



## Ohio Revised Code

### Section 1729.25 Liability of members, directors, officers.

Effective: August 5, 1998

Legislation: House Bill 600 - 122nd General Assembly

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(A) The members, the directors, and the officers of an association shall not be personally liable for any obligation of the association.

(B)(1) Directors who vote for or assent to any of the following are jointly and severally liable to the association in accordance with division (B)(2) of this section:

(a) A distribution of assets to members, stockholders, or patrons contrary to law, the association's articles of incorporation, or bylaws;

(b) A distribution of assets to persons other than creditors during the winding up of the affairs of the association, on dissolution or otherwise, without the payment of all known obligations of the association, or without making adequate provision for the payment of the obligations;

(c) The making of loans, other than in the usual conduct of the association's affairs or in accordance with the association's articles or bylaws, to an officer, director, or member of the association.

(2)(a) In cases under division (B)(1)(a) of this section, up to the amount of the distribution in excess of the amount that could have been distributed without violation of law, the articles of incorporation, or bylaws, but not in excess of the amount that would inure to the benefit of the creditors of the association if it was insolvent at the time of the distribution or there was reasonable ground to believe that by such vote or assent it would be rendered insolvent, or to the benefit of the members or stockholders other than members or stockholders of the class in respect of which the distribution was made;

(b) In cases under division (B)(1)(b) of this section, to the extent that the obligations, not otherwise barred by statute, are not paid, or for the payment of which adequate provision has not been made;

(c) In cases under division (B)(1)(c) of this section, for the amount of the loan with interest thereon



at the rate of six per cent per year until the amount has been paid.

(3) A director is not liable under division (B)(1)(a) or (b) of this section, if in determining the amount available for any such distribution, the director in good faith relied on a financial statement of the association prepared by an officer or employee of the association in charge of its accounts or by a certified public accountant or firm of certified public accountants, or in good faith considered the assets to be of their book value, or followed what the director believed to be sound accounting and business practice.

(C) A director who is present at a meeting of the board or a committee of the board at which action on any matter is authorized or taken and who has not voted for or against such action shall be presumed to have voted for the action unless the director dissents from the action during the meeting and the dissent is noted in the minutes of the proceedings of the meeting, or a written dissent is filed either during the meeting or within a reasonable time after the adjournment of the meeting.

(D) A member, stockholder, or patron who receives any distribution made contrary to law, the association's articles of incorporation, or bylaws is liable to the association for the amount received that is in excess of the amount that could have been distributed.

(E) A director against whom a claim is asserted under or pursuant to this section and who is held liable on the claim is entitled to contribution, on equitable principles, from other directors who also are liable. In addition, any director against whom a claim is asserted under or pursuant to this section, or who is held liable, has a right of contribution from the member, stockholder, or patron who received any distribution made contrary to law, the articles of incorporation, or bylaws, and such persons as among themselves also are entitled to contribution in proportion to the amounts received by them respectively.

(F) No action shall be brought by or on behalf of an association, upon any cause of action arising under division (B)(1)(a) or (b) of this section, at any time after two years from the day on which the violation occurs; provided that no such action is barred by this division if it is commenced prior to the effective date of this section.