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### Amending 122-1-4, 122-1-5, 122-3-11 (3), (6), and (7), and 122-2-19 (9), Colorado Revised Statutes 1963, as Amended Concerning Savings and Loan Associations.

Colorado General Assembly

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#### Recommended Citation

Colorado General Assembly, "Amending 122-1-4, 122-1-5, 122-3-11 (3), (6), and (7), and 122-2-19 (9), Colorado Revised Statutes 1963, as Amended Concerning Savings and Loan Associations." (1973). *Session Laws 1951-2000*. 6223.

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## CHAPTER 345

## SAVINGS AND LOAN ASSOCIATIONS

## ORGANIZATION AND POWERS

SENATE BILL NO. 291. BY SENATOR Johnson; also REPRESENTATIVES Moore, Friedman, Hybl, and Strang.

## AN ACT

AMENDING 122-1-4, 122-1-5, 122-3-11 (3), (6), AND (7), AND 122-2-19 (9), COLORADO REVISED STATUTES 1963, AS AMENDED, CONCERNING SAVINGS AND LOAN ASSOCIATIONS.

*Be it enacted by the General Assembly of the State of Colorado:*

Section 1. 122-1-4 (1), Colorado Revised Statutes 1963, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

**122-1-4. Fiscal year — closing dates — net earnings.** (1) Each domestic savings and loan association shall have such fiscal year as may be fixed from time to time by resolution of its board of directors, but the fiscal years of all such associations shall be fixed so as to end as of the last day of a calendar month. Every domestic savings and loan association shall close its books at least once annually as of the close of business on the last day of its fiscal year and may close its books at such other time as may be fixed by resolution of its board of directors. Any reference in this section or elsewhere in this chapter to the closing date of an association means the date fixed for the closing of its books as provided in this section. The books and records of every association shall reflect all the accrued liabilities on the above dates.

Section 2. 122-1-4 (2) (a), Colorado Revised Statutes 1963 (1969 Supp.), is amended to read:

**122-1-4. Fiscal year — closing dates — net earnings.** (2) (a) The net earnings of each ~~six months period ending June thirtieth and December thirty-first of each year~~ ON A CLOSING DATE FIXED AS PROVIDED IN THIS SECTION shall be determined by deducting from gross income of such periods operating and nonoperating expenses and dividends and interest paid to shareholders or depositors; expenses shall include:

Section 3. 122-1-5 (3), Colorado Revised Statutes 1963 (1967 Supp.), is amended to read:

**122-1-5. File annual reports.** (3) (a) Every association, on or before the

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

first day of March of each year, THE THIRD CALENDAR MONTH AFTER THE END OF ITS FISCAL YEAR, shall mail to each member or may, at its option, publish in a newspaper of general circulation a report in a form prescribed or approved by the commissioner of its financial condition, setting forth a statement of its assets, liabilities, and reserves in the form of a statement of condition.

(b) Paragraph (a) of this subsection (3) shall take effect July 1, 1967, 1973, and shall apply to loans or contracts for loans entered into on or after that date. Nothing in THIS subsection (3) shall be deemed to affect loans or contracts for loans entered into prior to the effective date of this subsection (3). JULY 1, 1973.

Section 4. 122-3-11 (3), (6), and (7), Colorado Revised Statutes 1963, are amended to read:

**122-3-11. Reserves and distribution of earnings.** (3) Every association shall set up and maintain a reserve, termed in this chapter as contingent reserve, by transfers from net earnings on the semiannual closing dates of June 30 and December 31, and on such other closing dates of each year as the commissioner may approve. DATE FIXED FOR SUCH ASSOCIATIONS AS PROVIDED IN THIS CHAPTER.

(6) As of each June 30 and December 31, and on such other closing dates as the commissioner may approve, CLOSING DATE FIXED FOR SUCH ASSOCIATION AS PROVIDED IN THIS CHAPTER, each association shall transfer to general reserves an amount which is not less than five percent of its net earnings, computed after dividends, until general reserves are equal to ten percent of invested capital (excluding permanent stock). If, after having reached ten percent, general reserves should fall below ten percent of invested capital (excluding permanent stock), credits of five percent of net income, computed after dividends, shall be resumed until general reserves shall again equal ten percent of invested capital (excluding permanent stock). General reserves may be increased over the required ten percent in any amount as may be determined by the board of directors, with the approval of the commissioner, to be for the best interest of the association. NOTWITHSTANDING THE NUMBER OF CLOSING DATES FIXED FOR AN ASSOCIATION, NOT MORE THAN TWO SUCH TRANSFERS SHALL BE REQUIRED ANNUALLY, BUT MORE FREQUENT TRANSFERS MAY BE MADE BY AN ASSOCIATION WITH THE APPROVAL OF THE COMMISSIONER.

(7) As of each June 30 and December 31, and on such other closing dates of each year as CLOSING DATE FIXED FOR SUCH ASSOCIATION AS PROVIDED IN THIS CHAPTER, BUT NOT MORE FREQUENTLY THAN SEMIANNUALLY UNLESS approved by the commissioner, THE BOARD OF DIRECTORS OF EACH ASSOCIATION, after payment or provision for payment of all expenses, credits to general reserves, and such credits to undivided profits or surplus as the board of directors may determine, and provision for bonus on share accounts, the board of directors of each association shall declare a dividend on ALL share accounts, IF ANY, THAT IT THEN HAS and may ALSO, FROM THE REMAINDER OF NET EARNINGS, declare a dividend on permanent stock in such associations, from the remainder of net earnings, but no association shall be required to distribute earnings on Christmas savings shares OR DEPOSITS or other

short-term savings shares OR DEPOSITS or on share OR DEPOSIT balances of ten dollars or less; in lieu of or in addition to such net earnings, all or any part of undivided profits or surplus of an association may be likewise distributed, but no funds received as part of the sale price of permanent stock or paid in as an assessment shall be distributed as a cash dividend on permanent stock.

Section 5. **Effective date.** This act shall take effect July 1, 1973.

Section 6. **Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: June 22, 1973