

**APPENDIX XII-5
DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20530**

December 9, 1969

Honorable George Romney
Secretary, Department of Housing and Urban Development
Washington, D.C. 20410

Dear Secretary Romney:

The Attorney General has asked me to reply to your letter to him of November 14, 1969, regarding guaranties of mortgage-backed securities proposed to be made by the Government National Mortgage Association pursuant to section 306(g) of the Federal National Mortgage Association Charter Act, as amended (12 U.S.C. (Supp. IV) 1721(g)). The proposed guaranties and the securities they would cover are described in regulations recently adopted by the Department of Housing and Urban Development. 24 CFR Part 1665. You asked whether the Association is authorized to make the proposed guaranties and whether such guaranties would be backed by the full faith and credit of the United States.

Section 306(g) of the Charter Act expressly authorizes the Association to guarantee the timely payment of principal and interest on securities described therein, and the regulations cited above conform to the statutory grant of authority. The statute provides that: "The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." I therefore conclude that the Association is authorized to make the proposed guaranties and that they would constitute general obligations of the United States backed by its full faith and credit.

Sincerely,

William H. Rehnquist
Assistant Attorney General
Office of Legal Counsel