

tively with the association at a rate not to exceed the rate of patronage dividend herein referred to; provided further that any such bonus to a nonstockholder may be declared in the form of capital stock, until the amount of such dividends equals the par value of one share of the association's stock, dividends thereafter to such patron being paid in the same manner as dividends to all stockholders; provided further that such a bonus to a nonstockholder, if it is less than the par value of one share, shall be credited to the nonstockholder's capital stock account during the first year and the second year but shall revert to the reserve fund, if after two years, an amount less than the par value of one share has accumulated.】 *The net proceeds or savings of each association shall be apportioned, distributed and paid periodically on the basis of patronage to those persons entitled to receive them, at such times and in such manner as the by-laws shall provide. The by-laws may provide that the net proceeds or savings may be restricted to members or be made at the same or a different rate for member and nonmember patrons. The by-laws may contain any reasonable provisions for the apportionment and charging of net losses. The by-laws may provide that any distribution to a nonmember eligible for membership may be credited to such nonmember, until the amount thereof equals the value of a membership certificate or a share of the association's common stock.*

(b) 【The stockholders at any regular or special meeting, called legally, may instruct the directors as to what method of apportionment of net profits to follow under the provision of this section, in so far as these provisions confer discretion upon the directors.】 *The apportionment, distribution and payment of net proceeds or savings required by subsection (a) of this section may be in cash, credits, capital stock, certificates of interest, certificates of equity, revolving fund certificates, letters of advice or other securities or certificates issued by the association or by any affiliated domestic or foreign cooperative association.*

(c) 【The directors of any association organized without capital stock under this subtitle shall provide annually for the distribution of the net profits, if any, as follows:】 *Apportionment and distribution of its net proceeds or savings or losses may be separately determined for, and be based upon the patronage of, single or multiple pools or particular departments of the association, or as to particular commodities, supplies or services, or such apportionment and distribution may be based upon classification of patronage according to the type thereof.*

(d) 【After the expenses of the association have been paid and a proper reserve has been set aside to cover depreciation of the property of the association and for contingent expenses, and to establish a reasonable reserve, the directors subject to the approval of the members, as provided in subsection (e) of this section, may set aside such sums as they deem desirable for capital expenditures. The directors may then set aside not to exceed five per cent of the remaining net profits as an educational fund to be used in teaching cooperation. The directors may then grant a bonus to employees who are in the employ of the association at the time of the apportionment of profits, which bonus shall be based in amount upon the amount of compensation received by said employees during the year at any rate not to exceed the rate of patronage dividends hereinafter described.