

BUILDING AND LOAN ASSOCIATIONS:

Rules and regulations
that may be made by the
Supervisor under Senate
Bill Number 263.

SB-263 laws 33 ✓

May 4, 1933

Honorable Ira A. McBride
Supervisor Building and Loan Associations
Jefferson City, Missouri



Dear Mr. McBride:

This department acknowledges receipt of
your letter dated May 1, 1933, as follows:

"This is to state that the new law,
(Senate Bill Number 263) commonly known
as the Enabling Act, permitting Missouri
Building and Loan Associations to join
the Federal Home Loan Bank and to borrow
money from said Bank, states, among
other things, as follows:

"and the Supervisor of Building and
Loan Associations shall make any and
all reasonable rules and regulations
not inconsistent herewith, to accomplish
the purposes of this Act."

This department desires a ruling from you
as to just what rules and regulations can
or should be required by the Bureau of
Building and Loan Supervision, in order to
permit Associations to borrow from the Bank."

Senate Bill Number 263 provides that indebtedness
incurred by Building and Loan Associations shall not exceed at
any one time an amount equal to ten per cent of the assets
of such Association as such assets are shown by the last previous
semi-annual statement to the Supervisor. It being further
provided that the Supervisor may under certain conditions
authorize an Association to borrow money in such amount and
amounts as he deems advisable, however, not to exceed twenty-
five percent of the assets of the borrowing Association as

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shown by its last report to your department. The bill further provides that the Association may become a member of the Federal Home Loan Bank and comply with the provisions of "The Federal Home Loan Bank Act" and subscribe for and purchase stock of the Federal Home Loan Bank and obtain advances or loans therefrom and do all things necessarily incident thereto and may invest its funds in the obligations, bonds, debentures or other securities of the Federal Home Loan Bank, provided that the consent of the Supervisor of Building and Loan Associations has been first secured to do such thing with reference to the Federal Home Loan Bank. The clause of Senate Bill Number 263 quoted in your letter is general in its terms. It is frequently difficult and sometimes impossible to tell what the legislators had in their minds in enacting particular parts of legislation.

Of course you could make no rules or regulations with reference to Building and Loan Associations becoming members of or purchasing stock in or in investing the funds of the Association in the Federal Home Loan Bank, as those details will be governed by the Federal Home Loan Bank Act and by the rules adopted and established by those administering that Act, so that so far as we can imagine the only rules and regulations with reference to the administration of Senate Bill 263 that you could promulgate would be as to the showings required to be made to you when you are required to exercise your judgment in passing on the matters which you must approve as provided in the bill, and to that end you would have a right to have showings and proofs made to you on forms prepared by yourself, which forms could require proof to be submitted in such a way and on such subjects as might enable you to wisely exercise the discretion imposed in you by House Bill 263.

Very truly yours,

GILBERT LAMB
Assistant Attorney General.

APPROVED:

Attorney General.

GL:LC