

1, 1961, the par value thereof and the proceeds thereof as reflected in the financial records of the association as of January 1, 1961. The proceeds from the sale of [said] THE stock shall be set apart to the extent of the par value and shall be maintained as a fixed and permanent capital of the association. Any proceeds from sale or issuance of [such] THE stock after January 1, 1961, shall become part of the fixed and permanent capital of the association.

(2) If it appears from the financial statement of an association[, ] or IF the Director has reason to believe[, ] that the capital of an association is impaired, the Director may examine the association and ascertain the facts, and if he finds that [such] THE deficiency exists he shall require the association to make good [such] THE deficiency within 60 days after the date of request. The directors of every association [upon] ON which a request to make good a deficiency is made, shall levy an assessment [upon] ON the guaranty stock to repair the deficiency. The directors shall cause notice of [such] THE request to be given to each stockholder of [such] THE association, showing the amount of the assessment which the stockholder must pay for the purpose of making good [such] THE deficiency.

(3) If any stockholder refuses or neglects to pay the assessment specified in the notice [aforesaid] within 90 days from the date of ITS mailing or service [of such notice], the directors of the association may sell to the highest bidder the shares of stock of [such] THE stockholder. Before [such] THE sale, the directors shall publish notice of the sale for 10 days in a newspaper of general circulation published in the county or city of this State where the principal office of the association is located, and SHALL serve a copy of [such] THE notice of sale on the stockholder personally or by mailing it to his last known address 10 days before the day fixed for [such] THE sale.

(4) For the purposes of this subsection: (1) If the value of the assets of an association after deducting the amount of its liabilities, including the value of its outstanding free share accounts, is less than the aggregate par value of the association's outstanding guaranty stock, the capital of the association shall be deemed to be impaired for the purposes of this section; AND (2) all fees, charges, and commissions received by an association shall be treated as earned income for the year received.

(5) The provisions for assessment in this subsection [shall] DO not apply to free share accounts of members or borrowers.