

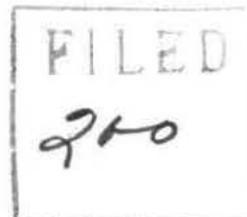
USURY:

Direct loans by Veterans Administration are not subject to Missouri usury statutes.

OPINION NO. 200

March 9, 1970

Mr. Roy L. Carver  
Director  
Division of Veterans Affairs  
Broadway State Office Building  
Jefferson City, Missouri 65101



Dear Mr. Carver:

This official opinion is issued in response to your request of February 16, 1970, in which you ask whether the Missouri usury statutes apply to "direct home loans" made by the Veterans Administration. We assume that the loans in question are made directly by the federal agency to eligible borrowers, without the intervention of any private lender.

The Veterans Administration, of course, is an agency of the United States established by Congress in the exercise of its delegated powers. By reason of the "supremacy clause" (clause 2, Article VI of the Constitution of the United States), federal activities so authorized by Congress are not subject to restriction by reason of state statutory provisions.

In *Franklin National Bank v. New York*, 347 U.S. 373 (1954), a state statute restricting the use of the term "savings" by banks was held not to apply to a national bank having authority to accept savings deposits. *Free v. Bland*, 369 U.S. 663 (1962), holds that Treasury Regulations regarding the form of ownership of United States Savings Bonds prevail over state laws regulating testate or intestate succession. Under the rule of *Sperry v. Florida*, 373 U.S. 379 (1963), a patent agent duly accredited by the patent office was permitted to operate in Florida in spite of the attempts of the state authorities to prohibit his activities on the claim that they constituted the "unauthorized practice of law."

Mr. Roy L. Carver

It follows that the Veterans Administration may make direct loans within its authority as established by federal law, without becoming subject to state usury statutes.

CONCLUSION

No Missouri statutes regulating interest rates apply to loans made by the Veterans Administration directly to borrowers and without the intervention of any private lending agency.

The foregoing opinion, which I hereby approve, was prepared by my special assistant, Charles B. Blackmar.

Very truly yours,

A handwritten signature in cursive script, reading "John C. Danforth".

JOHN C. DANFORTH  
Attorney General