

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

Referred to in §501B.27