

NLTA

POLICIES & PROCEDURES

MANUAL



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ADVERTISING:

3-23-2006

Membership & Marketing: It was moved and seconded to approve the reduced rates of \$250 annually for members to advertise on both public and member sites, and \$300 annually for non-members to advertise on both sites. Motion carried.

BOARD OF DIRECTORS:

7-21-2008

Board Member Expense Reimbursement: It was moved and seconded to amend the board policy on board member reimbursement so that board members will be reimbursed for mileage (at IRS rate) and for hotel rooms to attend board meetings. Motion carried.

12-18-2008

Adoption of Policies: It was moved and seconded to adopt the Conflict of Interest Policy, the Whistleblower Policy, the Document Retention and Destruction Policy, the Policy on the Process for Determining Compensation and the Joint Venture Policy proposed by the IRS with changes to bring the policies into alignment with Nebraska Statutes. Motion carried. (See Appendix for actual copies of the policies.)

11-9-2009

Reimbursement for Board members: It was moved and seconded to amend the July 21, 2008 board reimbursement policy to include mileage and hotel for board members to attend spring seminar and annual meeting/convention. Motion carried.

7-18-2010

Incentives to serve on Board: Moved and seconded to revise the board reimbursement policy to include reimbursement for registration to convention, spring seminar and ethics programs. Motion carried.

EDUCATION / SEMINARS:

2-9-2005

Request from Abstracters Board of Examiners on complimentary registrations: Discussion of the history concerning complimentary registrations for both NLTA Board Members and Members of the ABE included the costs and benefits received from attending NLTA Seminars. It was moved and seconded, that due to the possible appearance of impropriety of giving free registrations to the entities regulating our industry such as the NDOI and ABE, that requests for complimentary registrations be denied. Motion carried.

12-12-2007

Title Licensing Examination Prep Materials: Cost: It was moved and seconded to set the retail price for the manual at \$125. Motion carried.

7-21-2008

Speaker honorariums: It was moved and seconded that speakers that are member agents be paid mileage; and if not registered for the event, also be reimbursed for one night's lodging. Motion carried.

6-26-2012

Pre-Licensing Grading Fee: Moved and seconded to change the pre-licensing grading fee from \$10 to \$25 effective July 16, 2012. Motion carried.

7-16-2012

Education: Moved out of committee to: 1) issue an Attendance Verification for programs for a year (title insurance crediet); 2) increase attendance fees by \$10 for programs and \$5 for ethics. Motion carried.

FINANCIAL:**3-26-2004**

Check writing: It was moved and seconded to require two signatures (Executive Director and President) on a check for anything \$1,000 and over; \$999.99 and under will only require one signature (Executive Director). Motion carried.

6-2-2004

Employee Bond: It was moved and seconded to select Option 2 coverage of \$100,000 for \$127.00 from Travelers quote. Motion carried.

7-16-2004

Financial Report: Mike will do an internal audit in September at the Convention. The fidelity bond requires an outside CPA to do an audit, review or compilation of the books; a lower check writing limit of \$500; and to have the bank statements sent to a Board member before going to the Executive Director. It was moved and seconded that the Past President review the bank statements before sending them to the Executive Director. Motion carried.

10-23-2005

Signature Authority: It was moved and seconded to authorize the President and Executive Director to have signature authority on the checking (new Business Interest account). Motion carried.

7-18-2010

Investment/Reserve Policy: Moved and seconded to adopt a reserve policy with 150% of operating budget. Motion carried. (Note: see Full Policy in Appendix.)

11-14-2010

Accounting Procedures (Outside Reconciliation): Moved and seconded to have Grafton & Associates provide monthly reconciliation services to the NLTA at an initial rate of \$25 per month. The reconciliation statements will be provided by Grafton & Associates to

the President, President-Elect and Past President. The Past President will no longer receive bank statements. Motion carried.

MEMBERSHIP:

7-21-2008

Memorials and Funeral Plants/flowers: It was moved and seconded to establish a policy to send a memorial gift in the amount of \$25 upon the death of a member, or a member's spouse or child. Motion carried.

MISSION/STRATEGIC PLANNING:

3-7-2013

Strategic Planning Update: Moved and seconded to adopt the new mission statement: "Educate and advocate for land title professionals, and foster integrity of its members." Motion carried.

PAC:

9-10-07

PAC – It was moved and seconded to have the NLTA PAC books internally audited at least annually. Motion carried. (NOTE: As a result of the 2007 Audit, the auditors advised that the PAC books are part of NLTA's books and will be included in the organizational audit.)

3-8-2012

PAC Bank account signatures: Moved and seconded to have signers on the NLTA PAC bank account be the NLTA President, Executive Director and PAC Treasurer. Motion carried.

SCHOLARSHIPS:

3-22-07

Scholarship Eligibility: It was moved and seconded that the scholarship eligibility remain for children of NLTA members only. Motion carried.

APPENDIX

1. Financial Reserve Policy
2. Conflict of Interest Policy
3. Conflict of Interest Disclosure Form
4. Whistleblower Policy
5. Document Retention and Destruction Policy
6. Policy on the Process for Determining Compensation
7. Joint Venture Policy

NEBRASKA LAND TITLE ASSOCIATION

FINANCIAL RESERVE POLICY

Purpose: To explain the importance of financial reserves and provide guidelines for maintaining adequate association reserves.

Section 1: Definition of Reserves

Reserves are defined as the accumulated net surpluses of the Association, i.e., the unrestricted net assets as reported on the Balance Sheet. The primary purpose of the reserve is to ensure that the Association has adequate funds available in the event of an unanticipated catastrophic event or business situation that reduces reserves and threatens the financial viability of the Association. A secondary purpose of the reserve is to support special projects in the event a single or multiple strategic initiatives should surface outside of the annual budgeting process. This means that should a strategic initiative surface during the course of the year, a Board member may make a motion to the full Board of Directors to fund such an initiative. An initiative is defined as a chance for the Association to invest in an action that will benefit the Nebraska Land Title Association membership.

Section 2: Funding Requirements

The Association shall have a goal of maintaining reserves of no less than 150% of annual budgeted expenses. In the event the goal of 150% of annual operating expenses is not achieved and reserves are less than 135% of average annual operating expenses, the Executive Director shall notify the Board of a variance. Where reserves are below 120%, the Nebraska Land Title Association Board may direct the Executive Director to put a cap on any new project funding or special initiative funding through the reserves. Also, this occurrence would trigger a process through which the Board would convene to recommend necessary and sufficient corrective actions to pursue a recovery plan by 1) using the next year's budget surplus sufficient to rebuild the reserves' floor to a minimum of 120% of annually budgeted expenses, or 2) using a two-year budget cycle to rebuild the reserves' floor to a minimum of 120% of annually budgeted expenses. In either case, the recommendations shall be presented to the Board for immediate action.

ADOPTED: July 19, 2010

Conflict of Interest Policy

This Conflict of Interest Policy of the Nebraska Land Title Association (“Organization”): (1) defines conflicts of interest; (2) identifies classes of individuals within the Organization covered by this policy; (3) facilitates disclosure of information that may help identify conflicts of interest; and (4) specifies procedures to be followed in managing conflicts of interest.

1. Definition of conflicts of interest. A conflict of interest arises when a person in a position of authority over the Organization may benefit financially from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. This policy is focused upon material financial interest of, or benefit to, such persons.

2. Individuals covered. Persons covered by this policy are the Organization’s officers, directors, chief employed executive and chief employed finance executive.

3. Facilitation of disclosure. Persons covered by this policy will annually disclose or update to the Chairman of the Board of Directors on a form provided by the Organization their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members.

4. Procedures to manage conflicts. For each interest disclosed to the Chairman of the Board of Directors, the Chairman will determine whether to: (a) take no action; (b) assure full disclosure to the Board of Directors and other individuals covered by this policy; (c) ask the person to recuse from participation in related discussions or decisions within the Organization; or (d) ask the person to resign from his or her position in the Organization or, if the person refuses to resign, become subject to possible removal in accordance with the Organization’s removal procedures. The Organization’s chief employed executive and chief employed finance executive will monitor proposed or ongoing transactions for conflicts of interest and disclose them to the Chairman of the Board of Directors in order to deal with potential or actual conflicts, whether discovered before or after the transaction has occurred.

**NEBRASKA LAND TITLE ASSOCIATION
BOARD OF DIRECTORS
CONFLICT OF INTEREST STATEMENT**

Pursuant to the purposes and intent of the Conflict of Interest Policy adopted by the Board of Directors of The Nebraska Land Title Association, requiring disclosure of certain interests, a copy of which has been furnished to me, I hereby state that I or members of my immediate family have the following affiliations or interests and have taken part in the following transactions that, when considered in conjunction with my position with or relation to The Nebraska Land Title Association, might possibly constitute a conflict of interest.

1. FINANCIAL INTERESTS

- A. To have an ownership or investment interest in any entity with which the The Nebraska Land Title Association has a transaction or arrangement;
- B. To have a compensation arrangement with The Nebraska Land Title Association or with any entity or individual with which The Nebraska Land Title Association has a transaction or arrangement; or
- C. To have a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which The Nebraska Land Title Association is negotiating a transaction or arrangement.

Identify and describe any such interests, arrangements or investments of yourself or your immediate family.

☐ None

2. GIFTS, GRATUITIES AND ENTERTAINMENT

To accept gifts, excessive entertainment, or other favors that are not insubstantial from any outside concern that does, or is seeking to do, business with, or is a competitor of, The Nebraska Land Title Association under circumstances from which it might be inferred that such action was intended to influence or possibly would influence the individual in the performance of his duties.

I hereby certify that neither I nor any member of my immediate family have accepted gifts, gratuities, or entertainment that might influence my judgment or actions concerning business of The Nebraska Land Title Association, except as listed here.

☐ None

3. INSIDE INFORMATION

To disclose or use information relating to The Nebraska Land Title Association's business for the personal profit or advantage of the individual or his/her immediate family.

I realize that I need to make full disclosure of any situation in doubt so as to permit an impartial and objective determination. I am aware that disclosure relates not only to myself but also to my immediate family. I hereby agree to report to the Board of Directors any further situations that may develop before completion of my next questionnaire.

I further affirm that I:

- a. have received a copy of the conflicts of interest policy,
- b. have read and understand the policy,
- c. have agreed to comply with the policy, and
- d. understand that The Nebraska Land Title Association is a non-profit 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.

Signature, Board of Director

Date

Printed Name of Board of Director

Date Filed: _____

Whistleblower Policy

This Whistleblower Policy of the Nebraska Land Title Association (“Organization”): (1) encourages staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of the Organization; (2) specifies that the Organization will protect the person from retaliation; and (3) identifies where such information can be reported.

1. Encouragement of reporting. The Organization encourages complaints, reports or inquiries about illegal practices or serious violations of the Organization’s policies, including illegal or improper conduct by the Organization itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies. Other subjects on which the Organization has existing complaint mechanisms should be addressed under those mechanisms, such as raising matters of alleged discrimination or harassment via the Organization’s human resources channels, unless those channels are themselves implicated in the wrongdoing. This policy is not intended to provide a means of appeal from outcomes in those other mechanisms.

2. Protection from retaliation. The Organization prohibits retaliation by or on behalf of the Organization against staff or volunteers for making good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The Organization reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.

3. Where to report. Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the Organization’s chief employed executive or President of the Board of Directors; if both of those persons are implicated in the complaint, report or inquiry, it should be directed to the Immediate Past President. The Organization will conduct a prompt, discreet, and objective review or investigation. Staff or volunteers must recognize that the Organization may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

Document Retention and Destruction Policy

This Document Retention and Destruction Policy of the Nebraska Land Title Association (“Organization”) identifies the record retention responsibilities of staff, volunteers, members of the Board of Directors, and outsiders for maintaining and documenting the storage and destruction of the Organization’s documents and records.

1. **Rules.** The Organization’s staff, volunteers, members of the Board of Directors and outsiders (i.e., independent contractors via agreements with them) are required to honor these rules: (a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by the Human Resources, Legal or Administrative staffs/departments or their equivalents; (b) all other paper documents will be destroyed after three years; (c) all other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year; and (d) **no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.**

2. **Terms for retention.**

a. Retain permanently:

Governance records – Charter and amendments, Bylaws, other organizational documents, governing board and board committee minutes.

Tax records – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.

Intellectual property records – Copyright and trademark registrations and samples of protected works.

Financial records – Audited financial statements, attorney contingent liability letters.

b. Retain for ten years:

Pension and benefit records -- Pension (ERISA) plan participant/beneficiary records, actuarial reports, related correspondence with government agencies, and supporting records.

Government relations records – State and federal lobbying and political contribution reports and supporting records.

c. Retain for three years:

Employee/employment records – Employee names, addresses, social security numbers, dates of birth, INS Form I-9, resume/application materials, job descriptions, dates of hire and termination/separation, evaluations, compensation information, promotions, transfers, disciplinary matters, time/payroll records, leave/comp time/FMLA, engagement

and discharge correspondence, documentation of basis for independent contractor status (retain for all current employees and independent contractors and for three years after departure of each individual).

Lease, insurance, and contract/license records – Software license agreements, vendor, hotel, and service agreements, independent contractor agreements, employment agreements, consultant agreements, and all other agreements (retain during the term of the agreement and for three years after the termination, expiration, non-renewal of each agreement).

d. Retain for one year:

All other electronic records, documents and files – Correspondence files, past budgets, bank statements, publications, employee manuals/policies and procedures, survey information.

3. **Exceptions.** Exceptions to these rules and terms for retention may be granted only by the Organization's chief staff executive or President of the Board.

Policy on the Process for Determining Compensation

This Policy on the Process for Determining Compensation of the Nebraska Land Title Association (“Organization”) applies to the compensation of the following persons employed by the Organization:

_____ The Organization’s **chief employed executive**¹ (CHECK IF APPLICABLE)
_____ Other **Officers**² or **Key Employees**³ of the Organization by title: _____
_____ (CHECK IF APPLICABLE; SUPPLY TITLES).

The process includes all of these elements: (1) review and approval by the board of directors or compensation committee of the Organization; (2) use of data as to comparable compensation; and (3) contemporaneous documentation and recordkeeping.

1. **Review and approval.** The compensation of the person is reviewed and approved by the board of directors or compensation committee of the Organization, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in this review and approval.

2. **Use of data as to comparable compensation.** The compensation of the person is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations.

3. **Contemporaneous documentation and recordkeeping.** There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

¹ **Chief employed executive** – The CEO (i.e., Chief Executive Officer), executive director, or top management official (i.e., a person who has ultimate responsibility for implementing the decisions of the Organization’s governing body or for supervising the management, administration, or operations of the Organization).

² **Officer** – A person elected or appointed to manage the Organization’s daily operations, such as a president, vice-president, secretary or treasurer. The officers of the Organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. Include as officers the Organization’s top management official and top financial official (the person who has ultimate responsibility for managing the Organization’s finances).

³ **Key Employee** – An employee of the Organization who meets all three of the following tests: (a) \$150,000 Test: receives reportable compensation from the Organization and all related organizations in excess of \$150,000 for the year; (b) Responsibility Test: the employee: (i) has responsibility, powers, or influence over the Organization as a whole that is similar to those of officers, directors, or trustees; (ii) manages a discrete segment or activity of the Organization that represents 10% or more of the activities, assets, income, or expenses of the Organization, as compared to the Organization as a whole; or (iii) has or shares authority to control or determine 10% or more of the Organization’s capital expenditures, operating budget, or compensation for employees; and (c) Top 20 Test: is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the Organization and related organizations for the year.

Joint Venture Policy

This Joint Venture Policy of the Nebraska Land Title Association (“Organization”) requires that the Organization evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard the Organization’s exempt status with respect to such arrangements. It applies to any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity as further defined in this policy.

A. Joint ventures or similar arrangements with taxable entities. For purposes of this policy, a joint venture or similar arrangement (or a “venture or arrangement”) means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (1) whether the Organization controls the venture or arrangement; (2) the legal structure of the venture or arrangement; or (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes. A venture or arrangement is disregarded if it meets both of the following conditions:

- (a) 95% or more of the venture’s or arrangement’s income for its tax year ending within the Organization’s tax year is excluded from unrelated business income taxation [including but not limited to: (i) dividends, interest, and annuities; (iii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains or losses from the sale of property]; and
- (b) the primary purpose of the Organization’s contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

2. Safeguards to ensure exempt status protection. The Organization will: (a) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the Organization’s exempt status is protected; and (b) take steps to safeguard the Organization’s exempt status with respect to the venture or arrangement. Some examples of safeguards include:

- (i) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the organization;
- (ii) requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;
- (iii) that the venture or arrangement not engage in activities that would jeopardize the Organization’s exemption; and
- (iv) that all contracts entered into with the organization be on terms that are arm’s length or more favorable to the Organization.