

501.406 Standards of conduct.

1. A director or officer shall discharge the director's or officer's duties in conformity with all of the following:

- a.* In good faith.
- b.* With the care an ordinarily prudent person in a like position would exercise under similar circumstances.
- c.* In a manner the director or officer reasonably believes to be in the best interests of the cooperative.

2. In discharging duties by a director or officer, the director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by any of the following:

- a.* One or more officers or employees of the cooperative whom the director or officer reasonably believes to be reliable and competent in the matters presented.
- b.* A person, including but not limited to a legal counsel or public accountant, regarding a matter that the director or officer reasonably believes is within the person's professional or expert competence.
- c.* A committee of the board of which the director or officer is not a member if the director or officer reasonably believes the committee merits confidence.

3. A director or officer is not acting in good faith if the director or officer has knowledge concerning a matter in question that makes reliance otherwise permitted by subsection 2 unwarranted.

4. A director or officer is not liable for any action taken as a director or officer, or the failure to take action, if the director or officer performs the duties of the office in compliance with this section or if, and to the extent that, liability for the action or failure to act has been limited by the articles pursuant to section 501.407.