

6-602.

(a) In this section, "risk assets" means all assets of a credit union except:

- (1) Cash;
- (2) Deposits and shares in federally or State insured banks and savings and loan associations;
- (3) Assets that are insured or fully guaranteed by or due from the United States, its agencies, the Federal National Mortgage Association, or the Government National Mortgage Association;
- (4) Student loans insured under Title IV, Part B of the Higher Education Act of 1965 or a similar State program;
- (5) Loans insured under Title I of the National Housing Act by the Federal Housing Administration;
- (6) Common trust investments authorized by the Bank Commissioner;
- (7) Prepaid expenses;
- (8) Accrued interest on any of the investments listed in this subsection;
- (9) Furniture and equipment; and
- (10) Real property.

(b) Each credit union shall have a reserve fund to meet losses on loans and to meet other contingencies that the Bank Commissioner specifies. The reserve fund may be distributed to the members of the credit union only on dissolution of the credit union.

(c) (1) After paying organization expenses, each credit union shall credit to its reserve fund all entrance fees, transfer fees, and fines.

(2) A credit union in operation for 4 years or more and having assets of \$500,000 or more shall credit to the reserve fund, at the end of each accounting period:

(i) 10 percent of its gross income until the reserve fund equals 4 percent of its risk assets; and

(ii) Then, 5 percent of its gross income until the reserve fund equals 6 percent of its risk assets.