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HEALTH AND SAFETY CODE - HSC

DIVISION 31. HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*

PART 3. CALIFORNIA HOUSING FINANCE AGENCY [50900 - 51532] (*Heading of Part 3 amended (as amended by Stats. 1994, Ch. 94) by Stats. 2000, Ch. 471, Sec. 17.5.)*

CHAPTER 7. Revenue Bonds [51350 - 51375] (*Chapter 7 added by Stats. 1977, Ch. 610.)*

51350. (a) The agency may, from time to time, issue its bonds in the principal amount that the agency determines necessary to provide sufficient funds for financing housing developments and other residential structures, the payment of interest on bonds of the agency, the establishment of reserves to secure the bonds, the payment of other expenditures of the agency incident to, and necessary or convenient to, issuance of the bonds, and for the other purposes provided by Sections 51065.5 and 51365.

(b) (1) Sale of the bonds of the agency shall be coordinated by the Treasurer. To obtain a date for the sale of bonds, the agency shall inform the Treasurer of the amount of the proposed issue. Upon that notification, the Treasurer shall provide three 10-day periods, within the 90 days next following, when the bonds can be sold. The agency may choose any date during the suggested periods or any other date to which the agency and the Treasurer have mutually agreed. The Treasurer shall sell the bonds on the date chosen according to terms approved by the agency.

(2) The agency shall exercise its powers with due regard for the right of the holders of bonds of the agency at any time outstanding, and nothing in, or done pursuant to, this section shall in any way limit, restrict, or alter the obligation or powers of the agency or any member, officer, or representative of the agency or the Treasurer to carry out and perform in every detail each and every covenant, agreement, or contract at any time made or entered into on behalf of the agency with respect to its bonds or its benefits, or the security of the holders of the bonds.

(c) Except as provided in subdivisions (d) to (h), inclusive, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall not exceed seven hundred fifty million dollars (\$750,000,000), exclusive of the principal indebtedness of bonds issued to refund or renew previously issued bonds of the agency, to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(d) Effective January 1, 1980, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be increased by seven hundred fifty million dollars (\$750,000,000), exclusive of (1) bonds previously authorized pursuant to subdivision (c), and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(e) Effective January 1, 1983, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be additionally increased by three hundred fifty million dollars (\$350,000,000) exclusive of (1) bonds previously authorized pursuant to subdivision (c) or (d), and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(f) Effective January 1, 1984, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be additionally increased by five hundred million dollars (\$500,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (e), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(g) On the effective date of the amendments to this section enacted by the Statutes of 1985, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be additionally increased by six hundred million dollars (\$600,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (f), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(h) On the effective date of the amendments to this section enacted by the Statutes of 1985, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be additionally increased by six hundred million dollars (\$600,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (g), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(i) Effective September 4, 1990, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be additionally increased by nine hundred million dollars (\$900,000,000), exclusive of the following: (1) bonds previously authorized pursuant to any of subdivisions (c) to (h), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(j) On the effective date of the amendments to this section which added this subdivision, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be additionally increased by nine hundred million dollars (\$900,000,000), exclusive of the following: (1) bonds previously authorized pursuant to any of subdivisions (c) to (i), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(k) Effective January 1, 1998, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be additionally increased by one billion four hundred million dollars (\$1,400,000,000), exclusive of: (1) bonds previously authorized pursuant to any of subdivisions (c) to (j), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(l) Effective January 1, 2000, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be additionally increased by two billion two hundred million dollars (\$2,200,000,000), exclusive of: (1) bonds previously authorized pursuant to any of subdivisions (c) to (k), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(m) Effective January 1, 2002, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be increased by two billion two hundred million dollars (\$2,200,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (l), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(n) Effective January 1, 2008, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be increased by two billion dollars (\$2,000,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (m), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(Amended by Stats. 2007, Ch. 274, Sec. 1. Effective January 1, 2008.)

51350.5. The limitation set forth in Section 51350 on the amount of the agency's bonds which may be concurrently outstanding, including any changes, expansions of, or additions to, such limitations, shall not apply to (a) bonds issued to finance construction of rental housing developments assisted pursuant to Chapter 9 (commencing with Section 50735) of Part 2 of this division, or (b) bonds issued to refund or renew such bonds, to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon, and any interest accrued or to accrue to the date of redemption of such bonds. Bonds specified in this section shall not be included or considered when applying the limitation on amount of bonds specified in subdivision (c) of Section 51350 or in any other provisions of law which may be enacted to provide additional bonding authority to the agency and which certain dollar limitations respecting the amount of bonds issued or outstanding.

(Added by Stats. 1979, Ch. 1043.)

51352. Except as may otherwise be expressly provided by resolution of the agency, every issue of its bonds shall be general obligations of the agency payable out of any assets, revenues, or moneys of the agency, subject only to any agreements with the holders of particular bonds pledging any particular assets, revenues, or moneys.

(Amended by Stats. 1987, Ch. 1034, Sec. 44.)

51353. The bonds shall be authorized by resolution or resolutions of the agency, shall be in such form, shall bear such date or dates, and shall mature at such time or times as such resolution or resolutions may provide, except that no bond shall mature more than 50 years from the date of its issue. The bonds may be issued as serial bonds or as term bonds, or as a combination thereof, and, notwithstanding any other provision of law, the amount of principal of, or interest on, bonds maturing at each date of maturity need not be equal. The bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without the state, be subject to such terms of redemption and contain such terms and conditions as such resolution or resolutions may provide. The bonds of the agency shall be sold at public or private sale by the State Treasurer at, above, or below the par value, on such terms and conditions and for such consideration in such medium of payment as the agency shall determine by resolution prior to the sale.

(Added by Stats. 1977, Ch. 610.)

51354. The agency may, from time to time, issue (1) bonds to renew bonds and (2) other bond obligations to pay bonds including the interest thereon, and, whenever it deems 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 purposes.

(Added by Stats. 1977, Ch. 610.)

51355. Any resolution or resolutions authorizing any bonds or issue therefor may contain provisions, which shall be a part of the contract or contracts with the holders thereof, as to:

- (a) Pledging all or any part of the revenues of the agency to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist.
- (b) Pledging all or any part of the assets of the agency, including mortgages and obligations securing the same, to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist.
- (c) The use and disposition of the gross income from mortgages owned by the agency and payment of principal of mortgages owned by the agency.
- (d) The setting aside of reserves or sinking funds and the regulation and disposition thereof.
- (e) Limitations on the purposes to which the proceeds of a sale of bonds may be applied and pledging such proceeds to secure the payment of the bonds or of any issue thereof.
- (f) Limitations on the issuance of additional bonds, the terms upon which additional notes or bonds may be issued and secured, and the refunding of outstanding bonds.
- (g) 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.
- (h) Limitations on the amount of moneys to be expended by the agency for operating expenses of the agency.
- (i) Vesting in a trustee or trustees such property, rights, powers, and duties in trust as the agency may determine, and providing for or limiting or abrogating the right of the bondholders to appoint a trustee or limiting the rights, powers, and duties of such trustee.
- (j) Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the agency to the holders of the bonds and providing for the rights and remedies of the holders of the bonds in the event of such default. However, such rights

and remedies shall not be inconsistent with the general laws of the state and the other provisions of this division.

(k) Any other matters of like or different character, which in any way affect the security, protection, or investment return of the holders of the bonds.

(Added by Stats. 1977, Ch. 610.)

51356. Any resolution or resolutions authorizing any bonds or issue thereof shall specify the extent to which revenues resulting from loans made with proceeds of the bonds so authorized are to be used to secure the bonds and the extent to which such revenues may be used for other purposes.

(Added by Stats. 1977, Ch. 610.)

51357. Any pledge made by the agency shall be valid and binding from the time when the pledge is made. The revenues, moneys, or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the agency, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

(Added by Stats. 1977, Ch. 610.)

51358. Bond underwriters and consultants shall be selected by the agency.

(Added by Stats. 1977, Ch. 610.)

51359. The members of the board, the executive director of the agency, or any other person executing such notes or bonds shall not be subject to any personal liability or accountability by reason of the issuance thereof.

(Amended by Stats. 1979, Ch. 1115.)

51361. The Treasurer shall act as trustee for the agency and the holders of its bonds, provided the Treasurer elects to serve as trustee with respect to a particular issuance of bonds by notifying the agency of this election in writing at or prior to the board meeting at which the board approves a resolution authorizing the issuance and sale of the bonds.

Any bonds issued under this division may be secured by a trust agreement, indenture, or resolution, by and between the agency and a trustee or trustees, which may be the Treasurer or any trust company or bank having the powers of a trust company within or without the state. Notwithstanding other provisions in this division, references to the Treasurer as trustee shall be deemed to refer to either the Treasurer or the duly empowered bank or trust company trustee as the case may be. The trust agreement, indenture, or the resolution providing for the issuance of the bonds may pledge or assign revenues to be received or proceeds of any contract or contracts pledged. Any resolution authorizing any bonds or issue thereof shall prescribe the duties of the Treasurer with respect to the issuance, authentication, sale, and delivery of the bonds, the payment of principal and interest thereof, and the redemption of the bonds. Notwithstanding any other provision of law, the Treasurer shall not be deemed to have a conflict of interest by reason of acting as trustee pursuant to this division.

The agency may provide by a resolution for the deposit of all revenues pledged for the security of the bonds in one or more separate accounts in the California Housing Finance Fund under the control of the Treasurer as trustee. The money in the accounts shall be disbursed only as provided in the resolution.

The trustee shall act on behalf of the holders of the agency's bonds, or any stated percentage thereof, for the purpose of exercising and prosecuting on behalf of the holders in the manner and under conditions provided in the resolution authorizing the bonds.

(Amended by Stats. 1987, Ch. 904, Sec. 3.5. Effective September 21, 1987.)

51362. The State Treasurer or other trustee acting on behalf of bondholders shall have and possess all the powers necessary or convenient for the exercise of any functions specifically set forth in this part or incident to the general representation of bondholders in the enforcement and protection of their rights. The Superior Court of Sacramento County shall have jurisdiction of, and Sacramento County shall be the appropriate venue for, any suit, action, or proceedings by the trustee on behalf of bondholders.

(Added by Stats. 1977, Ch. 610.)

51363. Whether or not the bonds are of such form and character as to be negotiable instruments under, or subject to, the terms of the California Uniform Commercial Code, the bonds and any security instruments underlying the bonds are hereby made negotiable instruments within the meaning of, and for all the purposes of, such code, subject only to the provisions of the bonds for registration.

(Added by Stats. 1977, Ch. 610.)

51364. In the event any of the board members or officers of the agency whose signatures appear on any bonds or coupons shall cease to be such board members or officers before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such board members or officers had remained in office until such delivery.

(Added by Stats. 1977, Ch. 610.)

51365. Proceeds derived from the issuance of bonds or securities and any interest or other increment derived from the investment thereof may be used for any of the purposes of the agency, including, but not limited to, creation of reserves, repayment of the loan from the state made pursuant to the act enacting this division, operating costs, other expenses, and subsidy programs.

(Added by Stats. 1977, Ch. 610.)

51366. The agency, in its discretion and pursuant to agreements with bondholders, may create and establish one or more special accounts in the California Housing Finance Fund, which shall be known as "bond reserve funds," and shall pay into each such bond reserve fund (1) any moneys appropriated and made available by the Legislature for the purpose of such fund, (2) any proceeds of sale of bonds to the extent provided in the resolution or resolutions of the agency authorizing the issuance thereof, and (3) any other moneys which the agency may make available for the purpose of such bond reserve fund from any other source or sources. All moneys held in any bond reserve fund, except as otherwise provided in this part, shall be used, as required, solely for the payment of the principal of bonds secured in whole or in part by such fund, for the sinking fund payments authorized by this part with respect to such bonds, for the purchase or redemption of such bonds, for the payment of interest on such bonds, or for the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. However, moneys in a bond reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the bond reserve fund to less than the minimum bond reserve fund requirement established for such fund, as provided in Section 51367, except for the purpose of making, with respect to bonds secured in whole or in part by such fund, payment when due of principal, interest, redemption premiums, and the sinking fund payments, as provided in this part, for the payment of which other moneys of the agency are not available. Any income or interest earned by, or increment to, any bond reserve fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not reduce the amount of the bond reserve fund below the minimum bond reserve fund requirement for such fund.

In computing the amount of bond reserve funds for purposes of this section, securities in which all or a portion of such funds are invested shall be valued at par, if purchased at par, and shall be valued at amortized value, as such term is defined by resolution of the agency, if purchased at other than par.

(Added by Stats. 1977, Ch. 610.)

51367. The agency shall not at any time issue bonds if, upon issuance of the bonds, the amount in any bond reserve fund, established pursuant to Section 51366 to secure such bonds or any previous issuance of bonds so secured by such bond reserve fund, will be less than the minimum bond reserve fund requirement for such fund, unless the agency at the time of issuance of such bonds, shall deposit in such fund from the proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in such fund, will not be less than the minimum bond reserve fund requirement for such fund. For the purposes of this chapter, the term "minimum bond reserve fund requirement" shall mean, as of any particular date of computation, the amount, as provided in the resolution or resolutions of the agency authorizing the bonds with respect to which such bond reserve fund is created, that is established as a reserve for current or future obligations to the bondholders.

(Added by Stats. 1977, Ch. 610.)

51368. (a) The Supplementary Bond Security Account is hereby created in the California Housing Finance Fund. Moneys in the account may be transferred into separate, individual accounts in the fund which shall be known as supplementary reserve accounts, but the amounts appropriated to the Supplementary Bond Security Account shall be utilized to secure issuances of bonds as deemed necessary by the agency and may also be used as provided in subdivision (d). Upon issuance of any bonds, the agency may create a supplementary reserve account to secure payment of the principal of, interest, redemption-premium, and sinking fund payments on those bonds.

(b) When all obligations secured by all supplementary reserve accounts are retired the Supplementary Bond Security Account shall be dissolved and all moneys therein shall be used first for repayment to the General Fund in the State Treasury of amounts advanced to the Supplementary Bond Security Account from the General Fund, less any amount previously repaid on account of the advances. Remaining funds shall be paid into the general accounts of the housing finance agency unless otherwise obligated.

(c) When the amount in a bond reserve fund falls below the minimum bond reserve fund requirement for that fund and available revenues of the agency pledged to the prescribed minimum bond reserve fund requirement are insufficient to restore the fund, the agency shall transfer to the bond reserve fund, from the supplementary bond reserve account securing the bonds, the amount necessary to restore the fund to the minimum bond reserve fund requirement. Moneys in supplementary reserve accounts may be used to directly pay the interest, principal and sinking fund payments on the bonds as provided by bond resolution.

(d) Supplementary reserve accounts may also be used to insure mortgages to protect the value of the housing developments, residential structures, or other housing financed under this division that serves as real property security, in any manner permitted by the agency.

(e) "Bonds" as used in this section, includes taxable securities issued pursuant to Chapter 8 (commencing with Section 51400).

(Amended (as added by Stats. 1981, Ch. 997, Sec. 2.5) by Stats. 1987, Ch. 904, Sec. 5. Effective September 21, 1987.)

51369. The agency shall create and establish such other accounts in the California Housing Finance Fund as may be necessary or desirable for its agency purposes.

(Added by Stats. 1977, Ch. 610.)

51370. In addition to the authority otherwise contained in this division to issue notes in anticipation of the sale of bonds, the agency may issue negotiable bond anticipation notes and negotiable construction loan 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 agency in anticipation of which they were issued. Construction loan notes may be paid from the proceeds of permanent loans. Bond anticipation notes and construction loan 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 agency may contain.

(Added by Stats. 1977, Ch. 610.)

51371. The agency may provide for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and for any purpose of the agency. The issuance of such obligations, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties, and obligations of the agency in respect of the same shall be governed by the provisions of this chapter which relate to the issuance of bonds, insofar as such provisions may be appropriate therefor.

(Added by Stats. 1977, Ch. 610.)

51372. Refunding bonds issued as provided in Section 51371 may be sold, or exchanged for outstanding bonds issued under this part and, if sold, the proceeds thereof may be applied, in addition to any other authorized purposes, to the purchase, redemption, or payment of such outstanding bonds. Pending the application of the proceeds of any such refunding bonds, with any other available moneys, (1) to the payment of the principal, accrued interest, and any redemption premium on the bonds being refunded, (2) to the payment of any interest on such refunding bonds, or (3) to any expenses incurred in connection with such refunding, such proceeds may be invested in such obligations as are permitted under the bond resolution authorizing the issuance of refunding bonds.

(Added by Stats. 1977, Ch. 610.)

51373. The state does hereby pledge to and agree with the holders of any bonds issued under this part that the state will not limit or alter the rights hereby vested in the agency to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

(Added by Stats. 1977, Ch. 610.)

51374. Bonds issued under the provisions of this part shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the agency, or a pledge of the faith and credit of the state or of any such political subdivision, other than the agency, but shall be payable solely from funds herein provided therefor. All such bonds and any prospectus or other printed representation of the agency concerning 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 State of California 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 or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. Nothing contained in this section shall prevent or be construed to prevent the agency from pledging its full faith and credit to the payment of bonds or issue of bonds authorized pursuant to this part.

(Added by Stats. 1977, Ch. 610.)

51375. The bonds of the agency shall be legal investments in which all public officers and public bodies of this state, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on

an insurance business, all banks, bankers, banking institutions, including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, conservators, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds may be used by any such private financial institution, person, or association as security for public deposits. The bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other 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.)