



Ohio Revised Code

Section 1702.301 Interest of director or officer in contract.

Effective: April 10, 2001

Legislation: House Bill 597 - 123rd General Assembly

(A) Unless otherwise provided in the articles or the regulations:

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

(a) The material facts as to the director's relationship or interest and as to the contract, action, or transaction are disclosed or are known to the directors or the committee, and the directors 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 directors, even though the disinterested directors constitute less than a quorum of the directors or the committee;

(b) The material facts as to the director'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 corporation who are not interested in the contract, action, or transaction;

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

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



transaction.

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

(B) Divisions (A)(1) and (2) of this section do not limit or otherwise affect the liability of directors under section 1702.55 of the Revised Code.

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

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