

Opinion No. 33-640

August 29, 1933

BY: E. K. NEUMANN, Attorney General

TO: Honorable John Bingham, State Bank Examiner, Santa Fe, New Mexico.

{*74} You have referred a letter dated August 26, 1933 from E. G. Minton, Secretary and Treasurer of the Equitable Building and Loan Association, Roswell, New Mexico, to this office for attention, wherein information is desired as to whether or not this Association may invest its funds in bonds of the Home Owners Loan Corporation.

We assume this to be a mutual building and loan association, organized under and within the terms of Chapter 147 of the Laws of 1931. Section 6 of the Act sets forth the method by which loans are made to members and in the event there is no demand for loans by members then loans may be made to non-members, or the [Illegible Word] funds may be invested in "Securities of the United States; of the several States; Counties, Cities, Towns and School Districts."

We do not have a form of the bond before us for inspection. Neither do we have a copy of the Home Owners Loan Corporation Act, but we understand from Mr. Minton's letter that the Home Owners Loan Corporation is capitalized with Government funds to the extent of \$ 200,000,000.00; that the interest on the bonds is guaranteed by the Federal Government, but that the principal is not so guaranteed.

However, under the language of our statute, authority is given to invest in "Securities of the United States." No specific kind or type of government security is mentioned. The investment is discretionary with the association and the security may be good or bad so long as it is within the classification set out.

We think these bonds are to be considered as securities of the United States, and, in view of the foregoing, may be used for such investment purposes.

I am herewith returning Mr. Minton's letter.

By: FRANK H. PATTON,

Asst. Attorney General