

**Opinion No. 598****Building and Loan Associations  
—Withdrawals—Dividends.**

**HELD:** A withdrawing member of a building and loan association is entitled to such dividends as have been declared at the time of his withdrawal.

August 24, 1934.

You have asked my opinion on the question whether members of Montana building and loan associations who request withdrawals, and whose requests have been registered, are entitled to dividends during the time of such request and registration. Neither the Constitution nor by-laws nor other specific facts are presented and hence our consideration will be addressed to the general question whether a member who has requested a withdrawal is entitled to future dividends.

I believe the answer to this question is found in Section 12, Subdivision 8, Chapter 57, Laws of 1927, as amended by Chapter 11, Laws of 1933, which reads in part as follows: "Any member who withdraws his stock or whose stock is matured, shall be entitled to receive all dues paid in and all dividends declared less interest, if any, as provided in subsection 7, less a reasonable membership fee not exceeding two (2) per centum of the par value of each share of stock and less a pro rata share of all losses, if any, which have occurred, and no other fine or assessments shall be made against such stock."

It is my opinion that the legislature,

in using this language, intended to definitely fix the status of a withdrawing member so that from the time of his withdrawal he would not only be released from all future losses but also deprived of future profits of the association. He would be entitled to the dividends which have been "declared" and would be liable for the losses "which have been incurred". This being my construction of the statute, which, I believe, is the reasonable and proper construction thereof, nothing further need be added. This declared policy of the legislature, however, seems to be fair. As soon as the member has declared his intention to withdraw, the processes of the association are set in motion to pay him and all future earnings, as well as losses, are thereby restricted. The law generally is stated in 9 C. J. 942, Section 46:

"If a withdrawing shareholder is entitled to any part of the profits, it is by virtue of some statute or by-law governing such withdrawals. Such statutes and by-laws are generally so worded and construed as to allow the withdrawing shareholder his proportionate share of dividends or profits already earned and declared or adjusted and apportioned, but none accruing thereafter, as this would be contrary to the general rule that a shareholder who withdraws is not liable for future losses nor entitled to future profits."

See also: *Agnew v. Macomb etc., Association*, 96 Ill. App. 665, 64 N. E. 260; *Kellenberger v. Oskaloosa etc., Association*, 129 Ia. 582, 105 N. W. 836; *Letorneau v. Berlin etc., Association*, 68 N. H. 366, 368, 44 Atl. 532; *Synnott v. Iron Belt etc., Association* 89 Fed. 292.

It is my opinion, therefore, in the absence of constitution or by-laws directing otherwise, that a withdrawing member is entitled to such dividends as have been declared at the time of his withdrawal.