

borrowing of money by building and loan associations under certain limitations, was amended in 1933, by adding to the statute as it then existed the following: "also to borrow money from the Federal Home Loan Bank upon such terms as may now or hereafter be required by the Federal Home Loan Bank, and to execute the promissory note of the corporation therefor, and to pledge or hypothecate any of the assets of the corporation to secure the repayment of said loan, with interest, in accordance with the Federal Home Loan Bank Act, and the rules and regulations adopted or to be adopted thereunder." Prior to such amendment building and loan associations would have had the authority to borrow from the Federal Home Loan Bank under the requirements of such prior statute. The amendment could only have been intended to remove a limitation or limitations as contained in such prior statute. In other words, it must have been intended by such amendment that loans might be made from the Federal Home Loan Bank under different conditions than from other creditors. The language is ambiguous. You inquire:

"1. Is a Montana building and loan association authorized to borrow money in excess of 20 per cent of its assets from the Federal Home Loan Bank?"

This requirement is in the first sentence of the statute as amended. We conclude that it was the intent of the legislature to remove this limitation in relation to loans from the Federal Home Loan Bank.

"2. Is a Montana building and loan association authorized to pledge and hypothecate any of its assets to secure loans from the Federal Home Loan Bank without the consent of the Superintendent of Banks?"

In both sentences of this statute the approval of the Superintendent of Banks is required. We therefore conclude that a Montana building and loan association may not pledge and hypothecate any of its assets to secure loans from the Federal Home Loan Bank without the consent of the Superintendent of Banks.

Opinion No. 367.

**Building and Loan Associations—
Federal Home Loan Bank, Borrowing
From—State Superintendent of Banks**

HELD: (1) A Montana building and loan association may borrow money in excess of 20 per cent of its assets from the Federal Home Loan Bank.

(2) A Montana building and loan association may not pledge and hypothecate any of its assets to secure loans from the Federal Home Loan Bank without the consent of the State Superintendent of Banks.

October 29, 1936.

Hon. Frank H. Johnson
Superintendent of Banks
The Capitol

You ask for a construction of Subdivision 12 of Section 6355.13, R. C. M. 1935.

This statute, which authorizes the