



## Ohio Revised Code

### Section 1745.42 Interest of member, manager or officer in contract.

Effective: May 22, 2012

Legislation: House Bill 267 - 129th General Assembly

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(A) Unless otherwise provided in the governing principles, the following apply:

(1) No contract, action, or transaction is void or voidable with respect to an unincorporated nonprofit association because the contract, action, or transaction is between or affects the association and one or more of its members, managers, or officers or is between or affects the association and any other person in which one or more of the association's members, managers, or officers are members, managers, or officers or in which one or more of the association's members, managers, or officers have a financial or personal interest, or because one or more interested members, managers, or officers participate in or vote at the meeting of the members, the managers, or a committee of the managers that authorizes the contract, action, or transaction, if any of the following applies:

(a) The material facts as to the member's, manager's, or officer's relationship or interest and as to the contract, action, or transaction are disclosed or are known to the managers or the committee, and the managers or committee, in good faith reasonably justified by the material facts, authorizes the contract, action, or transaction by the affirmative vote of a majority of the disinterested managers, even though the disinterested managers constitute less than a quorum of the managers or the committee.

(b) The material facts as to the member's, manager's, or officer's 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 the purpose of voting on the contract, action, or transaction, by the affirmative vote of a majority of the voting members of the unincorporated nonprofit association who are not interested in the contract, action, or transaction.

(c) The contract, action, or transaction is fair as to the unincorporated nonprofit association as of the time it is authorized or approved by the managers, a committee of the managers, or the members.



(2) Common or interested managers may be counted in determining the presence of a quorum at a meeting of the managers or a committee of the managers that authorizes the contract, action, or transaction.

(3) The managers, by the affirmative vote of a majority of those in office and irrespective of any financial or personal interest of any of the managers, have the authority to establish reasonable compensation, which may include pension, disability, and death benefits, for services to the unincorporated nonprofit association by the managers and officers, or to delegate that authority to establish reasonable compensation to one or more officers or managers.

(B) Divisions (A)(1) and (2) of this section do not limit or otherwise affect the liability of managers under section 1745.56 of the Revised Code.

(C) For purposes of division (A) of this section, a manager is not an interested manager solely because the subject of a contract, action, or transaction may involve or effect a change in control of the unincorporated nonprofit association or the manager's continuation in office as a manager of the association.

(D) For purposes of this section, "action" means a resolution that is adopted by the managers or a committee of the managers.