



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

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4/6/86
2/5/86

Office of General Counsel

Michael J. Batalucco, Esq.
Olde & Co.
735 Griswold Street
Detroit, MI 48226

Dear Mr. Batalucco:

This responds to your letters of December 23, 1985, and January 14, 1986, to this Office concerning the permissibility of Federal credit union (FCU) investment in the Zero Coupon Intermediate Term Series 1 Sears Government Investment Trust (Zero Coupon Trust), Prospectus dated June 13, 1985.

You have already reviewed the pertinent provisions of the FCU Act (particularly Sections 107(7) and (8)) and the NCUA Rules and Regulations (Section 703) regulating FCU investments and deposits. We have interpreted these provisions as authorizing FCU investment in mutual funds if all of the investments and investment practices of the fund are permissible if made directly by an FCU.

The Zero Coupon Trust invests exclusively in U.S. Treasury notes or bonds issued by the United States or U.S. Treasury receipts. These investments would be permissible if made directly by an FCU. Therefore, it is the opinion of this Office that the Zero Coupon Trust is a permissible investment for FCU's.

This opinion letter should not be interpreted or represented as NCUA's endorsement, recommendation, or approval of the Zero Coupon Trust. It is merely our opinion that the investment is legal for FCU's. Any communication with Federal credit unions concerning our opinion must clearly state this distinction.

I hope we have been of assistance.

Sincerely,

A handwritten signature in dark ink, appearing to be "S. Bisker".

STEVEN R. BISKER
Assistant General Counsel

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