§ 637. Borrowing by the trust and for its benefit; effects of certain defaults. 1. For the purposes of this section, the term "project" means the acquisition, development, design, construction, reconstruction, improvement, rehabilitation, repairing and operation of housing facilities.

2. The trust shall have the power and is hereby authorized from time to time to issue bonds, notes or other obligations in conformity with applicable provisions of the uniform commercial code, in such principal amounts as it may determine to be necessary to pay the cost of any project and to fund reserves to secure such bonds, notes or other obligations, including costs of issuance and any administrative or incidental expenses in connection therewith, provided that the aggregate principal amount of such bonds, notes or other obligations shall not exceed ten billion dollars plus a principal amount of such bonds, notes or other obligations issued (a) to fund any related debt service reserve fund, (b) to provide capitalized interest, and (c) to provide fees and other charges and expenses, including underwriters' discount, related to the issuance of such bonds, notes or other obligations and the maintenance of such reserves. The trust shall have the power from time to time to refund any bonds, notes or other obligations of the trust by the issuance of new bonds, notes or other obligations, and may issue bonds, notes or other obligations partly to refund bonds, notes or other obligations of the trust then outstanding and partly to pay the cost of any project. Bonds, notes or other obligations issued by the trust shall be payable as may be designated in the resolution of the trust under which the bonds, notes or other obligations shall be authorized to be issued, subject to any agreements with the holders of outstanding bonds, notes or other obligations pledging any particular revenues or moneys. No bonds, notes or other obligations of the trust or any entity referred to in subdivision thirteen of section six hundred twenty-nine of this article shall be issued or incurred without the prior written approval of the director of management and budget of the city of New York, and no such bonds, notes or other obligations shall be issued for the purpose of refinancing any bonds, notes or other obligations of NYCHA, provided that the proceeds of up to six hundred million dollars of the bonds, notes or other obligations of the trust or any entity referred to in

subdivision thirteen of section six hundred twenty-nine of this article may be applied to the payment of outstanding debt incurred by NYCHA in connection with one or more housing facilities, in furtherance of the purposes of this article, including, but not limited to, for the purpose of payment of outstanding energy performance contract debt.

3. The trust shall be authorized to obtain insurance, letters of credit and other credit or liquidity facilities related to its bonds, notes or other obligations.

4. The board may delegate to the chair or the president of the trust the power to set the final terms of bonds, notes or other obligations.

5. Whenever the trust shall determine that the issuance of its bonds, notes or other obligations is appropriate, the trust shall make a determination as to the arrangements necessary for the issuance and sale of such bonds, notes or other obligations, including the underwriting of such bonds, notes or other obligations through the public or private sale of such bonds, notes or other obligations, and such determination shall include compensation for services rendered as the trust deems appropriate. Such determination shall be set forth in a resolution of the trust, which shall authorize issuance of such bonds, notes or other obligations. The bonds, notes or other obligations shall bear interest at such fixed or variable rates and shall be in such denominations, be in such form, either coupon or registered, be sold at such public or private sale, be executed in such manner, be denominated in United States currency, be payable in such medium of payment, at such place and be subject to such terms of redemption as the trust may provide in such resolution.

6. Any resolution or resolutions authorizing bonds, notes or other obligations or any issue of bonds, notes or other obligations may contain provisions which may be a part of the contract with the holders of the bonds, notes or other obligations thereby authorized as to:

(a) pledging all or part of its revenues, including, but not limited to, project-based or tenant-based assistance pursuant to section eight of the United States housing act of nineteen hundred thirty-seven, as

amended, or any successor provision, and assistance provided to NYCHA pursuant to section nine of the United States housing act of nineteen hundred thirty-seven, as amended, or any successor provision, together with any other moneys, securities or contracts, to secure the payment of the bonds, notes or other obligations, subject to such agreements as may then exist;

(b) the setting aside of reserves and the creation of sinking funds and the regulation and disposition thereof;

(c) limitations on the purpose to which the proceeds from the sale of bonds, notes or other obligations may be applied;

(d) limitations on the issuance of additional bonds, notes or other obligations, the terms upon which additional bonds, notes or other obligations may be issued and secured and the refunding of bonds, notes or other obligations;

(e) the procedure, if any, by which the terms of any contract with holders of bonds, notes or other obligations may be amended or abrogated, including the proportion of holders of bonds, notes or other obligations which are needed to consent thereto and the manner in which such consent may be given;

(f) vesting in a bond trustee or trustees such properties, rights, powers and duties in trust as the trust may determine; and

(g) defining the acts or omissions to act that may constitute a default in the obligations and duties of the trust to the holders of bonds, notes or other obligations and providing for the rights and remedies of the holders of bonds, notes or other obligations in the event of such default, including as a matter of right the appointment of a receiver, provided, however, that such rights and remedies shall not be inconsistent with the general laws of the state and other provisions of this article.

7. In addition to the powers herein conferred upon the trust to secure its bonds, notes or other obligations, the trust shall have power in connection with the issuance of bonds, notes or other obligations to enter into such agreements for the benefit of the holders of bonds, notes or other obligations as the trust may deem necessary, convenient or desirable concerning the use or disposition of its revenues or other moneys, including the entrusting, pledging or creation of any other

security interest in any such revenues, moneys and the doing of any act, including refraining from doing any act, which the trust would have the right to do in the absence of such agreements. The trust shall have power to enter into amendments of any such agreements within the powers granted to the trust by this article and to perform such agreements. The provisions of any such agreements may be made a part of the contract with the holders of bonds, notes or other obligations of the trust.

8. Notwithstanding any provision of the uniform commercial code to the contrary, any pledge of or other security interest in revenues, moneys, accounts, contract rights, general intangible or other personal property made or created by the trust shall be valid, binding and perfected from the time when such pledge is made or other security interest attaches without any physical delivery of the collateral or further act, and the lien of any such pledge or other security interest shall be valid, binding and perfected against all parties having claims of any kind in tort, contract or otherwise against the trust irrespective of whether or not such parties have notice thereof. No instrument by which such a pledge or security interest is created nor any financing statement need be recorded or filed.

9. Whether or not the bonds, notes or other obligations of the trust are of such form and character as to be negotiable instruments under the terms of the uniform commercial code, the bonds, notes or other obligations 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, notes or other obligations for registration.

10. Neither the members of the board nor any person executing bonds shall be liable personally thereon or be subject to any personal liability or accountability solely by reason of the issuance thereof. The bonds, notes or other obligations of the trust shall not be a debt of NYCHA, the city, or the state, and neither NYCHA, the city nor the state shall be liable thereon, nor shall they be payable out of any funds other than those of the trust, and such bonds, notes or other obligations shall contain on the face thereof a statement to such

effect.

11. The trust, subject to such agreements with bondholders as then may exist, shall have power to purchase bonds, notes or other obligations of the trust out of any moneys available therefor, which shall thereupon be cancelled.

12. Notwithstanding any provision of article twelve of the private housing finance law, section twenty-nine hundred seventy-six of the public authorities law or any other general, special or local law to the contrary, (a) the purposes of the New York city housing development corporation and its powers granted in article twelve of the private housing finance law also shall include, subject to the provisions of any contract with holders of its bonds, notes or other obligations, the making of loans to the trust and entities referred to in subdivision thirteen of section six hundred twenty-nine of this article, and (b) bonds, notes or other obligations of the New York city housing development corporation issued for, or to refund bonds, notes or other obligations issued for, such purpose or the purposes of paying costs of issuance thereof or funding reserves to secure such bonds, notes or other obligations (i) may be sold without any consultation or approval otherwise required by subdivision two of section six hundred fifty-five of the private housing finance law, (ii) shall not be included in any calculation of outstanding bonds, notes or other obligations for purposes of section six hundred fifty-six of the private housing finance law and shall not be secured by any capital reserve fund established pursuant thereto, and (iii) shall not be included in any calculation of bonds, notes or other obligations issued by the New York city housing development corporation for purposes of section twenty-nine hundred seventy-six of the public authorities law.

13. In the event that any default on any bond, note or other obligation that is secured by an assignment of, mortgage on, pledge of or other encumbrance on any interest of the trust, or any entity referred to in subdivision thirteen of section six hundred twenty-nine of this article, in any housing facilities, has occurred and is continuing beyond the applicable cure period, if any, provided to the

trust or such entity in the instrument granting such assignment, mortgage, pledge or other encumbrance, notwithstanding any provision in such instrument, any right of the beneficiary of such instrument to obtain such interest in such housing facilities as a remedy to any such default shall, for a period ending thirty days after the end of such cure period, be subject to:

(a) the right of the city of New York to remedy, or cause to be remedied, such default; and

(b) the right of the state of New York to remedy, or cause to be remedied, such default; provided, however, that nothing in this subdivision shall be construed to impose any obligation on the city of New York or on the state of New York to remedy, or cause to be remedied, such default.

14. Notwithstanding any default on any obligation referred to in subdivision thirteen of this section, and any remedies exercised as a result of such default, provisions relating to the restricted use of the housing facilities for the provision and operation of housing for low-income families and current residents shall at all times continue to be in effect in perpetuity, and the housing facilities shall remain subject to the provisions of subdivision four of section six hundred thirty of this article and section six hundred thirty-one of this article. The trust shall not pledge the fee ownership of the housing facilities as part of a financing arrangement.

15. At least quarterly, the trust shall provide financial reports to the director of management and budget of the city of New York containing such information as the director of management and budget of the city of New York may request.