

December 22, 1994

Dennis G. Raible, Manager  
M.H.E. Federal Credit Union  
Suite 3, Painter Building  
500 Hospital Way,  
McKeesport, PA 15132

Re: Appraisal on FHA Loans (Your December 5, 1994, Letter)

Dear Mr. Raible:

You have asked us to clarify whether FHA-Title I loans require an appraisal or valuation under NCUA's Regulations if they are not required under FHA Program. As you noted in your letter, the controlling provision is 722.3(a)(6) of NCUA's Rules and Regulations which provides that an appraisal is not required on real estate loans guaranteed by a United States agency under a program which does not require an appraisal. Your credit union need not conduct an appraisal or valuation since neither are required under the FHA-Title I program. I am enclosing an opinion letter dated September 22, 1993, from Deputy General Counsel James J. Engel to Ruth O'Brien of Navy Orlando Federal Credit Union which further addresses the legal rationale for our response.

Sincerely,

Richard S. Schulman  
Associate General Counsel

GC/MJM:bhs  
SSIC 3501  
94-1214  
Enclosure