



Ohio Revised Code

Section 1726.06 Requesting membership.

Effective: January 9, 1961

Legislation: House Bill 1 - 104th General Assembly

Any financial institution may request membership in a corporation incorporated under Chapter 1726. of the Revised Code by making application to the board of directors of the corporation on a form and in such manner as said board of directors may require, and membership shall become effective upon acceptance of such application by said board. Upon written notice given to the corporation, one year in advance, a member may withdraw from membership in the corporation at the expiration date of said notice.

Each member of the corporation shall make loans to the corporation as and when called upon by it to do so on such terms and other conditions as shall be approved from time to time by the board of directors of the corporation subject to the following conditions:

(A) The loan limit for any member shall be established initially by agreement between such member and the corporation at the time such member's membership becomes effective and may thereafter be increased by agreement between such member and the corporation, or decreased by agreement after written notice of such decrease given to the corporation one year in advance.

(B) No loans to the corporation shall be made if immediately thereafter, the total amount of the obligations of the corporation would exceed ten times the amount then paid in on the outstanding shares of the corporation.

(C) The total amount outstanding on loans to the corporation made by any member at any one time, when added to the amount of the investment in the shares of the corporation then held by such member, shall not exceed the following limits, to be determined as of the time such member becomes a member on the basis of the audited balance sheet of such member at the close of its fiscal year immediately preceding its application for membership: two per cent of the capital and surplus of commercial banks and trust companies; and such limits as may be approved by the board of directors of the corporation for other financial institutions.



(D) Each call made by the corporation shall be prorated among the members of the corporation in substantially the same proportion that the adjusted loan limit of each member bears to the aggregate of the adjusted loan limit of all members. The adjusted loan limit of a member shall be the amount of such member's loan limit, reduced by the balance of outstanding loans by such member to the corporation and the investment in shares of the corporation held by such member at the time of such call.

(E) All loans to the corporation by member shall be evidenced by bonds, debentures, notes, or other evidences of indebtedness of the corporation, which shall be negotiable and which shall bear interest at a rate of not less than one quarter of one per cent in excess of the rate of interest determined by the board of directors of the corporation to be the prime rate prevailing at the date of issuance thereof on unsecured commercial loans.