

March 18, 1993

Dale E. Lyon
President
Bergstrom Federal Credit Union
P.O. Box 1648
Austin, TX 78767-1648

Re: Motor Homes (Your December 11, 1992, Letter)

Dear Mr. Lyon:

You state that in a recent National Credit Union Administration (NCUA) examination, Bergstrom Federal Credit Union (the FCU) was told that two "motor home" loans were in violation of the 12-year maturity limitation. You state that the FCU offered 15-year maturities on the loans because: 1) the Internal Revenue Service (IRS) allows motor homes to be classified as second residences; 2) motor homes would be categorized as real rather than personal property; and 3) local credit unions indicated that they offer 15-year loans for motor homes. You have asked us to clarify the issue.

Analysis

In accordance with Section 107(5) of the FCU Act, 12 U.S.C. 1757(5), and Section 701.21(c)(4) of the NCUA Rules and Regulations, 12 C.F.R. ~701.21(c)(4), an FCU generally is limited to making loans with maturities of up to 12 years. Under Section 107(5)(A)(ii) of the Act and Section 701.21(f) of the Regulations, however, an FCU may make a loan with a 20-year maturity to finance the purchase of a mobile home if the mobile home will be used as the member-borrower's residence and the loan is secured by a first lien on the mobile home.

You have not provided us with a description of what you mean by the term "motor home." The FCU's NCUA examiner, Jennifer Baldwin, has informed us, however, that you are referring to a recreational vehicle. A recreational vehicle is not a "mobile home" within the meaning of the FCU Act and NCUA Rules and Regulations. A "mobile home" is a type of "manufactured home," which is defined in the National Manufactured Home Construction and Safety Standards Act, 42 U.S.C. ~5402(6), as follows:

"[M]anufactured home" means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein; except that such term shall include any structure which meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary and complies with the standards established under this chapter.

We do not think that most recreational vehicles meet this definition. Since a recreational vehicle is not a "mobile home," it is not eligible for a 20-year loan under Section 107(5)(A)(ii) of the FCU Act and Section 701.21(f)(1) of the NCUA Regulations. Therefore, a loan to finance the purchase of a recreational vehicle may be made for only 12 years. IRS treatment of recreational vehicles or mobile homes is irrelevant to the issue of the types of loans such structures are eligible for under the FCU Act and NCUA regulations.

Sincerely,

Hattie M. Ulan
Associate General Counsel

GC/LH:sg
SSIC 4650
92-1235

cc: Kent Buckham, Office of Examination and Insurance
Maurice Arnold, Region V