

May 5, 2014

Eli Karttunen, Manager of Accounting & Finance  
Michigan Tech Employees Federal Credit Union  
700 East Sharon Avenue  
Houghton, MI 49931

RE: PEFCO Securities

Dear Mr. Karttunen:

You have asked if secured notes issued by the Private Export Funding Corporation (PEFCO) are permissible investments for federal credit unions (FCUs). As discussed below, the answer is yes.

FCUs are authorized to invest in, among other things, “obligations of the United States . . . or securities fully guaranteed as to principal and interest thereby” and “obligations, participations, securities, or other instruments of, or issued by, or fully guaranteed as to principal and interest by any . . . agency of the United States.”<sup>1</sup> We understand that interest payments on the PEFCO notes are explicitly guaranteed by the Export-Import Bank of the United States, which is an agency of the United States.<sup>2</sup> We further understand that principal payments on the PEFCO notes are backed by the principal of a collateral pool of assets that are either issued or fully guaranteed by the United States or an agency of the United States.

Accordingly, as principal and interest payments on PEFCO secured notes are issued by or fully guaranteed by the United States or an agency of the United States, such notes are permissible investments for FCUs.

Please contact Staff Attorney Lisa Henderson or me with any questions.

Sincerely,

/S/

Michael J. McKenna  
General Counsel

OGC/LH  
SSIC 3000  
13-1111

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<sup>1</sup> 12 U.S.C. §1757(7)(B) and (E).

<sup>2</sup> See 12 U.S.C. §635(a)(1).