

OPINION NO. 69-091**Syllabus:**

The restriction of the aggregate amount of stock, bonds and other evidences of indebtedness and commitments which a building and loan association may invest in a development corporation, as provided in Section 1151.342, Revised Code, does not apply to normal real estate loans and the latter are outside of the restriction.

To: John T. Corrigan, Cuyahoga County Pros. Atty., Cleveland, Ohio
By: Paul W. Brown, Attorney General, July 25, 1969

I have your request for my opinion relative to investment of funds by a building and loan association in a development corporation as provided for in Chapter 1726, Revised Code. The question reads as follows:

"May a savings and loan association, which is a member of a development corporation created under Chapter 1726 of the Ohio Revised Code, and which has invested in stock or bonds or debentures of such development corporation, make real estate loans to such development corporation, where the amount of such

real estate loans would be in excess of the lesser of \$250,000 or 1% of the total outstanding loans made by such association?"

Section 1151.342, Revised Code, provides in part as follows:

"An association may subscribe to, buy, own, and hold stock and may invest in the bonds, debentures, notes, or other evidences of indebtedness of development corporations organized under Chapter 1726 of the Revised Code. The aggregate amount of stockholdings, investments, loans, and commitments of any association in or to the corporations authorized by Chapter 1724 and Chapter 1726 of the Revised Code shall not exceed one percent of the total outstanding loans made by such association or two hundred fifty thousand dollars, whichever is the lesser.

"Nothing in this section shall be construed to restrict an association from making real estate loans to such corporations which would be authorized under the lending powers granted the association under Chapter 1151 of the Revised Code."

It is noted that Amended Senate Bill No. 44 has been passed and signed by the Governor and becomes effective September 25, 1969. This act amends Section 1151.342, *supra*, by striking out the words "or two hundred fifty thousand dollars, whichever is the lesser" so that when the act becomes effective, the limit will be set at one percent of the total outstanding loans, whatever that limit comes to.

Looking at the quoted paragraphs from said Section 1151.342, Revised Code, it will be noted that the first paragraph speaks especially of the unsecured evidences of indebtedness in addition to stock in which the building and loan association may invest and the limits of investment in them. Paragraph two refers to real estate loans, made in the normal course of business, and states that these shall not be restricted in aggregate amount as made to the development corporation.

I am, therefore, of the opinion, and you are so advised that the restriction of the aggregate amount of stock, bonds and other evidences of indebtedness and commitments which a building and loan association may invest in a development corporation, as provided in Section 1151.342, Revised Code, does not apply to normal real estate loans and the latter are outside of the restriction.