WEST VIRGINIA CODE: §31-14-7

§31-14-7. Financial institutions as members of corporation; loans to corporation by members.

Any financial institution as defined in section one of this article is authorized to become a member of a corporation organized under the provisions of this article by making application to the board of directors on such form and in such manner as the board of directors may require and membership shall become effective upon acceptance of such application by said board. Membership in the corporation shall be for the duration of the corporation: Provided, That upon written notice given to the corporation one year in advance, a member may withdraw from membership in the corporation at the expiration date of such notice and shall not thereafter be obligated to make any loans to the corporation.

Each member of the corporation shall make loans to the corporation as and when called upon by it to do so on such terms and other conditions as shall be mutually approved from time to time by the board of directors of the corporation and such member, subject to the following conditions:

(1) All loan limits shall be established at the thousand-dollar amount nearest to the amount computed in accordance with the provisions of this section.

(2) No loans to the corporation shall be made if immediately thereafter, the total amount of the obligations of the corporation would exceed ten times the amount then paid in on the outstanding capital stock of the corporation. This limitation shall not apply with respect to that portion of the corporation's obligations incurred for the purpose of providing funds for making loans or for the acquisition of assets or investments to the extent that such loans, assets or investments are federally guaranteed, which for the purposes of this section seven means secured or covered by guaranties or by commitments or agreements to take over, or purchase, made by the United States of America, or by any department, bureau, agency, board, commission or establishment of the United States including any corporation, wholly owned, directly or indirectly, by the United States.

(3) The total amount outstanding on loans to the corporation made by any member at any one time, when added to the amount of the investment in the capital stock of the corporation then held by such member, shall not exceed:

(a) Twenty percent of the total amount then outstanding on loans to the corporation by all members, including in said total amount outstanding, amounts validly called for loans but not yet loaned.

(b) The following limit, to be adjusted annually on the basis of the audited balance sheet of such member at the close of its fiscal year, or, in the case of an insurance company, its annual statement to the commissioner of insurance: Two percent of the capital, surplus and

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undivided profits of commercial banks and trust companies; one percent of the total outstanding loans made by a building and loan association or industrial loan company; one percent of the capital and unassigned surplus of stock insurance companies, except fire insurance companies; one percent of the unassigned surplus of mutual insurance companies, except fire insurance companies; one tenth of one percent of the assets of fire insurance companies; and such limits as may be approved by the board of directors of the corporation for other financial institutions.

In computing the total amount outstanding on loans to the corporation made by a member at any time, there shall be excluded such portion of such loans as were obtained by the corporation for the purpose of providing funds for the making of loans or for the acquisition of assets or investments to the extent that such loans, assets or investments are federally guaranteed.

Subject to paragraph three (a) of this section, each call made by the corporation shall be prorated among the members of the corporation in substantially the same proportion that the adjusted loan limit of each member bears to the aggregate of the adjusted loan limit of all members. The adjusted loan limit of a member shall be the amount of such member's loan limit, reduced by the balance of outstanding loans by such member to the corporation and the investment in capital stock of the corporation held by such member at the time of such call.

All loans to the corporation by members shall be evidenced by bonds, debentures, notes or other evidences of indebtedness of the corporation, which shall be freely transferable at all times, and which shall bear interest at a rate of not less than one quarter of one percent in excess of the rate of interest determined by the board of directors to be the prime rate prevailing at the date of issuance thereof on unsecured commercial loans.

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