

17-2217. Reserve income; payments into reserve fund; rules and regulations. All entrance fees, transfer fees and charges shall, after the payment of the organization expenses, be known as reserve income, and shall be added to the reserve fund of the credit union. At the close of the fiscal year or each dividend paying period there shall be set apart to the reserve fund, such sums as are provided for in this section.

(a) A credit union shall comply with the reserve requirements of the national credit union administration rules and regulations, 12 C.F.R. § 702 in effect on the effective date of this act, or any later version as adopted by the administrator in rules and regulations.

(b) A corporate credit union, in lieu of other reserve requirements, at a minimum, shall set aside an amount equal to the average daily net assets of the corporate credit union, as defined by the administrator, multiplied by .0005 and then multiplied by the number of days in the transfer period divided by 365, until the total amount of the corporate credit union's reserves, undivided earnings and membership shares equal 4% of the net assets of the corporate credit union. The administrator may decrease the amounts required to be set aside by this subsection when in the administrator's opinion such decrease is necessary or desirable.

(c) The reserve fund shall belong to the credit union and shall be held to meet losses on loans. Other losses may be charged to the reserve fund with prior approval of the credit union administrator. The reserve fund shall not be distributed to the members except upon dissolution of the credit union.

History: L. 1929, ch. 141, § 17; L. 1941, ch. 181, § 5; L. 1965, ch. 153, § 6; L. 1968, ch. 160, § 8; L. 1971, ch. 77, § 1; L. 1975, ch. 136, § 6; L. 1981, ch. 101, § 7; L. 1992, ch. 225, § 9; L. 2001, ch. 84, § 1; Apr. 12.