

North Dakota Credit Union League



P.O. Box 7250, Bismarck, North Dakota 58502-7250

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Toll Free: 1-800-472-2154 (N.D. only)

December 2, 1986

General Counsel
National Credit Union Administration
1776 G Street Northwest
Washington D.C. 20456

Dear Sir:

Enclosed are four prospectus on various funds available through Merrill Lynch. In particular the fund that was being promoted to credit unions in our state was the prospectus for the Merrill Lynch Institutional Intermediate Fund dated November 4, 1986. I call your attention to the first page of the prospectus that refers both to the National Credit Union Administration and to federal credit unions, which certainly would lead one to believe that it is a legal investment for federal credit unions.

On the other hand, in reading the description of certain securities in which the fund might invest, it includes two or three categories that I question whether or not NCUA would approve. That would be in such areas as forward commitments.

Please review the four funds. I would be interested in knowing whether or not they would be legal investments for federally-chartered credit unions.

Sincerely,

Arnold C. Paulson
President

- The following investment,
Merrill Lynch Institutional
Tax-Exempt Fund (Date of Prospectus: March 7, 1986)
is a LEGAL investment for FCU's.
- NOT LEGAL -- not in compliance with:
12 CFR § 703.3 (b)
§ _____

Other ¹ instrumentabilities too broad.

² investment in commercial paper.
³ FCU investment limits paper
in § 107 (2)(K) of the FCU Act.



St. Bisker
STEVEN R. BISKER
Assistant General Counsel



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GC/SRB 59
 4660
 November 20, 1986

November 17, 1986

Ms. Hattie Ulan
 National Credit Union Administration
 1776 G Street, N.W.
 Washington, D.C. 20546

Re: Merrill Lynch Institutional Intermediate Fund

Dear Ms. Ulan:

In accordance with our conversation, I am writing to confirm that Merrill Lynch Institutional Intermediate Fund (the "Fund") will invest only in those assets in which federal credit unions are permitted to invest. In particular, the Fund will purchase government obligations only if such obligations are issued or fully guaranteed as to interest and principals by the U.S. Government or an agency of the U.S. Government, and the Fund will invest in bank obligations only if such obligations are issued by an institution whose accounts are insured by the FDIC or FSLIC.

The Fund would like to obtain a copy of your opinion at the earliest possible time. Therefore, I request that you call me at (609) 282-2026 when the opinion has been prepared in order that I may arrange for a messenger to pick it up and deliver it to Fund Counsel's Washington, D.C. office.

Thank you for your prompt attention.

Very truly yours,

Barbara G. Fraser

Barbara G. Fraser

The following investment,
Merrill Lynch Institutional Intermediate
Fund, Prospectus dtd. 11/4/86
 is a LEGAL investment for FCU's.

NOT LEGAL -- not in compliance with:

_____ § _____
 _____ § _____

Other _____

Steven R. Bisker 11/20/86

STEVEN R. BISKER
 Assistant General Counsel

