

Principles of Obedience, Loyalty & Care

A board member must meet certain standards of conduct and attention in carrying out his or her responsibilities to the organization for which a court will judge conduct.

The Duty of Obedience...forbids acts outside the scope of corporate powers. The governing board of the organization must comply with state and federal law, and conform to the organization's charter, articles of incorporation and bylaws.

The Duty of Loyalty...dictates that officers and directors must act in good faith and must not allow their personal interests to prevail over the interests of the organization.

The Duty of Care...requires directors and officers to be diligent and prudent in managing the organization's affairs. The individuals charged with governing must handle the organizational duties with such care as an ordinary prudent person would use under similar circumstances.