

REVISED JUDICATURE ACT OF 1961 (EXCERPT)
Act 236 of 1961

600.5251 Payment of claims; order; method; time.

Sec. 5251. (1) Funds available for distribution shall be applied to the payment of the following items and in the following order:

- (a) All taxes legally due and owing by the assignor to the United States, state, county or municipality;
- (b) The cost of administration;
- (c) All labor debts entitled to preference under the laws of this state;
- (d) All other debts which under the laws of the United States or of this state are entitled to priority;
- (e) All other claims preferred and allowed;
- (f) Any remaining surplus to be paid to the assignor, his representatives or assigns.

(2) In case the funds shall be insufficient to pay any class in full, then the same shall be distributed pro rata among such class. No dividend on general claims shall be paid until 20 days after the second notice required by section 5221 has been given and proof of service thereof filed with the clerk. If at the time any dividend is made, any suit or claim be pending in which a demand against such assignor may be established, the assignee shall retain in his hands the proportion which would belong to such demand if established, and the necessary costs and expenses of such suit or proceeding to be applied according to the event thereof or to be distributed in a subsequent dividend. Any creditor, who shall have neglected to make proof of his claim before any dividend but who shall make proof before a subsequent dividend, shall receive the sum or sums he would have been entitled to on any former dividend or dividends before any further distribution be made to other creditors. It shall be the duty of the assignee to endeavor to make payment of all dividends to the persons entitled thereto. If any dividend that shall have been declared shall remain unpaid to the person entitled thereto until the estate is otherwise ready to be closed, the assignee shall consider it relinquished and shall distribute it among the other creditors unless otherwise ordered by the court.

History: 1961, Act 236, Eff. Jan. 1, 1963.