

SECTION .0500 - IMPAIRMENT AND INSOLVENCY

04 NCAC 06C .0501 IMPAIRMENT

- (a) An impairment of capital shall exist if the credit union is unable to provide for Allowance for Loan Losses, or any other reserve required by the Administrator.
- (b) In determining the degree of impairment of capital that may exist, loans receivable shall be valued at book value less the amount of reserves required. If share deposit balances exceed net assets an impairment shall exist. The total of the credit union's assets, valued according to generally accepted accounting principles, including loans receivable, less current and long term liabilities, shall be considered to be net assets.
- (c) Whenever it is determined that there exists an impairment of capital, the board of directors shall notify the Administrator. If required by the Administrator, pursuant to G.S. 54, Article 14A to 14N, the board of directors shall disclose to all shareholders the impairment of capital and other matters regarding the financial condition of the credit union.

History Note: Authority G.S. 54-109.12; 54-109.92; 54-109.93;
Eff. February 1, 1976;
Readopted Eff. April 4, 1978;
Amended Eff. January 1, 1983;
Readopted Eff. February 1, 2018.