



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

LS/SRB:cch  
4660  
August 20, 1985

Peter J. Liska, Esq.  
McKenna, Liska & Leone  
P.O. Box 778  
Red Bank, NJ 07701

Dear Mr. Liska:

This is in reply to your letter dated July 18, 1985, to Mr. Robert Fenner concerning the Titanox Community Federal Credit Union and its investment in the Prudential-Bache Government Securities Trust (Intermediate Term Series) ("Trust"), prospectus dated July 1, 1985. Specifically, you ask for our opinion as to the permissibility of Federal credit union investment in the Trust.

As you know, FCU investment in mutual funds or trusts is permissible provided that all of the investments and investment practices of the fund or trust would be legal if made directly by an FCU.

The Trust is not a permissible investment for the following reasons.

First, it is unclear from the prospectus whether the Trust's repurchase transactions are in compliance with Sections 703.2(1) and 703.3(d) of the NCUA Rules and Regulations (12 C.F.R. §§703.2(1) and 703.3(d)).

Second, although the Trust is authorized to engage in cash forward (delayed delivery) transactions, it does not limit the period from the trade date to the settlement date to 120 days, as required by Section 703.3(b).

Lastly, the Trust is authorized to invest in obligations of the International Bank for Reconstruction and Development (World Bank). World Bank obligations are not legal investments for FCU's.

FOIA file: Vol. I Part E 5



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

Therefore, for the reasons stated, it is our opinion that the Trust is not a legal investment for FCU's.

If you wish to discuss this further, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read 'S. Bisker'.

STEVEN R. BISKER  
Assistant General Counsel