



September 10, 1986

GC/SRB:sg
4660
October 2, 1986

National Credit Union Administration
Washington, DC 20456

Attn: Steven R. Bisker, Esq.
Assistant General Counsel

Re: Oppenheimer GNMA Fund

To the National Credit Union Administration:

On behalf of Oppenheimer GNMA Fund (formerly Oppenheimer Federal Mortgage Trust), a registered open-end investment management company (the "Fund"), I have reviewed the Fund's prospectus and statement of additional information with respect to Sections 107(7) and (8) of the Federal Credit Union Act (U.S.C. Sections 1757 (7) and (8)) and Part 703 of the National Credit Union Administration Rules and Regulations (12 C.F.R. Part 703), which are the pertinent provisions regulating Federal credit union ("FCU") investments and deposits. I am of the opinion that the Fund is a legal investment for FCU's for the reasons set forth below. The Fund requests the National Credit Union Administration ("NCUA") to concur in this opinion.

The Fund recognizes that the NCUA has previously opined that investments in mutual funds are permissible for FCU's if all of the investments and investment practices of the fund are legal if made directly by an FCU. As set forth on page 3 of the Fund's prospectus under the heading "Introduction," and as permitted by 12 U.S.C. Section 1757(7), the Fund will invest exclusively in debt obligations and mortgage-backed securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, including collateralized mortgage obligations issued by the U.S. Government, its agencies or instrumentalities for which the underlying mortgage-backed securities serving as collateral are backed (i) by the credit alone of the U.S. Government agency or instrumentality which issues or guarantees the mortgage-backed securities or (ii) by the full faith and credit of the U.S. Government. The Fund will at all times have at least 65% of its assets invested in mortgage-backed securities guaranteed by the Government National Mortgage Association (commonly known as "Ginnie Maes") which are supported by the full faith and credit of the U.S. Government.

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The Fund's Prospectus further provides at page 3, also under the heading "Introduction," that "only those agencies and instrumentalities, including the Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Student Loan Marketing Association, which issue or guarantee obligations, participations or other instruments which are legal investments under Section 107(7) of the Federal Credit Union Act for Federal credit unions, are with the term "U.S. Government agency or instrumentality" for all purposes of this Prospectus and Statement of Additional Information." This satisfies the applicable 12 U.S.C. Section 1757 (7).

In the event of adverse economic or financial conditions (see page 2 of the Prospectus in the second paragraph under "Introduction"), the Fund "may depart from its investment policy and assume a temporary defensive position by investing in such cash and cash equivalents which are legal investments under Section 107(7) of the Federal Credit Union Act for Federal credit unions (e.g., commercial paper is thus excluded)." These investments are also within the scope of the applicable 12 U.S.C. Section 1757(7) as to permitted investments for FCU's.

As to the Fund's investment policies, examined below in the order in which they appear in the Prospectus, all such investment policies are authorized activities for an FCU as set forth in 12 C.F.R. Part 703 and 12 U.S.C. Sections 1757(7) and (8).

1. As discussed on pages 3-4 of the Prospectus, the Fund may purchase mortgage-backed securities on a "when-issued" basis, and may purchase or sell such securities on a delayed "forward delivery" basis. Delivery and payment normally take place a number of days after the date of the commitment to purchase or sell (but not to exceed 120 days). This is within the scope of 12 C.F.R. Part 703.3(b) that an FCU may enter into a cash forward agreement to purchase or sell a security, provided that the period from the trade date to the settlement date does not exceed 120 days.

2. The Fund's repurchase transactions, discussed at page 4 of the Prospectus, are of the "investment-type" permitted for FCU's pursuant to 12 C.F.R. Part 703.3(1), whereby the FCU purchasing the security shall, among other possibilities, take physical possession of the security. In its repurchase transactions, the Fund purchases a security (normally a U.S. Treasury obligation) and simultaneously agrees to resell it to the vendor (either a commercial bank or broker-dealer) on an agreed-upon future date. Pending such repurchase, the Fund holds the security (and/or securities which may be substituted for it under the repurchase agreement) as collateral for the timely payment of the repurchase price.

3. The Fund may lend its portfolio securities (see page 4 of the Prospectus) if the loan is collateralized in accordance with applicable regulatory requirements and if, after any loan, the value of the securities loaned does not exceed 25% of the value of its assets; this satisfies the applicable 12 C.F.R. Section 703.3(c).

In addition, the Fund engages in none of the prohibited activities set forth in 12 C.F.R. 703.4. In particular, the Fund cannot buy or sell futures contracts, nor can it engage in short sales.

Accordingly, the Fund is of the Opinion that it is a legal investment for Federal credit unions, and requests the National Credit Union Administration to concur in this Opinion.

Very truly yours,

Katherine Ward Feld


Katherine Ward Feld
Associate Counsel

KWF/lb

The following investment,
Oppenheimer GNMA Fund,
prospectus dated 9/10/86,
is a LEGAL investment for FCU's.

NOT LEGAL -- not in compliance with:
_____ § _____
_____ § _____

Other _____

 *St. Bisker 10/2/86*
STEVEN R. BISKER
Assistant General Counsel