



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

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4660
May 23, 1986

Office of General Counsel

Mr. Thomas J. Pollack
MCG Portfolio Management Corp.
2361 Campus Drive, Suite 201
Irvine, CA 92715

Dear Mr. Pollack:

This responds to your letter dated April 30, 1986, to this Office concerning the permissibility of Federal credit union (FCU) investment in Sallie Mae Australian Dollar notes, Offering Circular dated April 9, 1986.

Section 107(7)(E) of the FCU Act, 12 U.S.C. §1757(7)(E), permits FCU investment in obligations or other instruments or securities of Sallie Mae. According to the Circular, the offering consists exclusively of Sallie Mae notes. However, unlike other Sallie Mae obligations, principal and interest payments are payable in Australian dollars. While the repayment in Australian dollars adds the element of currency risk to the other risks (market risk, etc.) normally associated with Sallie Mae obligations, that fact would not impact on the question of whether it is a legal investment for FCU's.

Inasmuch as FCU investment in Sallie Mae obligations is expressly authorized in §107(7)(E) of the FCU Act, it is the opinion of this Office that Sallie Mae Australian Dollar notes are legal investments for FCU's. This opinion letter should not be interpreted or represented as NCUA's endorsement, recommendation, or approval of Sallie Mae Australian Dollar notes. 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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