



**Phi Chi Theta
Policy on Apparent Authority
Adopted by the Executive Council on November 25, 2008**

Officers and directors of the board have authority to perform necessary duties in the management of corporate affairs subject to control by the board of directors. Specific powers are ordinarily granted to the officers through the bylaws or by resolution, describing the way the corporation is to be operated and managed. Ordinarily, the bylaws will set out the duties of the president and other officers. *Nevertheless, under certain circumstances, acts performed by officers may bind an organization even in the absence of express authority. (This could include actions by committees and chapters of the organization.)*

Actual Authority

Actual authority is the authority a reasonable person in the officer's position would ordinarily believe and expect to have been conferred upon him/her by the corporation. Actual authority may be expressly granted to officers in the bylaws, by resolutions of the board or by agreement by the board to similar actions in the past. Associated with actual authority is implied authority; the authority to do acts that are necessary and incidental to the exercise of authority expressly granted.

Apparent Authority

Apparent authority is the authority that third parties reasonably believe an officer can exercise even though it may not have been actually granted. It arises where the corporation knowingly permits the officer to exercise an authority or represents, knowingly or negligently, that the officer has such authority. Acts committed with apparent authority are ordinarily binding on the corporation. Apparent authority may arise by virtue of the nature of the office held by the officer- e.g., the president of the corporation would generally have the power to hire an executive secretary.

Authority of the Executive Director

The organization's executive director handles the day-to-day operations of the business. The elected chairman and board, through authority of the bylaws, delegate management to staff. In almost every state, the executive has the power to bind the corporation. These include transactions that arise in the 'usual and ordinary course of business'- normal operations constituting the regular business of the corporation, but not in extraordinary transactions (e.g., sale of all or most of the corporate assets, mergers, dissolution, etc.).

Policy Adoption

This policy statement provides guidance concerning who is authorized to make public statements on behalf of or as a representative of the association and the manner in which such public statements should be handled. It also provides guidance as to the distribution of documents or other information from the association by the board.

It shall be the policy of Phi Chi Theta that any communications on behalf of Phi Chi Theta shall be official, at the direction of the National President, Executive Council, or staff. No statements shall be made, either verbal or written that conflict with the position or policy of Phi Chi Theta. Leadership should understand that by virtue of their position, that any statements may be perceived as official and made on behalf of Phi Chi Theta. To control official communications, stationary and business cards shall be for the use of the National President and staff *only*. Members of the Executive Council, committees or chapters may not use stationary. Staff will prepare letters sent on behalf of the organization with a copy remaining in the office. Exceptions may be made to the policy so long as the purpose of the letter is made known and approved by the National President or Executive Council in advance; if the exception is approved, a copy of the outgoing letter shall be provided to staff within 24 hours of dissemination, for permanent file retention.

Approved Signatures

The National President, Chairman of the Executive Policy Board, and Executive Director are the only Phi Chi Theta officials who are authorized to sign contracts, letters, or any other legal document on behalf of Phi Chi Theta.

This policy supersedes any previous documents published on this issue. This policy does not however supersede any provisions in the Phi Chi Theta National Bylaws.