

### **273A.100 Duties of managers.**

- (1) A manager owes to the unincorporated nonprofit association the fiduciary duties of loyalty and care.
- (2) A manager shall manage the unincorporated nonprofit association in good faith, in a manner the manager honestly 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) of this section if the manager:
  - (a) Is not interested, directly or indirectly, in the subject of the business judgment and is otherwise able to exercise independent judgment;
  - (b) Is informed with respect to the subject of the business judgment to the extent the manager reasonably believes to be appropriate under the circumstances; and
  - (c) Believes that the business judgment is in the best interests of the unincorporated nonprofit association and in accordance with its purposes.
- (5) The governing principles in a record may limit or eliminate the liability of a manager to the unincorporated nonprofit association or its members for damages for any action taken, or for failure to take any action, as a manager, except liability for:
  - (a) The amount of financial benefit improperly received by a manager;
  - (b) An intentional infliction of harm on the association or one (1) or more of its members;
  - (c) An intentional violation of criminal law;
  - (d) Breach of the duty of loyalty; or
  - (e) Improper distributions.

**Effective:** June 24, 2015

**History:** Created 2015 Ky. Acts ch. 34, sec. 31, effective June 24, 2015.