

Effective 5/12/2015

63H-8-304 Power to borrow money and make loans -- Issuance of notes and bonds -- Mortgage backed securities.

- (1) The corporation has the power to borrow money and to issue its notes, bonds, and other obligations in principal amounts as the corporation determines is necessary to provide sufficient money for:
 - (a) the purchase of mortgage loans from mortgage lenders;
 - (b) the making of construction loans;
 - (c) the making of loans to housing authorities;
 - (d) the payment of interest on bonds, notes, and other obligations of the corporation;
 - (e) the establishment of reserves to secure the bonds, notes, and other obligations;
 - (f) the making of mortgage loans;
 - (g) the making of loans to mortgage lenders or other lending institutions with respect to multifamily residential rental housing under terms and conditions requiring the proceeds of these loans to be used by these mortgage lenders or other lending institutions for the making of loans for new multifamily residential rental housing or the acquisition or rehabilitation of existing multifamily residential rental housing;
 - (h) the making of loans for the rehabilitation of residential housing; and
 - (i) all other expenditures of the corporation necessary or convenient to carry out its purposes and powers.
- (2)
 - (a) The corporation may issue notes to renew notes and bonds to pay notes, including interest, and whenever it considers refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its corporate purposes.
 - (b) The refunding bonds may be:
 - (i) sold and the proceeds applied to the purchase, redemption, or payment of the bonds to be refunded; or
 - (ii) exchanged for the bonds to be refunded.
- (3)
 - (a) Except as otherwise expressly provided by the corporation, every issue of the corporation's notes or bonds are general obligations of the corporation payable solely by money of the corporation, subject only to any agreements with the holders of particular notes or bonds pledging any particular money.
 - (b) These bonds or notes may be additionally secured by a pledge of:
 - (i) a grant or contribution from the federal government or a corporation, association, institution, or person; or
 - (ii) money, income, or revenues of the corporation from any source.
- (4)
 - (a) The notes and bonds shall be authorized by resolution or resolutions of the corporation, shall bear the date or dates, and shall mature at the time or times as the resolution or resolutions may provide, except that no note, including any renewals thereof, shall mature more than five years from the date of its original issue, and no bond shall mature more than 50 years from the date of its issue, as provided by the resolution.
 - (b) The notes and bonds shall bear interest at the rate or rates, including variations in the rates, be in denominations, be in a form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in a medium of payment, at the place or

- places, and be subject to the terms of redemption, including redemption prior to maturity, as provided by the resolution.
- (c) The notes and bonds of the corporation may be sold by the corporation at public or private sale, and at the price or prices determined by the corporation.
 - (d)
 - (i) The notes and bonds may bear interest at a variable interest rate as provided by the resolution.
 - (ii) The resolution may establish a method, formula, or index by which the interest rate on the notes and bonds is determined.
 - (iii) The resolution may delegate to one or more officers of the corporation the authority to:
 - (A) approve the final interest rates or prices, principal amount, maturities, redemption features, or other terms of the notes or bonds; and
 - (B) approve and execute all documents relating to the issuance of the notes or bonds.
 - (e) In connection with the notes and bonds, the corporation may authorize and enter into agreements or other arrangements with financial, banking, and other institutions for letters of credit, standby letters of credit, surety bonds, reimbursement agreements, remarketing agreements, indexing agreements, tender agent agreements, and other agreements with respect to:
 - (i) securing the notes and bonds;
 - (ii) enhancing the marketability and credit worthiness of the notes and bonds;
 - (iii) determining a variable interest rate on the notes and bonds; and
 - (iv) paying from any legally available source, which may include the proceeds of the notes and bonds, fees, charges, and other amounts coming due with respect to these agreements.
 - (5) A resolution authorizing notes or bonds or their issue may contain provisions, which are a part of the contract or contracts with their holders, as to:
 - (a) pledging all or part of the revenues to secure the payment of the notes or bonds or of any issue of the notes or bonds, subject to the agreements with noteholders or bondholders as may then exist;
 - (b) pledging all or part of the assets of the corporation, including mortgages and obligations securing the assets, to secure the payment of the notes or bonds or of any issue of notes or bonds, subject to the agreements with noteholders or bondholders as may then exist;
 - (c) the use and disposition of the gross income from mortgages owned by the corporation and payment of principal of mortgages owned by the corporation;
 - (d) the setting aside of reserves or sinking funds and their regulation and disposition;
 - (e) limitations on the purpose to which the proceeds of sale of notes or bonds may be applied and pledging the proceeds to secure the payment of the notes or bonds or of their issue;
 - (f) limitations on the issuance of additional notes or bonds, including:
 - (i) the terms upon which additional notes or bonds may be issued and secured; and
 - (ii) the refunding of outstanding or other notes or bonds;
 - (g) the procedure, if any, by which the terms of a contract with noteholders or bondholders may be amended or abrogated, the amount of notes or bonds to which the holders must consent, and the manner in which the consent may be given;
 - (h) limitations on the amount of money to be expended by the corporation for operating expenses of the corporation;
 - (i) vesting in a trustee or trustees the property, rights, powers, and duties in trust as determined by the corporation, which may include any or all of the rights, powers, and duties of the trustee appointed by the noteholders or bondholders under this chapter and limiting or

abrogating the right of noteholders or bondholders to appoint a trustee under this chapter or limiting the rights, powers, and duties of the trustee;

- (j)
 - (i) defining the acts or omissions to act that constitute a default in the obligations and duties of the corporation to the holders of the notes or bonds and providing for the rights and remedies of the holders of the notes or bonds in the event of default, including as a matter of right the appointment of a receiver;
 - (ii) but the rights and remedies may not be inconsistent with the general laws of the state and other provisions of this chapter; or
 - (k) any other matters, of like or different character, which in any way affect the security or protection of the holders of the notes or bonds.
- (6)
- (a) A pledge made by the corporation is valid, enforceable, and binding from the time when the pledge is made and has a lien priority based on the time of grant or, if more than one lien is granted at a given time, as set forth in the resolution or instrument under which the pledge is made.
 - (b)
 - (i) The revenues, money, or property pledged and then received by the corporation are immediately subject to the lien of the pledge and constitute a perfected lien without any physical delivery or further act.
 - (ii) The lien of the pledge is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the corporation, irrespective of whether the parties have notice of the lien.
 - (c) Neither the resolution nor any other instrument by which a pledge is created need be recorded.
 - (d) Notwithstanding the provisions of Title 70A, Chapter 9a, Uniform Commercial Code - Secured Transactions, the corporation shall comply with the provisions of Title 11, Chapter 14, Part 5, Governmental Security Interests, for the creation, perfection, priority, and enforcement of a security interest created by the corporation.
- (7) The corporation, subject to the agreements with noteholders or bondholders as may then exist, has power to use available money to purchase notes or bonds of the corporation, which shall immediately be cancelled unless held for resale, at a price not exceeding:
- (a) if the notes or bonds are redeemable at the time of the purchase, the applicable redemption price plus accrued interest to the next interest payment on the notes or bonds; or
 - (b) if the notes or bonds are not redeemable at the time of the purchase, the redemption price applicable on the first date after the purchase that the notes or bonds are subject to redemption plus accrued interest to that date.
- (8)
- (a) The notes and bonds shall be secured by a trust indenture by and between the corporation and a corporate trustee, which may be a bank having the power of a trust company or a trust company within or without the state.
 - (b) The trust indenture may contain provisions for protecting and enforcing the rights and remedies of the noteholders or bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the corporation in relation to the exercise of its corporate powers and the custody, safeguarding, and application of all money.
 - (c) The corporation may provide by the trust indenture for the payment of the proceeds of the notes or bonds and the revenues to the trustee under the trust indenture or other depository,

and for the method of their disbursement, with any safeguards and restrictions as it may determine.

- (d) All expenses incurred in carrying out the trust indenture may be treated as a part of the operating expenses of the corporation.
- (e) If the notes or bonds are secured by a trust indenture, the noteholders or bondholders may not have authority to appoint a separate trustee to represent them.
- (9) Whether or not the notes and bonds are of the form and character as to be negotiable instruments under the terms of the Uniform Commercial Code, the notes and bonds are negotiable instruments within the meaning of and for all the purposes of the Uniform Commercial Code, subject only to the provisions of the notes and bonds relating to registration.
- (10) In the event that any of the trustees or officers of the corporation cease to be trustees or officers of the corporation prior to the delivery of any notes or bonds or coupons signed by the trustees or officers, signatures or facsimiles of trustees or officers signatures are valid and sufficient for all purposes, the same as if the trustees or officers had remained in office until the delivery.
- (11) A trustee or officer of the corporation executing the notes or bonds issued under this chapter is not subject to personal liability or accountability by reason of the issuance of the notes or bonds.
- (12) The corporation may provide for the replacement of lost, destroyed, or mutilated bonds or notes.
- (13) The corporation may sell mortgage loans it has purchased or made for cash or it may exchange mortgage loans for mortgage-backed securities and sell the mortgage-backed securities for cash.

Renumbered and Amended by Chapter 226, 2015 General Session