



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

December 24, 1986

Office of General Counsel

GC/JT:sg
4460

Mr. Robert L. Salzberg
Vice President
Legal Department
PaineWebber Incorporated
120 Broadway
New York, N.Y. 10271

Re: PaineWebber Resource Management Account/
U.S. Government Portfolio

Dear Mr. Salzberg:

This is in response to your letter of November 3, 1986, concerning the permissibility of a Federal credit union (FCU) investing in the U.S. Government Portfolio of the PaineWebber Resource Management Account Money Fund, Inc. (RMA Money Fund). You also inquired as to whether it was permissible for the RMA Money Fund portfolio manager and subadvisor to be responsible for the actual investment management of the RMA Money Fund.

As you know, §§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) are the exclusive provisions of Federal law regulating FCU investments and deposits. The PaineWebber Resource Management Account prospectus dated October 22, 1986, authorizes investment in, among other things, United States instrumentalities. There is no general authority in §§107(7) or (8) or Part 703 of the NCUA Rules and Regulations for FCU's to make such investments. Such investments may not comply with the requirements of these provisions. For this reason, the RMA Money Fund is not a permissible investment for FCU's.

The prospectus provides that RMA participants may invest in either the Money Market Portfolio of the Money Fund, the U.S. Government Portfolio of the Money Fund, or the Tax Free Fund. Your letter states that the Board of Directors of each of the RMA Funds has the primary responsibility for the operations of the Funds. PaineWebber serves as the investment advisor and administrator of the RMA Money Fund. Mitchell Hutchins Asset