

## **Columbia Greene Board of REALTORS<sup>®</sup>, Inc. Board of Directors - Overview of Legal Responsibilities**

The Board of Directors of the Columbia Greene Board of REALTORS<sup>®</sup>, Inc. is responsible for making policy decisions that govern the Board. Among other duties, the Directors have the responsibility to (1) authorize major corporate actions, (2) provide advice to corporate management and (3) to oversee its finances. For example, the Board of Directors has the duty to approve the Board's annual budget, establish membership dues, determine public policy positions as they pertain to the real estate industry, approve governing policies of the Board, authorize the Board's entry into contractual agreements, adopt necessary amendments to the Bylaws and elect Board officers.

Since CGBR is incorporated in the State of New York, the responsibilities and actions of CGBR's Directors fall under the broad scope of New York's Not for Profit Corporation Law as well as CGBR's Certificate of Incorporation and Bylaws. Corporations, by necessity, must act and take corporate initiatives through individuals in responsible roles such as Directors. As the representatives of the corporation, Directors have the authority to control the business of the Board within the scope of its corporate charter.

### **Good Faith Effort Required**

CGBR's 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 CGBR. A Director must perform his/her duties as a Director in a manner he/she reasonably believes to be in the best interests of CGBR with such care as an ordinarily prudent person in a like position would use under similar circumstances (N-PCL §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.

### **Represent CGBR 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 board, but rather is a fiduciary of CGBR. As a CGBR Officer or member of the Board of Directors, you represent all CGBR members and not only those in your local Board/Association or your real estate company. Decisions are to be made in the best interests of CGBR, rather than based upon 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 CGBR'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 the others.

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

As fiduciaries, Directors of corporations have classic fiduciary responsibilities. Directors must maintain confidentiality regarding matters that could affect its competitive position (e.g. business plans). A Director has a duty to come forward and identify any conflict of interest and to also refrain from voting and discussion in those instances where he/she will directly or indirectly financially benefit. No contract or other transaction of the corporation 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 disinterested directors (N-PCL §715).

Agreed to By: \_\_\_\_\_  
(Name of Director - signature)

**\*\*Print Name** \_\_\_\_\_ **Date:** \_\_\_\_\_