

**501B.23 Duties of managers.**

1. A manager owes to the unincorporated nonprofit association and to its members the fiduciary duties of loyalty and care.

2. A manager shall manage the unincorporated nonprofit association in good faith, in a manner the manager reasonably believes to be in the best interests of the association, and with such care, including reasonable inquiry, as a prudent person would reasonably exercise in a similar position and under similar circumstances. A manager may rely in good faith upon any opinion, report, statement, or other information provided by another person that the manager reasonably believes is a competent and reliable source for the information.

3. After full disclosure of all material facts, a specific act or transaction that would otherwise violate the duty of loyalty by a manager may be authorized or ratified by a majority of the members that are not interested directly or indirectly in the act or transaction.

4. A manager that makes a business judgment in good faith satisfies the duties specified in subsection 1 if all of the following conditions apply:

*a.* The manager is not interested, directly or indirectly, in the subject of the business judgment and is otherwise able to exercise independent judgment.

*b.* The manager is informed with respect to the subject of the business judgment to the extent the manager reasonably believes to be appropriate under the circumstances.

*c.* The manager believes that the business judgment is in the best interests of the unincorporated nonprofit association and in accordance with its purposes.

2010 Acts, ch 1112, §23, 33