



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20156

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4660  
2/25/86

Office of General Counsel

Ms. Nancy L. Kaiser  
First United Fund Ltd.  
1001 Franklin Avenue  
Garden City, NY 11530

Dear Ms. Kaiser:

This responds to your letters dated January 15 and 24, 1986, concerning the permissibility of Federal credit union (FCU) investment in the Government Securities Income Fund GNMA Series Unit Investment Trust (GNMA Trust), Prospectus dated March 29, 1985.

As you know, Sections 107(7) and (8) of the FCU Act, 12 U.S.C. §§1757(7) and (8), and Part 703 of the NCUA Rules and Regulations, 12 C.F.R. §703, are the pertinent provisions of Federal law regulating FCU investments and deposits. We have previously interpreted these provisions as authorizing FCU investment in mutual funds if all of the investments and investment practices made by the fund are permissible if made directly by an FCU.

A review of the Prospectus indicates that the GNMA Trust invests exclusively in GNMA's. These investments are expressly authorized for FCU's by §107(7) (E) of the FCU Act.

Accordingly, it is the opinion of this Office that the Government Securities Income Fund GNMA Series Unit Investment Trust is a legal investment for FCU's. This should not, however, be interpreted or represented as NCUA's endorsement, recommendation, or approval of the GNMA 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,

STEVEN R. BISKER  
Assistant General Counsel

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