

**NONPROFIT CORPORATION ACT AMENDMENTS**

2015 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lyle W. Hillyard**

House Sponsor: V. Lowry Snow

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**LONG TITLE**

**General Description:**

This bill amends the Utah Revised Nonprofit Corporation Act.

**Highlighted Provisions:**

This bill:

- ▶ modifies definition provisions;
- ▶ provides for use of electronic transmissions;
- ▶ addresses private foundations;
- ▶ addresses incorporation;
- ▶ provides for mutual benefit corporations to purchase memberships;
- ▶ modifies provision addressing no property rights;
- ▶ addresses action without meeting ~~H~~→ [and action by written ballot] ←~~H~~ ;
- ▶ modifies provision related to voting entitlement;
- ▶ modifies provisions related to board of directors;
- ▶ addresses authorized actions of a committee of the board;
- ▶ modifies provisions related to conflicting interest transactions;
- ▶ modifies provisions related to court-ordered indemnification of a director;
- ▶ addresses provisions related to articles of incorporation;
- ▶ provides for voting members to vote on amendment to convert to a corporation;
- ▶ modifies effect of dissolution provision; and
- ▶ makes technical and conforming changes.

S.B. 218



28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 **AMENDS:**

34 16-6a-102, as last amended by Laws of Utah 2009, Chapter 386

35 16-6a-103, as last amended by Laws of Utah 2009, Chapter 388

36 16-6a-116, as last amended by Laws of Utah 2002, Chapter 197

37 16-6a-203, as enacted by Laws of Utah 2000, Chapter 300

38 16-6a-610, as enacted by Laws of Utah 2000, Chapter 300

39 16-6a-611, as last amended by Laws of Utah 2007, Chapter 315

40 16-6a-705, as enacted by Laws of Utah 2000, Chapter 300

41 16-6a-707, as last amended by Laws of Utah 2002, Chapter 197

42 ~~H→ [16-6a-709, as last amended by Laws of Utah 2010, Chapter 378] ←H~~

43 16-6a-711, as last amended by Laws of Utah 2007, Chapter 315

44 16-6a-712, as enacted by Laws of Utah 2000, Chapter 300

45 16-6a-801, as enacted by Laws of Utah 2000, Chapter 300

46 16-6a-807, as enacted by Laws of Utah 2000, Chapter 300

47 16-6a-808, as last amended by Laws of Utah 2014, Chapter 160

48 16-6a-813, as enacted by Laws of Utah 2000, Chapter 300

49 16-6a-814, as last amended by Laws of Utah 2009, Chapter 388

50 16-6a-815, as last amended by Laws of Utah 2006, Chapter 228

51 16-6a-817, as last amended by Laws of Utah 2001, Chapter 127

52 16-6a-825, as last amended by Laws of Utah 2007, Chapter 315

53 16-6a-905, as last amended by Laws of Utah 2006, Chapter 228

54 16-6a-1002, as last amended by Laws of Utah 2008, Chapter 364

55 16-6a-1003, as enacted by Laws of Utah 2000, Chapter 300

56 16-6a-1006, as enacted by Laws of Utah 2000, Chapter 300

57 16-6a-1008, as last amended by Laws of Utah 2009, Chapter 386

58 16-6a-1302, as last amended by Laws of Utah 2009, Chapter 386

524 (c) If the nonprofit corporation has received written consents in accordance with  
 525 Subsection (1) signed by all members entitled to vote with respect to the action, the effective  
 526 date of the member action may be any date that is specified in all the written consents as the  
 527 effective date of the member action.

528 ~~[(d) Unless otherwise provided by the bylaws, a written consent under this Subsection~~  
 529 ~~(4) may be received by the nonprofit corporation by electronically transmitted facsimile or~~  
 530 ~~other form of communication providing the nonprofit corporation with a complete copy of the~~  
 531 ~~written consent, including a copy of the signature to the written consent.]~~

532 (d) (i) Unless otherwise provided by the bylaws, a member may deliver a written  
 533 consent under this section by an electronic transmission that provides the nonprofit corporation  
 534 with a complete copy of the written consent.

535 (ii) An electronic transmission consenting to an action under this section is considered  
 536 to be written, signed, and dated for purposes of this section if the electronic transmission is  
 537 delivered with information from which the corporation can determine:

538 (A) that the electronic transmission is transmitted by the member; and

539 (B) the date on which the electronic transmission is transmitted.

540 (iii) The date on which an electronic transmission is transmitted is considered the date  
 541 on which a consent is signed.

542 (5) Notwithstanding Subsection (1), directors may not be elected by written consent  
 543 except by unanimous written consent of all members entitled to vote for the election of  
 544 directors.

545 (6) If not otherwise determined under Section 16-6a-703 or 16-6a-706, the record date  
 546 for determining the members entitled to take action without a meeting or entitled to be given  
 547 notice under Subsection (2) of action taken without a meeting is the date the first member  
 548 delivers to the nonprofit corporation a writing upon which the action is taken pursuant to  
 549 Subsection (1).

550 (7) Action taken under this section has the same effect as action taken at a meeting of  
 551 members and may be so described in any document.

552 **H→ [Section 9. Section 16-6a-709 is amended to read:**

553 ~~16-6a-709. Action by written ballot.~~

554 ~~(1) Unless otherwise provided by the bylaws, any action that may be taken at any~~ Ⓢ

555     ~~☉ annual, regular, or special meeting of members may be taken without a meeting if the nonprofit~~  
556     ~~corporation delivers a written ballot to every member entitled to vote on the matter.~~  
557     ~~—— (2) A written ballot described in Subsection (1) shall:~~  
558     ~~—— (a) set forth each proposed action; and~~  
559     ~~—— (b) provide an opportunity to vote for or against each proposed action.~~  
560     ~~—— (3) (a) Approval by written ballot pursuant to this section shall be valid only when:~~  
561     ~~—— (i) the time, as determined under Subsection [(8)] (7), by which all ballots must be~~  
562     ~~received by the nonprofit corporation has passed so that a quorum can be determined; and~~  
563     ~~—— (ii) the number of approvals equals or exceeds the number of votes that would be~~  
564     ~~required to approve the matter at a meeting at which the total number of votes cast was the~~  
565     ~~same as the number of votes cast by ballot.~~  
566     ~~—— (b) Unless otherwise provided in this chapter or in accordance with Section 16-6a-716,~~  
567     ~~for purposes of taking action by written ballot the number of votes cast by written ballot~~  
568     ~~pursuant to this section constitute a quorum for action on the matter.~~  
569     ~~—— (4) All solicitations for votes by written ballot shall:~~  
570     ~~—— (a) indicate the number of responses needed to meet the quorum requirements;~~  
571     ~~—— (b) state the percentage of approvals necessary to approve each matter other than~~  
572     ~~election of directors;~~  
573     ~~—— (c) specify the time by which a ballot must be received by the nonprofit corporation in~~  
574     ~~order to be counted; and~~  
575     ~~—— (d) be accompanied by written information sufficient to permit each person casting the~~  
576     ~~ballot to reach an informed decision on the matter.~~  
577     ~~—— (5) Unless otherwise provided by the bylaws, a written ballot may not be revoked.~~  
578     ~~—— (6) Action taken under this section has the same effect as action taken at a meeting of~~  
579     ~~members and may be described as such in any document.~~  
580     ~~—— [(7) Unless otherwise provided by the bylaws, a written ballot delivered to every~~  
581     ~~member entitled to vote on the matter or matters therein, as described in this section, may also~~  
582     ~~be used in connection with any annual, regular, or special meeting of members, thereby~~  
583     ~~allowing members the choice of either voting in person or by written ballot delivered by a~~  
584     ~~member to the nonprofit corporation in lieu of attendance at such meeting. Any written ballot~~  
585     ~~shall comply with the requirements of Subsection (2) and shall be counted equally with the ☉~~

586 - ~~☉~~ ~~votes of members in attendance at any meeting for every purpose, including satisfaction of a~~  
 587 ~~quorum requirement.]~~

588 ~~—— [(8)] (7) (a) Members shall be provided a fair and reasonable amount of time before the~~  
 589 ~~day on which the nonprofit corporation must receive ballots.~~

590 ~~—— (b) An amount of time is considered to be fair and reasonable if:~~

591 ~~—— (i) members are given at least 15 days from the day on which the notice is mailed, if~~  
 592 ~~the notice is mailed by first-class or registered mail;~~

593 ~~—— (ii) members are given at least 30 days from the day on which the notice is mailed, if~~  
 594 ~~the notice is mailed by other than first-class or registered mail; or~~

595 ~~—— (iii) considering all the circumstances, the amount of time is otherwise reasonable.] ←H~~

596 Section ~~H~~→ [10] 9 ←H . Section 16-6a-711 is amended to read:

597 **16-6a-711. Voting entitlement generally.**

598 (1) Unless otherwise provided by the bylaws:

599 (a) only voting members may vote with respect to any matter required or permitted  
 600 under this chapter to be submitted to a vote of the members;

601 (b) all references in this chapter to votes of or voting by the members permit voting  
 602 only by the voting members; and

603 (c) voting members may vote with respect to all matters required or permitted under  
 604 this chapter to be submitted to a vote of the members.

605 (2) Unless otherwise provided by the [~~articles of incorporation~~] bylaws, each member  
 606 entitled to vote may cast:

607 (a) one vote on each matter submitted to a vote of members for nonprofit corporations  
 608 other than those in Subsection (2)(b); and

609 (b) one vote for each share held by the member on each matter submitted for a vote of  
 610 members if the nonprofit corporation issues shares to its members.

611 (3) Unless otherwise provided by the bylaws, if a membership stands of record in the  
 612 names of two or more persons, the membership's acts with respect to voting have the following  
 613 effect:

614 (a) If only one votes, the act binds all of the persons whose membership is jointly held.

615 (b) If more than one votes, the vote is divided on a pro-rata basis.

616 Section ~~H~~→ [11] 10 ←H . Section 16-6a-712 is amended to read:

648 (b) signing and delivering to the secretary or other officer or agent authorized to  
649 tabulate proxy votes:

650 (i) a writing stating that the appointment of the proxy is revoked; or

651 (ii) a subsequent appointment form.

652 (7) The death or incapacity of the member appointing a proxy does not affect the right  
653 of the nonprofit corporation to accept the proxy's authority unless notice of the death or  
654 incapacity is received by the secretary or other officer or agent authorized to tabulate votes  
655 before the proxy exercises the proxy's authority under the appointment.

656 (8) Subject to Section 16-6a-713 and to any express limitation on the proxy's authority  
657 appearing on the appointment form, a nonprofit corporation is entitled to accept the proxy's  
658 vote or other action as that of the member making the appointment.

659 Section 12. Section **16-6a-801** is amended to read:

660 **16-6a-801. Requirement for board of directors.**

661 (1) A nonprofit corporation shall have a board of directors.

662 (2) (a) Except as may otherwise be provided in this chapter [~~or~~], including Subsection  
663 (2)(b), all corporate powers shall be exercised by or under the authority of, and the business  
664 and affairs of the nonprofit corporation managed under the direction of, the board of directors.

665 (b) (i) The articles of incorporation may authorize one or more persons to exercise  
666 some or all of the powers that would otherwise be exercised by the board of directors.

667 (ii) To the extent the articles of incorporation authorize a person other than the board of  
668 directors to have the authority and perform a duty of the board of directors, the directors shall  
669 be relieved to that extent from such authority and duty.

670 (3) The board of directors may be divided into classes, each with such respective rights  
671 and duties as the articles of incorporation or bylaws may provide.

672 (4) The board of directors and the directors may be known by any other name  
673 designated in the bylaws.

674 Section 13. Section **16-6a-807** is amended to read:

675 **16-6a-807. Resignation of directors.**

676 (1) A director may resign at any time by giving written notice of resignation to the  
677 [~~nonprofit corporation~~] ~~§→~~ ~~[board of directors, the]~~ ~~←§~~ board's chair, ~~§→~~ [~~or~~] ~~←§~~ the nonprofit  
677a corporation's  
678 secretary ~~§→~~ , or as otherwise provided in the bylaws ~~←§~~ .

710 (f) (i) Except as provided in Subsection (1)(f)(ii), a director elected by the board of  
 711 directors may be removed with or without cause by the vote of a majority of the directors then  
 712 in office or such greater number as is set forth in the bylaws.

713 (ii) A director elected by the board of directors to fill the vacancy of a director elected  
 714 by the voting members may be removed without cause by the voting members but not the  
 715 board of directors.

716 [~~(g) Notwithstanding Subsections (1)(a) through (f), if provided in the bylaws, any~~  
 717 ~~director no longer qualified to serve, under standards set forth in the bylaws, may be removed~~  
 718 ~~by a vote of a majority of the directors then in office or such greater number as set forth in the~~  
 719 ~~bylaws.]~~

720 [~~(h)~~] (g) A director who is removed pursuant to this section may deliver to the division  
 721 for filing a statement to that effect pursuant to Section 16-6a-1608.

722 (2) Unless otherwise provided in the bylaws:

723 (a) an appointed director may be removed without cause by the person appointing the  
 724 director;

725 (b) the person described in Subsection (2)(a) shall remove the director by giving  
 726 written notice of the removal to:

727 (i) the director; and

728 (ii) the nonprofit corporation; and

729 (c) unless the written notice described in Subsection (2)(b) specifies a future effective  
 730 date, a removal is effective when the notice is received by both:

731 (i) the director to be removed; and

732 (ii) the nonprofit corporation.

733 (3) A designated director, as provided in Subsection 16-6a-804(5), may be removed by  
 734 an amendment to the bylaws deleting or changing the designation.

735 (4) Removal of a director under this section is not affected by Subsection 16-6a-805(5).

736 Section 15. Section **16-6a-813** is amended to read:

737 **16-6a-813. Action without meeting.**

738 (1) ~~§→~~ (a) ~~←§~~ Unless otherwise provided in the bylaws, any action required or permitted  
 738a by this  
 739 chapter to be taken at a board of directors' meeting may be taken without a meeting if ~~§→~~ [each and  
 740 every member] all members ~~←§~~ of the board ~~§→~~ consent to the action ~~←§~~ in writing ~~§→~~ [  
 740a either: ☺

741 ~~☉ (a) votes for the action; or~~  
742 ~~(b) (i) (A) votes against the action; or~~  
743 ~~(B) abstains from voting; and~~  
744 ~~(ii) waives the right to demand that action not be taken without a meeting.~~  
745 ~~(2) Action is taken under this section only if the affirmative vote for the action equals~~  
746 ~~or exceeds the minimum number of votes that would be necessary to take the action at a~~  
747 ~~meeting at which all of the directors then in office were present and voted.~~  
748 ~~(3) (a) An action taken pursuant to this section may not be effective unless the~~  
749 ~~nonprofit corporation receives writings:~~  
750 ~~(i) describing the action taken;~~  
751 ~~(ii) otherwise satisfying the requirements of Subsection (1);~~  
752 ~~(iii) signed by all directors; and~~  
753 ~~(iv) not revoked pursuant to Subsection (4).~~  
754 ~~[(b) Unless otherwise provided by the bylaws, a writing described in Subsection (3)(a)~~  
755 ~~may be received by the nonprofit corporation by electronically transmitted facsimile or other~~  
756 ~~form of wire or wireless communication providing the nonprofit corporation with a complete~~  
757 ~~copy of the document, including a copy of the signature on the document.]~~  
758 ~~(b) (i) Unless otherwise provided by the bylaws, a director may deliver a written~~  
759 ~~consent under this section by an electronic transmission that provides the nonprofit corporation~~  
760 ~~with a complete copy of the written consent.~~  
761 ~~(ii) An electronic transmission consenting to an action under this section is considered~~  
762 ~~to be written, signed, and dated for purposes of this section if the electronic transmission is~~  
763 ~~delivered with information from which the corporation can determine:~~  
764 ~~(A) that the electronic transmission is transmitted by the director; and~~  
765 ~~(B) the date on which the electronic transmission is transmitted;~~  
766 ~~(iii) The date on which an electronic transmission is transmitted is considered the date~~  
767 ~~on which the consent is signed.~~  
768 ~~(c) A director's right to demand that action not be taken without a meeting shall be~~  
769 ~~considered to have been waived if the nonprofit corporation receives a writing satisfying the~~  
770 ~~requirements of Subsection (1) that has been signed by the director and not revoked pursuant to~~  
771 ~~Subsection (4). ☉~~



772 ~~⊗ (d) Action taken pursuant to this section shall be effective when the last writing~~  
773 ~~necessary to effect the action is received by the nonprofit corporation, unless the writings~~  
774 ~~describing the action taken set forth a different effective date.~~  
775 ~~—— (4) If the writing is received by the nonprofit corporation before the last writing~~  
776 ~~necessary to effect the action is received by the nonprofit corporation, any director who has~~  
777 ~~signed a writing pursuant to this section may revoke the writing by a writing signed and dated~~  
778 ~~by the director:~~  
779 ~~—— (a) describing the action; and~~  
780 ~~—— (b) stating that the director's prior vote with respect to the writing is revoked.~~  
781 ~~—— (5) Action taken pursuant to this section:~~  
782 ~~—— (a) has the same effect as action taken at a meeting of directors; and~~  
783 ~~—— (b) may be described as an action taken at a meeting of directors in any document.]~~  
783a **(b) Action is taken under Subsection (1)(a) at the time the last director signs a writing**  
783b **describing the action taken, unless, before that time, any director revokes a consent by a**  
783c **writing signed by the director and received by the secretary or any other person authorized by**  
783d **the bylaws or the board of directors to receive the revocation.**  
783e **(c) Action under Subsection (1)(a) is effective at the time it is taken under Subsection (1)(a)**  
783f **unless the board of directors establishes a different effective date.**  
783g **(2)(a) If provided in the bylaws, any action required or permitted by this chapter to be taken**  
783h **at a board of directors' meeting may be taken without a meeting if notice is transmitted in**  
783i **writing to each member of the board and each member of the board by the time stated in the**  
783j **notice:**  
783k **(i)(A) signs a writing for such action; or**  
783l **(B) signs a writing against such action, abstains in writing from voting, or fails to respond or**  
783m **vote; and**  
783n **(ii) fails to demand in writing that action not be taken without a meeting.**  
783o **(b) The notice required by Subsection (1) shall state:**  
783p **(i) the action to be taken;**  
783q **(ii) the time by which a director must respond to the notice;**  
783r **(iii) that failure to respond by the time stated in the notice will have the same effect as:**  
783s **(A) abstaining in writing by the time stated in the notice; and**  
783t **(B) failing to demand in writing by the time stated in the notice that action not be taken**  
783u **without a meeting; and**  
783v **(iv) any other matters the nonprofit corporation determines to include.**  
783w **(c) Action is taken under this Subsection (2) only if at the end of the time stated in the**⊗

- 783x **☛ notice transmitted pursuant to Subsection (2)(a):**
- 783y **(i) the affirmative votes in writing for the action received by the nonprofit corporation and not**
- 783z **revoked pursuant to Subsection (2)(e) equal or exceed the minimum number of votes that**
- 783aa **would be necessary to take such action at a meeting at which all of the directors then in office**
- 783ab **were present and voted; and**
- 783ac **(ii) the nonprofit corporation has not received a written demand by a director that the action**
- 783ad **not be taken without a meeting other than a demand that has been revoked pursuant to**
- 783ae **Subsection (2)(e).**
- 783af **(d) A director's right to demand that action not be taken without a meeting shall be**
- 783ag **considered to have been waived unless the nonprofit corporation receives such demand from**
- 783ah **the director in writing by the time stated in the notice transmitted pursuant to Subsection**
- 783ai **(2)(a) and the demand has not been revoked pursuant to Subsection (2)(e).**
- 783aj **(e) A director who in writing has voted, abstained, or demanded action not be taken without a**
- 783ak **meeting pursuant to this Subsection (2) may revoke the vote, abstention, or demand in writing**
- 783al **received by the nonprofit corporation by the time stated in the notice transmitted pursuant to**
- 783am **Subsection (2)(a).**
- 783an **(f) Unless the notice transmitted pursuant to Subsection (2)(a) states a different effective date,**
- 783ao **action taken pursuant to this Subsection (2) is effective at the end of the time stated in the**
- 783ap **notice transmitted pursuant to Subsection (2)(a).**
- 783aq **(3)(a) Unless otherwise provided by the bylaws, a communication under this section may be**
- 783ar **delivered by an electronic transmission.**
- 783as **(b) An electronic transmission communicating a vote, abstention, demand, or revocation under**
- 783at **Subsection (2) is considered to be written, signed, and dated for purposes of this section if the**
- 783au **electronic transmission is delivered with information from which the nonprofit corporation**
- 783av **can determine:**
- 783aw **(i) that the electronic transmission is transmitted by the director; and**
- 783ax **(ii) the date on which the electronic transmission is transmitted.**
- 783ay **(c) The date on which an electronic transmission is transmitted is considered the date on which**
- 783az **the vote, abstention, demand, or revocation is signed.**
- 783ba **(d) For purposes of this section, communications to the nonprofit corporation are not effective**
- 783bb **until received.**
- 783bc **(4) Action taken pursuant to this section:**
- 783bd **(a) has the same effect as action taken at a meeting of directors; and**
- 783be **(b) may be described as an action taken at a meeting of directors in any document. ←§**

- 865 (c) elect, appoint, or remove a director;  
 866 (d) amend articles of incorporation;  
 867 (e) adopt, amend, or repeal bylaws;  
 868 (f) approve a plan of conversion or a plan of merger not requiring member approval; or  
 869 (g) approve a sale, lease, exchange, or other disposition of all, or substantially all, of its  
 870 property, with or without goodwill, otherwise than in the usual and regular course of business.

871 (5) The creation of, delegation of authority to, or action by a committee does not alone  
 872 constitute compliance by a director with the standards of conduct described in Section  
 873 16-6a-822.

874 (6) (a) Subject to Subsection (6)(b), nothing in this part shall prohibit or restrict a  
 875 nonprofit corporation from establishing in its bylaws or by action of the board of directors or  
 876 otherwise one or more committees, advisory boards, auxiliaries, or other bodies of any kind:

877 (i) having the members and rules of procedure as the bylaws or board of directors may  
 878 provide;

879 (ii) established to provide the advice, service, and assistance to the nonprofit  
 880 corporation as may be specified in the bylaws or by the board of directors; and

881 (iii) established to carry out the duties and responsibilities for the nonprofit  
 882 corporation, as may be specified in the bylaws or by the board of directors.

883 (b) Notwithstanding Subsection (6)(a), if any committee or other body established  
 884 under Subsection (6)(a) has one or more members who are entitled to vote on committee  
 885 matters and who are not then also directors, the committee or other body may not exercise any  
 886 power or authority reserved to the board of directors, in this chapter or in the bylaws.

887 Section 19. Section **16-6a-825** is amended to read:

888 **16-6a-825. Conflicting interest transaction.**

889 (1) As used in this section ~~§~~ [f] , "conflicting [f] ~~§~~ : ~~§~~ [

890 ~~(a) "Conflicting] ~~§~~ interest transaction" means a contract, transaction, or other financial~~  
 891 relationship between a nonprofit corporation and:

892 ~~§~~ [f] (a) ~~[~~(i)~~] ~~←~~§~~ a director of the nonprofit corporation;

893 ~~§~~ [f] (b) ~~[~~(ii)~~] ~~←~~§~~ a party related to a director; or

894 ~~§~~ [f] (c) ~~[~~(iii)~~] ~~←~~§~~ an entity in which a director of the nonprofit corporation:

895 ~~§~~ [f] (i) ~~[~~(A)~~] ~~←~~§~~ is a director or officer; or

896 ~~§~~→ [f] (ii) [~~f(B)~~] ←~~§~~ has a financial interest.

897 ~~§~~→ [~~(b)~~] "~~Natural person related to a director or officer~~" means one of the following in  
898 regards to a director or officer:

899 ~~— (i) a spouse;~~

900 ~~— (ii) a descendent;~~

901 ~~— (iii) an ancestor;~~

902 ~~— (iv) a sibling;~~

903 ~~— (v) the spouse or descendent of a sibling; or~~

904 ~~— (vi) the spouse of a descendent.] ←~~§~~~~

905 (2) Except as otherwise provided in this section, upon the finding of a conflicting  
906 interest transaction, in an action properly brought before it, a court may:

907 (a) rule that the conflicting interest transaction is void or voidable;

908 (b) enjoin or set aside the conflict of interest transaction; or

909 (c) determine that the conflicting interest transaction gives rise to an award of damages  
910 or other sanctions.

911 (3) (a) A loan may not be made directly or indirectly by a nonprofit corporation to:

912 (i) a director or officer of the nonprofit corporation; [~~or~~]

913 (ii) a natural person related to a director or officer[~~;~~]; or

914 (iii) an entity in which a director, officer, or natural person related to a director or  
915 officer has any ownership, management right, or financial interest.

916 (b) A director or officer who assents to or participates in the making of a loan in  
917 violation of Subsection (3)(a) shall be liable to the nonprofit corporation for the amount of the  
918 loan until the repayment of the loan.

919 (4) (a) If the conditions of Subsection (4)(b) are met, a conflicting interest transaction  
920 may not be void or voidable or be enjoined, set aside, or give rise to an award of damages or  
921 other sanctions in a proceeding by a member or by or in the right of the nonprofit corporation,  
922 solely because:

923 (i) the conflicting interest transaction involves:

924 (A) a director of the nonprofit corporation;

925 (B) a party related to a director; or

926 (C) an entity in which a director of the nonprofit corporation is a director or officer or