

The holders of capital stock of such corporation shall not, as such, have any preemptive or preferential right to purchase or subscribe for any part of the unissued or new issue of capital stock of such corporation, whether now or hereafter authorized or issued, or to purchase or subscribe for any bonds or other obligations, whether or not convertible into stock of such corporation, now or hereafter authorized or issued.

[424.] 13. Annual audit and report.

Such corporation shall be subject to an annual examination and audit by one or more certified public accountants to be selected by the board of directors, sufficient to reflect the result of the operations during and the condition of the corporation at the end of the fiscal year. A report of such examination, audit and condition of such corporation shall be made in writing to each of the members and stockholders of such corporation and to the Secretary of State of Maryland on or before the one hundred and twentieth day of each succeeding fiscal year of said corporation.

[425.] 14. Earned surplus; depositories; loans to officers or officers' firms.

(a) Each year the corporation shall set apart as earned surplus not less than ten percent of its net earnings for the preceding fiscal year until such surplus shall be equal in value to one half of the amount paid in on the capital stock then outstanding. Said earned surplus shall be kept and used to meet losses and contingencies of such corporation; and, whenever the amount of earned surplus shall become impaired, it shall be built up again to the required amount in the manner provided for its original accumulation.

(b) Such corporation shall not deposit any of its funds in any banking organization unless such banking organization has been designated as a depository by a vote of the majority of all of the directors of such corporation exclusive of any director who is an officer or director of the depository so designated, and unless such banking organization is doing business within the State of Maryland. Such corporation shall not receive money on deposit. Such corporation shall not make any loans directly or indirectly to any of its officers or to any firm in which any of its officers is a member or officer.

[426.] 15. State [credit and State] officials.

[In furtherance of the purposes set forth in subsection (a) of § 414 of this article, the faith and credit of the State of Maryland, with the approval of the board of public works, may be pledged to secure bonds, debentures, notes, or