

SCHOOLS - COUNTY SCHOOL FUND: Right of county court to reduce or waive interest or principal of loans from county school fund secured by farm real estate mortgages.

November 15, 1934.

11-20

Hon. Walter C. Stillwell,  
Prosecuting Attorney of Marion County,  
Hannibal, Missouri.



Dear Sir:

A request for an opinion has been received from you under date of October 31, 1934, such request being in the following terms:

"The opinion of this office has been requested on the following state of facts:

Approximately One Hundred Thousand dollars of money belonging to the school fund of Marion County has been heretofore loaned by the County Court on school fund mortgages, the security being farm property. In this community many holders of farm loans have sealed the principal down and many have waived interest payments. Is it possible for the County Court

First: To waive delinquent interest, and

Second: Where deemed wise, expedient and necessary for the welfare of the County to decrease the principal to prevent foreclosure or the acceptance of a Deed of Conveyance from the record owners.

The County Court is very anxious for this information and I would appreciate hearing from you at your earliest convenience."

This Department has heretofore ruled on the questions raised in your letter. In an opinion signed by the Attorney-General and by Charles M. Howell, Jr., Assistant Attorney-General, dated August 20, 1934, and addressed to G. P. Allen, District Appraiser, Home Owners' Loan Corporation, Moberly, Missouri, it was ruled that a county court could not make a compromise settlement of loans made out of a county school fund, and that neither principal nor interest could be reduced by the county court, from which it follows, of course, that interest could not be waived. This opinion

S. Hon. Walter C. Stillwell.

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of August 20, 1934, confirmed and supported another ruling by this Department dated October 25, 1933, addressed to Hon. Joseph C. Crain, Prosecuting Attorney, Ozark, Missouri, which was signed by the same officials. We are enclosing a copy of each of these opinions.

In conclusion, it is our opinion that where a county court has invested money constituting a part or all of the county school fund in notes secured by mortgages on farm real estate, that such county court has no authority to waive delinquent interest on such obligations or to decrease the principal or interest thereof.

Very truly yours,

EDWARD H. MILLER  
Assistant Attorney-General

APPROVED:

ROY McFITTRICK  
Attorney-General