



## Ohio Revised Code

### Section 1705.31 [Repealed Effective 2/11/2022 - See R.C. 1706.83] Contracts involving members, managers, or officers.

Effective: July 1, 1994

Legislation: Senate Bill 74

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(A) Unless otherwise provided in the operating agreement, the following apply:

(1) No contract, action, or transaction is void or voidable with respect to a limited liability company because it is between or affects the company and one or more of its members, managers, or officers, or because it is between or affects the company and any other person in which one or more of its members, managers, or officers are members, managers, directors, trustees, or officers or have a financial or personal interest, or because one or more interested members, managers, or officers participate in or vote at the meeting that authorizes the contract, action, or transaction, if any of the following applies:

(a) The material facts as to his or their relationship or interest and as to the contract, action, or transaction are disclosed or are known to the members or managers, and the members or managers, in good faith reasonably justified by those facts, authorize the contract, action, or transaction by the affirmative vote of a majority of the disinterested members or managers, even though the disinterested members or managers constitute less than a quorum of the members or managers.

(b) The material facts as to his or their relationship or interest and as to the contract, action, or transaction are disclosed or are known to the members entitled to vote on the contract, action, or transaction, and the contract, action, or transaction is specifically approved at a meeting of the members held for that purpose by the affirmative vote of the members entitled to exercise a majority of the voting power of the company held by persons not interested in the contract, action, or transaction.

(c) The contract, action, or transaction is fair to the company as of the time it is authorized or approved by the members or managers.

(2) Common or interested managers may be counted in determining the presence of a quorum at a



meeting of the managers that authorize a contract, action, or transaction.

(3) Irrespective of any financial or personal interest of any member or manager, the members of a limited liability company by the affirmative vote of a majority of the voting power of the company if the management of the company is reserved to the members, or the managers of a limited liability company by the affirmative vote of a majority of those in office if the management of the company is not reserved to its members, have authority to establish reasonable compensation for services rendered to the company by its members, managers, and officers or may delegate that authority to one or more managers or officers. The reasonable compensation may include pension, disability, and death benefits.

(B) For purposes of this section:

(1) A member or manager is not an interested member or manager solely because the subject of a contract, action, or transaction may involve or affect a change in control of the limited liability company or his continuation as a member or manager of the limited company.

(2) "Action" means a resolution adopted by the members or managers of a limited liability company.