§ 712.5 What activities and services are preapproved for CUSOs?

NCUA may at any time, based upon supervisory, legal, or safety and soundness reasons, limit any CUSO activities or services, or refuse to permit any CUSO activities or services. Otherwise, an FCU may invest in, loan to, or contract with only those CUSOs that are sufficiently bonded or insured for their specific operations and engaged in the preapproved activities and services related to the routine daily operations of credit unions. The specific activities listed within each preapproved category are provided in this section as illustrations of activities permissible under the particular category, not as an exclusive or exhaustive list.

(a) Checking and currency services:
(1) Check cashing;
(2) Coin and currency services;
(3) Money order, savings bonds, travelers checks, and purchase and sale of U.S. Mint commemorative coins services; and
(4) Stored value products
(b) Clerical, professional and management services:
(1) Accounting services;
(2) Courier services;
(3) Credit analysis;
(4) Facsimile transmissions and copying services;
(5) Internal audits for credit unions;
(6) Locator services;
(7) Management and personnel training and support;
(8) Marketing services;
(9) Research services;
(10) Supervisory committee audits; and
(11) Employee leasing services.
(c) Business loan origination, including the authority to buy and sell participation interests in such loans;
(d) Consumer mortgage loan origination, including the authority to buy and sell participation interests in such loans;
(e) Electronic transaction services:
(1) Automated teller machine (ATM) services;
(2) Credit card and debit card services;
(3) Data processing;
(4) Electronic fund transfer (EFT) services;
(5) Electronic income tax filing;
(6) Payment item processing;
(7) Wire transfer services; and
(8) Cyber financial services;
(f) Financial counseling services:
(1) Developing and administering Individual Retirement Accounts (IRA), Keogh, deferred compensation, and other personnel benefit plans;
(2) Estate planning;
(3) Financial planning and counseling;
(4) Income tax preparation;
(5) Investment counseling;
(6) Retirement counseling; and
(7) Business counseling and consultant services;
(g) Fixed asset services:
(1) Management, development, sale, or lease of fixed assets; and
(2) Sale, lease, or servicing of computer hardware or software;
(h) Insurance brokerage or agency:
(1) Agency for sale of insurance;
(2) Provision of vehicle warranty programs;
(3) Provision of group purchasing programs; and
(4) Insurance underwriting.

§ 712.5 treated as a department of the FCU; and

(6) Unless the FCU has guaranteed a loan obtained by the CUSO, all borrowings by the CUSO indicate that the FCU is not liable.
(b) Legal opinion. Prior to an FCU investing in a CUSO, the FCU must obtain written legal advice as to whether the CUSO is established in a manner that will limit potential exposure of the FCU to no more than the loss of funds invested in, or lent to, the CUSO. In addition, if a CUSO in which an FCU has an investment plans to change its structure under §712.3(a), an FCU must also obtain prior, written legal advice that the CUSO will remain established in a manner that will limit potential exposure of the FCU to no more than the loss of funds invested in, or loaned to, the CUSO. The legal advice must address factors that have led courts to "pierce the corporate veil" such as inadequate capitalization, lack of separate corporate identity, common boards of directors and employees, control of one entity over another, and lack of separate books and records. The legal advice may be provided by independent legal counsel of the investing FCU or the CUSO.

§ 712.5 Consumer mortgage loan origination, including the authority to buy and sell participation interests in such loans.
§ 712.8 What transaction and compensation limits might apply to individuals related to both an FCU and a CUSO?

(a) Officials and Senior Management Employees. The officials, senior management employees, and their immediate family members of an FCU that has outstanding loans or investments in a CUSO must not receive any salary, commission, investment income, or other income or compensation from the CUSO either directly or indirectly, or from any person being served through the CUSO. This provision does not prohibit such FCU officials or senior management employees from assisting in the operation of a CUSO, provided the officials or senior management employees are not compensated by the CUSO. Further, the CUSO may reimburse the FCU for the services provided by such FCU officials and senior management employees only if the account receivable of the FCU due from the CUSO is paid in full at least every 120 days. For purposes of this paragraph (a), “official” means affiliated credit union directors or committee members. For purposes of this paragraph (a), “senior management employee” means affiliated credit union directors or committee members. For purposes of this paragraph (a), “senior management employee” means affiliated credit union 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). For purposes of this paragraph (a), “immediate family member” means a spouse or other family members living in the same household.

(b) Employees. The prohibition contained in paragraph (a) of this section...