

§1607. Pledges and covenants; trust agreement

In the discretion of the authority, any securities issued under this Act may be secured by a trust agreement by and between the authority and a corporate trustee, which may be any trust company or bank or national banking association having the powers of a trust company within or without the State. The trust agreement or the resolution providing for the issuance of the securities may pledge or assign all or any portion of the revenues of the authority or any project, projects or part of any project of the authority and may contain such provisions for protecting and enforcing the rights and remedies of the holders of securities as may be reasonable and proper and not in violation of law. The provisions may include covenants setting forth the duties of the authority in relation to the acquisition of property and the construction, reconstruction, renewal, replacement and insurance of any project, projects or part of any project in connection with which the securities have been authorized, the fees, charges or rents to be charged or other payments to be made for the use thereof or payment therefor, and the custody, safeguarding and application of all money. It is lawful for any bank or trust company incorporated under the laws of the State which may act as depository of the proceeds of securities or of revenues of the authority or any project, projects or part of any project to furnish such indemnifying bonds or to pledge such instruments as may be required by the authority. Any such trust agreement may set forth the rights and remedies of the holders of the securities and of the trustee and may restrict the individual right of action by holders of securities. [PL 1987, c. 438, §1 (NEW).]

Any such trust agreement or other financial document may, to secure the payment of the securities, mortgage or assign the mortgage of any project, projects or part of any project and create a lien upon any or all of the revenues of the authority or any project, projects or part of any project or upon any or all of the real or personal property constituting a part of the project, projects or part of any project. The trust agreement, financial document or resolution may contain such other provisions as the authority may consider reasonable and proper for the security of the holders of securities. [PL 1987, c. 438, §1 (NEW).]

A trust agreement or financial document containing a mortgage or assignment of a mortgage in respect to a project, projects or any part of a project may authorize the trustee or mortgagee in the event of a default as defined, in respect to the securities issued to provide for the costs of the project, projects or any part of a project, to take possession of all or any part of the mortgaged property constituting the project, projects or any part of a project, to hold, operate and manage the project, projects or any part of a project and, with or without such taking of possession, to sell or from time to time to lease the project, projects or any part of a project. A judgment for possession may be without conditions and such a sale or lease shall not be subject to any right to redeem the mortgaged property. Upon satisfaction at any time of the obligations secured by the mortgage in respect to the project, projects or any part of a project, which shall be deemed to include all applicable fees and expenses, any surplus proceeds from the operation, sale or lease of the project, projects or any part of a project shall be paid to the mortgagor of the project, projects or any part of a project or to those claiming under the mortgagee and, subject to any sale or lease under this paragraph, the mortgaged property in respect to the project, projects or any part of a project shall revert or be returned to the mortgagor or to those claiming under the mortgagee. [PL 1987, c. 438, §1 (NEW).]

All expenses incurred in carrying out the trust agreement, financial document or resolution may be treated as a part of the cost of the operation of a project, projects or part of any project. All pledges of revenues under this Act shall be valid and binding from the time when the pledge is made. All such revenues so pledged and thereafter received by the authority shall immediately be subject to the lien of the pledges without any physical delivery or further action under the Uniform Commercial Code of the State or otherwise. The lien of the pledges shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether the parties have notice of the lien. [PL 1987, c. 438, §1 (NEW).]

Any resolution or resolutions authorizing any securities of any issue of securities, or any trust agreement with respect to any securities, may contain provisions, which shall be a part of the contract or contracts with the holders of the securities, as to: [PL 1987, c. 438, §1 (NEW).]

1. Pledge of full faith and credit of authority. Pledging the full faith and credit of the authority or of all or any specified revenues or assets of the authority to secure the payment of the securities or of any issue of securities, subject to such agreements with holders of securities as may then exist; [PL 1997, c. 523, §17 (AMD).]

2. Pledging of unencumbered revenues or assets of authority. Pledging all or any part of the unencumbered revenues or assets of the authority to secure the payment of the securities or any issue of securities, subject to such agreements with holders of securities as may then exist; [PL 1987, c. 438, §1 (NEW).]

3. Setting aside of reserves or sinking funds. Setting aside of reserves or sinking funds and the regulation and disposition of the funds; [PL 1987, c. 438, §1 (NEW).]

4. Limitations on use of proceeds of sale of securities. Limitations on the purpose to which the proceeds of sale of securities may be applied and pledging of the proceeds to secure the payment of the securities or of any issue of securities; [PL 1987, c. 438, §1 (NEW).]

5. Limitations on issuance of additional securities. Limitations on the issuance of additional securities, the terms upon which additional securities may be issued and secured and the refunding of outstanding or other securities; [PL 1987, c. 438, §1 (NEW).]

6. Amendment or abrogation of contract terms; procedure. The procedure, if any, by which the terms of any contract with holders of securities may be amended or abrogated, the amount of securities the holders of which must consent to and the manner in which the consent may be given; [PL 1987, c. 438, §1 (NEW).]

7. Limitations on money expended by authority for expenses. Limitations on the amount of money to be expended by the authority for operating, administrative or other expenses of the authority; [PL 1987, c. 438, §1 (NEW).]

8. Trustee, vesting of rights; powers and duties in trust. Vesting in a trustee or trustees such property, rights, powers and duties in trust as the authority may determine which may include any or all of the rights, powers and duties of the trustee appointed for the holders of securities issued pursuant to this Act; [PL 1987, c. 438, §1 (NEW).]

9. Default. Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the authority to the holders of the securities and providing for the rights and remedies of the holders of the securities in the event of that default, including as a matter of right the appointment of a receiver, but only if the rights and remedies are not inconsistent with the general laws of the State and the other provisions of this Act; and [PL 1987, c. 438, §1 (NEW).]

10. Other matters. Any other matters of like or different character, which in any way affect the security or protection of the holders of the securities. [PL 1987, c. 438, §1 (NEW).]

SECTION HISTORY

PL 1987, c. 438, §1 (NEW). PL 1997, c. 523, §17 (AMD).

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