

EACH DIRECTOR, OFFICER, AND CONTROLLING PERSON OF A SAVINGS AND LOAN ASSOCIATION SHALL:

(1) ACT IN A FIDUCIARY CAPACITY TOWARDS THE ASSOCIATION, AND THE ASSOCIATION'S MEMBERS, STOCKHOLDERS, AND DEPOSITORS; AND

(2) DISCHARGE DUTIES AND THEIR RESPECTIVE POSITIONS IN GOOD FAITH, AND WITH THE SAME DILIGENCE AND CARE THAT AN ORDINARILY PRUDENT PERSON WOULD EXERCISE UNDER A SIMILAR CIRCUMSTANCE IN A LIKE POSITION.

(B) CONFLICT OF INTEREST.

A DIRECTOR, OFFICER, CONTROLLING PERSON, OR EMPLOYEE OF A SAVINGS AND LOAN ASSOCIATION MAY NOT PLACE HIMSELF IN A POSITION THAT CREATES A CONFLICT OF INTEREST.

(C) LOANS PROHIBITED.

EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D) OF THIS SECTION, A SAVINGS AND LOAN ASSOCIATION OR A RELATED ENTITY MAY NOT MAKE OR RENEW A LOAN OR EXTENSION OF CREDIT DIRECTLY OR INDIRECTLY TO:

(1) ANY CONTROLLING PERSON, DIRECTOR, OFFICER, OR EMPLOYEE OF THE ASSOCIATION, OR A MEMBER OF ANY OF THEIR IMMEDIATE FAMILIES; OR

(2) ANY CORPORATION, ASSOCIATION, PARTNERSHIP, TRUST OR OTHER ENTITY IN WHICH AN INTEREST OF 10 PERCENT OR MORE IS OWNED BY ~~A CONTROLLING PERSON, DIRECTOR, OFFICER, OR EMPLOYEE~~ THE CONTROLLING PERSONS, DIRECTORS, OFFICERS, OR EMPLOYEES OF THE ASSOCIATION, OR ~~A MEMBER~~ MEMBERS OF ANY OF THEIR IMMEDIATE FAMILIES.

~~(D) -- LOANS PERMITTED --~~

~~A -- LOAN -- IS NOT PROHIBITED BY SUBSECTION (A) OF THIS SECTION IF THE LOAN IS:~~

~~(1) -- SECURED BY THE BORROWER'S PRINCIPAL RESIDENCE, IF THE APPRAISED VALUE, AS DETERMINED BY A DISINTERESTED APPRAISER, EXCEEDS BY 20 PERCENT THE TOTAL AMOUNT OF THE LOAN AND ALL PRIOR LIENS; OR~~

~~(2) -- SECURED BY THE BORROWER'S SAVINGS ACCOUNT IN THE ASSOCIATION, SUBJECT TO THE REQUIREMENT THAT THE LOAN SECURED BY A SAVINGS ACCOUNT DOES NOT EXCEED THE WITHDRAWAL VALUE OF THE ACCOUNT.~~

(D) LOANS PERMITTED.

(1) SUBJECT TO THE PROVISIONS OF PARAGRAPHS (3) AND (4) OF THIS SUBSECTION, A LOAN BY A SAVINGS AND LOAN ASSOCIATION