



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

January 24, 1992

Steven Bisker, Esq.
616 South Washington Street
Alexandria, Virginia 22314

Re: Section 701.21(f) of NCUA's Rules and
Regulations (Your December 23, 1991 Letter)

Dear Mr. Bisker:

You have asked whether an FCU can refinance a second mortgage under Section 701.21(f) of NCUA's Rules and Regulations (12 C.F.R. 701.21(f)). Such a refinancing is permissible. Our December 17, 1991 letter to you which interpreted Section 701.21(f), addressed the issue of refinancing in terms of a first mortgage. Although a credit union can not refinance a first mortgage on a vacation home under Section 701.21(f), it can refinance a second mortgage on a member's vacation home.

In your letter you disagreed with our opinion that Section 701.21(f) does not provide any authority for an FCU to finance the acquisition of a vacation home unless it is a mobile home. We agree with you that a second mortgage on a vacation home carries more risk than a first mortgage to acquire or refinance a vacation home. However, as we previously stated in our December 17, 1991 letter, the legislative and regulatory history indicates that such a first mortgage loan, except for a loan on mobile home, is not permissible under Section 701.21(f).

Sincerely,

Hattie M. Ulan
Associate General Counsel

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SSIC 3501
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