

**53B-21-111 Authorized loans for acquisition, construction, furnishing, and equipping of projects -- Evidence of indebtedness -- Provisions -- Agreements with lending institutions -- Satisfaction and discharge -- Exemption from taxation.**

- (1) For the purpose of paying all or part of the costs of a project under Section 53B-21-101, the board, on behalf of the institution of higher education for which the project is to be acquired, constructed, furnished, and equipped, may borrow money on the credit of the income and revenues to be derived from the operation of the project, and from the imposition of student building fees, land grant interest, and net proceeds from proprietary activities or from sources other than by appropriations by the Legislature to the issuing institutions, and to evidence the indebtedness may execute any promissory note or other evidence of indebtedness appropriate, provided the note or other evidence of indebtedness specifies on its face that it does not constitute a general obligation of the state.
- (2) The board may, in order to secure the payment of the loan, grant a mortgage, trust deed, or other security device covering all or part of the project, and the land acquired for the project and upon which the project is situated.
- (3) The rights and remedies available in the event of a default to the mortgagee, trustee, or other lender are subject to agreement as contained in the mortgage, trust deed, or other security instrument.
- (4) The agreement may provide that, in the event of a default in the payment or the violation of any agreement contained in the document, the mortgage, trust deed, or other security instrument may be foreclosed or otherwise realized in any manner permitted by law. However, no deficiency judgment shall lie in any event and no breach of the agreement shall impose any general obligations or liability upon the state or the borrowing institution.
- (5) The note or other evidence of indebtedness may have all the qualities and incidents of negotiable paper, and is not subject to taxation by the state, except for the corporate franchise tax, or to taxation by any county, municipality, or political subdivision of the state.
- (6) The note or other evidence of indebtedness and mortgage may contain additional provisions with respect to repayment out of the income and revenues derived from the operation of the building, from the imposition of student building fees, land grant interest, and net profits from proprietary activities, or from sources other than appropriations by the Legislature to any issuing institution as the board considers necessary and proper.
- (7) The board may enter into an agreement it considers necessary with the lending institution as to the use which will be made of any project, the operation, maintenance, and supervision of the project, the imposition of fees, charges, and rentals for its use, including the equipment contained therein, and the collection and disposition to be made of the proceeds of fees, charges, and rentals.
- (8) In order to secure the prompt payment of principal and interest and to pay the cost of the maintenance and operation of the project, the board has the same power and authority with respect to the indebtedness created under this section as it has in respect to the issuance of bonds under the other provisions of this chapter.
- (9) When any obligation owing to finance the cost of any project constructed or acquired under this section has been fully paid as to principal and interest, the mortgage is satisfied and discharged.
- (10) All buildings and additions to existing buildings erected, and the equipment therefor, is exempt from taxation as long as the legal title remains in the borrowing agency.

Enacted by Chapter 167, 1987 General Session