

habitants; a minimum sum of twenty-five thousand dollars (\$25,000.00) in cities, towns or villages having more than fifteen thousand (15,000) but less than one hundred thousand (100,000) inhabitants; a minimum sum of fifty thousand dollars (\$50,000.00) in cities, towns or villages having one hundred thousand (100,000) or more inhabitants. The number of inhabitants of the city, town or village shall be determined by the Director in accordance with the latest federal census. The minimum aggregate amount of free share accounts hereinbefore provided shall be maintained at all times by any association incorporated hereunder.

(2) The incorporators, in addition to the payment of initial subscriptions to free share accounts herein required, shall also pay or cause to be paid to the chairman of the incorporators in cash a sum equal to six per cent (6%) of the required initial subscriptions, which amount, if the association be incorporated, shall become and be credited to the general reserve fund of the association for a period of five (5) years or until said general reserve fund, less the amount required to be paid under this sub-section, reaches at least six per cent (6%) of the withdrawal value of the association's free share accounts, whichever shall first occur. The incorporators shall also execute and deliver to the Director such assignment, pledge and delivery of accounts in such association in escrow, as the Director in his discretion may require to guarantee such association against operating deficits and against losses of any kind which exceed other reserves. This sub-section shall not be construed as applying to associations in existence at the effective date of this sub-section.

(b) Expense fund for incorporation and organization. The incorporators shall create an expense fund in an amount not less than one-half ( $\frac{1}{2}$ ) of the minimum amount of free share subscriptions required to be paid in under sub-section (a) (1) hereof, which shall be in addition thereto, from which expense fund the expense of organizing the association and its operating expenses may be paid until such time as its earnings are sufficient to pay its operating expenses in addition to such dividends as may be declared and paid or credited to its free share account holders from its earnings. The incorporators shall deposit to the credit of the chairman of the incorporators in cash the amount of the expense fund. The amounts contributed to the expense fund by the incorporators shall not constitute a liability of the association except as hereinafter provided.

(c) Chairman of incorporators to procure surety bond. The chairman of the incorporators shall procure from a surety company qualified to do business in the State of Maryland a surety bond in form approved by the Director in an amount at least equal to the amount subscribed by the incorporators plus the reserve and expense funds. Such bond shall name the Director as obligee and shall be delivered to him. It shall guarantee the safekeeping of the funds subscribed and their delivery to the association after the issuance of the certificate of incorporation. In the event of the failure to complete organization, such bond shall guarantee the return of the amounts collected to the respective subscribers or their assigns, less reasonable expenses which shall be deducted from the expense fund.

(d) Repayment of contributions made to expense fund. Contributions made by the incorporators to the expense fund may be repaid pro rata to the contributors from the net earnings of the association