incentive policies be put in writing, a credit union is not required to comply with that requirement.

Regulatory Burden

Section 302 of the Riegle Community Development and Regulatory Improvement Act of 1994 requires the federal regulators of banks and savings associations to make all regulations that impose new requirements take effect on the first date of the calendar quarter following publication of the rule unless good reason exists for some other effective date. Although NCUA is not formally subject to this requirement, Letter to Credit Unions #158 stated that the requirement would be beneficial to credit unions and that NCUA planned to implement it whenever practicable. NCUA believes that an immediate effective date is appropriate since the final rule relieves a regulatory burden on credit unions that wish to implement lending-related incentive compensation programs by permitting them to do so. Although the final rule also imposes a recordkeeping requirement, the primary effect of the rule is to relieve regulatory burden.

Executive Order 12612

Executive Order 12612 requires NCUA to consider the effect of its actions on state interests. The preamble to the proposed rule acknowledged that the proposed rule would impose some requirements on state-chartered, federally insured credit unions but stated that any effect on the distribution of power and responsibilities among the various levels of government was justified by the potential risk to the NCUSIF. Several commenters argued that no risk to the NCUSIF had been demonstrated and that, for statechartered credit unions, the matter should be left to state regulators to determine.

The final rule imposes significantly less regulatory burden on credit unions than either the proposed rule or the currently effective rule. Therefore, the effect on state regulatory authority is considerably diminished. The Board continues to believe, however, that any remaining effect on that authority is justified by the potential risk to the NCUSIF without such a rule.

The Board notes that this rule is not intended to expand the authority of state-chartered credit unions. If state law imposes greater restrictions on lending-related compensation than does this rule, state-chartered credit unions must comply with state law.

List of Subjects in 12 CFR Part 701

Federal credit unions, Organization and operations.

By the National Credit Union Administration Board on September 28,

Becky Baker.

Secretary of the Board.

For the reasons set forth in the preamble, NCUA amends 12 CFR part 701 as follows:

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

1. The authority citation for part 701 continues to read as follows:

Authority: 12 USC 1752(5), 1755, 1756, 1757, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1787, 1789, and Pub. L. 101-73. Section 701.6 is also authorized by 31 USC 3717. Section 701.31 is also authorized by 15 USC 1601, et seq., 42 USC 1981, and 42 USC 3601-3610. Section 701.35 is also authorized by 12 USC 4311-4312.

§701.21 [Amended]

2. Section 701.21(c)(8) is revised to read as follows:

(c) * * *

(8)(i) Except as otherwise provided herein, no official or employee of a Federal credit union, or immediate family member of an official or employee of a Federal credit union, may receive, directly or indirectly, any commission, fee, or other compensation in connection with any loan made by the credit union.

(ii) For the purposes of this section: Compensation includes non monetary items, except those of nominal value.

Immediate family member means a spouse or other family member living in the same household.

Loan includes line of credit. Official means any member of the board of directors or a volunteer committee.

Person means an individual or an organization.

Senior management employee means the credit union's 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).

Volunteer official means an official of a credit union who does not receive compensation from the credit union solely for his or her service as an official.

- (iii) This section does not prohibit:
- (A) Payment, by a Federal credit union, of salary to employees;

- (B) Payment, by a Federal credit union, of an incentive or bonus to an employee based on the credit union's overall financial performance;
- (C) Payment, by a Federal credit union, of an incentive or bonus to an employee, other than a senior management employee, in connection with a loan or loans made by the credit union, provided that the board of directors of the credit union establishes written policies and internal controls in connection with such incentive or bonus and monitors compliance with such policies and controls at least annually.
- (D) Receipt of compensation from a person outside a Federal credit union by a volunteer official or non senior management employee of the credit union, or an immediate family member of a volunteer official or employee of the credit union, for a service or activity performed outside the credit union, provided that no referral has been made by the credit union or the official, employee, or family member.

[FR Doc. 95-24688 Filed 10-3-95; 8:45 am] BILLING CODE 7535-01-P

12 CFR Part 722

Appraisals

AGENCY: National Credit Union Administration (NCUA). **ACTION:** Final amendments.

SUMMARY: The NCUA Board is issuing final amendments to its regulation regarding the appraisal of real estate, adopted pursuant to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989. The final amendments simplify compliance with regulatory requirements for credit unions by changing provisions of the appraisal regulation that govern: the publication of the Uniform Standards of Professional Appraisal Practice (USPAP); minimum appraisal standards; appraisals to address safety and soundness concerns; unavailable information; additional appraisal standards developed by credit unions; and appraiser independence. The final amendments should reduce costs without affecting the reliability of appraisals used in connection with federally related transactions.

EFFECTIVE DATE: October 1, 1995.

FOR FURTHER INFORMATION CONTACT: Herbert Yolles, Director, Department of Risk Management, Office of Examination and Insurance, (703) 518-6360 or Michael McKenna, Staff