

INTERPRETIVE LETTER 87-2 (JANUARY 27, 1987)

State bank may invest in securities issued by Student Loan Marketing Association (Sallie Mae) and Federal National Mortgage Association (FNMA) to the same extent as national banks.

This is in response to your letter requiring an opinion of this Agency as to the ability of state chartered banks to invest in securities of Fannie Mae and Sallie Mae without limitation.

Fannie Mae and Sallie Mae are stockholder owned corporations. As a result, securities issued by these corporations would generally be subject to the 20% investment limitation in Section 33 of the Illinois Banking Act ("the Act"). However, Section 5(11) of the Act authorizes a state bank to:

do any act and to own, possess and carry as assets property of such character, including stock, which is at the time authorized or permitted to national banks by an Act of Congress....

Since national banks are specifically authorized under 12 U.S.C. 24 of the National Bank Act to invest in obligations of Fannie Mae and Sallie Mae without limitation, this Agency will offer no objection if a state bank's investment in these instruments exceeds 20% of its capital and surplus.