

April 25, 1994

Robert E. Morgan, President
Amphibious Base Federal Credit Union
4524 Wishart Rd.
Virginia Beach, VA 23455

Re: Tax Exemption (Your Letter of March 30, 1994)

Dear Mr. Morgan:

A member of the credit union has stated that if the credit union invests in tax exempt securities, some of the dividends he earns on his shares should also be tax exempt. You have attempted to explain that credit union dividends are not tax exempt, but the member persists in his contention. You have asked for assistance.

You may inform the member that credit union dividends are fully taxable, regardless of the credit union's specific investments.

Sincerely,

James J. Engel
Deputy General Counsel

GC/LH:sg
SSIC 4630
94-0408