

in fixed monthly installments instead of one sum. No member of the board of directors, credit committee or of the supervisory committee shall either directly or indirectly, borrow from or become surety for a loan or advance made by the corporation, in excess of the total of his shares and deposit in said union, unless said loan shall have been approved at a regularly called meeting of the members of the corporation by a majority vote of those present and represented at said meeting and unless the call for the meeting contained notice of the fact that such loan would be discussed at said meeting.

All officers and members of committee in any way knowingly permitted or participating in making a loan of funds of a credit union to a non-member thereof shall be guilty of a misdemeanor. The credit union shall have the right to recover the amount of said illegal loans from the borrower or from any officer or member of committees who knowingly permitted or participated in the making thereof, or from them all jointly. The supervisory committee shall appoint a substitute to act on the credit committee in the place of any member, in case such member makes application to borrow money from the credit union or to become surety for any other member, whose application for a loan is under consideration. A borrower may repay the whole or any part of this loan on any day on which the office of the corporation is open for business.

SEC. 18. No credit union shall charge interest at the rate which exceeds one per cent. per month, on unpaid balances.

SEC. 19. All entrance fees, transfer fees and fines shall, after the payment of the organization expenses, to be known as reserve income, and shall be added to the reserve fund of the corporation. At the close of each fiscal year there shall be set apart to the reserve fund twenty-five per cent. of the net income of the corporation which has accumulated during the year. This amount may be increased by vote of the members on recommendation of the directors. The reserve fund shall belong to the corporation and shall be held to meet contingencies, and shall not be distributed to members, except upon dissolution of the corporation.

SEC. 20. At the close of the fiscal year a credit union may declare a dividend from the net earnings, after deducting the proportionate part of the earnings set aside to the reserve fund. Dividends shall be paid in the way and manner provided in the by-laws.