

June 19, 1997

Kari Greathouse, VP, Information Services
Missouri Credit Union System
2055 Craigshire Drive
St. Louis, MO 63146-4009

Re: Real Estate Related Loan
(Your letter dated May 20, 1997)

Dear Ms. Greathouse:

You have asked whether a credit union must display an Equal Housing poster if it makes a signature loan that the member uses for home improvement purposes. The issue is whether a real estate related loan, as defined in §701.31 of NCUA Rules and Regulations, includes a signature loan that is used for home improvement purposes. As explained below, the answer is yes.

A federal credit union (FCU) is required to display an Equal Housing poster if it engages in real estate related lending. 12 C.F.R. §701.31(d)(2). A "real estate-related loan" is defined as "any loan for which application is made to finance or refinance the purchase, construction, improvement, repair, or maintenance of a dwelling." 12 C.F.R. §701.31(a)(3). The attached preamble to Section 701.31 states that a few commenters wanted the definition limited to loans over a certain amount and loans secured by a lien, but the Board rejected those limitations so that the regulation would be consistent with the Fair Housing Act of 1968, 42 U.S.C. §§3601 *et seq.* 44 Fed. Reg. 51191, 51192 (August 31, 1979). Therefore, an FCU that makes a loan for home improvement purposes must comply with Section 701.31, regardless of whether the loan is secured by a lien on the property.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/MFR:bhs
SSIC 3223
97-0533

Enclosure