

Duty of Loyalty

Conflicts of Interest - Directors or entities in which directors have a material financial interest may enter into contracts or transactions with the organization only if such contract or transaction meets each of these criteria; (1) its terms are fair and reasonable, (2) it is fully disclosed to the Board of Directors, and (3) prior good faith approval is obtained from the other directors. Boards should have a written policy related to conflict of interest.

Loans - A nonprofit organization may not lend money to a director or a director's family member unless the loan may reasonably be expected, in the judgment of the entire Board, to benefit the organization.

Corporate Opportunity - Directors are under a fiduciary responsibility not to divert a business opportunity for their personal gain.