

272A.8-180 Fiduciary standards of directors -- Conflict of interest.

Except as otherwise provided in KRS 272A.8-190:

- (1) The fiduciary duties a director owes to the limited cooperative association include the duty of loyalty and the duty of care set forth in subsections (2) and (3) of this section;
- (2) A director's duty of loyalty to the limited cooperative association includes but is not limited to the following:
 - (a) To account to the association and hold as trustee for it any property, profit, or benefit derived by the director in the conduct and winding up of the association's business or derived from a use by the director of association property, including the appropriation of a opportunity;
 - (b) To refrain from dealing with the association in the conduct or winding up of association business as or on behalf of a party having an interest adverse to the association; and
 - (c) To refrain from competing with the association in the conduct of association business before the dissolution of the association;
- (3) A director's duty of care to the limited cooperative association and the members thereof in the conduct and winding up of association business includes but is not limited to acting with the care that a reasonable person in a like position would exercise under similar circumstances and in a manner that the director reasonably believes to be in the best interests of the association;
- (4) A director does not violate a duty or obligation under this subchapter or under the association's organic rules merely because the director's conduct furthers the director's own interest; and
- (5) A director may lend money to, act as a surety, guarantor, or endorser for, guarantee or assume one (1) or more specific obligations of, provide collateral for and transact other business with the limited cooperative association, and as to each loan or transaction the rights and obligations of the director are the same as those of a person who is not a director, subject to other applicable law.

Effective: July 12, 2012

History: Created 2012 Ky. Acts ch. 160, sec. 71, effective July 12, 2012.