

company, or other institution engaged in lending or investing funds or whose activities include lending or investing funds.

420. Loan Limits

(a) Each member shall lend funds to such corporation as and when called upon to do so, but the total amount on loan by any member at any one time shall not exceed the following limit to be determined as of the time it became a member, and such amount shall thereafter be readjusted annually in the event of any change in the base of the loan limit of such member: national banking associations, state-chartered commercial banks and trust companies, two per cent of capital and surplus; savings banks, two per cent of the guarantee fund and undivided surplus; savings and loan associations, two per cent of guaranty funds; stock insurance companies, two per cent of capital and surplus; surety and casualty companies, two per cent of capital and surplus; mutual insurance companies, two per cent of guaranty funds or of surplus, whichever is applicable; and comparable limits for other banking, lending and insurance organizations or other commercial institutions as established by the Board of Directors; provided, however, that the total amount on loan by any member at any time shall not exceed two hundred fifty thousand dollars. All loan limits shall be established at the thousand dollar nearest to the amount computed on an actual basis. All calls of funds which members are committed to lend to such corporation shall be prorated by such corporation among the members in the same proportion that the maximum loan limit of each bears to the aggregate loan limits of all members of such corporation.

Notwithstanding the provisions of any other law, general or special, the notes or other interest-bearing obligations of such corporation, issued in accordance with and by virtue of this sub-title and the by-laws of such corporation, shall be legal investments for the banking, insurance and surety organizations which become members of such corporation, up to but in no event exceeding the loan limits established herein.

(b) All loans to the corporation by members shall be evidenced by bonds, debentures, notes or other evidences of indebtedness of the corporation, which shall be freely transferable at all times, and which shall bear interest at a rate of not less than one quarter of one per cent in excess of the rate of interest determined by the Board of Directors to be the prime rate prevailing at the date of issuance thereof in the City of Baltimore on unsecured commercial loans.

(c) At no time, shall the aggregate outstanding principal balance of the corporation's indebtedness to its members, exceed an amount equal to ten times the sum of the corporation's paid-in capital and surplus.

421. Capital Stock.

The authorized capital stock of the corporation shall consist of two million shares of common stock with a par value of one dollar each, which shares shall be issued only on receipt by the corporation of cash in such amount not less than the par value thereof as may be determined by the Board of Directors.