§ 2406. Bonds and notes of the agency. (1) Subject to the approval of the New York public authorities control board in accordance with the provisions of chapter thirty-nine of the laws of nineteen hundred seventy-six, as amended and subject to the provisions of section two thousand four hundred seven of this title, the agency shall have the power and is hereby authorized from time to time to issue its negotiable bonds and notes in conformity with applicable provisions of the uniform commercial code in such principal amounts as, in the opinion of the agency, shall be necessary to provide sufficient funds for achieving the corporate purposes thereof, including the purchase of mortgages from banks, the payment of interest on bonds and notes of the agency, establishment of reserves to secure such bonds and notes, the transfer of money to the state as described in subdivision twenty-seven of section twenty-four hundred four of this chapter, and all other expenditures of the agency incident to and necessary or convenient to carry out its corporate purposes and powers, except the operating expenses of the agency.

(2) Except as may otherwise be expressly provided by the agency, all bonds and notes issued by the agency shall be general obligations of the agency, secured by the full faith and credit of the agency and payable out of any moneys, assets, or revenues of the agency, subject only to any agreement with bondholders or noteholders pledging any particular moneys, assets or revenues.

(3) Bonds and notes shall be authorized by a resolution or resolutions of the agency adopted as provided by this title; provided, however, that any such resolution authorizing the issuance of bonds or notes may delegate to an officer of the agency the power to issue such bonds or notes from time to time and to fix the details of any such issues of bonds or notes by an appropriate certificate of such authorized officer.

(4) Such bonds or notes shall bear such date or dates, shall mature at such time or times, shall bear interest at such rate or rates, shall be of such denominations, shall be in such form, 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 within or without the state, be subject to such terms of redemption prior to maturity as may be provided by such resolution or resolutions or such certificate with respect to such bonds or notes, as the case may be; provided,

however, that the maximum maturity of bonds shall not exceed forty years from the date thereof and the maximum maturity of notes or any renewals thereof shall not exceed seven years from the date of the original issue of such notes.

(5) Any bonds or notes of the agency may be sold at such price or prices, at public or private sale, in such manner and from time to time as may be determined by the agency, and the agency may pay all expenses, premiums and commissions which it may deem necessary or advantageous in connection with the issuance and sale thereof. No bonds or notes of the agency may be sold at private sale, however, unless such sale and the terms thereof have been approved in writing by (a) the comptroller if such sale is not to the comptroller and the comptroller is not then serving as a director of the agency, or (b) the state director of the budget, if such sale is to the comptroller or the comptroller is then serving as a director of the agency.

(6) The agency is authorized to provide for the issuance of its bonds or notes (including bonds, notes or other obligations the interest on which is includable under the United States Internal Revenue Code of nineteen hundred eighty-six, as amended, or any subsequent corresponding internal revenue law of the United States, in the gross income of the holders of the bonds to the same extent and in the same manner that the interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holders thereof under said Internal Revenue Code or any such subsequent law) for the purpose of refunding any bonds or notes of the agency then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of such refunding bonds or notes. The proceeds of any such bonds or notes issued for the purpose of so refunding outstanding bonds or notes shall be forthwith applied to the purchase or retirement of such outstanding bonds or notes or the redemption of such outstanding bonds or notes on the redemption date next succeeding the date of delivery of such refunding bonds or notes and may, pending such application, be placed in escrow to be applied to such purchase or retirement or redemption on such date. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations of or guaranteed by the state or the United States of America, or in

certificates of deposit or time deposits secured in such manner as the agency shall determine, or in obligations of any agency of the state or the United States of America which may from time to time be legally purchased by savings banks within the state as an investment of funds belonging to them or in their control, or in obligations of the Federal National Mortgage Association, maturing at such time or times as shall be appropriate to assure the prompt payment, as to principal, interest and redemption premium, if any, on the outstanding bonds or notes to be so refunded by purchase, retirement or redemption, as the case may be. The interest, income and profits, if any, earned or realized on any such investment may also be applied to the payment of the outstanding bonds or notes to be so refunded by purchase, retirement or redemption, as the case may be. After the terms of the escrow have been fully satisfied and carried out, any balance of such proceeds and interest, if any, earned or realized on the investments thereof may be returned to the agency for use by it in any lawful manner. All such bonds or notes shall be issued and secured and shall be subject to the provisions of this title in the same manner and to the same extent as any other bonds or notes issued pursuant to this title.

(7) Whether or not the bonds and notes are of such form and character as to be negotiable instruments under the terms of the uniform commercial code, the bonds and notes are hereby made negotiable instruments within the meaning of and for all the purposes of the uniform commercial code, subject only to the provisions of the bonds and notes for registration.

(8) Subject only to the provisions of sections two thousand four hundred seven and two thousand four hundred eight of this title, any resolution or resolutions authorizing any bonds or notes of the agency may contain provisions which may be a part of the contract with the holders of such bonds or notes, as to: (a) pledging or creating a lien, to the extent provided by such resolution or resolutions, on all or any part of any monies or property of the agency or of any moneys held in trust or otherwise by others for the payment of such bonds or notes; (b) otherwise providing for the custody, collection, securing, investment and payment of any moneys of the agency; (c) the setting aside of reserves or sinking funds and the regulation or disposition thereof; (d) limitations on the purpose to which the proceeds of sale of any issue of

such bonds or notes then or thereafter to be issued may be applied; (e) limitations on the issuance of additional bonds or notes, the terms upon which additional bonds or notes may be issued and secured, and upon the refunding of outstanding or other bonds or notes; (f) the procedure, if any, by which the terms of any contract with the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent thereto and the manner in which such consent may be given; (g) the creation of special funds into which any moneys of the agency may be deposited; (h) vesting in a trustee or trustees such properties, rights, powers and duties in trust as the agency may determine, which may include any or all of the rights, powers and duties of the trustee appointed pursuant to section two thousand four hundred nine of this title, and limiting or abrogating the right of the holders of bonds or notes to appoint a trustee under such section or limiting the rights, duties and powers of such trustee; (i) defining the acts or omissions to act which shall constitute a default in the obligations and duties of the agency and providing for the rights and remedies of the holders of bonds or notes in the event of such default, providing, however, that such rights and remedies shall not be inconsistent with the general laws of this state and other provisions of this title; and (j) any other matters of like or different character, which in any way affect the security and protection of the bonds or notes and the rights of the holders thereof.

(9) Any resolution or resolutions or trust indenture or indentures under which bonds or notes of the agency are authorized to be issued may contain provisions for vesting in a trustee or trustees such properties, rights, powers and duties in trust as the agency may determine which may include any or all of the rights, powers and duties of the trustee appointed by the holders of any issue of notes or bonds pursuant to section two thousand four hundred nine of this title, in which event the provisions of said section two thousand four hundred nine authorizing the appointment of a trustee by such holders of bonds or notes shall not apply.

(10) It is the intention of the legislature that any pledge of mortgages, housing loans, property, earnings, revenues or other moneys made by the agency shall be valid and binding from the time when the pledge is made; that the mortgages, housing loans, property, earnings,

revenues or other moneys so pledged and thereafter received by the agency or its agent, including a servicing bank shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and that 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 or its agent, including a servicing bank irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

(11) Neither the members of the agency nor any person executing the bonds or other obligations shall be liable personally on the bonds or other obligations or be subject to any personal liability or accountability by reason of the issuance thereof.