

# THE LONG ISLAND BOARD OF REALTORS®, INC.

## Conflict of Interest Policy

Policy on Conflicts of Interest,  
Confidentiality, Corporate Opportunity  
Acceptance of Gifts, Gratuities and Entertainment

### Conflict of Interest Policy

Service as an officer, director, or volunteer committee member (each, collectively hereinafter referred to as a “Leader”) for The Long Island Board of Realtors®, Inc., its subsidiaries, divisions, networks, committees, and affiliated entities (collectively “LIBOR”) gives rise to certain ethical and legal obligations to LIBOR. One such obligation is the fiduciary duty which is owed to LIBOR by the Leader. This fiduciary duty requires the exercise of reasonable care in performing functions for LIBOR, exhibiting honesty and good faith and includes the responsibilities of both care and loyalty to LIBOR. The duties of good faith and loyalty require Leaders to avoid Conflicts of Interest (defined below) and to safeguard LIBOR’s best interests, not those of the Leader.

A Conflict of Interest may exist when the Leader participates in the decision-making process on an issue for LIBOR while concurrently having other business, professional or personal interests that could influence the Leader toward bias or predisposition on the issue. A Conflict of Interest may also exist when the Leader, or any of the Leader’s business partners, or any entities in which the Leader is an officer or director or has a pecuniary or ownership interest therein, institutes any legal proceedings against LIBOR. The fiduciary duty of a Leader also requires the Leader to avoid the appropriation of programs and activities, particularly business prospects that properly belong to LIBOR. Leaders must also maintain the confidentiality of LIBOR information. These obligations run from the Leader to LIBOR as a whole.

Even where the Leader might be appointed or elected regionally or by virtue of the Leader’s professional position within a particular company or practice area, the primary obligations of the Leader are to LIBOR as an organization, not to the Leader’s constituency.

### THE FOLLOWING POLICIES APPLY TO ALL LEADERS OF LIBOR:

#### Conflict of Interest Defined

According to *Black’s Law Dictionary*, a Conflict of Interest is: “A term used in connection with public officials and fiduciaries and their relationship to matters of private interest or gain to them.” In the event there is an inconsistency between the following requirements and procedures prescribed herein and those in federal or state law, the law shall control. For purposes of this policy, a Conflict of Interest occurs when a

Leader, directly or indirectly through another individual or entity, has a personal or financial interest that compromises or could compromise the Leader's independence of judgment in exercising his/her ethical or legal obligations to LIBOR, including but not limited to the following circumstances, which shall be deemed to create Conflicts of Interest:

A Leader will be considered to have a Conflict of Interest whenever the Leader:

1. is a principal, partner, officer, director, member, manager, agent, associate, trustee, personal representative, receiver, guardian, custodian, conservator, consultant to, legal representative or owner of, any interest in a business ("the Business") providing products or services to, or competing with, LIBOR;
2. is a principal, partner, officer, director, member, manager, agent, associate, trustee, personal representative, receiver, guardian, custodian, conservator, consultant to, legal representative of or owner of, any interest in the Business being considered as a provider of products or services to, or competing with LIBOR;
3. holds any other unique and/or substantial interest in the Business, financial, material or otherwise, such as a personal, employer-employee, competitor, contractor-contractee, shareholder or governance relationship with the Business; or
4. holds any Familial Interest in the Business with "Familial Interest" being defined as an interest held by a spouse, domestic partner, parent, child, spouse of a child, brother, sister, spouse of a brother or sister, cousin, spousal cousin or other family member.

## **Other Definitions**

1. "Related party" means (i) any director, member, officer or key person of the corporation or any affiliate of the corporation; (ii) any relative of any individual described in clause (i) of this subparagraph; or (iii) any entity in which any individual described in clauses (i) and (ii) of this subparagraph has a thirty-five percent or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent.
2. "Related party transaction" means any transaction, agreement or any other arrangement in which a related party has a financial interest and in which the corporation or any affiliate of the corporation is a participant, except that a transaction shall not be a related party transaction if: (i) the transaction or the related party's financial interest in the transaction is de minimis, (ii) the transaction would not customarily be reviewed by the board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms, or (iii) the transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries that the corporation intends to benefit as part of the

accomplishment of its mission which benefit is available to all similarly situated members of the same class on the same terms.

3. “Key person” means any person, other than a member, director or officer, whether or not an employee of the corporation, who (i) has responsibilities, or exercises powers or influence over the corporation as a whole similar to the responsibilities, powers, or influence of directors, members, and officers; (ii) manages the corporation, or a segment of the corporation that represents a substantial portion of the activities, assets, income or expenses of the corporation; or (iii) alone or with others controls or determines a substantial portion of the corporation’s capital expenditures or operating budget.

### **Conflict of Interest Procedures**

LIBOR Leaders with actual or potential Conflicts of Interest must immediately disclose all facts material to the actual or potential Conflict of Interest to the Board of Directors prior to or at the outset of any discussions by LIBOR pertaining to the Business. If said Conflict of Interest occurs prior to a meeting of the Board of Directors, such conflict shall be communicated in writing to the President through the LIBOR CEO. If the Conflict of Interest arises during a meeting, such disclosure shall be communicated verbally to the President. The Leader shall immediately refrain from any action that may affect LIBOR’s decision to participate with the Business.

Such Leaders shall be excused from the meeting during such discussions and shall respond to all questions asked of them prior to being excused. They shall not participate in or be permitted to hear the discussion of the matter except to respond to questions if called into the meeting. Such Leaders shall not attempt to exert any personal influence with respect to the matter, either in or outside of the meeting.

Furthermore, no Leader with a Conflict of Interest may vote on any matter in which the Leader has a Conflict of Interest, nor shall he or she be permitted to be present in the meeting room when discussions, deliberations or any vote is taken on the matter.

Minutes of meetings shall reflect that any such disclosure was made, shall contain the facts material to the Conflict of Interest, that the Leader was excused from the discussion, deliberation and vote of the matter and that the Leader did not vote on the matter.

In the event it is not entirely clear that a Conflict of Interest exists, the Leader with the potential Conflict of Interest shall disclose the circumstances at the onset of any discussion and the decision-making body will determine whether there exists a Conflict of Interest that is subject to this Policy.

Prior to entering any related party transaction, the Board of Directors shall determine

that the transaction has been deemed to be fair, reasonable, and in LIBOR's best interest, after due consideration of available alternative transactions, and the Board shall document the basis for approval of the transaction in the minutes of the meeting.

### **Violations of the Conflicts of Interest Policy**

If the Board of Directors has reasonable cause to believe that a Leader has failed to disclose actual or potential conflicts of interest, it shall inform the Leader of the basis for such belief and afford the Leader an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the Leader and making such further investigation as may be warranted in the circumstances, the Board of Directors determines that the Leader has in fact failed to disclose an actual or potential conflict of interest, it shall take appropriate corrective action. The Board should consult with legal counsel before taking any action.

### **Corporate Opportunities Policy**

Leaders must conform to New York State Law with respect to Corporate Opportunity Doctrine.

Any Leader who learns of a business opening, investment, opportunity, project or program that may be of beneficial interest to LIBOR, may not pursue that opportunity outside of LIBOR without first offering it to LIBOR. Only if LIBOR decides not to proceed (i.e., abandons such corporate opportunity) may the Leader proceed independently of LIBOR.

### **Confidentiality Policy**

A Leader must (a) maintain in confidence and not disclose or cause to be disclosed to anyone, other than LIBOR, any information determined as confidential with such determination of confidentiality being determined at LIBOR's sole discretion; (b) keep any materials containing confidential information in a safe and secure place to protect against inadvertent disclosure; and (c) preserve confidential information indefinitely, even after expiration of the Leader's service. Upon expiration of the Leader's service, the Leader must promptly return to LIBOR, upon request, any materials containing confidential information sent to or acquired by the Leader relating to the Leader's work for LIBOR.

Generally, executive committee meetings of LIBOR are confidential. Usually members of the executive committee will be asked to sign a confidentiality agreement. Any matter that is reported to the Board of Directors is no longer confidential once so reported, unless the material was disclosed to the directors in an executive session. However, who voted and how they voted at a meeting of an executive committee is

always confidential. Where other information is distributed with the intent that it will be confidential, it will be explicitly noted as such. Anything that is discussed at the director's meeting and the ultimate decision of the directors is released from confidentiality unless otherwise specified or the discussion takes place in executive session.

### **Gifts, Gratuities and Entertainment Policy**

No Leader may accept gifts, entertainment or other favors from any individual, entity or organization that does or is seeking to do business with LIBOR, or one that has received, is receiving or is seeking to receive or secure, a financial commitment from LIBOR or under any circumstance where it might be inferred that such action was intended to influence the Leader in the performance of the Leader's duties. This does not, however, preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of LIBOR.

### **Review of Policy**

Each Leader shall be required to review a copy of this Policy and to acknowledge in writing that he or she has done so.

This Policy shall be distributed prior to the initial election of any Leader, and annually thereafter. Such Leader shall complete, sign and submit to the President of LIBOR a written statement identifying, to the best of the Leader's knowledge, any entity of which such Leader is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which LIBOR has a relationship, and any transaction in which LIBOR is a participant and in which the Leader might have a conflicting interest. This Policy requires that each Leader annually resubmit such written statement. The President of LIBOR shall provide a copy of all completed statements to the CEO of LIBOR.

This Policy shall be reviewed annually by the Board of Directors of LIBOR. Any changes to the Policy shall be communicated immediately to all Leaders.

**THE LONG ISLAND BOARD OF REALTORS®, INC.**  
**Conflict of Interest Information Form**

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Position: \_\_\_\_\_  
(Director, Officer, or Volunteer Committee Member)

Please initial the space at the beginning of the applicable disclosure and describe below any relationships, transactions, positions you hold or circumstances in which you are involved that you believe could contribute to a Conflict of Interest (as defined in LIBOR's Conflict of Interest Policy) arising between LIBOR and your personal interests, financial or otherwise:

\_\_\_\_\_ I have no potential or perceived conflict(s) of interest to report.

\_\_\_\_\_ I have the following potential or perceived conflict(s) of interest to report:

- a. my direct business relationship with LIBOR (other than as an officer, director, employee or committee member);
- b. my indirect business relationship with LIBOR through ownership of more than 35% in another entity (individually or collectively) with other person(s) listed as a current or former officer, director, employee or committee member of LIBOR;
- c. my family member had a direct or indirect business relationship with LIBOR;
- d. I serve as an officer, director, key employee, partner or member of an entity (or shareholder of a professional corporation) doing business with LIBOR;
- e. other relationship(s) or activities, including as an officer, director, or key person of LIBOR having a family relationship or business relationship with another officer, director or key person of LIBOR (explain): \_\_\_\_\_  
\_\_\_\_\_
- f. other:  
\_\_\_\_\_  
\_\_\_\_\_

*I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the LIBOR Policy on Conflict of Interest which is currently in effect.*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_