

agement of the affairs, funds and records of the corporation and shall meet as often as may be necessary. It shall be the special duty of the directors: (1) To act upon all applications for membership and the expulsion of members; to fix the amount of the surety bond which shall be required of each officer having the custody of funds. (2) To determine interest rates and fix the maximum number of shares which may be held by and the maximum amount which may be loaned to any one member; to declare dividends and to recommend amendments to the by-laws. (3) To fill vacancies in the board of directors or in the credit committee until the election and qualification of successors; to have charge of the investment of funds of the corporation except loans to members and to perform such other duties as the members may from time to time authorize.

(b) The Board of Directors, with the approval of the State Bank Commissioner, may within seven days after the receipt of a report or recommendation from the Supervisory Committee concerning the suspension of any member of the Credit Committee, the Credit Committee, any member of the Board of Directors, or any officer elected by the Board, give notice to the members of a special meeting to act on such recommendation. The Board of Directors may call a meeting of the members to take action upon any practice of the corporation which, in the opinion of the Supervisory Committee and concurred in by the State Bank Commissioner, is considered unsafe and unauthorized.

(c) The officers elected by the Board of Directors may receive such compensation as the members may authorize. The members of the Board of Directors and members of the Credit and Supervisory Committees may receive such compensation as the members may authorize subject to the final approval of the State Bank Commissioner.

137. The Supervisory Committee shall inspect the securities, cash and accounts of the corporation. It shall make at least a semi-annual audit of the affairs of the corporation and make a full report thereon to the directors. The report for the period ending December 31 shall be read at the annual meeting of the membership and be preserved with the records of the corporation. The audit procedure of the Supervisory Committee shall embrace the following accounting principles to determine:

- A. That the cash reserve was found to be sufficient.
- B. That the check book stubs were examined and the balance found to be correct.