



## BOARD MEMBERS' STATEMENT OF RESPONSIBILITIES, CONDUCT & CONFIDENTIALITY

The Board of Directors ("Board") of the Buffalo Niagara Association of REALTORS®, Inc. (BNAR) is responsible for the management of the affairs of the BNAR.

The Board will set and define objectives for the organization, delegate responsibility and then monitor achievement. The Board will also establish policies, procedures, and as appropriate, boundaries of decorum and ethics within which all Board, committee and staff activity and decisions must take place.

Since BNAR is incorporated in the State of New York, the responsibilities and actions of BNAR Directors fall under the broad scope of the New York State Not-For-Profit Corporation Law ("NFPCL") as well as BNAR's Certificate of Incorporation and Bylaws. Corporations, by necessity, must act through individuals called Directors who have the authority to manage the BNAR within the scope of its corporate charter.

### **Good Faith Effort Required**

BNAR Directors have a fiduciary relationship with the corporation and are required to act in good faith in the exercise of their power in the interests of BNAR. A Director must perform his/her duties as a Director in a manner he/she reasonably believes to be in the best interests of BNAR with such care as an ordinary prudent person in a like position would use under similar circumstances (NFPCL 717).

If a Director of a corporation performs his/her duties in compliance with corporate law, he/she will be protected by the "business judgment rule:" no liability by reason of being or having been a Director of the corporation will attach to the individual. If an Officer or Director has breached his/her fiduciary duty, then civil liability could be imposed on the individual Officer or Director. Each Director must make an informed decision based on information which is deemed to be reliable and competent. Thus Directors must be properly prepared for Board deliberation.

### **Represent BNAR Interests**

Under New York law, once an individual assumes the position of an Officer or Director, he/she is not serving as representative of a local firm or association, but rather as a fiduciary of BNAR. As a BNAR Officer or Director of the Board of Directors, individuals represent all BNAR members and not only those in another local association or your real estate company. Decisions are made in the best interests of BNAR, rather than how other entities or individuals may prefer you to vote.

An Officer or Director may not abdicate his/her personal responsibility to make an informed decision in BNAR's best interests. An Officer or Director is not obligated to vote a certain way because some perceived constituency has a particular opinion. Officers and Directors are not proxies for others.

Board members also may not attempt to exercise individual authority over the organization in their interaction with staff, the public, the press, or other entities except as explicitly set forth in Board policies. Individual Board members may not speak for the Board except to repeat explicitly state Board decisions.

In summary, Board directors must have loyalty to the BNAR members as a whole, unconflicted by loyalties to staff, other organizations, any personal interests, or other interests as a consumer of services.

### **Confidentiality Required and Conflict of Interest Disclosure**

As fiduciaries, Directors have classic fiduciary responsibilities. Directors must maintain confidentiality regarding matters that could affect is competitive position (e.g. business plans). A Director has a duty to come forward and identify any conflict of interest and also to refrain from voting and discussion in those instances where he/she will directly or indirectly financially benefit. No contract or other transaction of the BNAR will be held to be void or voidable for this reason alone if the financial interest or conflict is disclosed to the Board of Directors, the transaction is fair and reasonable as to the corporation and is appropriately approved by the disinterested Directors (NFPCL 715).

To remain in compliance with the NFPCL, Board members must be vigilant that:

- There will be no self-dealing or business between a member and the organization except when openness and appropriate competition are ensured.
- When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent himself/herself without comment from not only the vote, but also from the deliberation.
- Members may not obtain employment in this organization for themselves, family, or close associates. To apply for a job, a member must first resign.
- Members must disclose involvements with other organizations, vendors, or any relationships which might produce conflicts.

Agreed to by: \_\_\_\_\_ Date: \_\_\_\_\_