

63B-1-309 Securing of obligations -- Provisions in mortgages given as security -- Procedure upon default.

- (1) The principal and interest on any obligation issued under this part:
 - (a) shall be secured by a pledge and assignment of the revenues out of which that obligation shall be made payable;
 - (b) may be secured by a mortgage covering all or any part of the facility for which the revenues from the obligation were used;
 - (c) may be secured by a pledge and assignment of the lease of that facility; and
 - (d) may be secured by any other security device on that facility that is considered most advantageous by the authority.
- (2)
 - (a) The proceedings under which the obligations are authorized to be issued under this part and any mortgage given to secure the obligations may contain any agreements and provisions customarily contained in instruments securing obligations, including, but not limited to, provisions respecting:
 - (i) the fixing and collection of rents for any facility covered by the proceedings or mortgage;
 - (ii) the terms to be incorporated in the lease of that facility;
 - (iii) the operation, maintenance, and insurance of that facility;
 - (iv) the creation and maintenance of special reserve or other funds and accounts from the proceeds of sale of obligations or from the revenues of that facility; and
 - (v) the rights and remedies available in the event of a default to the holders of obligations or to the trustee under a mortgage, as the authority may determine in accordance with this part.
 - (b) All these mortgages, trust deeds, security agreements, or trust indentures shall provide that no deficiency judgment upon foreclosure may be entered against the authority, this state, or any of its political subdivisions.
- (3) The proceedings authorizing obligations under this part, and any mortgage securing these obligations, may provide that, if there is a default in the payment of the principal of or the interest on these obligations or in the performance of any agreement contained in the proceedings or mortgage, the payment or performance may be enforced by the appointment of a receiver relative to that facility with power to charge and collect rents and to apply the revenues from the facility in accordance with the proceedings or the provisions of the mortgage.
- (4)
 - (a) Any mortgage made under this part to secure obligations issued pursuant to it may also provide that, in the event of a default in the payment of the mortgage or the violation of any agreement contained in the mortgage, the mortgage may be foreclosed or otherwise realized on in any manner permitted by law.
 - (b) The mortgage may also provide that any trustee under the mortgage or the holder of any of the obligations secured by the mortgage may become the purchaser at any foreclosure sale, if that trustee is highest bidder.
 - (c) A breach of the agreement does not impose any general obligation or liability upon, nor a charge against, the authority or the general credit or taxing power of this state or any of its political subdivisions.

Renumbered and Amended by Chapter 86, 2003 General Session