

17D-2-505 Security for local building authority bonds.

- (1) The principal of and interest on bonds that a local building authority issues under this part:
 - (a) shall be secured by a pledge and assignment of the revenue that the local building authority receives under its lease agreement with respect to the project that was financed with the bond proceeds;
 - (b) may be secured by:
 - (i) a mortgage covering some or all of the project;
 - (ii) a pledge and assignment of the lease agreement for that project;
 - (iii) money held in a reserve fund; and
 - (iv) any other security device with respect to the project that the local building authority considers most advantageous.
- (2) A proceeding under which a mortgage is given to secure the bonds of a local building authority may contain any agreement or provision listed in Section 17D-2-503 that could be contained in a proceeding under which a local building authority is authorized to issue bonds under this part.
- (3) A mortgage to secure bonds issued by a local building authority under this part may provide that:
 - (a) upon default in its payment or the violation of any covenant or agreement contained in the mortgage, the mortgage may be foreclosed in the manner permitted by law; and
 - (b) the trustee or holder of any bond secured by the mortgage may become the purchaser at a foreclosure sale, if the trustee or holder is the highest bidder.

Enacted by Chapter 360, 2008 General Session