

VIRGINIA ACTS OF ASSEMBLY -- 2002 SESSION

CHAPTER 261

An Act to amend and reenact § 6.1-225.58 of the Code of Virginia, and to repeal § 6.1-225.60 of the Code of Virginia, relating to credit unions; reserves and risk assets.

[H 1121]

Approved March 22, 2002

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-225.58 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-225.58. Maintenance of regular reserves; special reserves.

At the end of each accounting period, as provided in the bylaws, whether a dividend is to be paid or not, the gross earnings of the credit union shall be determined. From this amount, there shall be set aside sums as a regular reserve in accordance with the following schedule:

1. A. A credit union in operation for more than four years and having assets of \$500,000 or more shall set aside (i) ten percent of gross income until the regular reserve shall equal four percent of the total of outstanding loans and risk assets, then (ii) five percent of gross income until the regular reserve shall equal six percent of the total of outstanding loans and risk assets.

2. A credit union in operation less than four years or having assets of less than \$500,000 shall set aside (i) ten percent of the gross income until the regular reserve shall equal seven and one-half percent of the total of outstanding loans and risk assets, then (ii) five percent of gross income until the regular reserve shall equal ten percent of the total of outstanding loans and risk assets.

3. Whenever the regular reserve falls below the stated percent of the total of outstanding loans and risk assets, it shall be replenished by regular contributions in such amounts as may be needed to maintain the stated reserve goals *shall establish and maintain a regular reserve account in accordance with the applicable provisions of Part 702 of the National Credit Union Administration Rules and Regulations, 12 C.F.R. §§ 702.1 through 702.403.*

4 B. The Commission may increase or decrease the stated reserve requirement when in its opinion such an increase or decrease is necessary or desirable.

5C. In addition to such regular reserve, special reserves shall be established when found by the board of directors of the credit union or by the Commission to be necessary to protect the interest of members.

6 D. Unless otherwise prohibited by the Commission, the board of directors of ~~the~~ a credit union may establish ~~additional, the regular reserves~~ reserve in an amount in excess of that required by this section when in its opinion ~~such an increase~~ the increased amount is necessary or desirable.

2. That § 6.1-225.60 of the Code of Virginia is repealed.