

(2) (I) A CAPITAL STOCK ASSOCIATION MAY USE ITS PAID-IN SURPLUS TO PROVIDE AMOUNTS REQUIRED FOR THE INITIAL GENERAL RESERVE FUND AND THE EXPENSE FUND.

(II) ANY PAID-IN SURPLUS AMOUNTS THAT ARE ALLOCATED TO THE INITIAL GENERAL RESERVE FUND OR THE EXPENSE FUND UNDER ITEM (2)(I) OF THIS SUBSECTION MAY NOT BE USED FOR DIVIDENDS TO HOLDERS OF CAPITAL STOCK OR ANY OTHER DISTRIBUTION TO HOLDERS OF CAPITAL STOCK EXCEPT ON LIQUIDATION.

COMMITTEE COMMENT: This is a new section added to state clearly the initial amounts required for incorporation and to delineate the requirements that apply to a capital stock association and those that apply to all associations.

In subsection (b)(1) of this section, the former provision that the Board of Commissioners could require an additional amount as paid-in surplus from the incorporators of a capital stock association is deleted as unnecessary and inequitable since a capital stock association provides the same accounts as a mutual association in addition to the amounts received for capital stock.

In subsection (b)(2) of this section, provision is made for a capital stock association to use its paid-in surplus to cover amounts required for the initial general reserve fund and the expense fund. Any allocation to capital surplus is a matter of business judgment and internal corporate accounting.

As to the time at which the initial accounts must be funded in cash, see § 9-208(b) of this subtitle.

As to the deletion of an escrow account, see the General Committee Comment to this subtitle.

"Board of Commissioners", "capital stock", "capital stock association", "mutual association", and "savings and loan association" are defined in § 9-101 of this title.

#### 9-217. SURETY BOND.

THE CHAIRMAN OF THE INCORPORATORS SHALL DELIVER TO THE DIVISION DIRECTOR A BOND ISSUED BY A SURETY COMPANY THAT IS QUALIFIED TO DO BUSINESS IN THIS STATE. THE BOND SHALL:

(1) BE IN THE AGGREGATE AMOUNT OF THE FOLLOWING FUNDS, AS MAY BE AFFLICABLE UNDER § 9-216 OF THIS SUBTITLE: