

§ 63A-14. Security documents.

Bonds issued under the provisions of this Chapter may be secured by a security document which may be a trust instrument between the Authority and a bank or trust company or individual within the State, or a bank or a trust company outside the State, as trustee. The security document may pledge and assign the revenues provided for the security of the bonds, including proceeds from the sale of any project, or part thereof, insurance proceeds and condemnation awards, and may convey or mortgage the project and other property to secure a bond issue.

The revenues and other funds derived from the project, except for any part as may be necessary to provide reserves therefor, if any, may be set aside at regular intervals as may be provided in the security document in a sinking fund which may be pledged to, and charged with, the payment of the principal of and the interest on the bonds as the same shall become due and the redemption price or the purchase price of bonds retired by call or purchase as provided. The pledge shall be valid and binding from the time when the pledge is made. The revenues pledged and received by the Authority shall immediately be subject to the lien of the pledge without any physical delivery or further act, and the lien of any pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether the parties have notice. The use and disposition of money to the credit of the sinking fund shall be subject to the provisions of the security document. The security document may contain provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including, without limitation, any one or more of the following:

- (1) Acceleration of all amounts payable under the security document.
- (2) Appointment of a receiver to manage the project and any other property mortgaged or assigned as security for the bonds.
- (3) Foreclosure and sale of the project and any other property mortgaged or assigned as security for the bonds.
- (4) Rights to bring and maintain such other actions at law or in equity as may appear necessary or desirable to collect the amounts payable under, or to enforce the covenants made in, the security document.

It shall be lawful for any bank or trust company incorporated under the laws of this State which may act as depository of the proceeds of bonds, revenues, or other funds provided under this Chapter to furnish indemnifying bonds or to pledge securities as may be required by the Authority. All expenses incurred in carrying out the provisions of the security document may be treated as a part of the cost of the project in connection with which bonds are issued or as an expense of administration of the project.

The Authority may subordinate the bonds or its rights under the security document or otherwise to any prior, contemporaneous, or future securities or obligations or lien, mortgage, or other security interest. (1991, c. 749, s. 1.)