

7-9-30 Reserve requirements -- "Risk assets" defined.

- (1) As used in this section, the words "risk assets" means all assets except the following:
 - (a) cash on hand;
 - (b) deposits and shares in federal or state banks, savings and loan associations, and credit unions;
 - (c) assets which are insured by any agency of the federal government, the Federal National Mortgage Association, or the Government Mortgage Association;
 - (d) loans to students insured under Title IV, Part B of the Higher Education Act of 1965, 20 U.S.C. Sections 1071 et seq. or similar state insurance programs;
 - (e) loans insured under Title 1 of the National Housing Act, 12 U.S.C. Sections 1702 et seq. by the Federal Housing Administration;
 - (f) shares or deposits in corporate credit unions as provided in Section 7-9-44, or of any other state act, or of the Federal Credit Union Act;
 - (g) accrued interest on nonrisk investments; and
 - (h) loans fully guaranteed by shares or deposits.
- (2) At the end of each accounting period, after payment of any interest refunds, the credit union shall determine the gross income from member loans and from this amount shall set aside a regular reserve in accordance with Subsections (2)(a), (b), and (c).
 - (a) A credit union in operation for more than four years and having assets of \$500,000 or more shall set aside a minimum of 10% of gross income from member loans until the regular reserve equals at least 4% of the total of outstanding loans and risk assets, then a minimum of 5% of gross income from member loans until the regular reserve equals at least 6% of the total of outstanding loans and risk assets.
 - (b) A credit union in operation for less than four years or having assets of less than \$500,000 shall set aside a minimum of 10% of gross income from member loans until the regular reserve equals at least 7-1/2% of the total of outstanding loans and risk assets, then a minimum of 5% of gross income from member loans until the regular reserve equals at least 10% of the total of outstanding loans and risk assets.
 - (c) The regular reserve belongs to the credit union and shall be used to build equity and to meet contingencies or losses when authorized by the commissioner or the supervisor of credit unions.
 - (d) The commissioner may temporarily reduce or waive the requirements for the regular reserve placement if he finds it to be in the best interest of the credit union.

Amended by Chapter 324, 2010 General Session