



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

January 7, 1988

GC/HMU:sg
4650

Office of General Counsel

Ms. Vicky L. Slate
Mortgage Representative
AT&T Family Federal Credit Union
P.O. Box 12907
Winston-Salem, NC 27117-2907

Re: Home Equity Lines of Credit (Your letter dated 9/4/87)

Dear Ms. Slate:

You present this question: Does Federal credit union law restrict continued advances or the maturity of a home equity line of credit when a Federal credit union ("FCU") grants such a line of credit collateralized by the member/borrower's primary residence and the member/borrower moves out of but continues to own the collateral? Federal credit union law does not generally impose collateral, maturity, or amortization requirements on lines of credit. Such restrictions could be imposed on a case-by-case basis as safety and soundness considerations warrant, however. Moreover, an FCU may impose conditions on lines of credit granted to its members through the line of credit agreement.

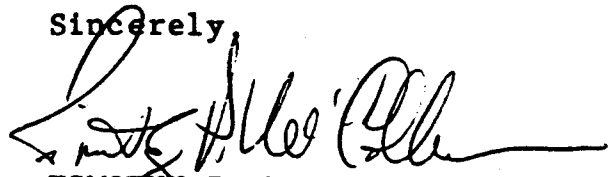
Pursuant to Section 107(5)(B) of the Federal Credit Union Act (12 U.S.C. §1757(5)(B)), an FCU may establish "A self-replenishing line of credit to a borrower . . . to a stated maximum amount on certain terms and conditions which may be different from the terms and conditions established for another borrower." Neither the Act nor Section 701.21 of the NCUA Rules and Regulations (12 C.F.R. §701.21), which governs FCU loans and lines of credit, imposes maturity limits, amortization or collateral requirements on lines of credit. As to the twelve-year maturity limit in the FCU Act you inquired about, Section 107(5) of the FCU Act (12 U.S.C. §1757(5)) states: "[an FCU may] . . . make loans, the maturities of which shall not exceed twelve years except as

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otherwise provided herein, and extend lines of credit to its members" The twelve-year maturity limit applies to loans, not to lines of credit.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy P. McCollum", written in a cursive style.

TIMOTHY P. McCOLLUM
Assistant General Counsel

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