

420. Loan Limits.

(a) *Limits.* Each member shall lend funds to such corporation as and when called upon to do so, but except as hereinafter permitted 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 as of December 31 each year 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; provided, however, that except as hereinafter permitted 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 [may] 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. [Such corporation shall have the right, in its discretion, to rotate loans among its members.] Notwithstanding any other provisions of this subsection any member may lend funds to the corporation in excess of the loan limit for such corporation as above provided.

The corporation shall issue a call for funds on its members on July 1, 1971, equal to the total principal sum then due the corporation by all its borrowers, less the principal amount then due on loans made to the corporation other than by members. This call shall be prorated among members on the basis of the percentage which the maximum loan limit of each member bears to the total of the maximum loan limit of all members as determined on the basis of capital and surplus of all members as of December 31, 1970. The corporation shall simultaneously with the making of such call select loans from its loan portfolio having a total unpaid principal balance then due the corporation approximating as closely as possible such call. A participating interest in each loan so selected shall be allocated on the books of the corporation to each member on the basis of the percentage used to arrive at the amount each member shall have been called upon to loan the corporation. All indebtedness to members incurred prior to July 1, 1971, shall be paid in full both principal and interest, from the proceeds of the call to be issued on July 1, 1971.

Subsequent to July 1, 1971, from time to time, as and when the corporation has made or is about to make loans totaling not less than \$100,000.00, members shall become liable for a call equal to said loans, subject to the maximum call limit restriction. Such new call or calls made pursuant to this liability shall be prorated among the members, and participating interests shall be allocated among members, in the loans necessitating such call on the same basis and manner as from time to time may be applicable pursuant to the provisions of this subparagraph (a).

The evidences of the indebtedness of the corporation to its members incurred pursuant to calls made on or after July 1, 1971, shall be in the form of time notes collateralized by the allocation of participating interests, which notes shall have a maturity date corresponding to the maturity date of the loan most remotely coming due in