

West's Annotated California Codes
Corporations Code (Refs & Annos)

Title 1. Corporations

Division 2. Nonprofit Corporation Law (Refs & Annos)

Part 3. Nonprofit Mutual Benefit Corporations (Refs & Annos)

Chapter 2. Directors and Management (Refs & Annos)

Article 3. Standards of Conduct (Refs & Annos)

West's Ann.Cal.Corp.Code § 7231

§ 7231. Performance of duties; degree of care; reliance on reports, etc.; good faith; exemption from liability

Effective: January 1, 2010

Currentness

(a) A director shall perform the duties of a director, including duties as a member of any committee of the board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

(b) In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matters presented;

(2) Counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or

(3) A committee upon which the director does not serve **that is composed exclusively of any or any combination of directors, persons described in paragraph (1), or persons described in paragraph (2)**, as to matters within **the committee's** designated authority, which committee the director believes to merit confidence, so long as, in any case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

(c) A person who performs the duties of a director in accordance with subdivisions (a) and (b) shall have no liability based upon any alleged failure to discharge the person's obligations as a director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which assets held by a corporation are dedicated.

Credits

(Added by Stats.1978, c. 567, p. 1821, § 6, operative Jan. 1, 1980. Amended by Stats.1979, c. 724, p. 2282, § 85, operative Jan. 1, 1980; Stats.2009, c. 631 (A.B.1233), § 24.)

Notes of Decisions (11)

West's Ann. Cal. Corp. Code § 7231, CA CORP § 7231

Current with urgency legislation through Ch. 931 of 2014 Reg.Sess., Res. Ch. 1 of 2013-2014 2nd Ex.Sess., and all propositions on 2014 ballots

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