

rights, powers and privileges of ownership, including the right to vote thereon, all without the approval of any regulatory authority of the State of Maryland;

(2) All financial institutions *as defined in Section 419* are hereby authorized to become members of the corporation and to make loans to the corporation as provided herein;

(3) A financial institution, as defined in Section 419, which does not become a member of the corporation shall not be permitted to acquire any shares of the capital stock of the corporation; and

(4) Each financial institution which becomes a member of the corporation is hereby authorized to acquire, purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, any bonds, securities or other evidences of indebtedness created by, or the shares of the capital stock of the corporation, and while owners of said stock to exercise all the rights, powers and privileges of ownership, including the right to vote thereon, all without the approval of any regulatory authority of the State; provided, that the amount of capital stock of the corporation which may be acquired by any member pursuant to the authority granted herein shall not exceed ten per cent of the loan limit (*based on the formula therefor provided in Section 420 (a)*) of such member. The amount of capital stock of the corporation which any member is authorized to acquire pursuant to the authority granted herein is in addition to the amount of capital stock in corporations which such member may otherwise be authorized to acquire.

424.

Such corporation shall be subject to an annual examination and audit by one or more certified public accountants to be selected by the board of directors, sufficient to reflect the result of the operations during and the condition of the corporation at the end of the fiscal year. A report of such examination, audit and condition of such corporation shall be made in writing to each of the members and stockholders of such corporation and to the Secretary of State of Maryland on or before the [thirtieth] *one hundred and twentieth* day of each succeeding fiscal year of said corporation.

425.

(a) Each year the corporation shall set apart as earned surplus not less than ten per cent of its net earnings for the preceding fiscal year until such surplus shall be equal in value to one half of the amount paid in on the capital stock then outstanding. Said earned surplus [shall be held in cash or invested in United States government bonds or as provided in such corporation's bylaws, and] shall be kept and used to meet losses and contingencies of such corporation; and, whenever the amount of earned surplus shall become impaired; it shall be built up again to the required amount in the manner provided for its original accumulation.

SEC. 2. *And be it further enacted, That this Act shall take effect June 1, 1962.*

Approved March 23, 1962.