

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [H 1121]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 6.1-225.58 of the Code of Virginia is amended and reenacted as follows:**

8 § 6.1-225.58. Maintenance of regular reserves; special reserves.

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

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

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

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

25 4 B. The Commission may increase or decrease the ~~stated~~ reserve requirement when in its opinion
26 such an increase or decrease is necessary or desirable.

27 5 C. In addition to such regular reserve, special reserves shall be established when found by the
28 board of directors of the credit union or by the Commission to be necessary to protect the interest of
29 members.

30 6 D. Unless otherwise prohibited by the Commission, the board of directors of ~~the~~ a credit union
31 may establish ~~additional, the regular reserves reserve in an amount in excess of that required by this~~
32 ~~section~~ when in its opinion such an increase the increased amount is necessary or desirable.

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

ENROLLED

HB1121ER