

Irrigation Districts—Bonds—Interest—Payment.

Interest accruing on past due bonds of the Cove Irrigation District may be paid semi-annually.

Mr. R. N. Hawkins,
Assistant State Examiner,
Helena, Montana.

August 15, 1931.

My dear Mr. Hawkins:

You request my opinion whether interest should be paid on past due bonds issued by the Cove Irrigation District at semi-annual periods, or whether the interest must be paid only at the time the bond is called for payment.

In my opinion to you under date of August 10th I held that the bonds of this irrigation district bore interest after they were due and

until paid, at the rate specified in the bond, and that the provision of law for the interest installments to be evidenced by the interest coupons applied only to the installments payable to date of maturity.

Section 7212 R. C. M. 1921, under which these bonds were issued, provides that they shall bear interest from their date until paid at a rate not to exceed six per cent per annum, "payable annually or semi-annually, the installments of interest to date of maturity of principal to be evidenced by appropriate coupons attached to each bond."

This express provision, in my opinion, provides that the interest shall be paid annually or semi-annually (as specified in the bond) regardless of whether it is interest accruing after the maturity of the bonds or during the period between their issuance and date of maturity. The "installments of interest" means either the annual or semi-annual payments thereof, and the use of the above-quoted words is in such a manner as to indicate that interest whether accruing before or after maturity would be paid in installments rather than in one sum, and these installments would be paid annually or semi-annually as the case may be. Only those installments which are payable prior to maturity of the bond, as distinguished from those representing interest accruing after maturity, need be evidenced by coupons.

It is therefore my opinion that the interest accruing on the past due bonds of this irrigation district may be paid in semi-annual installments, the district when issuing the bonds having provided that interest should be paid semi-annually.

Very truly yours,

L. A. FOOT,

Attorney General.