

As Reported by the House Civil Justice Committee

135th General Assembly

Regular Session

2023-2024

Sub. H. B. No. 301

Representative Swearingen

Cosponsors: Representatives Hillyer, Schmidt

A BILL

To amend sections 1701.86, 1702.27, 1702.30, 1
1702.33, 1702.38, 1702.521, 1702.53, 1702.55, 2
and 1745.05 and to enact sections 1702.341 and 3
1702.531 of the Revised Code to amend the 4
Nonprofit Corporation Law and the law governing 5
dissolving corporations. 6

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1701.86, 1702.27, 1702.30, 7
1702.33, 1702.38, 1702.521, 1702.53, 1702.55, and 1745.05 be 8
amended and sections 1702.341 and 1702.531 of the Revised Code 9
be enacted to read as follows: 10

Sec. 1701.86. (A) A corporation may be dissolved 11
voluntarily in the manner provided in this section, provided the 12
provisions of Chapter 1704. of the Revised Code do not prevent 13
the dissolution from being effected. 14

(B) A resolution of dissolution for a corporation shall 15
set forth that the corporation elects to be dissolved. The 16
resolution also may include any of the following: 17

(1) The date on which the certificate of dissolution is to 18

be filed or the conditions or events that will result in the 19
filing of the certificate; 20

(2) Authorization for the officers or directors to abandon 21
the proposed dissolution before the filing of the certificate of 22
dissolution; 23

(3) Any additional provision considered necessary with 24
respect to the proposed dissolution and winding up. 25

(C) If an initial stated capital is not set forth in the 26
articles then before the corporation begins business, or if an 27
initial stated capital is set forth in the articles then before 28
subscriptions to shares shall have been received in the amount 29
of that initial stated capital, the incorporators or a majority 30
of them may adopt, by a writing signed by each of them, a 31
resolution of dissolution. 32

(D) The directors may adopt a resolution of dissolution in 33
any of the following cases: 34

(1) When the corporation has been adjudged bankrupt or has 35
made a general assignment for the benefit of creditors; 36

(2) By leave of the court, when a receiver has been 37
appointed in a general creditors' suit or in any suit in which 38
the affairs of the corporation are to be wound up; 39

(3) When substantially all of the assets have been sold at 40
judicial sale or otherwise; 41

(4) When the articles have been canceled for failure to 42
file annual franchise or excise tax returns or for failure to 43
pay franchise or excise taxes and the corporation has not been 44
reinstated or does not desire to be reinstated; 45

(5) When the period of existence of the corporation 46

specified in its articles has expired. 47

(E) The shareholders at a meeting held for such purpose 48
may adopt a resolution of dissolution by the affirmative vote of 49
the holders of shares entitling them to exercise two-thirds of 50
the voting power of the corporation on such proposal or, if the 51
articles provide or permit, by the affirmative vote of a greater 52
or lesser proportion, though not less than a majority, of such 53
voting power, and by such affirmative vote of the holders of 54
shares of any particular class as is required by the articles. 55
Notice of the meeting of the shareholders shall be given to all 56
the shareholders whether or not entitled to vote at it. 57

(F) Upon the adoption of a resolution of dissolution, a 58
certificate shall be prepared, on a form prescribed by the 59
secretary of state, setting forth all of the following: 60

(1) The name of the corporation; 61

(2) A statement that a resolution of dissolution has been 62
adopted; 63

(3) A statement of the manner of adoption of such 64
resolution, and, in the case of its adoption by the 65
incorporators or directors, a statement of the basis for such 66
adoption; 67

(4) The place in this state where its principal office is 68
or is to be located; 69

(5) The internet address of each domain name held or 70
maintained by or on behalf of the corporation; 71

(6) The name and address of its statutory agent; 72

(7) The date of dissolution, if other than the filing 73
date. The date of dissolution shall not be more than ninety days 74

after the filing of the certificate of dissolution. 75

(G) When the resolution of dissolution is adopted by the 76
incorporators, the certificate shall be signed by not less than 77
a majority of them. In all other cases, the certificate shall be 78
signed by any authorized officer, unless the officer fails to 79
execute and file such certificate within thirty days after the 80
date upon which such certificate is to be filed. In that latter 81
event, the certificate of dissolution may be signed by any three 82
shareholders or, if there are less than three shareholders, all 83
of the shareholders and shall set forth a statement that the 84
persons signing the certificate are shareholders and are filing 85
the certificate because of the failure of the officers to do so. 86

(H) Except as otherwise provided in division (I) of this 87
section, a certificate of dissolution, filed with the secretary 88
of state, shall be accompanied by all of the following: 89

(1) An affidavit of one or more of the persons executing 90
the certificate of dissolution or of an officer of the 91
corporation containing a statement of the counties, if any, in 92
this state in which the corporation has personal property or a 93
statement that the corporation is of a type required to pay 94
personal property taxes to state authorities only; 95

(2) A certificate or other evidence from the department of 96
taxation showing that the corporation has paid all taxes 97
administered by and required to be paid to the tax commissioner 98
that are or will be due from the corporation on the date of the 99
dissolution, ~~or that the department has received an adequate~~ 100
~~guarantee for the payment of all such taxes;~~ 101

(3) A certificate or other evidence showing the payment of 102
all personal property taxes accruing up to the date of 103

dissolution or showing that such payment has been adequately 104
guaranteed, or an affidavit of one or more of the persons 105
executing the certificate of dissolution or of an officer of the 106
corporation containing a statement that the corporation is not 107
required to pay or the department of taxation has not assessed 108
any tax for which such a certificate or other evidence is not 109
provided; 110

(4) A receipt, certificate, or other evidence from the 111
director of job and family services showing that all 112
contributions due from the corporation as an employer have been 113
paid, or that such payment has been adequately guaranteed, or 114
that the corporation is not subject to such contributions; 115

(5) A receipt, certificate, or other evidence from the 116
bureau of workers' compensation showing that all premiums due 117
from the corporation as an employer have been paid, or that such 118
payment has been adequately guaranteed, or that the corporation 119
is not subject to such premium payments. 120

(I) In lieu of the receipt, certificate, or other evidence 121
described in division ~~(H) (3)~~ (H) (2), (3), (4), or (5) of this 122
section, a certificate of dissolution shall be accompanied by an 123
affidavit of one or more persons executing the certificate of 124
dissolution or of an officer of the corporation containing ~~a~~ all 125
of the following: 126

(1) A statement of the date upon which the particular 127
department, agency, or authority was advised in writing of the 128
scheduled effective date of the dissolution and was advised in 129
writing of the acknowledgment by the corporation of the 130
applicability of the provisions of section 1701.95 of the 131
Revised Code; 132

(2) Acknowledgment by the corporation that the 133
dissolution, consolidation, merger, or conversion of the 134
corporation, as applicable, does not in and of itself 135
automatically relieve the corporation from payment of tax 136
liabilities; 137

(3) A statement confirming that the corporation has 138
submitted to the department of taxation information regarding 139
the Ohio tax circumstances of the corporation on a form 140
prescribed by the tax commissioner. Such form shall not include 141
any covenants, agreements, or certifications by the corporation 142
regarding payment of taxes, filing of returns, closing of tax 143
accounts, or any other matter, except that the form may require 144
the corporation to certify that the information provided in the 145
form is accurate. 146

(J) Upon the filing of a certificate of dissolution and 147
such accompanying documents or on a later date specified in the 148
certificate that is not more than ninety days after the filing, 149
the corporation shall be dissolved. 150

Sec. 1702.27. (A) Except as provided in division (B) of 151
this section and section 1702.521 of the Revised Code: 152

(1) The number of directors as fixed by the articles or 153
the regulations shall be not less than three or, if not so 154
fixed, the number shall be three, except that if there are only 155
one or two members of the corporation, the number of directors 156
may be less than three but not less than the number of members. 157

(2) (a) Subject to division (A) (2) (c) of this section, 158
unless the articles or the regulations fix the number of 159
directors or provide the manner in which that number may be 160
fixed or changed by the voting members, the number may be fixed 161

or changed at a meeting of the voting members called for the 162
purpose of electing directors, if a quorum is present, by the 163
affirmative vote of a majority of the voting members present in 164
person, by the use of authorized communications equipment, by 165
mail, or, if permitted, by proxy. 166

(b) For purposes of division (A) (2) (a) of this section, 167
participation by a voting member in a meeting through the use of 168
any of the means of communication described in that division 169
constitutes presence in person of that voting member at the 170
meeting for purposes of determining a quorum. 171

(c) No reduction in the number of directors shall of 172
itself have the effect of shortening the term of any incumbent 173
director. 174

(3) ~~The~~ Each director shall be a natural person and shall 175
have the qualifications, if any, that are stated in the articles 176
or the regulations. 177

(4) The articles or the regulations may provide that 178
persons occupying certain positions within or without the 179
corporation shall be ex officio directors, but, unless otherwise 180
provided in the articles or the regulations, such ex officio 181
directors shall not be considered for quorum purposes and shall 182
have no vote. 183

(B) The court of common pleas of the county in which the 184
corporation maintains its principal office may, pursuant to 185
division (A) of section 1702.521 of the Revised Code, order the 186
appointment of a provisional director for the corporation 187
without regard to the number or qualifications of directors 188
stated in the articles or regulations of the corporation. 189

Sec. 1702.30. (A) Except where the law, the articles, or 190

the regulations require that action be otherwise authorized or 191
taken, all of the authority of a corporation shall be exercised 192
by or under the direction of its directors. For their own 193
government, the directors may adopt bylaws that are not 194
inconsistent with the articles or the regulations. 195

(B) A director shall perform the director's duties ~~of as a~~ 196
director, including the duties as a member of any committee of 197
the directors upon which the director may serve, in good faith, 198
in a manner the director reasonably believes to be in or not 199
opposed to the best interests of the corporation, and with the 200
care that an ordinarily prudent person in a like position would 201
use under similar circumstances. A director serving on a 202
committee of directors is acting as a director. 203

(C) In performing ~~the duties of a director~~ director's 204
duties, a director is entitled to rely on information, opinions, 205
reports, or statements, including financial statements and other 206
financial data, that are prepared or presented by any of the 207
following: 208

(1) One or more directors, officers, or employees of the 209
corporation who the director reasonably believes are reliable 210
and competent in the matters prepared or presented; 211

(2) Counsel, public accountants, or other persons as to 212
matters that the director reasonably believes are within the 213
person's professional or expert competence; 214

(3) A committee of the directors upon which the director 215
does not serve, duly established in accordance with a provision 216
of the articles or the regulations, as to matters within its 217
designated authority, which committee the director reasonably 218
believes to merit confidence. 219

(D) For purposes of division (B) of this section, the 220
following apply: 221

(1) A director shall not be found to have ~~failed to~~ 222
~~perform~~ violated the director's duties ~~in accordance with that~~ 223
under division (B) of this section, unless it is proved, by 224
clear and convincing evidence, ~~in an action brought against the~~ 225
~~director~~ that the director has not acted in good faith, in a 226
manner the director reasonably believes to be in or not opposed 227
to the best interests of the corporation, or with the care that 228
an ordinarily prudent person in a like position would use under 229
similar circumstances. ~~Such an action includes, but is not~~ 230
~~limited to, an action that involves or affects~~ in any action 231
brought against a director, including actions involving or 232
affecting any of the following: 233

(a) A change or potential change in control of the 234
corporation; 235

(b) A termination or potential termination of the 236
director's service to the corporation as a director; 237

(c) The director's service in any other position or 238
relationship with the corporation. 239

(2) A director shall not be considered to be acting in 240
good faith if the director has knowledge concerning the matter 241
in question that would cause reliance on information, opinions, 242
reports, or statements that are prepared or presented by the 243
persons described in divisions (C) (1) to (3) of this section, to 244
be unwarranted. 245

(3) ~~The provisions of~~ Nothing in this division ~~do not~~ 246
~~limit~~ limits relief available under section 1702.301 of the 247
Revised Code. 248

~~(E) (1) Subject to divisions (E) (2) and (3) of this~~ 249
~~section, a (E) A director is shall be liable in damages for any~~ 250
~~act action~~ that the director takes or fails to take as a 251
director only if it is proved, by clear and convincing evidence, 252
in a court with of competent jurisdiction that the director's 253
action or failure to act involved an act or omission of the 254
~~director was one~~ undertaken with a deliberate intent to cause 255
injury to the corporation or ~~was one~~ undertaken with a reckless 256
disregard for the best interests of the corporation. 257

~~(2) Division (E) (1) of this section does not affect~~ 258
Nothing in this division affects the liability of ~~a director~~ 259
directors under section 1702.55 of the Revised Code. 260

~~(3) Subject to This division (E) (2) of this section,~~ 261
~~division (E) (1) of this section~~ does not apply if, and only to 262
the extent that, at the time of ~~an a~~ a director's act or omission 263
~~of a director~~ that is the subject of complaint, the articles or 264
the regulations of the corporation state, by specific reference 265
to ~~that this~~ division, that ~~its the~~ provisions of this division 266
do not apply to the corporation. 267

(F) For purposes of this section, a director, in 268
determining what ~~a the~~ director reasonably believes to be in ~~or~~ 269
~~not opposed to~~ the best interests of the corporation, ~~a director~~ 270
shall consider the purposes of the corporation and, in the 271
director's discretion, may consider any of the following: 272

(1) The interests of the corporation's employees, 273
suppliers, creditors, and customers ~~of the corporation;~~ 274

(2) The economy of this state and ~~of the~~ nation; 275

(3) Community and societal considerations; 276

(4) The long-term ~~and as well as~~ short-term ~~best~~ interests 277

of the corporation, including, ~~but not limited to,~~ the 278
possibility that ~~these~~ these interests may be best served by the 279
continued independence of the corporation. 280

(G) ~~Divisions~~ 281

Nothing in division (D) and or (E) ~~of this section do not~~ 282
~~affect~~ affects the duties of a director who acts in any capacity 283
other than in the capacity as a director. 284

Sec. 1702.33. (A) The regulations may provide for the 285
creation by the directors of an executive committee or any other 286
committee of the directors, to consist of one or more directors, 287
and may authorize the delegation to any such committee of any of 288
the authority of the directors, however conferred. 289

(B) The directors may appoint one or more directors as 290
alternate members of any committee described in division (A) of 291
this section, who may take the place of any absent member or 292
members at any meeting of the particular committee. 293

(C) Each committee described in division (A) of this 294
section shall serve at the pleasure of the directors, shall act 295
only in the intervals between meetings of the directors, and 296
shall be subject to the control and direction of the directors. 297

(D) Unless otherwise provided in the regulations or 298
ordered by the directors, any committee described in division 299
(A) of this section may act by a majority of its members at a 300
meeting or by a writing or writings signed by all of its 301
members. 302

(E) Meetings of committees described in division (A) of 303
this section may be held by any means of authorized 304
communications equipment, unless participation by members of the 305
committee at a meeting by means of authorized communications 306

equipment is prohibited by the articles, the regulations, or an order of the directors. Participation in a meeting pursuant to this division constitutes presence at the meeting.

(F) An act or authorization of an act by any committee described in division (A) of this section within the authority delegated to it shall be as effective for all purposes as the act or authorization of the directors.

(G) Unless otherwise provided in the articles, the regulations, or the resolution of the directors creating a committee described in division (A) of this section, a committee described in division (A) of this section may do both of the following:

(1) Create one or more subcommittees, each of which consists of one or more members of the committee;

(2) Delegate to a subcommittee any or all of the powers and authority of the committee.

Sec. 1702.341. (A) Unless the articles, the regulations, or a written agreement with an officer establishes additional fiduciary duties, the only fiduciary duties of an officer are the duties to the corporation set forth in division (B) of this section.

(B) An officer shall perform the officer's duties to the corporation in good faith, in a manner the officer reasonably believes to be in or not opposed to the best interests of the corporation, and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In performing an officer's duties, an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, that are prepared

or presented by any of the following: 336

(1) One or more directors, officers, or employees of the 337
corporation who the officer reasonably believes are reliable and 338
competent in the matters prepared or presented; 339

(2) Counsel, public accountants, or other persons as to 340
matters that the officer reasonably believes are within the 341
person's professional or expert competence. 342

(C) For purposes of this section, both of the following 343
apply: 344

(1) In any action brought against an officer, the officer 345
shall not be found to have violated the officer's duties under 346
division (B) of this section unless it is proved by clear and 347
convincing evidence that the officer has not acted in good 348
faith, in a manner the officer reasonably believes to be in or 349
not opposed to the best interests of the corporation, or with 350
the care that an ordinarily prudent person in a like position 351
would use under similar circumstances. 352

(2) An officer shall not be considered to be acting in 353
good faith if the officer has knowledge concerning the matter in 354
question that would cause reliance on information, opinions, 355
reports, or statements that are prepared or presented by any of 356
the persons described in division (B)(1) or (2) of this section 357
to be unwarranted. 358

(D) An officer shall be liable in damages for a violation 359
of the officer's duties under division (B) of this section only 360
if it is proved by clear and convincing evidence in a court of 361
competent jurisdiction that the officer's action or failure to 362
act involved an act or omission undertaken with deliberate 363
intent to cause injury to the corporation or undertaken with 364

reckless disregard for the best interests of the corporation. 365
This division does not apply if, and only to the extent that, at 366
the time of an officer's act or omission that is the subject of 367
the complaint, either of the following is true: 368

(1) The articles or the regulations of the corporation 369
state by specific reference to division (D) of this section that 370
the provisions of division (D) of this section do not apply to 371
the corporation. 372

(2) A written agreement between the officer and the 373
corporation states by specific reference to division (D) of this 374
section that the provisions of division (D) of this section do 375
not apply to the officer. 376

(E) Nothing in this section affects the duties of an 377
officer who acts in any capacity other than the officer's 378
capacity as an officer. Nothing in this section affects any 379
contractual obligations of an officer to the corporation. 380

Sec. 1702.38. (A) The articles may be amended from time to 381
time in any respect if the articles as amended set forth all the 382
provisions that are required in, and only those provisions that 383
may properly be in, original articles filed at the time of 384
adopting the amendment, other than with respect to the initial 385
directors, except that a public benefit corporation shall not 386
amend its articles in such manner that it will cease to be a 387
public benefit corporation. 388

(B) Without limiting the generality of the authority 389
described in division (A) of this section, the articles may be 390
amended to: 391

(1) Change the name of the corporation; 392

(2) Change the place in this state where its principal 393

office is to be located;	394
(3) Change, enlarge, or diminish its purpose or purposes;	395
(4) Change any provision of the articles or add any provision that may properly be included in the articles.	396 397
(C) (1) <u>If initial directors are not named in the articles,</u> <u>at any time prior to a meeting of voting members and before the</u> <u>incorporators have elected directors, the incorporators or a</u> <u>majority of them, at a meeting, may adopt an amendment.</u>	398 399 400 401
<u>(2)</u> The voting members present in person, by use of authorized communications equipment, by mail, or, if permitted, by proxy at a meeting held for that purpose, may adopt an amendment by the affirmative vote of a majority of the voting members present if a quorum is present or, if the articles or the regulations provide or permit, by the affirmative vote of a greater or lesser proportion or number of the voting members, and by the affirmative vote of the voting members of any particular class that is required by the articles or the regulations.	402 403 404 405 406 407 408 409 410 411
(2) <u>(3)</u> For purposes of division (C) (1) <u>or (2)</u> of this section, participation by a voting member at a meeting through the use of any of the means of communication described in that division constitutes presence in person of that voting member at the meeting for purposes of determining a quorum.	412 413 414 415 416
(D) In addition to or in lieu of adopting an amendment to the articles, the voting members may adopt amended articles by the same action or vote as that required to adopt the amendment.	417 418 419
(E) The directors may adopt amended articles to consolidate the original articles and all previously adopted amendments to the articles that are in force at the time, or the	420 421 422

voting members at a meeting held for that purpose may adopt the 423
amended articles by the same vote as that required to adopt an 424
amendment. 425

(F) Amended articles shall set forth all the provisions 426
that are required in, and only the provisions that may properly 427
be in, original articles filed at the time of adopting the 428
amended articles, other than with respect to the initial 429
directors, and shall contain a statement that they supersede the 430
existing articles. 431

(G) Upon the adoption of any amendment or amended 432
articles, a certificate containing a copy of the resolution 433
adopting the amendment or amended articles, a statement of the 434
manner of its adoption, and, in the case of adoption of the 435
resolution by the directors, a statement of the basis for such 436
adoption, shall be filed with the secretary of state, and upon 437
that filing the articles shall be amended accordingly, and the 438
amended articles shall supersede the existing articles. The 439
certificate shall be signed by any authorized officer of the 440
corporation. 441

(H) A copy of an amendment or amended articles changing 442
the name of a corporation or its principal office in this state, 443
certified by the secretary of state, may be filed for record in 444
the office of the county recorder of any county in this state, 445
and for that recording the county recorder shall charge and 446
collect the same fee as provided for in division (A) (1) of 447
section 317.32 of the Revised Code. That copy shall be recorded 448
in the official records of the county recorder. 449

Sec. 1702.521. (A) Upon the complaint of not less than 450
one-fourth of the directors of the corporation or upon the 451
complaint of not less than one-fourth of the voting members of 452

the corporation, the court of common pleas of the county in 453
which the corporation maintains its principal office may order 454
the appointment of a provisional director for that corporation 455
if the articles or regulations of the corporation expressly 456
provide for such an appointment. No appointment shall be made 457
until a hearing is held by the court. Notice of the hearing 458
shall be given to each director and the secretary of the 459
corporation in any manner that the court directs. The 460
complainants shall establish at the hearing that, because of 461
irreconcilable differences among the existing directors or 462
because there are no directors and the voting members are unable 463
to elect any directors, the continued operation of the 464
corporation has been substantially impeded or made impossible. 465

(B) A provisional director shall have the same rights and 466
duties as other directors and shall serve until removed by the 467
appointing court or by the members of the corporation entitled 468
to exercise a majority of the voting power of the corporation in 469
the election of directors or until the provisional director's 470
earlier resignation or death. If the provisional director dies 471
or resigns, the court, pursuant to division (A) of this section, 472
may appoint a replacement provisional director, upon its own 473
motion and without the filing of a complaint for the appointment 474
of a provisional director. If the appointing court finds that 475
the irreconcilable differences no longer exist, it shall order 476
the removal of the provisional director. 477

(C) No person shall be appointed as a provisional director 478
unless the person is generally conversant with corporate 479
affairs, has no legal or equitable interest in the obligations 480
of the corporation of which the person is to be appointed a 481
director, and is not indebted to such corporation. The 482
compensation of a provisional director shall be determined by 483

agreement with the corporation for which the provisional 484
director is serving, subject to the approval of the appointing 485
court, except that the appointing court may fix the provisional 486
director's compensation in the absence of agreement or in the 487
event of disagreement between the provisional director and the 488
corporation. 489

(D) A proceeding concerning the appointment of a 490
provisional director of a corporation is a special proceeding, 491
and final orders issued in the proceeding may be vacated, 492
modified, or reversed on appeal pursuant to the Rules of 493
Appellate Procedure and, to the extent not in conflict with 494
those rules, Chapter 2505. of the Revised Code. 495

Sec. 1702.53. (A) A copy of the articles or amended 496
articles filed in the office of the secretary of state, 497
certified by the secretary of state, shall be conclusive 498
evidence, except as against the state, that the corporation has 499
been incorporated under the laws of this state; and a copy duly 500
certified by the secretary of state of any certificate of 501
amendment or other certificate filed in the secretary of state's 502
office shall be prima-facie evidence of such amendment or of the 503
facts stated in any such certificate, and of the observance and 504
performance of all antecedent conditions necessary to the action 505
which such certificate purports to evidence. 506

(B) A copy of amended articles filed in the office of the 507
secretary of state, certified by the secretary of state, shall 508
be accepted in this state and other jurisdictions in lieu of the 509
original articles, amendments thereto, and prior amended 510
articles. 511

(C) The original or a copy of the record of minutes of the 512
proceedings of the incorporators of a corporation, or of the 513

proceedings or meetings of the members or any class of members, 514
or of the directors, or of any committee thereof, including any 515
written consent, waiver, release, or agreement entered in such 516
record or minutes, or the original or a copy of a statement that 517
no specified proceeding was had or that no specified consent, 518
waiver, release, or agreement exists, shall, when certified to 519
be true by the secretary or an assistant secretary of a 520
corporation, be received in the courts as prima-facie evidence 521
of the facts stated therein. Every meeting referred to in such 522
certified original or copy shall be deemed duly called and held, 523
and all motions and resolutions adopted and proceedings had at 524
such meeting shall be deemed duly adopted and had, and all 525
elections of directors and all elections or appointments of 526
officers chosen at such meeting shall be deemed valid, until the 527
contrary is proved; and whenever a person who is not a member of 528
a corporation has acted in good faith in reliance upon any such 529
certified original or copy, it is conclusive in the person's 530
favor. 531

(D) (1) A certificate issued by the secretary of state 532
confirming that a corporation is in good standing is, for seven 533
days after the date on the certificate, conclusive evidence of 534
both of the following: 535

(a) That the authority of a domestic corporation has not 536
been limited as described in section 1702.49 or 1702.52 of the 537
Revised Code, provided that both of the following apply: 538

(i) The person relying on the certificate had no knowledge 539
that the corporation's articles had been canceled. 540

(ii) The certificate is not presented as evidence against 541
the state. 542

(b) That the license authorizing a foreign corporation to 543
transact business in this state has not expired, been canceled, 544
or been surrendered. 545

(2) For purposes of division (D) of this section, "good 546
standing" means that the authority of the corporation to carry 547
on business is not limited by section 1702.49 of the Revised 548
Code. 549

Sec. 1702.531. (A) Absent an express agreement to the 550
contrary, a person providing goods to or performing services for 551
a domestic or foreign corporation owes no duty to, incurs no 552
liability or obligation to, and is not in privity with the 553
members or creditors of the corporation by reason of providing 554
goods to or performing services for the corporation. 555

(B) Absent an express agreement to the contrary, a person 556
providing goods to or performing services for a member or group 557
of members of a domestic or foreign corporation owes no duty to, 558
incurs no liability or obligation to, and is not in privity with 559
the corporation, any other members of the corporation, or the 560
creditors of the corporation by reason of providing goods to or 561
performing services for the member or group of members. 562

Sec. 1702.55. (A) The members, the directors, and the 563
officers of a corporation shall not be personally liable for any 564
obligation of the corporation. 565

(B) ~~Directors who~~ In addition to any other liabilities 566
imposed by law upon directors of a corporation and except as 567
provided in division (D) of this section, directors shall be 568
jointly and severally liable to the corporation as provided in 569
division (C) of this section if they vote for or assent to any 570
of the following: 571

(1) A distribution of assets to members contrary to law or the articles; 572
573

(2) A distribution of assets to persons other than 574
creditors during the winding up of the affairs of the 575
corporation, on dissolution or otherwise, without the payment of 576
all known obligations of the corporation, or without making 577
adequate provision therefor; 578

(3) The making of loans, other than in the usual conduct 579
of its affairs or in accordance with provisions therefor in the 580
articles, to an officer, ~~or~~ director, ~~or member~~ of the 581
corporation; ~~shall be jointly and severally liable to the~~ 582
~~corporation as follows: in~~ other than if, at the time of the 583
making of the loan, a majority of the disinterested directors of 584
the corporation voted for the loan and, taking into account the 585
terms and provisions of the loan and other relevant factors, 586
determined that the making of the loan could reasonably be 587
expected to benefit the corporation. 588

(C) (1) In cases under division (B) (1) of this section, up 589
to the amount of such distribution in excess of the amount that 590
could have been distributed without violation of law or the 591
articles, but not in excess of the amount that would inure to 592
the benefit of the creditors of the corporation if it was 593
insolvent at the time of the distribution or there was 594
reasonable ground to believe that by such action it would be 595
rendered insolvent, or to the benefit of the members other than 596
members of the class in respect of which the distribution was 597
made; ~~and in~~ 598

(2) In cases under division (B) (2) of this section, to the 599
extent that such obligations (not otherwise barred by statute) 600
are not paid, or for the payment of which adequate provision has 601

not been made; ~~and in~~ 602

(3) In cases under division (B) (3) of this section, for 603
the amount of the loan with interest thereon at the rate ~~of six~~ 604
~~per cent per annum until such~~ specified in section 1343.03 of 605
the Revised Code until the amount has been paid, ~~except that a.~~ 606

(D) A director shall not be liable under ~~division~~ 607
divisions (B) (1) and (C) (1) or (2) ~~divisions (B) (2) and (C) (2)~~ 608
of this section if in determining the amount available for any 609
such distribution, the director in good faith relied on a 610
financial statement of the corporation prepared by an officer or 611
employee of the corporation in charge of its accounts or 612
certified by a public accountant or firm of public accountants, 613
or in good faith the director considered the assets to be of 614
their book value, or the director followed what the director 615
believed to be sound accounting and business practice. 616

~~(C)~~ (E) A director who is present at a meeting of the 617
directors or a committee thereof at which action on any matter 618
is authorized or taken and who has not voted for or against such 619
action shall be presumed to have voted for the action unless the 620
director's written dissent therefrom is filed either during the 621
meeting or within a reasonable time after the adjournment 622
thereof, with the person acting as secretary of the meeting or 623
with the secretary of the corporation. 624

~~(D)~~ (F) A member who knowingly receives any distribution 625
made contrary to law or the articles shall be liable to the 626
corporation for the amount received by the member that is in 627
excess of the amount that could have been distributed without 628
violation of law or the articles. 629

~~(E)~~ (G) A director against whom a claim is asserted under 630

or pursuant to this section and who is held liable thereon shall 631
be entitled to contribution, on equitable principles, from other 632
directors who also are liable; and in addition, any director 633
against whom a claim is asserted under or pursuant to this 634
section or who is held liable shall have a right of contribution 635
from the members who knowingly received any distribution made 636
contrary to law or the articles, and such members as among 637
themselves shall also be entitled to contribution in proportion 638
to the amounts received by them respectively. 639

~~(F)~~ (H) The fact that a loan is made in violation of this 640
section does not affect the borrower's liability on the loan. 641

(I) No action shall be brought by or on behalf of a 642
corporation upon any cause of action arising under division (B) 643
(1) or (2) of this section at any time after two years from the 644
day on which the violation occurs. 645

~~(G)~~ (J) Nothing contained in this section shall preclude 646
any creditor whose claim is unpaid from exercising such rights 647
as the creditor otherwise would have by law to enforce the 648
creditor's claim against assets of the corporation distributed 649
to members or other persons. 650

Sec. 1745.05. As used in this chapter, unless the context 651
otherwise requires: 652

(A) "Authorized communications equipment" means any 653
communications equipment that provides a transmission, 654
including, but not limited to, by telephone, telecopy, or any 655
electronic means, from which it can be determined that the 656
transmission was authorized by, and accurately reflects the 657
intention of, the member or manager involved and, with respect 658
to meetings, allows all persons participating in the meeting to 659

contemporaneously communicate with each other. 660

(B) (1) "Entity" means any of the following: 661

(a) An unincorporated nonprofit association existing under 662
the laws of this state or any other state; 663

(b) A nonprofit corporation existing under the laws of 664
this state or any other state; 665

(c) A for profit corporation existing under the laws of 666
this state or any other state; 667

(d) Any of the following organizations existing under the 668
laws of this state, the United States, or any other state: 669

(i) An unincorporated business or for profit organization, 670
including a general or limited partnership; 671

(ii) A limited liability company; 672

(iii) Any other legal or commercial entity the formation 673
and operation of which is governed by statute. 674

(2) "Entity" includes a domestic or foreign entity. 675

(C) "Established practices" means the practices used by an 676
unincorporated nonprofit association without material change 677
during the most recent five years of its existence or, if it has 678
existed for less than five years, during its entire existence. 679

(D) "Governing principles" means all agreements, whether 680
oral, in a record, or implied from its established practices, or 681
any combination of them, that govern the purpose or operation of 682
an unincorporated nonprofit association and the rights and 683
obligations of its members and managers. "Governing principles" 684
includes any amendment or restatement of the agreements 685
constituting the governing principles. 686

(E) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 1, as amended.	687 688
(F) "Manager" means a person, irrespective of the person's designation as director or other designation, that is responsible, alone or in concert with others, for the management of an unincorporated nonprofit association as stated in division (E) of section 1745.32 of the Revised Code.	689 690 691 692 693
(G) "Member" means a person that, under the governing principles of an unincorporated nonprofit association, is entitled to participate in the selection of persons authorized to manage the affairs of the association or in the adoption of the policies and activities of the association.	694 695 696 697 698
(H) "Mutual benefit association" means any unincorporated nonprofit association organized under this chapter other than a public benefit association.	699 700 701
(I) "Person" means an individual, corporation, business trust, statutory entity trust, estate, trust, partnership, limited liability company, cooperative, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, two or more persons having a joint or common interest, or any other legal or commercial entity.	702 703 704 705 706 707 708
(J) "Public benefit association" means an unincorporated nonprofit association that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code or is organized for a public or charitable purpose and that upon dissolution must distribute its assets to a public benefit association, the United States, a state or any political subdivision of a state, or a person that is recognized as exempt	709 710 711 712 713 714 715

from federal income taxation under section 501(c)(3) of the Internal Revenue Code. 716
717

(K) "Public benefit entity" means an entity that is 718
recognized as exempt from federal income taxation under section 719
501(c)(3) of the Internal Revenue Code or is organized for a 720
public or charitable purpose and that upon dissolution must 721
distribute its assets to a public benefit entity, the United 722
States, a state or any political subdivision of a state, or a 723
person that is recognized as exempt from federal income taxation 724
under section 501(c)(3) of the Internal Revenue Code. "Public 725
benefit entity" does not include an entity that is organized by 726
one or more municipal corporations to further a public purpose 727
that is not a charitable purpose. 728

(L) "Record" means information that is inscribed on a 729
tangible medium or that is stored in an electronic or other 730
medium and is retrievable in perceivable form. 731

(M) "Unincorporated nonprofit association" means an 732
unincorporated organization, consisting of two or more members 733
joined by mutual consent pursuant to an agreement, written, 734
oral, or inferred from conduct, for one or more common, 735
nonprofit purposes. "Unincorporated nonprofit association" does 736
not include any of the following: 737

(1) A trust; 738

(2) A marriage, domestic partnership, common law 739
relationship, or other domestic living arrangement; 740

(3) An organization that is formed under any other statute 741
that governs the organization and operation of unincorporated 742
associations; 743

(4) A joint tenancy, tenancy in common, or tenancy by the 744

entireties notwithstanding that the co-owners share use of the 745
property for a nonprofit purpose; 746

(5) A religious organization that operates according to 747
the rules, regulations, canons, discipline, or customs 748
established by the organization, including any ministry, 749
apostolate, committee, or group within that organization, unless 750
the governing principles of such organization specifically 751
provide that division (M) (5) of this section does not apply to 752
such organization. 753

(N) (1) Subject to division (N) (2) of this section, 754
"volunteer" means a manager, officer, member, or agent of an 755
unincorporated nonprofit association, or another person acting 756
for the association, who satisfies both of the following: 757

(a) Performs services for or on behalf of, and under the 758
authority or auspices of, that unincorporated nonprofit 759
association; 760

(b) Does not receive compensation, either directly or 761
indirectly, for performing those services. 762

(2) For purposes of division (N) (1) of this section, 763
"compensation" does not include any of the following: 764

(a) Actual and necessary expenses that are incurred by a 765
volunteer in connection with the services performed for an 766
unincorporated nonprofit association and that are reimbursed to 767
the volunteer or otherwise paid; 768

(b) Insurance premiums paid on behalf of a volunteer, and 769
amounts paid or reimbursed, pursuant to divisions (A) and (G) of 770
section 1745.43 of the Revised Code; 771

(c) Modest perquisites. 772

Section 2. That existing sections 1701.86, 1702.27,	773
1702.30, 1702.33, 1702.38, 1702.521, 1702.53, 1702.55, and	774
1745.05 of the Revised Code are hereby repealed.	775