**Section 1075.1275 Dividend Limitations and Waivers**

a) No subsidiary savings bank may declare or pay a cash dividend on or repurchase any of its capital stock unless the declaration or payment of the dividend or repurchase would be in accordance with the requirements of Section 5008 of the Act and would not reduce the capital of the converted savings bank below the greatest of:

1) the amount required for the liquidation account;

2) the amount required by the Director; or

3) the amount required by federal law.

b) A converted mutual savings bank may pay dividends on preferred stock at the rate or rates agreed in connection with the issuance of preferred stock, if such issuance has been approved by the Director. However, the Director shall approve no issuance or payment that would reduce the capital of the converted savings bank below the greatest of:

1) the amount required for the liquidation account;

2) the amount required by the Director; or

3) the amount required by federal law.

c) No mutual holding company may waive its right to receive any dividend declared by a subsidiary unless:

1) No insider of the mutual holding company, associate of an insider, or tax-qualified or non-tax-qualified employee stock benefit plan of the mutual holding company holds any share of stock in the class of stock to which the waiver would apply; or

2) The mutual holding company provides the Director with written notice of its intent to waive its right to receive dividends 30 days prior to the proposed date of payment of the dividend and the Director does not object. The Director shall not object to a notice of intent to waive dividends if:

A) the waiver would not be detrimental to the safe and sound operation of the savings bank; and

B) the board of directors of the mutual holding company expressly determines that waiver of the dividend by the mutual holding company is consistent with the organization directors' fiduciary duties to the mutual members of the company. A dividend waiver notice shall include a copy of the resolution of the board of directors of the mutual holding company, in form and substance satisfactory to the Director, together with any supporting materials relied upon by the board, concluding that the proposed dividend waiver is consistent with the board's fiduciary duties to the mutual members of the mutual holding company.

(Source: Amended at 30 Ill. Reg. 19068, effective December 1, 2006)