

NOT ACQUIRE, DIRECTLY OR INDIRECTLY, CONTROL OF A GUARANTY STOCK ASSOCIATION.

(C) PROHIBITION.

A PERSON MAY NOT ACQUIRE, DIRECTLY OR INDIRECTLY, CONTROL OF MORE THAN ONE GUARANTY STOCK ASSOCIATION.

(D) CONFLICT OF INTEREST.

(1) EXCEPT AS PROVIDED IN ITEM (2) OF THIS SUBSECTION, A CONTROLLING PERSON MAY NOT PARTICIPATE, DIRECTLY OR INDIRECTLY, IN A BUSINESS OR TRANSACTION THAT WOULD RESULT IN A CONFLICT OF INTEREST WITH THE GUARANTY STOCK ASSOCIATION.

(2) A CONTROLLING PERSON MAY ENGAGE IN ANY BUSINESS OR TRANSACTION WITH A GUARANTY STOCK ASSOCIATION IF:

(I) A FULL DISCLOSURE IS MADE TO THE BOARD OF DIRECTORS OF THE GUARANTY STOCK ASSOCIATION;

(II) THE TRANSACTION IS APPROVED IN GOOD FAITH BY THE RECORDED VOTE OF THE DISINTERESTED DIRECTORS OF THE ASSOCIATION; AND

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

(E) LOAN TO CONTROLLING PERSON.

A GUARANTY STOCK ASSOCIATION MAY MAKE A LOAN TO ANY CONTROLLING PERSON ONLY IF:

(1) THE LOAN IS APPROVED BY A TWO THIRDS VOTE OF ITS BOARD OF DIRECTORS WITH ANY DIRECTOR OF THE ASSOCIATION 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.

(F) SALE OR TRANSFER BY CONTROLLING PERSON.

(1) UNLESS THE DIVISION DIRECTOR APPROVES THE PLAN OF SALE OR TRANSFER, A CONTROLLING PERSON MAY NOT SELL OR TRANSFER MORE THAN 25 PERCENT OF THE GUARANTY STOCK THAT CONSTITUTES A CONTROLLING BLOCK.

(2) IF THE DIVISION DIRECTOR FINDS THAT THE CHARACTER, RESPONSIBILITY, AND GENERAL FITNESS OF THE PROPOSED TRANSFEREE WARRANTS BELIEF THAT THE GUARANTY STOCK