



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

GC/YSack
5/6/86

Office of General Counsel

Thomas C. Evans, Esq.
Brownstein Zeidman and Schomer
1401 New York Ave., N.W., Suite 900
Washington, DC 20005-2102

Dear Mr. Evans:

This is in reply to your letter dated April 7, 1986, concerning the permissibility of Federal credit union (FCU) investment in the Federal Insured Mortgage Investors L.P. (the L.P.), Prospectus dated November 19, 1985. L.P. is a Delaware limited partnership.

As you know, 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. §703 are the pertinent provisions of Federal law regulating FCU investments and deposits. 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 same analysis would apply to limited partnerships.

According to the Prospectus, the L.P. invests in, inter alia, FHA guaranteed loans. FHA loans are not fully guaranteed as to principal or interest. Thus, while FHA, as a division within the Department of Housing and Urban Development, is an agency of the United States as that term is used in Section 107(7)(E) of the FCU Act, 12 U.S.C. §1757(7)(E), the FHA guarantee does not satisfy the statutory requirement that the obligations (loans) be fully guaranteed as to principal and interest. In addition, the Prospectus states that L.P. may invest in commercial paper. This too is an impermissible investment for FCU's (unless it is commercial paper of the FCU's members).

Accordingly, it is the opinion of this Office that the Federal Insured Mortgage Investors L.P. is not a legal investment for Federal credit unions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'SB' or similar initials.

STEVEN R. BISKER
Assistant General Counsel

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YG:cch