

04 NCAC 06C .0402 CHARGE-OFF OF UNCOLLECTABLE LOANS

(a) All credit unions shall have a Charge-Off of Uncollectable Loans Policy. All losses resulting from uncollectable loans shall be charged against the Allowance for Loan Losses or any special reserve as set forth in G.S. 54-109.86(c).

(b) A record shall be maintained of all loans charged off. The record shall contain the following information: account number, name, original date, amount of original loan, security, balance at time of charge-off, efforts made to collect, and what, if any, recovery has been made on the security. This record shall be kept current and made available to the examiners at each examination.

(c) Any loans delinquent 365 days or more, shall be charged off in accordance with Paragraph (a) of this Rule, unless one of the following applies to the loan:

- (1) has a high probability of no loss;
- (2) is secured by real estate where the borrower is demonstrating a reasonable level of repayment; or
- (3) is in the process of legal action.

Any loan deemed uncollectable, because collection efforts are nonproductive regardless of the number of days delinquent, shall be charged off in accordance with Paragraph (a) of this Rule.

(d) Any recovery of charged-off loans shall be credited to the Allowance for Loan Losses.

*History Note: Authority G.S. 54-109.11(4); 54-109.12; 54-109.16; 54-109.17;
Eff. February 1, 1976;
Readopted Eff. April 4, 1978;
Amended Eff. February 1, 1992; January 1, 1983;
Readopted Eff. February 1, 2018.*