

3-1-13.1 Limitation of personal liability of officers and directors.

- (1) The articles of incorporation may include a provision eliminating or limiting the personal liability of a director or an officer to the association or its members for monetary damages for breach of fiduciary duty, but the provision may not eliminate or limit the liability of a director or an officer:
 - (a) for any breach of the director's or officer's duty of loyalty to the association or its members;
 - (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
 - (c) for any transaction from which the director or officer derived an improper personal benefit.
- (2) No provision authorized under this section may eliminate or limit the liability of a director or an officer for any act or omission occurring prior to the date when the provision becomes effective.
- (3) Any provision authorized under this section to be included in the articles of incorporation may also be adopted in the bylaws or by resolution, but only if the provision is approved by the same percentage of members as is required to approve an amendment to the articles of incorporation.
- (4) Any foreign association authorized to transact business in this state may adopt any provision authorized under this section.
- (5)
 - (a) Except as otherwise provided by state or federal laws, an officer or director is not personally liable for any injury to a person or property arising out of a tort committed by another employee of the association unless:
 - (i) the officer or director was personally involved in the situation giving rise to the litigation; or
 - (ii) the officer or director committed a criminal offense.
 - (b) The protection provided by this subsection does not restrict other rights that an officer or director may have.

Amended by Chapter 204, 1994 General Session