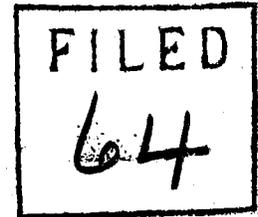


FEDERAL LAND BANK BONDS AND : Bonds insured by Federal Housing  
OTHER BONDS NAMED IN SECTION : Administrator pursuant to Nation-  
7952, LAWS OF MISSOURI, 1943, : al Housing Act must also be guar-  
page 995. : anteed as to principal and in-  
: terest by the Government of the  
United States, otherwise they  
are subject to the restrictions  
of sub-section 1, of said Section  
7952.

June 8, 1945

Honorable M. E. Morris  
Commissioner of Finance  
Jefferson City, Missouri



Dear Commissioner Morris:

This will acknowledge your letter of May 16, 1945, requesting an opinion from this Department as to whether Federal Land Bank Bonds and other bonds named with them, are within the restrictive provisions of Section 7952, Laws of Missouri, 1943, page 995, even though such bonds are not insured or guaranteed as to principal and interest by the Government of the United States.

Your letter states:

"Subparagraph 4 of paragraph (a) of sub-division 1 of Section 7952, page 995 of the Session Acts of 1943, reads as follows:

"(a) The restrictions in this subdivision shall not apply to,

"(4) Bonds or other evidences of debt issued under the authority of the Federal Farm Loan Act as amended or issued by the Federal Home Loan Banks or the Home Owners Loan Corporation or obligations which are insured by the Federal Housing Administrator pursuant to the National Housing Act, as amended, if the debentures to be issued in such insured obligations are guaranteed as to principal and interest by the government of the United States."

"Federal Land Bank Bonds are issued under the authority of the Federal Farm Loan Act, but are not insured

June 8, 1945

or guaranteed as to principal and interest by the government of the United States.

"I shall appreciate an opinion from you as to whether the restrictive provisions of Section 7952 do not apply to Federal Land Bank Bonds even though such bonds are not insured or guaranteed as to principal and interest by the government of the United States."

Sub-section 1 of Section 7952, Laws of Missouri, 1943, page 995, provides certain restrictions upon banks subject to Article 2, Chapter 39, R. S. Mo. 1939, in making loans by certain means to individuals, partnerships, corporations, or bodies politic, comparable in percentage thereof to the capitalization of such banks, and also according to the population of cities wherein such banks may be located, excepting certain kinds of securities.

Sub-paragraph (a) of sub-section 1 of said Section 7952, states:

"(a) The restrictions in this sub-division shall not apply to,

\* \* \* \* \*

"(4) Bonds or other evidences of debt issued under the authority of the Federal Farm Loan Act as amended or issued by the Federal Home Loan Banks or the Home Owners Loan Corporation or obligations which are insured by the Federal Housing Administrator pursuant to the National Housing Act, as amended if the debentures to be issued in such insured obligations are guaranteed as to principal and interest by the government of the United States."

Thus, it will be observed and understood, that the restrictions set forth in sub-section 1 apply to all securities to be purchased, such as letters or credit, by acceptance of drafts or by discount or purchase of notes, bills

of exchange or other obligations of such individual, partnership, corporation or body politic, except those specified under sub-paragraph (a) of sub-section 1, thereof. Said sub-section (4), supra, names four groups of securities affected by the terms of said Section 7952, to-wit:

- 1) Bonds or other evidences of debt issued under the authority of the Federal Farm Loan Act as amended.
- 2) Bonds issued by the Federal Home Loan Banks.
- 3) Bonds issued by the Home Owners Loan Corporation, or,
- 4) Obligations which are insured by the Federal Housing Administrator, pursuant to the National Housing Act as amended, if the debentures to be issued in such insured obligations are guaranteed as to principal and interest by the Government of the United States.

We believe the provisions of (a) supra, directly and clearly remove from the restrictions of said sub-section 1, of said Section 7952, all of the first three groups of bonds named and specified in said sub-section (4) outright.

The exemption of the last named group of said bonds specified in said sub-section (4), to-wit: obligations which are insured by the Housing Administrator pursuant to the National Housing Act, as amended, in order to be exempt from the restrictions of said sub-section 1, of said Section 7952, must be insured by the Federal Housing Administrator pursuant to the National Housing Act, and that they must also be guaranteed as to principal and interest by the Government of the United States. Stated conversely, according to the terms of said sub-section (4), if such obligations and debentures as are named in group four of said sub-section (4), are not insured by the Federal Housing Administrator pursuant to the National Housing Act, as amended, and are not also guaranteed as to principal and interest by the Government of the United States, they are subject to the restrictions contained in sub-section 1, of said Section 7952.

#### CONCLUSION.

It is, therefore, the opinion of this Department that the first three groups of bonds mentioned in said

June 8, 1945

sub-paragraph (4) of sub-section 1, of Section 7952, Laws of Missouri, 1943, page 995, are exempt from the restrictions of said sub-section 1, by the clear terms of said statute, and that the obligations named in group four of said sub-paragraph (4) of said sub-section 1 are subject to the restrictions contained in said sub-section of said Section 7952, unless they are insured by the Federal Housing Administrator pursuant to the National Housing Act, as amended, and if such bonds or obligations issued as insured obligations, are not also guaranteed as to principal and interest by the Government of the United States.

It is the further opinion of this Department that the restrictive provisions of Section 7952, Article 2, Chapter 39, R. S. Mo. 1939, as amended, Laws of Missouri, 1943, page 995, do not apply to Federal Land Bank Bonds even though such bonds are not insured or guaranteed as to principal and interest by the Government of the United States.

Respectfully submitted,

GEORGE W. CROWLEY  
Assistant Attorney General

APPROVED:

J. E. TAYLOR  
Attorney General

GWC:ir