

BYLAWS
DirectEmployers Association, Inc.

ARTICLE XII - Interest of Directors

Section 12.1. Conflict. A conflict of interest transaction is a transaction with the Association in which a Director of the Association has a direct or indirect interest. A conflict of interest transaction is not voidable by the Association solely because of the Director's interest in the transaction if any one (1) of the following is true:

- (1) The material facts of the transaction and the Director's interest were disclosed or known to the Board or the Executive Committee of the Board and the Board or the Executive Committee authorized, approved, or ratified the transaction.
- (2) The material facts of the transaction and the Director's interest were disclosed or known to the members entitled to vote and they authorized, approved, or ratified the transaction.
- (3) The transaction was fair to the Association.

Section 12.2. Purpose. For purposes of Article XII, a Director of the Association has an indirect interest in a transaction if:

- (1) another entity in which the director has a material financial interest or in which the Director is a general partner is a party to the transaction; or
- (2) another entity of which the Director is a director, officer, or trustee is a party to the transaction and the transaction is, or is required to be, considered by the Board of the Association.

Section 12.3. Authorization. For purposes of Article XII, a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the Directors on the Board (or on the Executive Committee) who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this section by a single Director. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum shall be deemed present for the purpose of taking action under this Article. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under Article XII, if the transaction is otherwise authorized, approved, or ratified as provided herein.