WEST VIRGINIA CODE CHAPTER 31C ARTICLE 9

WV Legislature

§31C-9-1. Investment and deposit of funds.

(a) The credit union's board of directors shall have charge of the investment of funds, except that they may designate an investment committee or investment officer to make investments in its behalf, under written investment policies established by the credit union's board.

(b) The credit union's board of directors shall designate a depository or depositories for the funds of the credit union.

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§31C-9-2. Authorized investments.

Funds not used in loans to members may be invested:

(a) In securities, obligations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof or in any trust or trusts established for investing directly or collectively in the same;

(b) In securities, obligations, or other instruments of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the several territories organized by Congress or any political subdivision thereof;

(c) In deposits, obligations or other accounts of banking institutions organized under state or federal law;

(d) In loans to or in shares or deposits of other credit unions or corporate credit unions;

(e) In deposits in, loans to, or shares of any federal reserve bank or of any central liquidity facility established under state or federal law;

(f) In shares, stocks, deposits in, loans to or other obligations of any organization, corporation or association providing services associated with the general purposes of the credit union or engaging in activities incidental to the operations of a credit union. Such investments in the aggregate may not exceed two percent of the credit union's equity capital and shares without written permission of the commissioner;

(g) In any investment legal for banking institutions or trust funds chartered in this state;

(h) In participation loans with other credit unions, credit union organizations or other organizations;

(i) In fixed assets, not to exceed five percent of the credit union's equity capital and shares, unless with the prior written approval of the commissioner.

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§31C-9-3. Reserve funds.

(a) At the end of each accounting period the credit union shall determine its gross income and from this amount shall set aside and transfer funds to a regular reserve. The credit union shall transfer to the reserve amounts as required under a schedule set by the national credit union administration (NCUA) or its successor. If no such schedule is set, then the reserve shall be at a rate of ten percent of gross income until such time as the reserve fund reaches five percent of risk assets; then the formula is decreased to seven percent of gross income until such time as the reserve fund reaches six percent of risk assets; and then the formula is decreased to five percent of gross income until the reserve fund attains a maximum of seven percent of risk assets, with subsequent transfers required only to maintain the seven percent maximum. The reserves established under this section shall belong to the credit union and shall be held to meet contingencies or losses in its business.

(b) Special reserves to protect the interest of members may be required by the commissioner by rule, or when found by the credit union's board of directors or by the commissioner, in any special case, to be necessary for that purpose. These may include allowances for loan losses and investment losses.

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