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HEALTH AND SAFETY CODE - HSC

DIVISION 24. COMMUNITY DEVELOPMENT AND HOUSING [33000 - 37964] (*Heading of Division 24 amended by Stats. 1975, Ch. 1137.*)

PART 13. RESIDENTIAL REHABILITATION [37910 - 37964] (*Part 13 added by Stats. 1973, Ch. 1201.*)

CHAPTER 3. Bonds and Notes [37930 - 37940] (*Chapter 3 added by Stats. 1973, Ch. 1201.*)

37930. (a) A local agency may, from time to time, issue its negotiable bonds or notes for the purpose of financing residential rehabilitation, including the rehabilitation, construction, or acquisition of (1) single residences for single participating parties, (2) a series of residences for a single participating party, (3) single residences for several participating parties, or (4) several residences for several participating parties. In anticipation of the sale of such bonds, the local agency may issue negotiable bond anticipation notes and may renew such notes from time to time. Bond anticipation notes may be paid from the proceeds of sale of the bonds of the local agency in anticipation of which they were issued. Bond anticipation notes and agreements relating thereto and the resolution or resolutions authorizing such notes and agreements may contain any provisions, conditions, or limitations which a bond, agreement relating thereto, or bond resolution of the local agency may contain except that any such note or renewal thereof shall mature at a time not later than two years from the date of the issuance of the original note.

(b) Every issue of its bonds shall be a special obligation of the local agency payable from all or any part of the revenues specified in this part. The bonds shall be negotiable instruments for all purposes, subject only to the provisions of such bonds for registration.

(*Amended by Stats. 1979, Ch. 1190.*)

37930.5. In determining the amount of bonds to be issued, the local agency may include all costs of the issuance of such revenue bonds, bond reserve funds, and bond interest estimated to accrue for a period not exceeding 12 months from the date of the bonds.

(*Added by Stats. 1977, Ch. 931.*)

37931. The bonds may be issued as serial bonds or as term bonds, or the local agency, in its discretion, may issue bonds of both types. The bonds shall be authorized by resolution of the local agency and shall bear such date or dates, mature at such time or times, not exceeding 50 years from their respective dates of issuance, bear interest at such fixed or variable rate or rates, be payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America, at such place or places, and be subject to such terms of redemption as the resolution or resolutions of the local agency may provide. The bonds may be sold at either a public or private sale and for such prices as the local agency shall determine. Pending preparation of the definitive bonds, the local agency may issue interim receipts, certificates, or temporary bonds, which shall be exchanged for such definitive bonds. The local agency may sell any bonds, notes, or other evidence of indebtedness at a price below the par value thereof, but the discount on any bond so sold shall not exceed 6 percent of the par value thereof.

(*Added by Stats. 1973, Ch. 1201.*)

37932. Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions respecting any of the following terms and conditions, which shall be a part of the contract with the holders of the bonds:

(a) The pledge of all or any part of the revenues, as defined in this part, subject to such agreements with bondholders as may then exist.

(b) The interest and principal to be received and other charges to be charged and the amounts to be raised each year thereby, and the use and disposition of the revenues.

(c) The setting aside of reserves or sinking funds and the regulation and disposition thereof.

(d) Limitations on the purposes to which the proceeds of a sale of any issue of bonds, then or thereafter issued, may be applied, and pledging such proceeds to secure the payment of the bonds or any issue of bonds.

(e) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds.

(f) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given.

(g) Limitation on expenditures for operating, administration, or other expenses of the local agency.

(h) Specification of the acts or omissions to act which shall constitute a default in the duties of the local agency to holders of its obligations, and providing the rights and remedies of such holders in the event of default.

(i) The mortgaging of any residence and the site thereof for the purpose of securing the bondholders.

(j) The mortgaging of land, improvements, or other assets owned by a participating party for the purpose of securing the bondholders.

(Added by Stats. 1973, Ch. 1201.)

37933. Neither the members of the governing board of the local agency nor any person executing the bonds or notes shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof.

(Added by Stats. 1973, Ch. 1201.)

37934. The local agency shall have the power out of any funds available therefor to purchase its bonds or notes. The local agency may hold, pledge, cancel, or resell such bonds, subject to and in accordance with agreements with the bondholders.

(Added by Stats. 1973, Ch. 1201.)

37935. In the discretion of the local agency, any bonds issued under the provisions of this part may be secured by a trust agreement by and between the local agency and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without this state. Such trust agreement or the resolution providing for the issuance of such bonds may pledge or assign the revenues to be received or proceeds of any contract or contracts pledged, and may convey or mortgage any residence the rehabilitation, construction, or acquisition of which is to be financed out of the proceeds of such bonds. Such trust agreement or the resolution providing for the issuance of the bonds may provide for the assignment to such corporate trustee or trustees of loans, deeds of trust, or mortgages, to be held by such trustee or trustees on behalf of the local agency for the benefit of the bondholders. Such trust agreement or resolution providing for the issuance of bonds may contain such 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 such provisions as may be included in any resolution or resolutions of the local agency authorizing the issuance of bonds pursuant to Section 37932. Any bank or trust company doing business under the laws of this state which may act as depository of the proceeds of bonds or of revenues or other moneys may furnish such indemnity bonds or pledge such securities as may be required by the local agency. Any such trust agreement may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the local agency may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of residential rehabilitation.

(Amended by Stats. 1979, Ch. 1190.)

37936. Any holder of bonds issued under the provisions of this part or any of the coupons appertaining thereto, and the trustee or trustees appointed pursuant to any resolution authorizing the issuance of such bonds, except to the extent the rights thereof may be restricted by the resolution authorizing the issuance of the bonds, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect or enforce any and all rights specified in the laws of the state or in such resolution, and may enforce and compel the performance of all duties required by this part or by such resolution to be performed by the local agency or by any officer, employee, or agent thereof, including the fixing, charging, and collecting of rates, fees, interest, and charges authorized and required by the provisions of such resolution to be fixed, established, and collected.

(Added by Stats. 1973, Ch. 1201.)

37937. Bonds issued under the provisions of this part shall not be deemed to constitute a debt or liability of the local agency or a pledge of the faith and credit of the local agency, but shall be payable solely from the funds specified in this part. All such bonds shall contain on the face thereof a statement to the following effect:

Neither the faith and credit nor the taxing power of the [local agency] is pledged to the payment of the principal of or interest on this bond.

The issuance of bonds under the provisions of this part shall not directly, indirectly, or contingently obligate the local agency to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

(Added by Stats. 1973, Ch. 1201.)

37938. (a) The local agency may provide for the issuance of the bonds of the local agency for the purpose of refunding any bonds of the local agency then outstanding including the payment of any redemption premiums thereof and any interest accrued or to accrue to the earliest or subsequent date of redemption, purchase, or maturity of such bonds, and, if deemed advisable by the local agency, for the additional purpose of paying all or any part of the cost of additional residential rehabilitation.

(b) The proceeds of bonds issued for the purpose of refunding any outstanding bonds may, in the discretion of the local agency, be applied to the purchase or retirement at maturity or redemption of such outstanding bonds, either at their earliest or, notwithstanding the provisions of Section 53583 of the Government Code or any other law, any subsequent redemption date or upon the purchase or retirement at the maturity thereof and may, pending such application, be placed in escrow, to be applied to such purchase or retirement at maturity or redemption on such date as may be determined by the local agency.

(c) Pending use for purchase, retirement at maturity, or redemption of outstanding bonds, any proceeds held in escrow pursuant to subdivision (b) may be invested and reinvested as provided in the resolution authorizing the issuance of the bonds. Any interest or other increment earned or realized on any such investment may also be applied to the payment of the outstanding bonds to be refunded. After the terms of the escrow have been fully satisfied and carried out, any balance of such proceeds and any interest or increment earned or realized from the investment thereof may be returned to the local agency to be used by it for any lawful purpose.

(d) That portion of the proceeds of any such bonds designated for the purpose of paying all or any part of the cost of additional residential rehabilitation pursuant to subdivision (a) may be invested and reinvested in obligations of, or guaranteed by, the United States of America or in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the United States of America, maturing not later than the time or times when such proceeds will be needed for the purpose of paying all or any part of such cost.

(e) All bonds issued pursuant to this section shall be subject to the provisions of this part in the same manner and to the same extent as other bonds issued pursuant to this part.

(Amended by Stats. 1980, Ch. 331.)

37938.5. When not immediately required to provide financing under this chapter, revenues and the proceeds of bonds may be invested in any securities or obligations authorized by the resolution providing for issuance of the bonds or by the trust agreement securing the bonds. Such investments may include mortgage obligations on single-family dwellings purchased from a state or federally chartered bank or savings and loan association pursuant to a repurchase agreement under which the bank or savings and loan association will repurchase the mortgage obligation on or before a specified date and for a specified amount, provided that the mortgage or the repurchase agreement shall be insured by a mortgage insurance company licensed to insure mortgages in the State of California and qualified to provide insurance on mortgages purchased by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

The authority provided in this section is additional and alternative to any other authorization for investment contained in this part, including subdivision (d) of Section 37938, or in other provisions of law.

(Added by Stats. 1980, Ch. 331.)

37939. Notwithstanding any other provisions of law, bonds issued pursuant to this part shall be legal investments for all trust funds, the funds of insurance companies, savings and loan associations, investment companies and banks, both savings and commercial, and shall be legal investments for executors, administrators, guardians, conservators, trustees, and all other fiduciaries. Such bonds shall be legal investments for state school funds and for any funds which may be invested in county, municipal, or school district bonds, and such bonds shall be deemed to be securities which may properly and legally be deposited with, and received by, any state or municipal officer or by any agency or political subdivision of the state for any purpose for which the deposit of funds or obligations of the state is now, or may hereafter be, authorized by law, including deposits to secure public funds.

(Amended by Stats. 1979, Ch. 730.)

37940. The exercise of the powers granted by this part shall be in all respects for the benefit of the people of this state and for their health and welfare. Any bonds or notes issued under the provisions of this chapter, their transfer and the income therefrom, shall at all times be free from taxation of every kind by the state and by the municipalities and other political subdivisions of the state.

(Added by Stats. 1973, Ch. 1201.)