

(D) DIVIDENDS OR INTEREST; OWNERSHIP.

EXCEPT AS TO WITHDRAWAL RIGHTS, PRIORITY OF CLAIMS ON LIQUIDATION, AND THE PROVISIONS OF THIS SECTION, AN INCORPORATOR'S CONTRIBUTION TO THE INITIAL GENERAL RESERVE FUND SHALL BE TREATED AS A SAVINGS ACCOUNT IN THE SAVINGS AND LOAN ASSOCIATION.

(E) EXCEPTION.

SUBSECTIONS (C) AND (D) OF THIS SECTION DO NOT APPLY TO ANY PORTION OF THE INITIAL GENERAL RESERVE FUND THAT IS PROVIDED FROM THE PAID-IN SURPLUS OF A CAPITAL STOCK ASSOCIATION.

COMMITTEE COMMENT: This section replaces former CA § 6-204(b) and Art. 23, § 161M(a)(2).

This initial general reserve fund is in place until the Corporation's own reserves are established.

Subsection (b) of this section is new language added to clarify the use of the fund.

Subsection (c) of this section clarifies that it is the Initial General Reserve Fund which terminates under appropriate conditions.

In subsection (c)(1), the time period of maintenance of the Initial General Reserve Fund is increased from 5 years to 10 years.

Subsection (c)(3) of this section, which gives the Board of Commissioners authority to permit this fund to be terminated is a new provision added on the advice of the Board of Commissioners. Note that subsection (c)(2) is an event unlikely ever to be met in modern associations.

Subsection (d) of this section is a new provision added to make clear that the incorporator's initial contribution is returned after the requirements of subsection (c) are met. The provision for dividends to be paid on the amounts in the Initial General Reserve Fund is a new provision suggested by the need to make such an investment attractive to investors.

Subsection (e) of this section is new language added as a corollary to the provision that allows a capital stock association to use its paid-in surplus for the initial general reserve fund.

As to the maintenance of the General Reserve Fund see § 9-327 of this title.

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