

## NMMA MEMBER UPDATE: CREDIT UNIONS CAN NOW OFFER 20-YEAR LOANS FOR RESIDENTIAL BOATS

Credit Unions are now able to offer 20-year loans for boat purchases when the boat will be used as the owner's primary residence. Previously, the federal regulations limited boat loan maturities offered by federal credit unions to 12 years. The new regulation issued by the National Credit Union Administration (NCUA) and effective on March 28, clarifies the scope of the Federal Credit Union Act and codifies recent Office of General Counsel opinions on loan guarantees and loan maturities.<sup>1</sup>

The new rule makes it clear that "mobile homes" loans with 20-year maturities by federal credit unions can now include loans:

- for all homes that qualify for the home mortgage interest deduction under the Internal Revenue Code (26 U.S.C. 163(a), (h)(2)(D)); and
  - Note that a qualifying mobile home includes a home that has three main features: sleeping, cooking and toilet facilities (such as a boat, recreational vehicle or house trailer) and is owner-occupied.
- secured by a first lien.

Non-residential boat loans continue to be subject to the 12-year limitation. For additional information contact Cindy Squires, NMMA Regulatory Counsel (202-737-9766; [csquires@nmma.org](mailto:csquires@nmma.org)) or Dianne Salva, Staff Attorney, NCUA (703-518-6540).

To view the new regulation as published in the Federal Register, simply visit:

<http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/05-3477.pdf>

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<sup>1</sup> 70 Fed. Reg. 8921 (Feb. 24, 2005) & 69 Fed. Reg. 68,829 (Nov. 26, 2004); 12 C.F.R. § 701.21 (e) & (f).