§ 721.5 What limitations apply to a credit union engaging in activities approved under this part?
You must comply with any applicable NCUA regulations, policies, and legal opinions, as well as applicable state and federal law, if an activity authorized under this part is otherwise regulated or conditioned.

§ 721.6 May a credit union derive income from activities approved under this part?
You may earn income for those activities determined to be incidental to your business.

§ 721.7 What are the potential conflicts of interest for officials and employees when credit unions engage in activities approved under this part?
(a) Conflicts. No official, employee, or their immediate family member may receive any compensation or benefit, directly or indirectly, in connection with your engagement in an activity authorized under this part, except as otherwise provided in paragraph (b) of this section. This section does not apply if a conflict of interest provision within another section of this chapter applies to a particular activity; in such case, the more specific conflict of interest provision controls.

(b) Permissible payments. This section does not prohibit:
(1) Payment, by you, of salary to your employees;
(2) Payment, by you, of an incentive or bonus to an employee based on your overall financial performance;
(3) Payment, by you, of an incentive or bonus to an employee, other than a senior management employee or paid official, in connection with an activity authorized by this part, provided that your board of directors establishes written policies and internal controls for the incentive program and monitors compliance with such policies and controls at least annually; and
(4) Payment, by a person other than you, of any compensation or benefit to an employee, other than a senior management employee or paid official, in connection with an activity authorized by this part, provided that your board of directors establishes written policies and internal controls regarding third-party compensation and determines that the employee’s involvement does not present a conflict of interest.

(c) Business associates and family members. All transactions with business associates or family members not specifically prohibited by paragraph (a) of this section must be conducted at arm’s length and in the interest of the credit union.

(d) Definitions. For purposes of this part, the following definitions apply.
(1) Senior management employee means your chief executive officer (typically, this individual holds the title of President or Treasurer/Manager), any assistant chief executive officers (e.g., Assistant President, Vice President, or Assistant Treasurer/Manager), and the chief financial officer (Comptroller).
(2) Official means any member of your board of directors, credit committee or supervisory committee.
(3) Immediate family member means a spouse or other family member living in the same household.

PART 722—APPRASALS

Sec.
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SOURCE: 55 FR 30207, July 25, 1990, unless otherwise noted.

§ 722.1 Authority, purpose, and scope.
(a) Authority. Part 722 is issued by the National Credit Union Administration (“NCUA”) under title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.