

271B.8-320 Loans to directors.

- (1) Except as provided by subsection (3) of this section, a corporation may not lend money to or guarantee the obligation of a director of the corporation unless:
 - (a) The particular loan or guarantee is approved by a majority of the votes represented by the outstanding voting shares of all classes, voting as a single voting group, except the votes of shares owned by or voted under the control of the benefited director; or
 - (b) The corporation's board of directors determines that the loan or guarantee benefits the corporation and either approves the specific loan or guarantee or a general plan authorizing loans and guarantees.
- (2) The fact that a loan or guarantee is made in violation of this section shall not affect the borrower's liability on the loan or the corporation's liability on the guarantee.
- (3) This section shall not apply to loans and guarantees authorized by statute regulating any special class of corporations.

Effective: January 1, 1989

History: Created 1988 Ky. Acts ch. 23, sec. 87, effective January 1, 1989.