

§11496. Trust agreement; pledge of security

1. Trust agreement. Any bonds issued under this chapter may be secured by a trust agreement by and between any or all of the following: the authority, a financial institution, a credit union and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the State.

[PL 2003, c. 455, §2 (NEW).]

2. Pledge of security. This subsection governs a pledge of security pursuant to this chapter.

A. All money received by the authority or received on behalf of the authority by any eligible lender, servicer, trustee, custodian or collection agent, pursuant to any resolution, trust agreement or any other agreement authorized by this chapter and pledged pursuant to a resolution, trust agreement or other agreement for the benefit of the bondholders, whether as proceeds from the sale of bonds or as revenues, is deemed to be trust funds to be held and applied solely as provided in such resolution, trust agreement or other agreement. Subject to the provisions of any such resolution, trust agreement or other agreement, any such money may be invested in such investments and investment agreements as may be approved by resolution of the authority. Any eligible lender, servicer, custodian or collection agent with which such money is deposited is deemed to be holding such money in trust for the benefit of the authority or the bondholders, as specified in the applicable resolution, trust agreement or other agreement and shall apply such money solely for the purposes of this chapter, subject to such restrictions as this chapter, the applicable resolution, trust agreement or other agreement may provide. [PL 2003, c. 455, §2 (NEW).]

B. Any pledge made by the authority of income, revenues or other property is valid and binding from the time the pledge is made. The income, revenue or other property so pledged and received after being pledged by the authority, or received on behalf of the authority by any eligible lender, servicer, trustee, custodian or collection agent, pursuant to any resolution, trust agreement or other agreement that is authorized by this chapter and pledged pursuant to a resolution, trust agreement or other agreement for the benefit of the bondholders, is immediately subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, or such other recipient on behalf of the authority, irrespective of whether such parties have notice of that lien. Notwithstanding any other provision of law, neither possession nor the filing of any financing or continuation statement is necessary with respect to any such income, revenues or other property to establish or evidence the lien of any such pledge, including the creation, perfection, priority or enforcement of such lien, with respect thereto. A resolution authorizing bonds, a trust agreement or other agreement described in this section or any other instrument by which such a pledge is created does not need to be recorded. [PL 2003, c. 455, §2 (NEW).]

[PL 2003, c. 455, §2 (NEW).]

SECTION HISTORY

PL 2003, c. 455, §2 (NEW).

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