

**CONFLICT OF INTEREST POLICY**  
**of**  
**SILVER SPRING VILLAGE, INC.**

**Article I**  
**Purpose**

The purpose of this conflict of interest policy (this “Policy”) is to protect the interests of Silver Spring Village, Inc. (“the Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or key staff of the Corporation or might result in a possible “excess benefit transaction” (as such term is defined by 26 U.S.C. § 4958). This Policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to the Corporation.

**Article II**  
**Definitions**

1. **Interested Person**

Any director, officer, or key staff who has a direct or indirect Financial Interest, as defined below, is an Interested Person.

2. **Financial Interest**

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family –

- a) An ownership or investment interest in any entity with which the Corporation is negotiating a transaction or arrangement, or
- b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation is negotiating a transaction or arrangement, or
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

3. **Conflict of Interest**

A Financial Interest is not necessarily a Conflict of Interest. A person who has Financial Interest will be deemed to have a Conflict of Interest only if the board of directors of the Corporation (the “Board”) or a committee thereof (a “Committee”) determines that a Conflict of Interest exists.

More specifically, a Conflict of Interest exists when the Board or Committee determines pursuant to Article III below that an Interested Person has a Financial Interest which may prevent the Interested Person from acting in the best interests of the Corporation regarding a potential transaction or arrangement. The Board or Committee (in either case, consisting of disinterested directors) may approve a transaction or arrangement involving a Conflict of Interest only pursuant to the procedures outlined in this Policy.

### **Article III** **Procedures**

#### 1. **Duty to Disclose**

In connection with any actual or possible Conflict of Interest, an Interested Person must disclose the existence of any Financial Interest to the Board or Committee and must be given the opportunity to disclose all material facts related thereto.

#### 2. **Determining Whether a Conflict of Interest Exists**

After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Board or Committee meeting while the determination of whether a Conflict of Interest exists is discussed and voted upon. The remaining directors shall decide by a majority vote of disinterested directors present if a Conflict of Interest exists.

#### 3. **Procedures for Addressing the Conflict of Interest**

- a) If a Conflict of Interest exists with respect to a proposed transaction or arrangement, the Board or Committee may, but need not, investigate alternatives to the proposed transaction or arrangement involving the conflict of interest.
- b) If the Board decides to investigate alternatives, the President or Committee Chair shall, if appropriate, appoint a disinterested person or Committee to investigate alternatives to the proposed transaction or arrangement.
- c) After exercising due diligence, the Board or Committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a Conflict of Interest.
- d) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to Conflict of Interest, the Board or Committee shall determine by a majority vote of the disinterested directors whether the proposed transaction or arrangement is in the Corporation's best interest and for its own benefit, and whether the transaction or arrangement is fair and reasonable to the Corporation, and the Board or Committee shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. **Violations of the Conflict of Interest Policy**

- a) If the Board or Committee has reasonable cause to believe that an Interested Person has failed to disclose a Financial Interest, it shall inform that person of the basis for such belief and afford that person an opportunity to explain the alleged failure to disclose.
- b) If, after hearing the response of the Interested Person and making such further investigation as may be warranted under the circumstances, the Board or Committee determines that such person has in fact failed to disclose a Financial Interest, it shall take appropriate disciplinary and corrective action.

**Article IV**  
**Records of Proceedings**

The minutes of the Board and Committees shall contain –

- a) The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible Conflict of Interest, the nature of the Financial Interest, any action taken to determine whether a Conflict of Interest is present, and the Board's or Committee's decision as to whether a Conflict of Interest in fact exists.
- b) The names of the persons who were present for the discussions and votes relating to the transaction or arrangement; the content of the discussion, including any alternatives to the proposed transaction or arrangement; and a record of any votes taken in connection therewith.

**Article V**  
**Compensation**

1. A member of the Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from discussing and voting on matters pertaining to that person's compensation.
2. A member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
3. No person who receives compensation, directly or indirectly, from the Corporation is prohibited from providing information to the Board or any Committee regarding compensation.

**Article VI**  
**Annual Statements**

Each director or officer shall annually sign a statement which affirms that such person –

- a) Has received a copy of this Policy,
- b) Has read and understands the Policy,
- c) Has agreed to comply with the Policy, and
- d) Understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

### **Article VII** **Periodic Reviews**

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, the Board shall conduct periodic reviews of the arrangements and transactions entered into by the Corporation. The periodic reviews shall, at a minimum, include the following subjects:

- a) Whether compensation arrangements and benefits are reasonable and the result of arm's-length bargaining.
- b) Whether partnerships, joint ventures, and other arrangements between the Corporation and third parties conform to the Corporation's written policies; are properly recorded; reflect reasonable payments for property, goods, and services; further the Corporation's charitable purposes; and do not result in inurement, impermissible private benefits, or "excess benefit transactions" (as such term is defined in 26 U.S.C. § 4958).

### **Article VIII** **Use of Outside Advisors**

In conducting the periodic reviews provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

Adopted by the Board of Directors at its meeting on the 17<sup>th</sup> day of April 2013.