

RCW 24.03A.605 Loans or guarantees. (1) A nonprofit corporation may not lend money to, advance credit to, or guarantee the obligation of a director or officer of the corporation.

(2) Subsection (1) of this section does not apply to:

(a) An advance to pay reimbursable expenses reasonably expected to be incurred within a time period that is reasonable under the circumstances by a director or officer;

(b) Advances pursuant to RCW 24.03A.630;

(c) Loans or advances pursuant to employee benefit plans; or

(d) A loan to pay reasonable relocation expenses of an officer.

(3) The fact that a loan or guarantee is made in violation of this section does not affect the borrower's liability on the loan.

(4) The directors who vote for or assent to any loan, advance, or guarantee in violation of subsection (1) of this section, and any officer materially participating in the making of such a loan, advance, or guarantee, are personally liable on a joint and several basis to the nonprofit corporation on the loan, advance, or guarantee. Liability under this subsection terminates upon the repayment of any funds advanced by the nonprofit corporation in violation of subsection (1) of this section or, if no funds have been advanced under a guarantee, upon the termination of the guarantee.

(5) A director or officer held liable under subsection (4) of this section for any unlawful loan or guarantee is entitled to contribution from every other director or officer who could be held liable under subsection (4) of this section for the unlawful loan or guarantee.

(6) A proceeding to enforce contribution or recoupment under subsection (5) of this section is barred unless it is commenced within one year after the liability of the claimant has been finally adjudicated under subsection (4) of this section. [2021 c 176 § 2701.]

Effective date—2021 c 176: See note following RCW 24.03A.005.