

**SAVINGS AND LOAN ACT OF 1980 (EXCERPT)**  
**Act 307 of 1980**

**491.530 Cash dividends on common stock; restrictions; dividends on preferred stock.**

Sec. 530. (1) The board of a stock association may declare and pay cash dividends on outstanding shares of common stock subject to the following restrictions:

(a) A dividend shall not be declared or paid unless the association has combined retained earnings and capital in excess of par amounting to not less than 20% of stated capital after payment of the dividend.

(b) A dividend shall be declared or paid only from either the association's net income or from retained earnings. All debts due the association on which interest is past due and unpaid for a period of 6 months, unless the debts are well secured and in process of collection, or the debts constitute claims against solvent estates in probate, shall be considered bad debts within the meaning of this section.

(2) As used in this section "net income" means the remainder of all earnings from operations plus actual recoveries on loans and investments and other assets previously charged off, after deducting from the total all operating expenses, actual losses, accrued dividends on preferred stock, accrued interest on capital notes, bonds, or debentures, all taxes, and recognizing extraordinary gains and losses.

(3) An association may pay dividends on the preferred stock of the association at the rate as may be applicable notwithstanding the limitations of this section.

**History:** 1980, Act 307, Eff. Jan. 1, 1981.