

As Engrossed: 3/17/93

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative Easley**

A Bill

HOUSE BILL 1976

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE TITLE 23, CHAPTER 37,
9 SUBCHAPTER 3, TO ESTABLISH A STANDARD OF CONDUCT FOR
10 DIRECTORS OF SAVINGS AND LOAN ASSOCIATIONS AND FEDERAL
11 SAVINGS BANKS IN ARKANSAS; AND FOR OTHER PURPOSES."

Subtitle

14 "TO ESTABLISH A STANDARD OF CONDUCT FOR DIRECTORS OF
15 SAVINGS AND LOAN ASSOCIATIONS AND FEDERAL SAVINGS BANKS IN
16 ARKANSAS."

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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20 SECTION 1. Arkansas Code Title 23, Chapter 37, Subchapter 3, is hereby
21 amended by adding at the end thereof a new section to read as follows:

22 "23-37-316. Standards of Conduct.

23 (a) A director of a state chartered savings and loan association or
24 federal savings bank shall discharge his or her duties as a director,
25 including his or her duties as a member of any committees:

26 (1) In good faith;

27 (2) With the care an ordinary prudent person in a like position
28 would exercise under similar circumstances; and

29 (3) In a manner he or she reasonably believes to be in the best
30 interest of the savings and loan or *federal savings bank*.

31 (b) In discharging his or her duties, a director shall be entitled to
32 rely on information, opinions, reports, or statements, including financial
33 statements and other financial data, if prepared or presented by:

34 (1) One (1) or more officers or employees of the savings and loan
35 whom the director reasonably believes to be reliable and competent in matters

1 presented;

2 (2) Legal counsel, public accountants, or other persons as to
3 matters the director reasonably believes are within the person_s professional
4 or expert competence; or

5 (3) A committee of the board of directors of which he or she is
6 not a member, if the director reasonably believes the committee merits
7 confidence.

8 (c) *A director is not acting in good faith if the director has*
9 *knowledge concerning the matter in question that makes reliance on the*
10 *information or data described in subsection (b) unwarranted.*

11 (d) A director is not liable for any action taken as a director, or any
12 failure to take any action, if he or she performed the duties of his or her
13 office in compliance with this section."

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15 SECTION 2. All provisions of this act of general and permanent nature
16 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
17 Revision Commission shall incorporate the same in the Code.

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19 SECTION 3. If any provisions of this act or the application thereof to
20 any person or circumstance is held invalid, the invalidity shall not affect
21 other provisions or applications of the act which can be given effect without
22 the invalid provisions or application, and to this end the provisions of this
23 act are declared to be severable.

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25 SECTION 4. All laws and parts of laws in conflict with this act are
26 hereby repealed.

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/s/Veo Easley

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