

Principal payments received on loans made by the corporation shall be allocated among the members on the basis of their participating interests and remitted not later than three months following receipt of such payments, in reduction of the indebtedness of the corporation to members under the time notes relating to such loan or loans. Interest accrued on the time notes shall be calculated and paid to members on the basis as set forth in such time notes and shall be paid at least once every three months.

Whenever any loan made by the corporation in which participating interests have been allocated to members pursuant to calls is determined by vote of the executive committee of the board of directors to be uncollectible, payment of the uncollectible principal balance of such loan shall be made from the capital, surplus and reserve funds of the corporation and shall be allocated among the members on the basis of each member's participating interest therein and remitted on the next following payment date.

Notwithstanding the provisions of any other law, general or special, the notes or other interest-bearing obligations of such corporation, issued in accordance with and by virtue of this subtitle and by the bylaws of such corporation, shall be legal investments for the financial institutions which become members of such corporation.

(b) Evidences of indebtedness. -- All loans to the corporation by members shall be evidenced by bonds, debentures, notes or other evidences of indebtedness of the corporation, which shall be freely transferable at all times.

(c) Limitation on indebtedness. -- [At no time, shall] A MEMBER MAY BUT SHALL NOT BE REQUIRED TO LEND FUNDS TO THE CORPORATION IF AFTER MAKING THE LOAN the aggregate outstanding principal balance of the corporation's indebtedness to its members[, exceed] EXCEEDS an amount equal to ten times the sum of the corporation's paid-in capital and surplus[, provided, however, that such limitation shall not apply to the issuance to, or holding by, members of the corporation of any indebtedness of the corporation arising out of the issuance of bonds, debentures, notes, or other evidences of indebtedness under the provisions of § 426 of this article].

[421.] 10. Capital stock.

The authorized capital stock of the corporation shall consist of two million shares of common stock with a par value of one dollar each, which shares shall be issued only on receipt by the corporation of cash in such amount not less than the par value thereof as may be determined by the board of directors.