

WEST VIRGINIA CODE: §31c-9-3

§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.