

DECEMBER 17, 1954.

HON. JEROME B. MCKENNA
Acting Commissioner of Banking and Insurance
 State House Annex
 Trenton 7, New Jersey

FORMAL OPINION 1954—No. 23

DEAR COMMISSIONER MCKENNA:

Our opinion has been requested as to the maximum investment a bank under your jurisdiction might make in the bonds of local federal housing authorities under The Banking Act of 1948, N. J. S. A. 17:9A-1 et seq. We understand that the bonds are issued by local housing authorities and are secured by a pledge of the revenues of the housing project and an unconditional contractual obligation of the Public Housing Administration, an agency of the United States Government. The obligation of the Public Housing Administration is to make payments of annual contributions in amounts which, together with other funds of the local housing authorities, will be sufficient to pay the amount due on the bonds and the interest thereon. See 42 U. S. C. 1410.

The United States Attorney General has issued an opinion to the effect that—

"A contract to pay annual contributions entered into by the Public Housing Administration in conformance with the provisions of the act is valid and binding upon the United States, and that the faith of the United States has been solemnly pledged to the payment of such contributions in the same terms its faith has been pledged to the payment of its interest-bearing obligations." 41 Ops. Attorney General #24 (1953).

Section 25 of The Banking Act of 1948, N. J. S. A. 17:9A-25 (1) empowers banks to purchase bonds. Article 13 of the Act, N. J. S. A. 17:9A-60 et seq., imposes certain limitations on the liability of any person (including a corporation, association or body politic) to a bank. By its terms, however, N. J. S. A. 17:9A-61, the Article does not apply to—

"(1) loans to or investments in obligations of the United States, this State or any county of this State, or investments in obligations unconditionally guaranteed both as to principal and interest by the United States or this State;"

Savings banks are specifically empowered by N. J. S. A. 17:9A-175 to invest in,—

"(1) stocks, bonds, and notes or obligations of or guaranteed by the United States, or those for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof;"

We note also that N. J. S. A. 55:14A-26.1 provides that banks and savings banks among others,—

" * * * may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or other obligations issued by a housing authority created pursuant to the local housing authorities law (P. L. 1938, C. 19) and any amendments thereto or issued by any public housing authority or agency in the United States, when such bonds or other obligations are secured by a pledge of the revenues of a housing project and additionally secured by a pledge of annual contributions to be paid by the United States Government or any agency thereof,"

We are persuaded by the opinion of the Attorney General of the United States that the contract of the Public Housing Administration is an obligation of the United States. And in view of the above statutory authority we are of the opinion that there are no limitations upon the amount which a savings bank or bank may invest in the bonds of local housing authorities when secured in the manner you have described.

Very truly yours,

GROVER C. RICHMAN, JR.
Attorney General

By: JOHN F. CRANE
Deputy Attorney General

JFC:b

DECEMBER 28, 1954.

HON. JOSEPH E. MCLEAN
Department of Conservation and Economic Development
State House Annex
Trenton, New Jersey

FORMAL OPINION 1954—No. 24

DEAR COMMISSIONER MCLEAN:

I have your letter of December 22, 1954, in which you requested a formal opinion upon the following question:

Do municipalities in which rent control was operative on December 20, 1954, pursuant to Chapter 216, P. L. 1953, have to pass additional resolutions or take any other action under the Extender in order to continue rent control in effect within their confines?

Section 28, Chapter 216, of the Laws of 1953, provides:

"Rent control under this act shall be operative in any municipality in which the governing body shall adopt a resolution reciting that there is a housing space shortage therein and that rent control is required in such municipality for the protection, safety, health and general welfare of the people of such municipality. . . ."

Section 13 of Chapter 260 of the Laws of 1954 provides:

"13. *This act shall not affect the resolutions, orders, determinations or certificates of eviction, designations, and appointments and regulations heretofore made or promulgated under the act to which this act is amendatory and supplementary, but such resolutions, orders, determinations or certificates of eviction, designations and appointments and regulations shall, notwithstanding the provisions thereof, continue in full force and effect until amended, supplemented, modified, rescinded or repealed pursuant to law.*" (Italics added).

Section 11 of the same act provides:

"11. After December 20, 1954, rent control under this act shall be operative only in a municipality which on that date has in full force and effect a resolution theretofore adopted that rent control is required. The governing body of any such municipality may by resolution rescind any resolution theretofore adopted that rent control is required in such municipal-