

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: September 2005 **LETTER NO.: 05-CU-12**

TO: Federally Insured Credit Unions

**SUBJ: Frequently Asked Questions on Residential Tract
Development Lending**

ENCL: FFIEC Interagency FAQ

DEAR BOARD OF DIRECTORS:

The purpose of this letter is to provide you with a document of frequently asked questions (FAQs) on Residential Tract Development Lending developed by the NCUA and the other Federal Financial Examination Council (FFIEC) member agencies¹. The FAQs assist credit unions in complying with NCUA's real estate lending requirements for financing residential construction in a tract development. A residential tract development is defined as a project of five or more units that are constructed as a single development. Key topics addressed in the FAQs are:

- Appraisal requirements;
- Common underwriting characteristics; and,
- Calculations and limits for loan-to-value ratios.

Should you have any questions or concerns, please contact your NCUA Regional Office or State Supervisory Authority.

Sincerely,

/s/

JoAnn M. Johnson
Chairman

Enclosure

¹ Federal Financial Institution Examination Council member agencies include Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and the Office of Thrift Supervision.