51A.15 TRANSACTIONS OF OFFICERS AND DIRECTORS.

Subdivision 1. **Fiduciary relationships.** Directors and officers occupy a fiduciary relationship to the association of which they are directors or officers, and no director or officer shall engage or participate, directly or indirectly, in any business or transaction conducted on behalf of or involving the association, which would result in a conflict of personal interests with those of the association which that person serves, unless such business or transactions are conducted in good faith and are honest, fair, and reasonable to the association; a full disclosure of such business or transactions and the nature of the director's or officer's interest is made to the board of directors; such business or transactions are approved in good faith by the board of directors, any interested director abstaining, and such approval is recorded in the minutes; any profits inuring to the officer or director are not at the expense of the association and do not prejudice the best interests of the association in any way; and such business or transaction does not represent a breach of the officer's or director's fiduciary duty and is not fraudulent, illegal, or ultra vires; and without limitation by any of the specific provisions of any of the subdivisions hereof, the commissioner may require the disclosure by directors, officers, and employees of their personal interest directly or indirectly in any business or transactions on behalf of or involving the association and of their control of or active participation in enterprises having activities related to the business of the association. The following restrictions governing the conduct of directors and officers expressly are specified, but such specification is not to be construed in any manner as excusing such persons from the observance of any other aspect of the general fiduciary duty owed by them to the association which they serve.

Subd. 2. **Dual status.** No officer or director of an association shall hold office or status as a director or officer of another nonaffiliated financial institution the principal office of which is located in the association's primary lending area; except such directors or officers who are holding office at the time of the adoption of sections 51A.01 to 51A.57, and such directors or officers may continue to be reelected for two additional terms.

Subd. 3. **Remuneration.** No director shall receive remuneration as director except reasonable fees for service as a director or for service as a member of a committee of directors, except that nothing herein contained shall be deemed to prohibit or in any way to limit any right of a director who is also an officer or employee of or attorney for the association to receive compensation for service as an officer, employee, or attorney.

Subd. 4. **Loans.** No director or officer shall have any interest, directly or indirectly, in the proceeds of a loan or investment or of a purchase or sale made by the association, unless such loan, investment, purchase, or sale is authorized expressly by resolution of the board of directors, and unless such resolution is approved by vote of at least two-thirds of the directors authorized of the association, any interested director taking no part in such vote.

Subd. 5. **Savings.** No director or officer shall have any interest, direct or indirect, in the purchase at less than its face value of any evidence of a savings account, deposit, or other indebtedness issued by the association.

Subd. 6. **Coercion.** No director, association, or officer thereof shall require, as a condition of the granting of any loan or the extension of any other service by the association, that the borrower or any other person undertake a contract of insurance or any other agreement, or understanding with respect to the furnishing of any other goods or services, with any specific company, agency, or individual.

Subd. 7. **Voting rights; office.** No officer or director acting as proxy for a member or stockholder of an association shall exercise, transfer, or delegate the vote or votes in any consideration of a private benefit

or advantage, direct or indirect, accruing to that person, nor surrender control or pass that person's office to any other for any consideration of a private benefit or advantage, direct or indirect. The voting rights of members, stockholders, and directors shall not be the subject of sale, barter, exchange, or similar transaction, either directly or indirectly. Any officer or director who violates the provisions of this section shall be held accountable to the association for any increment.

Subd. 8. **Inducements.** No director or officer shall solicit, accept, or agree to accept, directly or indirectly, from any person other than the association any gratuity, compensation, or other personal benefit for any action taken by the association or for endeavoring to procure any such action.

Subd. 9. **Penalty.** Any violation of the provisions of this section is punishable as a misdemeanor.

History: *1969 c 490 s 15; 1971 c 387 s 5; 1981 c 276 s 18; 1986 c 444; 1988 c 666 s 21; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*