DEPARTMENT OF FINANCIAL INSTITUTIONS: Whether building and loan associations may invest their funds in obligations of a county, payable only out of assessments of specifically described real estate.

June 14, 1943.

Hon. H. R. Robb, Supervisor,
Building and Loan Division,
Department of Financial Institutions,
Indianapolis, Indiana.

Dear Sir:

I have before me your letter in which you call attention to an official opinion of the Attorney General in which he held that certain levee bonds held by the Home Building and Loan Association of Washington, Indiana, were not legal for investment by such institution, based upon the provisions of Section 18-2124 of the December, 1942, Cumulative Pocket Supplement of Burns' Indiana Statutes Annotated, 1933. Subdivision (a) of the above section provides as follows:

“If at any time any association has funds in excess of the amounts required for loans to its members and the payment of matured shares, and the withdrawal demands of its shareholders, the association may invest such excess funds as follows:

“(a) In bonds, notes, certificates and other valid obligations of the United States or of the state of Indiana, or any county, township, city, town or other political subdivision of the state, issued pursuant to authority of law.”

The bonds in question, as I understand it, were issued by the county but were not obligations of the county as distinguished from bonds payable out of assessments against specifically described real estate, and that fact was the basis for the opinion. You request my opinion as to whether that is a correct interpretation of the statute. I think it is.