

**NONPROFIT CORPORATION ACT (EXCERPT)**  
**Act 162 of 1982**

**450.2541 Director or officer; discharge of duties; manner; reliance on certain information; compliance; liability; claim for monetary damages for breach of volunteer director's duty; commencement of action.**

Sec. 541.

(1) A director or officer shall discharge his or her duties as a director or officer including his or her duties as a member of a committee in the following manner:

- (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 he or she reasonably believes is in the best interests of the corporation.

(2) In discharging his or her duties, a 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 directors, officers, or employees of the corporation, or of a domestic or foreign corporation or a business organization under joint control or common control, whom the director or officer reasonably believes to be reliable and competent in the matters presented.

(b) Legal counsel, public accountants, engineers, or other persons as to matters the director or officer reasonably believes are within the person's professional or expert competence.

(c) A committee of the board of which he or she is not a member if the director or officer reasonably believes that the committee merits confidence.

(3) A director or officer is not entitled to rely on the information described in subsection (2) if he or she has knowledge concerning the matter in question that makes reliance otherwise permitted under subsection (2) unwarranted.

(4) A director or officer of a corporation that is subject to the uniform prudent management of institutional funds act, 2009 PA 87, MCL 451.921 to 451.931, is considered to be in compliance with this section if he or she complies with the uniform prudent management of institutional funds act, 2009 PA 87, MCL 451.921 to 451.931, in the administration of the powers specified in that act.

(5) If the corporation's articles of incorporation contain a provision authorized under section 209(1)(c), a director of the corporation is only personally liable for monetary damages for a breach of fiduciary duty as a director to the corporation, its shareholders, or its members to the extent set forth in the provision.

(6) If the corporation's articles of incorporation contain a provision authorized under section 209(1)(d), a claim for monetary damages for a breach of a volunteer director's duty to any person other than the corporation, its shareholders, or its members shall not be brought or maintained against the volunteer director. However, that claim may be brought or maintained against the corporation, and the corporation is liable for any breach of the volunteer director's duty.

(7) An action against a director or officer for failure to perform the duties imposed under this section shall be commenced within 3 years after the cause of action has accrued, or within 2 years after the time when the cause of action is discovered or should reasonably have been discovered, by the complainant, whichever occurs first.

**History:** 1982, Act 162, Eff. Jan. 1, 1983 ;-- Am. 1987, Act 170, Eff. Jan. 1, 1988 ;-- Am. 2009, Act 88, Imd. Eff. Sept. 10, 2009 ;-- Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015