



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

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OCT 6 8 1985

Ms. Marjorie Camp
HCA Federal Credit Union
651 Willow Grove Street
Hackettstown, NJ 07840

Dear Ms. Camp:

This responds to your memo dated September 23, 1985, to this Office concerning the permissibility of Federal credit union (FCU) investment in the ~~IDS Bond Fund~~, Inc. (Fund), Prospectus dated October 29, 1984.

Sections 107(7) and (8) of the Federal Credit Union Act (12 U.S.C. §§1757(7) and (8)) and Part 703 of the NCUA Rules and Regulations (12 C.F.R. Part 703) are the pertinent provisions of Federal law regulating FCU investments and deposits (copies enclosed). Although not expressly stated in these provisions, we have previously stated that investments in mutual funds or trusts are permissible for FCU's if all of the investments and investment practices of the fund or trust are permissible if made directly by the FCU.

The Fund invests primarily in corporate debt securities. Neither the FCU Act nor the NCUA Rules and Regulations permit FCU investment in corporate debt securities. Therefore, it is the opinion of this Office that the ~~IDS Bond Fund~~, Inc., is an impermissible investment for Federal credit unions.

We have forwarded a copy of this letter to our Region II (Capital Region) office so that your NCUA examiner can be alerted and a plan for divestiture from this investment can be worked out.

Sincerely,

STEVEN R. BISKER
Assistant General Counsel

cc: RD, Region II (Capital)

FOIA Vol I, E.S.