



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

November 17, 1986

Office of General Counsel

GC/HMU:sg
4660

Michael B. Ettlinger, Esq.
Hawkins, Delafield & wood
67 Wall Street
New York, NY 10005

Dear Mr. Ettlinger:

This is in response to your letter of September 3, 1986, concerning the permissibility of Federal credit union (FCU) investment in the Sears Government Investment Trust, Freddie Mac Portfolio, Series 1 (Prospectus dated August 20, 1986) (Trust).

As you know, FCU investments are governed by Section 107(7) and (8) of the FCU Act (12 U.S.C. 57(7) & (8)) and Part 703 of the NCUA Rules and Regulations (12 C.F.R. Part 703). Although not expressly stated in these provisions, it has been our longstanding position that an FCU may invest in a unit investment trust if all of the investments and investment transactions of the unit investment are legal if made directly by the FCU.

According to the Prospectus for the Trust, it consists entirely of Federal Home Loan Mortgage Corporation Participation Certificates (Freddie Mac Certificates). FCU's are authorized to invest in such securities pursuant to Section 107(7)(E) of the FCU Act. Hence, it is our opinion that the Trust is a permissible investment for FCU's.

This opinion letter should not be interpreted or represented as NCUA's endorsement, recommendation or approval of the Trust. It is merely our opinion that the investment is legal for FCU's.

Any communication with FCU's concerning our opinion must clearly state this distinction.

You request further that, once this Office has rendered an opinion on the Trust, the opinion apply to all subsequent series of the Trust. You submitted the Standard Terms and Conditions of the Sears Government Investment Trust (dated June 13, 1985) which states that subsequent series of the Trust will be substantively similar to each other.

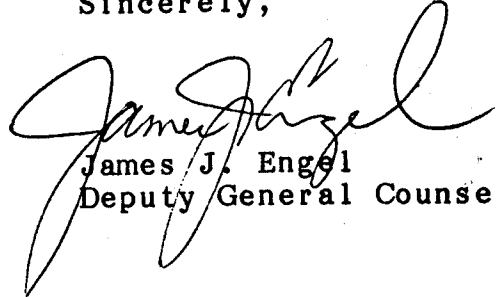
Michael B. Ettlinger

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The fact that subsequent series may be substantially similar to each other is not enough for us to state that subsequent series will be permissible for FCU investment. If you identify any statements or provisions in either the Prospectus or Standard Terms and Conditions that specifically provide that investments and investment transactions of subsequent series will not vary from the Trust Prospectus, we will reconsider your request.

I hope that we have been of assistance. Please contact Hattie Ulan of this Office if further questions arise.

Sincerely,



James J. Engel
Deputy General Counsel

HMU:sg

This is not a recommendation by NCUA