

(I) A FULL DISCLOSURE OF SUCH BUSINESS OR TRANSACTION AND THE NATURE OF THE CONTROLLING PERSON'S INTEREST IS MADE TO THE BOARD OF DIRECTORS AND SUCH BUSINESS OR TRANSACTION IS APPROVED IN GOOD FAITH WITH ANY DIRECTOR WHO HAS ANY FINANCIAL INTEREST IN OR WHO IS AN EMPLOYEE OR DIRECTOR OF THE CONTROLLING PERSON ABSTAINING, AND SUCH APPROVAL IS RECORDED IN THE MINUTES; AND

(II) ANY PROFITS INURING TO THE CONTROLLING PERSON ARE NOT AT THE EXPENSE OF THE GUARANTY STOCK ASSOCIATION AND DO NOT PREJUDICE ITS BEST INTERESTS.

(D) A GUARANTY STOCK ASSOCIATION MAY MAKE A LOAN TO ANY CONTROLLING PERSON IF:

(1) THE LOAN IS APPROVED BY A TWO-THIRDS VOTE OF ITS BOARD OF DIRECTORS WITH ANY DIRECTOR WHO HAS ANY FINANCIAL INTEREST IN OR IS AN EMPLOYEE OR DIRECTOR OF THE CONTROLLING PERSON ABSTAINING;

(2) THE SECURITY IS APPRAISED BY A DISINTERESTED APPRAISER; AND

(3) THE LOAN IS APPROVED BY THE DIVISION DIRECTOR.

(E) (1) A CONTROLLING PERSON MAY NOT SELL OR TRANSFER MORE THAN 25 PERCENT OF ITS CONTROLLING BLOCK OF GUARANTY STOCK WITHOUT SUBMITTING A PLAN OF SALE OR TRANSFER TO THE DIVISION DIRECTOR FOR HIS PRIOR APPROVAL.

(2) THE DIVISION DIRECTOR SHALL APPROVE THE PLAN IF HE FINDS THAT THE CHARACTER, RESPONSIBILITY, AND GENERAL FITNESS OF THE PROPOSED TRANSFEREE COMMANDS CONFIDENCE AND WARRANTS BELIEF THAT THE BUSINESS OF THE GUARANTY STOCK ASSOCIATION WILL CONTINUE TO BE CONDUCTED HONESTLY AND EFFICIENTLY, IN ACCORDANCE WITH THE INTENT OF THIS SUBTITLE.

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(A) ANY MUTUAL ASSOCIATION MAY CONVERT TO A GUARANTY STOCK ASSOCIATION.

(B) IN ORDER TO CONVERT, THE MUTUAL ASSOCIATION SHALL:

(1) PAY A FILING FEE OF \$750; AND

(2) FILE WITH THE DIVISION DIRECTOR AN APPLICATION FOR CONVERSION, WHICH SHALL CONTAIN:

(I) A CERTIFIED COPY OF THE MINUTES OF THE BOARD OF DIRECTORS' MEETING AUTHORIZING THE CONVERSION;

(II) THE PROPOSED AMENDED ARTICLES OF INCORPORATION AND BYLAWS;