with YES has allegiance, may be seen as competing with the interests of YES, or may impair such person's independence or loyalty to YES. A conflict of interest is defined as an interest that might affect, or might reasonably appear to affect, the judgment or conduct of any director, officer, or employee in a manner that is adverse to the interests of YES.

Consequently, there exists between YES and its board, officers, and employees a fiduciary duty that carries with it a broad and unbending duty of loyalty and fidelity. The board, officers, and employees have the responsibility of administering the affairs of YES honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of YES. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with YES or knowledge gained there from for their personal benefit. The interests of the organization must have the first priority in all decisions and actions.

Persons Concerned

This policy is directed not only to board members and officers, but to all employees of YES.

Key Areas in Which Conflict May Arise

Conflicts of interest may arise in the relations of directors, officers, and employees with any of the following third parties:

- Persons and firms supplying goods and services to YES
- Persons and firms from whom YES leases property and equipment

- Persons and firms with whom YES is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property
- Competing or affinity organizations
- Donors and others supporting YES
- Recipients of grants from YES
- Agencies, organizations, and associations that affect the operations of YES
- Family members, friends, and other employees

Nature of Conflicting Interest

A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned above. Such an interest might arise, for example, through

1. Owning stock or holding debt or other proprietary interests of more than 5% in any third party dealing with YES
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) by any third party dealing with YES
3. Receiving remuneration for services with respect to individual transactions involving YES
4. Using YES's time, personnel, equipment, supplies, or good will other than for approved YES activities, programs, and purposes
5. Receiving personal gifts or loans from third parties dealing with YES. Receipt of any gift is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

Interpretation of This Statement of Policy

The areas of conflicting interest listed in Nature of Conflicting Interest, and the relations in those areas that may give rise to conflict, as listed in Key Areas in Which Conflict May Arise, are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the trustees, officers, and employees will recognize such areas and relation by analogy.

The fact that one of the interests described above exists does not mean necessarily that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to the interests of YES.

However, it is the policy of the board that the existence of any of the

interests described above shall be disclosed on a timely basis and always before any transaction is consummated. It shall be the continuing responsibility of board, officers, and employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Disclosure Policy and Procedure

Directors having a conflict of interest or a perceived conflict of interest with YES shall notify the board chair or designated committee of such conflict.

Employee disclosures should be made to the Chief Executive Officer, who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the board or designated committee.

The board shall determine whether a conflict exists and is material, and in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to YES. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare of YES and the advancement of its purpose.

The minutes of the meeting of the board or its committee shall reflect that the conflict of interest was disclosed, that the interested person was not present during discussion or decision on the matter, and did not vote.

Transactions with related parties may be undertaken only if all of the following are observed:

1. A material transaction is fully disclosed in the audited financial statements of the organization;
2. The related party is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The organization's board has acted upon and demonstrated that the transaction is in the best interest of the organization.

Certification

The policy and its application shall be reviewed annually for the information and guidance of directors, officers, and employees, each of whom has a continuing responsibility to scrutinize their transactions and outside business interests and relationships for potential conflicts of interest, and make such disclosures as described in this policy.

