



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

GC/HMU:cch
4660

5/19/86

Office of General Counsel

Sharon Popper, Esq.
Carro, Spanbock, Fass, Geller,
Kaster & Cuiffo
1345 Avenue of the Americas
New York, NY 10105

Dear Ms. Popper:

This is in response to your letter of February 26, 1986, concerning the legality of Federal credit union (FCU) investment in American Insured Mortgage Investors L.P. - Series 86, preliminary prospectus dated November 22, 1985, a limited partnership (A.I.M. 86).

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. Part 703) are the pertinent provisions of Federal law regulating FCU investments and deposits. Although not expressly stated in these provisions, it is our opinion that FCU investment in a limited partnership is permissible if all of the investments and investment practices of the limited partnership would be permissible if made directly by the FCU.

Included among the investments of A.I.M. 86 are mortgages insured by the Federal Housing Administration (FHA). Such mortgages are not fully insured by the FHA. (See page 79 of preliminary prospectus.) In order to be a permissible FCU investment, mortgages must be fully guaranteed by an agency of the United States. (See Section 107(7)(E) of FCU Act, 12 U.S.C. §1757(7)(E).) In addition, A.I.M. 86 is authorized to invest in commercial paper. (See page 82 of the preliminary prospectus.) There is no authority in Sections 107(7) and (8) of the FCU Act for FCU investment in commercial paper. Such investments are considered loans to the issuer of the paper and as such would likely be illegal loans to nonmembers.

Sharon Popper, Esq.
May 16, 1986
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In conclusion, for the above noted reasons, it is our opinion that A.I.M. 86 is an illegal investment for FCU's.

I hope that we have been of assistance.

Sincerely,



STEVEN R. BISKER
Assistant General Counsel

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LS/YG:cch
4660
June 26, 1985

Sharon K. Rose, Esq.
Carro, Spanbock, Fass, Geller
Kaster & Cuiffo
1345 Avenue of the Americas
New York, NY 10105

Dear Ms. Rose:

This is in response to your letter dated May 21, 1985, concerning the permissibility of Federal credit union investment in Integrated Resources American Insured Mortgage Investors--Series 85 and American Insured Mortgage Investors.

As discussed in our most recent telephone conversation, the principal underlying investment of both of the above described investments are loans insured by the Federal Housing Administration (FHA). FHA-insured loans are not fully guaranteed as to principal and interest. Further, they are not obligations of the United States. Therefore, the investment authority for Federal credit unions contained in 12 U.S.C. 1757(7)(E) ("...obligations, participations, securities, or other instruments of, or issued by, or fully guaranteed as to principal and interest by any other agency of the United States. . . .") cannot be relied on to authorize these investments.

In conclusion, Integrated Resources American Insured Mortgage Investors--Series 85 and American Insured Mortgage Investors are not legal investments for Federal credit unions.

Sincerely,



STEVEN R. BISKER
Assistant General Counsel