**Section 1000.610 Prudent Person Rule**

a) When making any authorized investment of association funds the board of directors *shall exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital* [760 ILCS 5/5].

b) *Every director or officer of an association who knowingly shall violate, participate in, or assent to, or who knowingly shall permit any of the officers, employees or agents of the association to make investments* which are contrary to the prudent person rule *shall be liable individually for all damage which the association or its members sustain in consequence of such* action [205 ILCS 105/5-12].

(Source: Amended at 8 Ill. Reg. 15066, effective August 7, 1984)