Conflict of Interest Rules
As adopted October 28, 2009

The following are the Conflict of Interest Rules adopted by the National Association of Development Companies (NADCO).

Section 1 – Conflict of Interest Rules for the NADCO Board of Directors

A. If an individual Director, or an Associate (as defined below) or Close Relative (as defined below) of a Director, is “interested” (as defined below) in a matter to be voted upon by the Board of Directors or Executive Committee, then such Director shall recuse himself/herself from any vote on such matter and leave the meeting, if requested, when such vote is taken, but may otherwise participate in any meeting or discussion of the Board of Directors or Executive Committee with respect to such matter, including participating in a meeting for purposes of constituting a quorum.

B. When recusing himself/herself, a Director shall disclose in writing to the Board of Directors:
   1. The existence and nature of his/her “interest”; and
   2. All facts known to the Director concerning the matter that an ordinarily prudent person would reasonably believe to be material to a judgment about whether to proceed with the matter.

C. For purposes of this section, a Director is interested in a matter if the Director, or an Associate or Close Relative of a Director, is either a party to the matter or has a direct or indirect beneficial or financial interest in the matter of such significance that the interest would reasonably be expected to exert an influence on the Director’s judgment if voting upon the matter; provided, however, that with respect to an elected Director, the matter is not one affecting all or a substantial number of CDCs.

Section 2 – General Conflict of Interest Rules for NADCO

A. No Director or employee will enter into any activity, employment or business relationship which conflicts with NADCO’s interests, including but not limited to, receiving, offering, promising or bestowing money, gifts, rewards, favors, services, lavish or extensive entertainment or anything of value from or to anyone who does or desires to do business with NADCO, excluding infrequent, modest or nominal expenditures for meals, refreshments, entertainment or other customary social amenities.

B. On or before June 1 of each year, each Director and employee will disclose in writing any interests that could give rise to a conflict of interest and the names of all Associates and Close Relatives. Each Director and employee will update promptly these disclosures whenever there is a change.

C. NADCO will not enter into any business relationship, including but not limited to, any contract or other engagement, with an Associate or Close Relative of a Director or employee without the approval of the Board of Directors or Executive Committee.

D. The Board of Directors or Executive Committee will not approve entering into or continuing a business relationship with an Interested Party unless, after consideration of all known facts and such investigation as the Board of Directors or Executive Committee deems necessary and appropriate, the business relationship is found to be in the best interests of, and fair to, NADCO. Any vote on a business relationship with an Interested Party will be recorded in the minutes of the meeting.

E. NADCO will not make loans to, or guarantee the obligations of, any Director or employee.
Section 3 – Definitions

A. An Interested Party is a Director or employee of NADCO.

B. An Associate of an Interested Party is:
   1. Any entity (other than NADCO, Development Company Funding Corporation, Development Assistance Corporation or Development Company Finance LLC) in which the Interested Party or a Close Relative of the Interested Party is a director, officer, trustee or key employee, or holds or controls 10 percent or more of the ownership interests; and
   2. Any entity in control of, under common control with, or controlled by an entity defined in 1.

C. A Close Relative of an Interested Party is:
   1. A current or former spouse of the Interested Party and any parent, grandparent or other ancestor, child, grandchild or other descendant, or sibling of such spouse;
   2. A child, grandchild or other descendant, parent, grandparent or other ancestor, or sibling of the Interested Party and any spouse of such person;
   3. Any individual having the same home as the Interested Party or for whom the Interested Party has legal responsibility; and
   4. Any trust, estate or guardianship in which the Interested Party or any of the individuals defined in (a)-(c) is a fiduciary or substantial beneficiary.

“Spouse” includes domestic partner or a comparable relationship as defined by the law of the jurisdiction in which the Interested Party resides, “parent” includes parents-in-law and adoptive, step or foster parents or parents-in-law, “children” includes children-in-law and adopted, step or foster children or children-in-law, “sibling” includes siblings of the whole or half blood and siblings-in-law, “ancestor” includes any adoptive or step ancestors, “descendant” includes any descendants-in-law and adopted, step or foster descendants or descendants-in-law, and “in-law” includes relatives by either marriage or domestic partnership or comparable relationship.

D. The Executive Committee consists of the officers of NADCO. As defined in the Instructions to IRS Form 990, the only “key employee” of NADCO is the President.