May 10, 1934

Mr. H. B. Hodges, Secretary,
State Loan Board,
Capitol Building,
Phoenix, Arizona

Dear Sir:

In reply to your request to be advised as to whether the State Loan Board may accept Home Owner's Loan Bonds in payment of state loans held by the state, you are advised:

The Congress of the United States by Public-No. 178 - 73rd Congress, amended Section 4 (e) of the Home Owner's Loan Act of 1933 and by such amendment provided as follows:

> "Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof."

Since this amendment provides that the bonds shall be unconditionally guaranteed both as to interest and principal, it is my opinion that if the state can otherwise meet the rules and regulations of the Home Owner's Loan Corporation, then the Loan Board may legally accept such bonds in payment of loans due to the state.

Yours very truly,

Attorney General

JFC/CD 34-166 Assistant Attorney General