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HEALTH AND SAFETY CODE - HSC

DIVISION 32. SEISMIC SAFETY BUILDING REHABILITATION LOANS [55000 - 55117] (*Division 32 added by Stats. 1982, Ch. 1602, Sec. 1.*)

PART 2. BONDS [55100 - 55117] (*Part 2 added by Stats. 1982, Ch. 1602, Sec. 1.*)

55100. The local agency may, from time to time, issue its bonds in the principal amount as the local agency shall determine to be necessary to provide sufficient funds for financing under this division and for the payment of interest on bonds of the local agency, establishment of reserves to secure the bonds, and other expenditures of the local agency incident to, and necessary or convenient to, issuance of the bonds.

Prior to the issuance of any bonds pursuant to this division, the local agency shall submit to the California Housing Finance Agency, a statement of purpose for which the bonds are proposed to be issued and the amount of the proposed issuance. The California Housing Finance Agency shall review every statement submitted to it by a local agency pursuant to this section. The California Housing Finance Agency shall determine the general adequacy of the program's security in protecting the state's credit. If the California Housing Finance Agency finds the state's credit would be subject to an undue risk, it may disapprove the proposed issuance or reduce the amount of the proposed issuance. If the California Housing Finance Agency has not acted within 30 days of the date that a statement was submitted pursuant to this section, the proposed issuance shall be deemed approved by the California Housing Finance Agency.

The aggregate amount of all bonds approved by the California Housing Finance Agency pursuant to this section shall not exceed two hundred million dollars (\$200,000,000). The California Housing Finance Agency shall reserve seventy-five million dollars (\$75,000,000), which shall not be allocated for 24 months after the effective date of this division. No agency shall initially receive an allocation exceeding fifty million dollars (\$50,000,000). If an initial request exceeds one hundred twenty-five million dollars (\$125,000,000), the California Housing Finance Agency shall reduce all requests on the basis of the ratio of eligible buildings in the jurisdiction to the estimated number of eligible buildings in the state as determined by the Seismic Safety Commission until one hundred twenty-five million dollars (\$125,000,000) is reached. Twenty-four months after the effective date of this division, the California Housing Finance Agency may allocate any remaining funds. Funds shall first be allocated to any local agency that has not received an allocation. If these requests exceed the available funds, the California Housing Finance Agency shall reduce all requests on the basis of the ratio of eligible buildings in the jurisdiction to the estimated number of eligible buildings in the state, as determined by the Seismic Safety Commission. If there are funds remaining after allowing for requests by local agencies that have not previously received an allocation, any local agency which had previously received an allocation may request further allocations. Any allocations made to local agencies that have previously received allocations shall be made only on the basis of the ratio of eligible buildings in the jurisdiction to the estimated number of eligible buildings in the state, as determined by the Seismic Safety Commission. Eligible buildings in the jurisdiction shall be determined on the basis of an inventory. After that authorization has been exhausted, all further proposals for issuance of bonds pursuant to this division shall be deemed disapproved by the California Housing Finance Agency.

The local agency shall reimburse the California Housing Finance Agency for all administrative costs incurred by the California Housing Finance Agency pursuant to this section.

(Amended by Stats. 1996, Ch. 833, Sec. 15. Effective January 1, 1997.)

55101. The bonds shall be authorized by resolution or resolutions of the legislative body of the local agency, shall bear such date or dates, and shall mature at the time or times as the resolution or resolutions may provide, except that no bond shall mature more than 40 years from the date of its issuance. 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 the rate or rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment at the place or places within or without the state, and be subject to the terms of redemption as the resolution or resolutions may provide.

The bonds may be sold at public or private sale in the manner and upon the terms as may be provided in the resolution or by separate resolution. Pending the preparation of definitive bonds, interim receipts or certificates in the form and with any provisions as may be provided in the resolution, may be issued to the purchaser or purchasers of bonds sold pursuant to this division. The bonds and interim receipts or certificates shall be deemed to be securities and negotiable instruments within the meaning of, and for all the purposes of, the California Uniform Commercial Code, subject to the provisions for registration thereof contained in the resolution.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55102. The local 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.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55103. Any resolution or resolutions authorizing any bonds or issue thereof 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 accruing to the local agency pursuant to this division to secure the payment of the bonds or any issue thereof, subject to any agreements with bondholders as may then exist.
- (b) Pledging all or any part of the assets of the local agency under this division, including mortgages and obligations securing the same, to secure the payment of the bonds or any issue thereof, subject to any agreements with bondholders as may then exist.
- (c) The use and disposition of the gross income from financing obligations owned by the local agency and payment of principal of financing obligations owned by the local 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 the 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 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 the consent may be given.
- (h) Limitations on the amount of money to be expended by the local agency for operating expenses of the local agency under this division.
- (i) Vesting in a trustee or trustees any property, rights, powers, and duties in trust as the local agency may determine, which may include any or all of the rights, powers, and duties of the trustee appointed on behalf of the bondholders pursuant to this part and limiting or abrogating the right of the bondholders to appoint a trustee or limiting the rights, powers, and duties of the trustee.
- (j) Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the local agency to the holders of the bonds and providing for the rights and remedies of the holders of the bonds in the event of a default. However, the 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. 1982, Ch. 1602, Sec. 1.)

55104. Any resolution or resolutions authorizing any bonds or issue thereof shall specify the extent to which revenues resulting from financing provided with proceeds of the bonds so authorized are to be used to secure the bonds and the extent to which the revenues may be used for other purposes.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55105. Any pledge made by the local 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 local agency shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the local agency, irrespective of whether the parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55106. Bond underwriters and consultants may be selected by the local agency.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55107. Neither the members of the legislative body of the local agency, nor any official or employee thereof, nor any other person executing the bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55108. Any resolution authorizing any bonds or issue thereof may designate a trustee for the local agency and holders of its bonds, and shall in such case prescribe the duties of the trustee with respect to the issuance, authentication, sale, and delivery of the bonds, the payment of principal and interest thereof, and the redemption of bonds.

The legislative body of the local 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 under the control of the trustee. The money in the accounts shall be disbursed only as provided in the resolution.

The resolution may authorize the trustee to act on behalf of the holders of bonds, or any stated percentage thereof, for the purpose of exercising and prosecuting on behalf of the holders of the bonds any rights and remedies as may be available to the holders.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55109. The 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.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55110. Whether or not the bonds are of the 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, the California Uniform Commercial Code, subject to the provisions for registration of the bonds contained in the resolution.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55111. In the event any person whose signature appears on the bonds ceases to hold office prior to delivery of the bonds, the signature shall nevertheless be valid and sufficient for all purposes, the same as if the person had remained in office until the delivery.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55112. The local agency may create one or more bond reserve accounts to secure payments of the principal of, and interest and sinking fund payments on, any bonds or any issuance thereof, as specified in the resolution authorizing the bonds.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55113. The local 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 part, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of the bonds. The issuance of refunding bonds, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties, and obligations of the local agency in respect of the same shall be governed by the provisions of this part which relate to the issuance of bonds, insofar as the provisions may be appropriate therefor.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55114. Refunding bonds 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 the outstanding bonds. Pending the application of the proceeds of any 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 the refunding bonds, or (3) to any expenses incurred in connection with refunding, the proceeds may be invested in any obligations permitted under the bond resolution authorizing the issuance of refunding bonds.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55115. 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 local agency to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of the holders until the 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 the holders, are

fully met and discharged. The local agency is authorized to include this pledge and agreement of the state in any agreement with the holders of the bonds.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55116. All bonds issued pursuant to this division shall be limited obligations of the local agency issuing the same, payable solely out of the revenues and receipts derived from or with respect to financing under this division or from or with respect to any notes or other obligations of lending institutions with respect to which the bonds are issued. No holder of any bonds issued under this division has the right to compel any exercise of the taxing power of a local agency to pay the bonds, the interest or redemption premium, if any, thereon, and the bonds shall not constitute an indebtedness of the issuing local agency or a loan of credit thereof within the meaning of any constitutional or statutory provision, nor shall the bonds be construed to create any moral obligation on the part of the issuing local agency or any agency or subdivision thereof with respect to the payment of the bonds. It shall be plainly stated on the face of each bond that it has been issued under the provisions of this division and that it does not constitute an indebtedness of the local agency issuing the bond or a loan of credit thereof within the meaning of any constitutional or statutory provisions.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)

55117. The bonds 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, 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.

(Added by Stats. 1982, Ch. 1602, Sec. 1.)