



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

October 28, 1986

Office of General Counsel

Mr. Edward J. Wiles, Jr.
Assistant Secretary
Kemper Sales Company
120 South LaSalle Street
Chicago, Ill. 60603

GC/HMU:sg
4660

Dear Mr. Wiles:

This is in response to your letter of August 15, 1986, concerning the permissibility of Federal credit union (FCU) investment in the Kemper Government Securities Trust, GNMA Portfolio Series 12 and Series 13 (one prospectus for both Series -- dated July 1, 1986). Each Series is a unit investment trust.

It has been our longstanding position that an FCU may invest in a unit investment trust if the underlying investments and investment transactions are legal and directly engaged in by FCU's pursuant to 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).

Series 12 and 13 are comprised entirely of mortgage-backed securities that are fully guaranteed by GNMA. Section 107(7)(E) of the FCU Act, (12 U.S.C. §1757(7)(E)) authorizes FCU investment in an instrument fully guaranteed as to principal and interest by GNMA. Hence, Series 12 and 13 are legal investments for FCU's.

You request guidance with respect to how to most efficiently obtain our opinion on the legality of FCU investment in future series of your GNMA Portfolio that are essentially identical to Series 12 and 13. As you know, an opinion on the legality of an FCU investment is not required. However, we are aware that many FCU's will not make an investment until we render our opinion on its legality. Since standard terms and conditions of a unit investment trust can vary from one series to the next, we cannot render opinions on future series. If you desire an opinion on a subsequent series of your GNMA Portfolio, submit your counsel's opinion on the legality of the series (with references to the investment authority in the FCU Act and Regulations) along with a copy of the prospectus to this Office. Enclosing a copy of our opinion on prior series of the GNMA Portfolio will expedite our rendering an opinion on a new series.

ENCLOSURE UNIT E.2 - Permissible Investments

Mr. Edward J. Wiles, Jr.

Page Two

Our conclusion that Series 12 and 13 are legal investments for FCU's should not be interpreted or represented as our approval, endorsement or recommendation of the investment. Any communication with FCU's concerning our opinion must clearly state this distinction.

I hope that we have been of assistance.

Sincerely,



STEVEN R. BISKER
Assistant General Counsel

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This is not a decision by NCUA