

**160DD. APPORTIONMENT OF PROFITS.**

*The board of directors of any association shall apportion the profits of the association, at least annually and as much more often as the by-laws may prescribe; and each apportionment shall be made in accordance with the following procedure:*

*(1) A proper allocation first shall be made to the general reserve fund.*

*(2) Additional allocations then may be made to such special reserves as the board of directors may establish or may have established.*

*(3) Dividends then may be declared on all free share accounts in accordance with the provisions of this Article and the by-laws of the association.*

*(4) The residue of such profits may be held as "undivided profits," subject to use in the same manner as profits generally.*

**160EE. RESERVES.**

*(a) Minimum allocation. Each association shall maintain a general reserve fund which shall be used solely for the purpose of absorbing losses and to which the board of directors shall allocate such portion of the association's profits as the board may determine; except that whenever the total amount of such reserve is less than six per cent (6%) of the aggregate withdrawal value of the association's free share accounts, the allocation to such reserve upon each apportionment of profits shall be not less than ten per cent (10%) of the profits being apportioned, or such lesser portion as will increase such reserve to the required total amount.*

*(b) Special reserves. The board of directors may establish and maintain such special reserves as they may deem advisable to which charges may be made as the board of directors may determine.*

**160FF. DIVIDENDS.**

*(a) Determined by board of directors; restrictions. Subject to the restrictions set forth in this Article and the association's by-laws, the board of directors from time to time may determine the rate and amount of dividends to be paid on free share accounts. However, the declaration of dividends on free share accounts shall be subject to the following restrictions: (1) If the total amount of the general reserve fund is less than that required in Section 160EE of this Article, no dividends shall be declared until the allocation provided by said Section has first been made; (2) Dividends shall not be paid at any time or under any circumstances from capital or unearned surplus.*

*(b) Small accounts. A dividend need not be allocated to any free share account which has a withdrawal value of less than twenty-five dollars (\$25.00) on the record date with respect to which the dividend is paid.*

*(c) Resolution governing dividends. The board of directors shall determine by resolution the method of calculating the amount of any dividend on free share accounts, and the date on which the same is to be declared or credited.*