

12-5225. Ordinance authorizing issuance of bonds; covenants. Any ordinance authorizing the issuance of the bonds under this act may contain covenants regarding (a) the use and disposition of the revenues and receipts from any home mortgage loans for which the bonds are to be issued, including the creation and maintenance of such reasonable and adequate reserves as the governing body may determine; (b) the insurance to be carried on any home mortgage loan or bonds and the use and disposition of the proceeds of such insurance; (c) the appointment of one or more state or national banks or trust companies within or without the state, having the necessary trust powers, as trustee or custodian for the benefit of the bondholders, paying agent or bond registrar; (d) the investment of any funds held by such trustee or custodian; (e) the maximum interest rate payable on any home mortgage loan; and (f) the terms and conditions upon which the holders of the bonds or any portion thereof, or any trustees therefor, are entitled to the appointment of a receiver by a court of competent jurisdiction, and the terms and conditions may provide that the receiver may take possession of the home mortgage loans or any part thereof and maintain, sell or otherwise dispose of such home mortgage loans, prescribe other payments and collect, receive and apply all income and revenues thereafter derived therefrom. An ordinance authorizing the issuance of bonds under this act may provide that payment of the principal of and interest on any bonds issued under this act shall be secured by a mortgage, pledge, security interest, insurance agreement or indenture of trust of or with respect to such home mortgage loans and a lien upon the revenues and receipts derived therefrom or from any notes or other obligations of lending institutions, with respect to which the bonds are issued. Such mortgage, pledge, security interest, insurance agreement or indenture of trust may contain such covenants and agreements as may be necessary or appropriate to safeguard the interests of the holders of the bonds and shall be executed in the manner authorized by the ordinance authorizing the bonds. The provisions of this act and any such ordinance and any such mortgage, pledge, security interest, insurance agreement or indenture of trust shall constitute a contract with the holder or holders of the bonds and continue in effect until the principal of, the interest on, and the redemption premiums, if any, on the bonds have been fully paid or provision made for the payment thereof, and the duties of the city or county and its corporate authorities and officers under this act and any such ordinance and any such mortgage, pledge, security interest, insurance agreement or indenture of trust shall be enforceable as provided therein by any bondholder by mandamus, foreclosure of any such mortgage, pledge, security interest or indenture of trust or other appropriate suit, action or proceeding in any court of competent jurisdiction; provided the ordinance or any mortgage, pledge, security interest, insurance agreement or indenture of trust under which the bonds are issued may provide that all such remedies and rights to enforcement may be vested in a trustee, with full power of appointment, for the benefit of all the bondholders, which trustee shall be subject to the control of such number of holders or owners of any outstanding bonds as provided therein.

History: L. 1982, ch. 60, § 7; L. 1983, ch. 71, § 5; May 5.