

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

491.932 Determination of amount or availability of retained earnings; computation; merger or combination of associations; limitation on amount of retained earnings; transfer of part of retained earnings to capital in excess of par; application of capital in excess of par to reduction or elimination of deficit in retained earnings account; disclosure; reserves.

Sec. 932. (1) If it is necessary for a stock association to determine the amount or availability of its retained earnings under this article, the amount may be computed either from the date of formation of the association or from the latest date when a deficit was eliminated as permitted in this section by an application of the association's capital in excess of par. Upon merger, or combination of 2 or more associations by purchase or otherwise, the amount of retained earnings of the resulting or purchasing association shall not exceed the aggregate retained earnings of the constituent associations reduced by distributions to members and transfers of retained earnings to capital in excess of par made in connection with the issue of shares or otherwise at the time of merger or combination. A part of the retained earnings of an association may be transferred by the board to capital in excess of par.

(2) A stock association may, by resolution of its board, apply any or all of its capital in excess of par to the reduction or elimination of a deficit in the retained earnings account. The application of capital in excess of par to the elimination of a deficit in the retained earnings account shall be disclosed in the next financial statement covering the period in which the elimination is made that is furnished by the association to the association's members or, if practicable, in the first notice of dividend or share distribution that is furnished to holders of each class of the association's shares between the date of elimination and the next financial statement, and in any event to all the association's members within 6 months after the date of the action.

(3) This section shall not be construed to prevent a stock association from creating reserves from its retained earnings or capital in excess of par for any proper purpose, or from increasing, decreasing, or abolishing a reserve.

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