



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
INVESTMENT MANAGEMENT

October 22, 2008

Diane E. Ambler
K&L Gates LLP
1601 K Street, NW
Washington, DC 20006-1600

Re: USAA Mutual Funds Trust – USAA Money Market Fund (File No. 811-07852)

Dear Ms. Ambler:

Based on the facts and representations contained in your September 16, 2008 letter, we will not recommend enforcement action to the Securities and Exchange Commission against USAA Mutual Funds Trust – USAA Money Market Fund (the “Fund”), and USAA Property Holdings, Inc. (“PHI” and collectively with its affiliates, the “Purchaser”), under Section 17(a) of the Investment Company Act of 1940, or the rules thereunder, if the Purchaser purchases from the Fund the securities specified in your letter at the amortized cost (including any accrued and unpaid interest) of the securities.¹ The Fund is a series of USAA Mutual Funds Trust, an open-end management investment company registered under the Investment Company Act of 1940. USAA Investment Management Company (the “Adviser”) is the Fund’s investment adviser. PHI and the Adviser are each direct or indirect wholly owned subsidiaries of United Services Automobile Association, and therefore affiliated persons, as defined in Section 2(a)(3) of the Investment Company Act of 1940, of the Fund.

We have considered your request for confidential treatment of your letter and our response until January 14, 2009 or such earlier date as the Staff of the Division of Investment is advised that all information in your letter has been made public. We have determined that your request is reasonable and appropriate under 17 CFR 200.81(b). Accordingly, your letter and our response will not be made public until January 14, 2009.

¹ This letter confirms oral no-action relief provided by Robert E. Plaze to Diane E. Ambler on September 16, 2008.

Because our position is based on the facts and representations in your letter, you should note that any different facts or representations may require a different conclusion. This response expresses our views on enforcement action only and does not express any legal conclusion on the issues presented.²

Very truly yours,

A handwritten signature in cursive script that reads "Sarah G. ten Siethoff".

Sarah G. ten Siethoff
Attorney-Adviser

²

The Division of Investment Management generally permits third parties to rely on no-action or interpretive letters to the extent that the third party's facts and circumstances are substantially similar to those described in the underlying request for a no-action or interpretive letter. Investment Company Act Release No. 22587 (Mar. 27, 1997) n.20. In light of the very fact-specific nature of the Fund's request, however, the position expressed in this letter applies only to the entities seeking relief, and no other entity may rely on this position. Other funds facing similar legal issues should contact the staff of the Division about the availability of no-action relief.

September 16, 2008

Diane E. Ambler
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diane.ambler@klgates.com

VIA E-MAIL

Robert E. Plaze, Esq.
Associate Director
Division of Investment Management
U.S. Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549

Dear Mr. Plaze:

I am writing on behalf of USAA Mutual Funds Trust (the "Trust") with respect to the series of the Trust designated as the USAA Money Market Fund (the "Fund") and USAA Property Holdings, Inc. ("PHI" and, collectively, with its affiliates, "Purchaser"), an affiliate of the Fund's investment adviser, USAA Investment Management Company (the "Adviser"). PHI and the Adviser are each direct or indirect wholly owned subsidiaries of United Services Automobile Association ("USAA"), a diversified financial services institution. We seek assurance from the staff of the Division of Investment Management (the "Division") that it will not recommend enforcement action to the Securities and Exchange Commission (the "Commission") under Section 17(a) of the Investment Company Act of 1940, as amended, or the rules thereunder (the "1940 Act"), if the Fund and Purchaser enter into the transactions described below.

The Trust is registered with the Commission under the 1940 Act as an open-end management investment company. The Fund is a money market fund that seeks to maintain a stable net asset value per share of \$1.00 and uses the amortized cost method of valuation in valuing its portfolio securities. Approximately 1.39% of the Fund's total assets as of September 15, 2008 consisted of three notes with short-term maturities issued by AIG Funding, Inc. ("AIG"). Each such note held by the Fund is referred to herein as a "Security" and, collectively, as the "Securities." Schedule A attached provides details regarding the Securities held by the Fund, including the cusip number, the principal amount and the final maturity of the Securities. The Adviser has determined that each Security continues to constitute an "Eligible Security" as that term is defined in Rule 2a-7 under the 1940 Act.

Due to current conditions in the credit markets, including the illiquidity of certain types of debt instruments, including the Securities, the Adviser believes that the market value of the Securities, as determined by an independent third party pricing agent, could soon

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decline below their amortized cost value. The Adviser and the Trust's Board of Trustees continue to monitor the extent of the deviation between the net asset value per share of the Fund determined using amortized cost and market value.

The Adviser has determined that it may be advisable to sell the Securities. However, because of the absence of liquidity in the market for the Securities, the Adviser believes, and based on information provided by the Adviser, the Trust's Board of Trustees has determined, that it may not be in the best interests of the Fund and its shareholders to dispose of the Securities in the market. Subject to obtaining the no-action assurance requested in this letter, the Purchaser is prepared to purchase some or all of the Securities from the Fund for cash at amortized cost (including accrued and unpaid interest). The Trust's Board of Trustees has authorized the Adviser to take this action when market conditions warrant, in the best interests of the Fund and its shareholders.

The Adviser is an "affiliated person" of the Fund under Section 2(a)(3) of the 1940 Act, and the Purchaser is an "affiliated person" of an "affiliated person" of the Fund. As a result, the purchases of any or all of the Securities by the Purchaser under the proposed arrangement falls within Section 17(a)(2) of the 1940 Act, which makes it unlawful for any affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, to knowingly purchase any security or other property from the investment company. The proposed purchases of the Securities from the Fund would satisfy the requirements of Rule 17a-9 under the 1940 Act except that the Securities continue to constitute Eligible Securities.

The Trust and the Adviser believe that it would be in the best interest of the Fund's shareholders if the Purchaser is allowed to purchase any or all of the Securities from the Fund as described above. On behalf of the Trust, the Adviser and the Purchaser, we hereby request that the Division staff give its assurance that it will not recommend that the Commission take enforcement action against the Trust, the Adviser or the Purchaser under Section 17(a) of the 1940 Act, or the rules thereunder, if the Purchaser purchases the Securities from the Fund at their amortized cost (including accrued and unpaid interest).

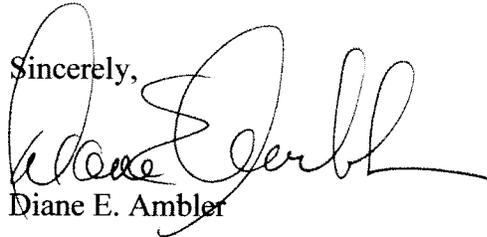
Pursuant to 17 C.F.R. 200.81(b), we respectfully request on behalf of the Trust, the Adviser and the Purchaser that this request and the response be accorded confidential treatment until January 14, 2009 or such earlier date as the Division staff is advised that all of the information in this letter has been made public. This request for confidential treatment is made on behalf of the Trust, the Adviser and the Purchaser for the reason that certain of the facts set forth in the letter have not been made public and premature disclosure might adversely affect such parties.

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Robert E. Plaze, Esq.
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If you have any questions or other communications concerning this matter, please call the undersigned at (202) 778-9886.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane E. Ambler", written in a cursive style. The signature is positioned to the right of the word "Sincerely," and above the printed name "Diane E. Ambler".

Diane E. Ambler

cc: Mark S. Howard

SCHEDULE A

USAA MONEY MARKET FUND

Security	CUSIP	Principal Amount	Final Maturity
AIG Funding, Inc.	00137EJW6	\$30,000,000	September 30, 2008
AIG Funding, Inc.	00137EKV6	\$16,538,000	October 29, 2008
AIG Funding, Inc.	00137EHK8	\$35,420,000	December 19, 2008

CONFIDENTIAL TREATMENT REQUESTED