

SOCIATIONS LOCATED IN THE STATE OF MARYLAND HAVING A TOTAL PAID-IN CAPITAL OF AT LEAST ONE MILLION DOLLARS (\$1,000,000). THE TRUST DEPARTMENT OF ANY SUCH STATE OR NATIONAL BANK OR SAVINGS AND LOAN ASSOCIATIONS MAY BE DESIGNATED AS A DEPOSITARY TO RECEIVE ANY SECURITIES ACQUIRED OR OWNED BY THE SERVICE. THE RESTRICTION WITH RESPECT TO PAID-IN CAPITAL MAY BE WAIVED FOR ANY SUCH BANK OR SAVINGS AND LOAN ASSOCIATIONS WHICH AGREES TO PLEDGE SECURITIES OF THE STATE OF MARYLAND OR OF THE UNITED STATES TO PROTECT THE FUNDS AND SECURITIES OF THE SERVICE IN SUCH AMOUNTS AND PURSUANT TO SUCH ARRANGEMENTS AS MAY BE ACCEPTABLE TO THE SERVICE.

(B) ANY MONIES OF THE SERVICE MAY, IN ITS DISCRETION AND UNLESS OTHERWISE PROVIDED IN ANY AGREEMENT OR COVENANT BETWEEN THE SERVICE AND THE HOLDERS OF ANY OF ITS OBLIGATIONS LIMITING OR RESTRICTING CLASSES OF INVESTMENTS, BE INVESTED IN BONDS OR OTHER OBLIGATIONS OF, OR GUARANTEED AS TO PRINCIPAL AND INTEREST BY, THE UNITED STATES OR THE STATE OF MARYLAND OR THE POLITICAL SUBDIVISIONS OR AGENCIES THEREOF.

(C) THE SERVICE SHALL MAKE PROVISION FOR A SYSTEM OF FINANCIAL ACCOUNTING AND CONTROLS, AUDITS AND REPORTS. ALL ACCOUNTING SYSTEMS AND RECORDS, AUDITING PROCEDURES AND STANDARDS, AND FINANCIAL REPORTING SHALL CONFORM TO GENERALLY ACCEPTED PRINCIPLES OF GOVERNMENTAL ACCOUNTING. THE SERVICE SHALL ADOPT A FISCAL YEAR WHICH SHALL BE JULY 1 TO JUNE 30, AND DESIGNATE THE NECESSARY FUNDS FOR COMPLETE ACCOUNTABILITY AND SPECIFY THE BASIS OF ACCOUNTING FOR EACH SUCH FUND.

(D) AS SOON AS PRACTICAL AFTER THE CLOSING OF THE FISCAL YEAR, AN AUDIT SHALL BE MADE OF THE FINANCIAL BOOKS, RECORDS, AND ACCOUNTS OF THE SERVICE. THE AUDIT SHALL BE MADE BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS, LICENSED TO PRACTICE IN THIS STATE AS AUDITORS, SELECTED BY THE SERVICE. SUCH AUDITORS SHALL HAVE NO PERSONAL INTEREST DIRECTLY OR INDIRECTLY IN THE FISCAL AFFAIRS OF THE SERVICE AND SHALL BE EXPERIENCED AND QUALIFIED IN THE ACCOUNTING AND AUDITING OF PUBLIC BODIES. THE REPORT OF AUDIT SHALL BE PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING PRINCIPLES AND SHALL POINT OUT ANY IRREGULARITIES FOUND TO EXIST AND REPORT THE RESULTS OF THEIR EXAMINATION, INCLUDING THEIR UNQUALIFIED OPINION ON THE PRESENTATION OF THE FINANCIAL POSITION OF THE VARIOUS FUNDS AND THE RESULTS OF THE SERVICE'S FINANCIAL OPERATIONS. IF SUCH AUDITORS ARE UNABLE TO EXPRESS AN UNQUALIFIED OPINION THEY SHALL SO STATE AND SHALL FURTHER DETAIL REASONS FOR THEIR QUALIFICATIONS OR