

August 7, 1992

Michelle Freisthler, Manager
Limalco Schools Federal Credit Union
1511 N. Main Street
Lima, OH 45801

Re: Real Estate Liens on Consumer Loans (Your July 24, 1992, Letter)

Dear Ms. Freisthler:

You have asked whether it is permissible for your FCU to add real estate liens to consumer loans (both automobile and signature loans) to enable your members to take advantage of the mortgage interest deduction. Neither the FCU Act or the NCUA Rules and Regulations prohibits the practice. We draw no conclusions as to compliance with the Internal Revenue Code. Any safety and soundness concerns will be handled by your NCUA examiner and the Region IV office. Enclosed is an earlier opinion addressing this issue.

Sincerely,

Hattie M. Ulan
Associate General Counsel

Enclosure

GC/HMU:bhs
SSIC 4650
92-0804