

NORTH CAROLINA GENERAL ASSEMBLY  
1969 SESSION

CHAPTER 1235  
HOUSE BILL 1019

1 AN ACT RELATING TO THE FINANCING OF RESIDENTIAL HOUSING FOR PERSONS  
2 AND FAMILIES OF LOWER INCOME AND CREATING THE NORTH CAROLINA  
3 HOUSING CORPORATION; DEFINING ITS DUTIES, POWERS AND  
4 RESPONSIBILITIES; AUTHORIZING THE ISSUANCE OF NOT IN EXCESS OF  
5 \$200,000,000 BONDS TO ASSIST IN THE FINANCING OF SUCH HOUSING;  
6 CREATING THE HOUSING DEVELOPMENT FUND AND AUTHORIZING THE  
7 ISSUANCE OF FUND NOTES, NOT MORE THAN \$5,000,000 FUND NOTES TO BE  
8 OUTSTANDING AT ANY ONE TIME, TO PROVIDE DEVELOPMENT COST,  
9 CONSTRUCTION COST AND DOWN PAYMENT MONEYS; AND PROVIDING FOR  
10 THE TERMS, SECURITY, PAYMENT AND TAXATION STATUS OF ALL SUCH  
11 BONDS AND NOTES.

12  
13 The General Assembly of North Carolina do enact:

14  
15 **Section 1.** Short title. This Act shall be known and may be cited as the "North  
16 Carolina Housing Corporation Act".

17 **Sec. 2.** Legislative findings and purposes. The General Assembly hereby finds and  
18 declares that as a result of the spread of slum conditions and blight to formerly sound urban and  
19 rural neighborhoods and as a result of actions involving highways, public facilities and urban  
20 renewal activities there exists in the State of North Carolina a serious shortage of decent, safe  
21 and sanitary residential housing available at low prices or rentals to persons and families of  
22 lower income. This shortage is severe in certain urban areas of the State, is especially critical in  
23 the rural areas, and is inimical to the health, safety, welfare and prosperity of all residents of the  
24 State and to the sound growth of North Carolina communities.

25 The General Assembly hereby finds and declares further that private enterprise and  
26 investment have not been able to produce, without assistance, the needed construction of  
27 decent, safe and sanitary residential housing at low prices or rentals which persons and families  
28 of lower income can afford, or to achieve the urgently needed rehabilitation of much of the  
29 present lower income housing. It is imperative that the supply of residential housing for persons  
30 and families of lower income affected by the spread of slum conditions and blight and for  
31 persons and families of lower income displaced by public actions or natural disaster be  
32 increased; and that private enterprise and investment be encouraged to sponsor, build and  
33 rehabilitate residential housing for such persons and families, to help prevent the recurrence of  
34 slum conditions and blight and assist in their permanent elimination throughout North Carolina.

35 The General Assembly hereby finds and declares further that the purposes of this  
36 Act are to provide financing for development costs, land development and residential housing  
37 construction, new or rehabilitated, for sale or rental to persons and families of lower income.

38 The General Assembly hereby finds and declares further that in accomplishing this  
39 purpose, the North Carolina Housing Corporation, a public agency and an instrumentality of  
40 the State, is acting in all respects for the benefit of the people of the State in the performance of  
41 essential public functions and serves a public purpose in improving and otherwise promoting  
42 their health, welfare and prosperity, and that the North Carolina Housing Corporation is

empowered to act on behalf of the State of North Carolina and its people in serving this public purpose for the benefit of the general public.

**Sec. 3.** Definitions. The following words and terms, unless the context clearly indicates a different meaning, shall have the following respective meanings:

- (1) "bonds" or "notes" means the bonds or bond anticipation notes authorized to be issued by the Corporation under this Act but shall not include any fund notes;
- (2) "Corporation" means the North Carolina Housing Corporation created by this Act;
- (3) "development costs" means the costs approved by the Corporation as appropriate expenditures which may be incurred by sponsors, builders and developers of residential housing, prior to commitment and initial advance of the proceeds of a construction loan or of a mortgage, including but not limited to:
  - (a) payments for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the Corporation, payments for the purchase of such properties,
  - (b) legal and organizational expenses, including payments of attorneys' fees, project manager, clerical and other staff salaries, office rent and other incidental expenses,
  - (c) payment of fees for preliminary feasibility studies and advances for planning, engineering and architectural work,
  - (d) expenses for tenant surveys and market analyses, and
  - (e) necessary application and other fees;
- (4) "fund notes" means the notes authorized to be issued by the Corporation under the provisions of Section 7 of this Act;
- (5) "governmental agency" means any department, division, public agency, political subdivision or other public instrumentality of the State, the federal government, any other state or public agency, or any two or more thereof;
- (6) "Housing Development Fund" means the housing development fund created by Section 7 of this Act;
- (7) "insured construction loan" means a construction loan for land development or residential housing which is secured by a federally insured mortgage or which is insured by the United States or an instrumentality thereof, or for which there is a commitment by the United States or an instrumentality thereof to insure such a loan;
- (8) "insured mortgage" or "insured mortgage loan" means a mortgage loan for residential housing insured or guaranteed by the United States or an instrumentality thereof or for which there is a commitment by the United States or an instrumentality thereof to insure such a mortgage;
- (9) "land development" means the process of acquiring land primarily for residential housing construction for persons and families of lower income and making, installing or constructing non-residential housing improvements, including water, sewer and other utilities, roads, streets, curbs, gutters, sidewalks, storm drainage facilities and other installations or works, whether on or off the site, which the Corporation deems necessary or desirable to prepare such land primarily for residential housing construction;
- (10) "obligations" means any bonds, bond anticipation notes or fund notes authorized to be issued by the Corporation under the provisions of this Act;

(11) "persons and families of lower income" means persons and families deemed by the Corporation to require such assistance as is made available by this Act on account of insufficient personal or family income, taking into consideration, without limitation, such factors as (a) the amount of the total income of such persons and families available for housing needs, (b) the size of the family, (c) the cost and condition of housing facilities available, (d) the eligibility of such persons and families for federal housing assistance of any type predicated upon a lower income basis and (e) the ability of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary housing, and deemed by the Corporation therefore to be eligible to occupy residential housing constructed and financed, wholly or in part, with insured construction loans or insured mortgages, or with other public or private assistance;

(12) "residential housing" means a specific work or improvement undertaken primarily to provide dwelling accommodations for persons and families of lower income, including the acquisition, construction or rehabilitation of land, buildings and improvements thereto, and such other non-housing facilities as may be incidental or appurtenant thereto; and

(13) "State" means the State of North Carolina.

**Sec. 4.** North Carolina Housing Corporation. There is hereby created a body politic and corporate to be known as the "North Carolina Housing Corporation" which shall be constituted a public agency and an instrumentality of the State for the performance of essential public functions. The Corporation shall be composed of nine members. The State Treasurer, Director of the Department of Administration, Director of the Department of Conservation and Development, Director of the Department of Local Affairs and the State Health Officer and their successors in office from time to time shall, by virtue of their incumbency in such offices and without further appointment or qualification, be members of the Corporation. The Governor shall appoint the other four members of the Corporation who shall be residents of the State and shall not hold other public office. One of such appointees shall have had experience in real estate, one shall have had experience in banking, one shall have had experience in mortgage finance and another shall have had experience in insurance. The four members of the Corporation thus appointed shall continue in office for terms of one, two, three and four years, respectively, as designated by the Governor, and until their successors shall be duly appointed and qualified. The successor of each such member shall be appointed for a term of four years and until his successor shall be duly appointed and qualified, except that any person appointed to fill a vacancy shall serve only for the unexpired term. Any member of the Corporation shall be eligible for reappointment. Each member of the Corporation appointed by the Governor may be removed by the Governor for misfeasance, malfeasance or wilful neglect of duty after reasonable notice and a public hearing, unless the same are in writing expressly waived. Each member of the Corporation appointed by the Governor before entering upon his duty shall take an oath of office to administer the duties of his office faithfully and impartially and a record of such oath shall be filed in the office of the Secretary of State. The Governor shall designate a member of the Corporation to serve as chairman. The term of the chairman shall extend to the earlier of either the date of expiration of his then current term as a member of the Corporation or a date six months after the expiration of the then current term of the Governor designating such chairman. The Corporation shall annually elect one of its members as vice chairman. The Corporation shall also elect or appoint, and prescribe the duties of, such other officers as the Corporation deems necessary or advisable, including an executive director and a secretary, and the Governor and the Advisory Budget Commission shall fix the compensation of such officers.

1 No part of the revenues or assets of the Corporation shall inure to the benefit of or  
2 be distributable to its members or officers or other private persons. The members of the  
3 Corporation shall receive no compensation for their services but shall be entitled to receive,  
4 from funds of the Corporation, for attendance at meetings of the Corporation or any committee  
5 thereof and for other services for the Corporation reimbursement for such actual expenses as  
6 may be incurred for travel and subsistence in the performance of official duties and, only as to  
7 the members appointed by the Governor, such per diem as is allowed by law for members of  
8 other State boards, commissions and committees.

9 The executive director shall administer, manage and direct the affairs and business  
10 of the Corporation, subject to the policies, control and direction of the members of the  
11 Corporation. The secretary of the Corporation shall keep a record of the proceedings of the  
12 Corporation and shall be custodian of all books, documents and papers filed with the  
13 Corporation, the minute book or journal of the Corporation and its official seal. He shall have  
14 authority to cause copies to be made of all minutes and other records and documents of the  
15 Corporation and to give certificates under the official seal of the Corporation to the effect that  
16 such copies are true copies, and all persons dealing with the Corporation may rely upon such  
17 certificates. Five members of the Corporation shall constitute a quorum and the affirmative vote  
18 of five members at a meeting of the members duly called and held shall be necessary for any  
19 action taken by the membership of the Corporation, except adjournment. No vacancy in the  
20 membership of the Corporation shall impair the rights of a quorum to exercise all the rights and  
21 to perform all the duties of the Corporation.

22 **Sec. 5.** General powers. The Corporation shall have all of the powers necessary or  
23 convenient to carry out and effectuate the purposes and provisions of this Act, including, but  
24 without limiting the generality of the foregoing, the power:

- 25 (1) to make or participate in the making of insured construction loans to  
26 sponsors of land development or residential housing; provided, however,  
27 that such loans shall be made only upon the determination by the  
28 Corporation that construction loans are not otherwise available, wholly or in  
29 part, from private lenders upon reasonably equivalent terms and conditions;
- 30 (2) to make or participate in the making of insured mortgage loans to sponsors  
31 of residential housing; provided, however, that such loans shall be made  
32 only upon the determination by the Corporation that mortgage loans are not  
33 otherwise available, wholly or in part, from private lenders upon reasonably  
34 equivalent terms and conditions;
- 35 (3) to purchase or participate in the purchase of insured mortgage loans made to  
36 sponsors of residential housing or to persons of lower income for residential  
37 housing where the Corporation has given approval prior to the initial making  
38 of such loan; provided, however, that any such purchase shall be made only  
39 upon the determination by the Corporation that mortgage loans were, at the  
40 time such approval was given, not otherwise available, wholly or in part,  
41 from private lenders upon reasonably equivalent terms and conditions;
- 42 (4) to make temporary loans from the Housing Development Fund;
- 43 (5) to collect and pay reasonable fees and charges in connection with making,  
44 purchasing and servicing its loans, notes, bonds, commitments and other  
45 evidences of indebtedness;
- 46 (6) to acquire on a temporary basis real property, or an interest therein, in its  
47 own name, by purchase, transfer or foreclosure, where such acquisition is  
48 necessary or appropriate to protect any loan in which the Corporation has an  
49 interest and to sell, transfer and convey any such property to a buyer and, in  
50 the event such sale, transfer or conveyance cannot be effected with

- 1 reasonable promptness or at a reasonable price, to rent or lease such property  
2 to a tenant pending such sale, transfer or conveyance;
- 3 (7) to sell, at public or private sale, all or any part of any mortgage or other  
4 instrument or document securing a construction, land development,  
5 mortgage or temporary loan of any type permitted by this Act;
- 6 (8) to procure insurance against any loss in connection with its operations in  
7 such amounts, and from such insurers, as it may deem necessary or  
8 desirable;
- 9 (9) to consent, whenever it deems it necessary or desirable in the fulfillment of  
10 its corporate purposes, to the modification of the rate of interest, time of  
11 payment of any installment of principal or interest, or any other terms, of  
12 any mortgage loan, mortgage loan commitment, construction loan,  
13 temporary loan, contract or agreement of any kind to which the Corporation  
14 is a party;
- 15 (10) to borrow money as herein provided to carry out and effectuate its corporate  
16 purposes and to issue its obligation as evidence of any such borrowing;
- 17 (11) to include in any borrowing such amounts as may be deemed necessary by  
18 the Corporation to pay financing charges, interest on the obligations for a  
19 period not exceeding two (2) years from their date, consultant, advisory and  
20 legal fees and such other expenses as are necessary or incident to such  
21 borrowing;
- 22 (12) to make and publish rules and regulations respecting its lending programs  
23 and such other rules and regulations as are necessary to effectuate its  
24 corporate purposes;
- 25 (13) to provide technical and advisory services to sponsors, builders and  
26 developers of residential housing and to residents thereof;
- 27 (14) to promote research and development in scientific methods of constructing  
28 low cost residential housing of high durability;
- 29 (15) to make and execute agreements, contracts and other instruments necessary  
30 or convenient in the exercise of the powers and functions of the Corporation  
31 under this Act, including contracts with any person, firm, corporation,  
32 governmental agency or other entity, and each and any North Carolina  
33 governmental agency is hereby authorized to enter into contracts and  
34 otherwise cooperate with the Corporation to facilitate the purposes of this  
35 Act;
- 36 (16) to receive, administer and comply with the conditions and requirements  
37 respecting any appropriation or any gift, grant or donation of any property or  
38 money;
- 39 (17) to sue and be sued in its own name, plead and be impleaded;
- 40 (18) to maintain an office in the City of Raleigh and at such other place or places  
41 as it may determine;
- 42 (19) to adopt an official seal and alter the same at pleasure;
- 43 (20) to adopt bylaws for the regulation of its affairs and the conduct of its  
44 business and to prescribe rules, regulations and policies in connection with  
45 the performance of its functions and duties; and
- 46 (21) to employ fiscal consultants, engineers, attorneys, real estate counselors,  
47 appraisers and such other consultants and employees as may be required in  
48 the judgment of the Corporation and to fix and pay their compensation from  
49 funds available to the Corporation therefor.

50 **Sec. 6.** Credit of State not pledged. Obligations issued under the provisions of this  
51 Act shall not be deemed to constitute a debt, liability or obligation of the State or of any

political subdivision thereof or a pledge of the faith and credit of the State or of any such political subdivision, but shall be payable solely from the revenues or assets of the Corporation. Each obligation issued under this Act shall contain on the face thereof a statement to the effect that the Corporation shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such obligation.

Expenses incurred by the Corporation in carrying out the provisions of this Act may be made payable from funds provided pursuant to this Act and no liability shall be incurred by the Corporation hereunder beyond the extent to which moneys shall have been so provided.

**Sec. 7.** Housing development fund. There is hereby created and established a special revolving loan fund to be known as the "Housing Development Fund" and to be administered by the Corporation as a trust fund separate and distinct from any other moneys or funds administered by the Corporation.

The Housing Development Fund shall be comprised of the proceeds of grants and contributions and of fund notes issued by the Corporation for the purpose of providing funds therefor. The Corporation is hereby authorized to receive and accept from any source whatever any grants or contributions for the Housing Development Fund. The Corporation is further authorized to provide for the issuance, at one time or from time to time, of Housing Development Fund notes for the purpose of providing funds for such Fund; provided, however, that not more than five million dollars (\$5,000,000.00) fund notes shall be outstanding at any one time. The principal of and the interest on any such fund notes shall be payable solely from the Housing Development Fund. The fund notes of each issue shall be dated, shall mature at such time or times not exceeding ten years (10) from their date or dates, and may be made redeemable before maturity, at the option of the Corporation, at such price or prices and under such terms and conditions as may be determined by the Corporation. The Corporation shall determine the form and manner of execution of the fund notes, including any interest coupons to be attached thereto, and shall fix the denomination or denominations and the place or places of payment of principal and interest, which may be any bank or trust company within or without the State or any agent, including the lender. In case any officer whose signature or a facsimile of whose signature shall appear on any fund notes or coupons attached thereto shall cease to be such officer before the delivery thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. The fund notes may be issued in coupon or in registered form, or both, as the Corporation may determine, and provision may be made for the registration of any coupon fund notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon fund notes of any fund notes registered as to both principal and interest, and for the interchange of registered and coupon fund notes. Any such fund notes shall bear interest at such rate or rates as may be determined by the Corporation and may be sold in such manner, either at public or private sale, and for such price as the Corporation shall determine to be for the best interest of the Corporation and best effectuate the purposes of this Act.

The proceeds of any fund notes shall be used solely for the purposes for which issued and shall be disbursed in such manner and under such restrictions, if any, as the Corporation may provide in the resolution authorizing the issuance of such fund notes. The Corporation may provide for the replacement of any fund notes which shall become mutilated or shall be destroyed or lost.

Fund notes may be issued under the provisions of this Section without obtaining the consent of any department, division, commission, board, body, bureau or agency of the State, and without any other proceedings or the happening of any conditions or things other than

those proceedings, conditions or things which are specifically required by this Act and the provisions of the resolution authorizing the issuance of such fund notes.

The purpose of the Housing Development Fund is to provide a source from which the Corporation may make temporary loans, and the Corporation is authorized to make temporary loans from the Housing Development Fund, at such interest rate or rates as may be determined by the Corporation to be for the best interest of the Corporation and best effectuate the purposes of this Act, and with such security for repayment as the Corporation deems reasonably necessary and practicable, to

- (1) defray development costs of sponsors, builders and developers of residential housing, or
- (2) provide to persons and families of lower income who are applying for mortgages, the amounts required to make down payments and pay closing costs, or
- (3) make or participate in the making of construction loans which are not federally insured to sponsors, builders and developers of land development or residential housing; provided, however, that such loans shall be made only upon the determination by the Corporation that construction loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions; and provided further that no such loan shall be made unless
  - (i) the United States or an instrumentality thereof has approved the subdivision planning and has agreed to insure the mortgage loan or loans, the proceeds of which shall be applied to the payment of all or any part of such construction loans, and
  - (ii) a North Carolina banking or lending institution has agreed to furnish not less than 20% of such construction loan, the security interest of the banking or lending institution under the loan to be subordinate in all respects to the Corporation's security interest in such loan.

No temporary loan shall be made by the Corporation from the Housing Development Fund except in accordance with a written agreement which shall include, without limitation, the following terms and conditions:

- (a) the proceeds of such loan shall be used only for the purposes for which such loan shall have been made as provided in the agreement;
- (b) such loan shall be repaid in full as provided in the agreement;
- (c) all repayments in connection with a loan to defray development costs shall be made concurrent with receipt by the borrower of the proceeds of a construction loan or mortgage loan, as the case may be, or at such other times as the Corporation deems reasonably necessary or practicable; and
- (d) such security for repayment shall be specified and shall be upon such terms and conditions as the Corporation deems reasonably necessary or practicable to insure all repayments.

No funds from the Housing Development Fund shall be used to carry on propaganda or otherwise attempt to influence legislation.

**Sec. 8.** Bonds and notes. The Corporation is hereby authorized to provide for the issuance, at one time or from time to time, of not exceeding two hundred million dollars (\$200,000,000) bonds of the Corporation to carry out and effectuate its corporate purposes; provided, however, that not more than fifty million dollars (\$50,000,000) bonds shall be issued prior to June 30, 1971. In anticipation of the issuance of such bonds, the Corporation also is hereby authorized to provide for the issuance, at one time or from time to time, of bond anticipation notes; provided, however, that prior to June 30, 1971 the total amount of bonds and bond anticipation notes outstanding at any one time shall not exceed fifty million dollars

(\$50,000,000.00) excluding therefrom any bond anticipation notes for the payment of which bonds shall have been issued. The principal of and the interest on such bonds or notes shall be payable solely from the funds herein provided for such payment. Any such notes may be made payable from the proceeds of bonds or renewal notes or, in the event bond or renewal note proceeds are not available, such notes may be paid from any available revenues or assets of the Corporation. The bonds or notes of each issue shall be dated and may be made redeemable before maturity at the option of the Corporation at such price or prices and under such terms and conditions as may be determined by the Corporation. Any such bonds or notes shall bear interest at such rate or rates as may be determined by the Local Government Commission of North Carolina with the approval of the Corporation. Notes shall mature at such time or times not exceeding 10 years from their date or dates and bonds shall mature at such time or times not exceeding 40 years from their date or dates, as may be determined by the Corporation. The Corporation shall determine the form and manner of execution of the bonds or notes, including any interest coupons to be attached thereto, and shall fix the denomination or denominations and the place or places of payment of principal and interest, which may be any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or notes or coupons attached thereto shall cease to be such officer before the delivery thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. The Corporation may also provide for the authentication of the bonds or notes by a trustee or fiscal agent. The bonds or notes may be issued in coupon or in registered form, or both, as the Corporation may determine, and provision may be made for the registration of any coupon bonds or notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds or notes of any bonds or notes registered as to both principal and interest, and for the interchange of registered and coupon bonds or notes. Upon the filing with the Local Government Commission of North Carolina of a resolution of the Corporation requesting that its bonds or notes be sold, such bonds or notes may be sold in such manner, either at public or private sale, and for such price as said Commission shall determine to be for the best interest of the Corporation and best effectuate the purposes of this Act provided that such sale shall be approved by the Corporation.

The proceeds of any bonds or notes shall be used solely for the purposes for which issued and shall be disbursed in such manner and under such restrictions, if any, as the Corporation may provide in the resolution authorizing the issuance of such bonds or notes or in the trust agreement hereinafter mentioned securing the same.

Prior to the preparation of definitive bonds, the Corporation may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Corporation may also provide for the replacement of any bonds or notes which shall become mutilated or shall be destroyed or lost.

Bonds or notes may be issued under the provisions of this Act without obtaining, except as otherwise expressly provided in this Act, the consent of any department, division, commission, board, body, bureau or agency of the State, and without any other proceedings or the happening of any conditions or things other than those proceedings, conditions or things which are specifically required by this Act and the provisions of the resolution authorizing the issuance of such bonds or notes or the trust agreement securing the same.

**Sec. 9.** Trust agreement or resolution. In the discretion of the Corporation any obligations issued under the provisions of this Act may be secured by a trust agreement by and between the Corporation and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the State. Such trust agreement or the resolution providing for the issuance of such obligations may pledge or assign all or any part of the revenues or assets of the Corporation, including, without limitation, mortgage loans,



1 mortgage loan commitments, construction loans, temporary loans, contracts, agreements and  
2 other security or investment obligations, the fees or charges made or received by the  
3 Corporation, the moneys received in payment of loans and interest thereon and any other  
4 moneys received or to be received by the Corporation. Such trust agreement or resolution may  
5 contain such provisions for protecting and enforcing the rights and remedies of the holders of  
6 any such obligations as may be reasonable and proper and not in violation of law, including  
7 covenants setting forth the duties of the Corporation in relation to the purposes to which  
8 obligation proceeds may be applied, the disposition or pledging of the revenues or assets of the  
9 Corporation, the terms and conditions for the issuance of additional obligations, and the  
10 custody, safeguarding and application of all moneys. It shall be lawful for any bank or trust  
11 company incorporated under the laws of the State which may act as depository of the proceeds  
12 of obligations, revenues or other money hereunder to furnish such indemnifying bonds or to  
13 pledge such securities as may be required by the Corporation. Any such trust agreement or  
14 resolution may set forth the rights and remedies of the holders of any obligations and of the  
15 trustee, and may restrict the individual right of action by any such holders. In addition to the  
16 foregoing, any such trust agreement or resolution may contain such other provisions as the  
17 Corporation may deem reasonable and proper for the security of the holders of any obligations.  
18 All expenses incurred in carrying out the provisions of such trust agreement or resolution may  
19 be paid from the revenues or assets pledged or assigned to the payment of the principal of and  
20 the interest on obligations or from any other funds available to the Corporation.

21 **Sec. 10.** Validity of any pledge. The pledge of any assets or revenues of the  
22 Corporation to the payment of the principal of or the interest on any obligations of the  
23 Corporation shall be valid and binding from the time when the pledge is made and any such  
24 assets or revenues shall immediately be subject to the lien of such pledge without any physical  
25 delivery thereof or further act, and the lien of any such pledge shall be valid and binding as  
26 against all parties having claims of any kind in tort, contract or otherwise against the  
27 Corporation, irrespective of whether such parties have notice thereof. Nothing herein shall be  
28 construed to prohibit the Corporation from selling any assets subject to any such pledge except  
29 to the extent that any such sale may be restricted by the trust agreement or resolution providing  
30 for the issuance of such obligations.

31 **Sec. 11.** Trust funds. Notwithstanding any other provisions of law to the contrary,  
32 all moneys received pursuant to the authority of this Act shall be deemed to be trust funds to be  
33 held and applied solely as provided in this Act. The resolution authorizing any obligations or  
34 the trust agreement securing the same may provide that any of such moneys may be  
35 temporarily invested pending the disbursement thereof and shall provide that any officer with  
36 whom, or any bank or trust company with which, such moneys shall be deposited shall act as  
37 trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to  
38 such regulations as this Act and such resolution or trust agreement may provide. Any such  
39 moneys or any other moneys of the Corporation may be invested as provided in G.S. 159-28.1.

40 **Sec. 12.** Remedies. Any holder of obligations issued under the provisions of this  
41 Act or any coupons appertaining thereto, and the trustee under any trust agreement or  
42 resolution authorizing the issuance of such obligations, except to the extent the rights herein  
43 given may be restricted by such trust agreement or resolution, may, either at law or in equity,  
44 by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the  
45 laws of the State or granted hereunder or under such trust agreement or resolution, or under any  
46 other contract executed by the Corporation pursuant to this Act, and may enforce and compel  
47 the performance of all duties required by this Act or by such trust agreement or resolution to be  
48 performed by the Corporation or by any officer thereof.

49 **Sec. 13.** Negotiable instruments. Notwithstanding any of the foregoing provisions  
50 of this Act or any recitals in any obligations issued under the provisions of this Act, all such  
51 obligations and interest coupons appertaining thereto shall be and are hereby made negotiable

1 instruments under the laws of this State, subject only to any applicable provisions for  
2 registration.

3       **Sec. 14.** Obligations eligible for investment. Obligations issued under the  
4 provisions of this Act are hereby made securities in which all public officers and public bodies  
5 of the State and its political subdivisions, all insurance companies, trust companies, banking  
6 associations, investment companies, executors, administrators, trustees and other fiduciaries  
7 may properly and legally invest funds, including capital in their control or belonging to them.  
8 Such obligations are hereby made securities which may properly and legally be deposited with  
9 and received by any State or municipal officer or any agency or political subdivision of the  
10 State for any purpose for which the deposit of bonds, notes or obligations of the State is now or  
11 may hereafter be authorized by law.

12       **Sec. 15.** Refunding obligations. The Corporation is hereby authorized to provide for  
13 the issuance of refunding obligations for the purpose of refunding any obligations then  
14 outstanding which shall have been issued under the provisions of this Act, including the  
15 payment of any redemption premium thereon and any interest accrued or to accrue to the date  
16 of redemption of such obligations and, if deemed advisable by the Corporation, for any  
17 corporate purpose of the Corporation. The issuance of such obligations, the maturities and other  
18 details thereof, the rights of the holders thereof, and the rights, duties and obligations of the  
19 Corporation in respect of the same shall be governed by the provisions of this Act which relate  
20 to the issuance of obligations, insofar as such provisions may be appropriate therefor.

21       Refunding obligations may be sold or exchanged for outstanding obligations issued  
22 under this Act and, if sold, the proceeds thereof may be applied, in addition to any other  
23 authorized purposes, to the purchase, redemption or payment of such outstanding obligations.  
24 Pending the application of the proceeds of any such refunding obligations, with any other  
25 available funds, to the payment of the principal, accrued interest and any redemption premium  
26 on the obligations being refunded, and, if so provided or permitted in the resolution authorizing  
27 the issuance of such refunding obligations or in the trust agreement securing the same, to the  
28 payment of any interest on such refunding obligations and any expenses in connection with  
29 such refunding, such proceeds may be invested in direct obligations of, or obligations the  
30 principal of and the interest on which are unconditionally guaranteed by, the United States of  
31 America which shall mature or which shall be subject to redemption by the holders thereof, at  
32 the option of such holders, not later than the respective dates when the proceeds, together with  
33 the interest accruing thereon, will be required for the purposes intended.

34       **Sec. 16.** Annual reports. The Corporation shall, promptly following the close of  
35 each fiscal year, submit an annual report of its activities for the preceding year to the Governor,  
36 State Auditor, the General Assembly, the Advisory Budget Commission and the Local  
37 Government Commission. Each such report shall set forth a complete operating and financial  
38 statement of the Corporation during such year. The Corporation shall cause an audit of its  
39 books and accounts to be made at least once in each year by an independent certified public  
40 accountant and the cost thereof may be paid from any available moneys of the Corporation.

41       **Sec. 17.** Officers not liable. No member or other officer of the Corporation shall be  
42 subject to any personal liability or accountability by reason of his execution of any obligations  
43 or the issuance thereof.

44       **Sec. 18.** Authorization to accept appropriated moneys. The Corporation is  
45 authorized to accept such moneys as may be appropriated from time to time by the General  
46 Assembly for effectuating its corporate purposes including, without limitation, the payment of  
47 the initial expenses of administration and operation and the establishment of a reserve or  
48 contingency fund to be available for the payment of the principal of and the interest on any  
49 bonds or notes of the Corporation.

50       **Sec. 19.** Tax exemption. The exercise of the powers granted by this Act will be in  
51 all respects for the benefit of the people of the State, for their well being and prosperity and for

1 the improvement of their social and economic conditions, and the Corporation shall not be  
2 required to pay any tax or assessment on any property owned by the Corporation under the  
3 provisions of this Act or upon the income therefrom.

4 Any obligations issued by the Corporation under the provisions of this Act, their  
5 transfer and the income therefrom (including any profit made on the sale thereof), shall at all  
6 times be free from taxation by the State or any local unit or political subdivision or other  
7 instrumentality of the State, excepting inheritance or gift taxes.

8 **Sec. 20.** Conflict of interest. If any member, officer or employee of the Corporation  
9 shall be interested either directly or indirectly, or shall be an officer or employee of or have an  
10 ownership interest in any firm or corporation interested directly or indirectly in any contract  
11 with the Corporation, including any loan to any sponsor, builder or developer, such interest  
12 shall be disclosed to the Corporation and shall be set forth in the minutes of the Corporation,  
13 and the member, officer or employee having such interest therein shall not participate on behalf  
14 of the Corporation in the authorization of any such contract.

15 **Sec. 21.** Additional method The foregoing Sections of this Act shall be deemed to  
16 provide an additional and alternative method for the doing of the things authorized thereby and  
17 shall be regarded as supplemental and additional to powers conferred by other laws, and shall  
18 not be regarded as in derogation of any powers now existing; provided, however, that the  
19 issuance of bonds or notes under the provisions of this Act need not comply with the  
20 requirements of any other law applicable to the issuance of bonds or notes.

21 **Sec. 22.** Act liberally construed. This Act, being necessary for the prosperity of the  
22 State and its inhabitants, shall be liberally construed to effect the purposes thereof.

23 **Sec. 23.** Constitutional construction. The provisions of this Act are severable, and if  
24 any of its provisions shall be held unconstitutional by any court of competent jurisdiction, the  
25 decision of such court shall not affect or impair any of the remaining provisions.

26 **Sec. 24.** Inconsistent laws inapplicable. Insofar as the provisions of this Act are  
27 inconsistent with the provisions of any general or special laws, or parts thereof, the provisions  
28 of this Act shall be controlling.

29 **Sec. 25.** Effective upon ratification. This Act shall be in full force and effect from  
30 and after its ratification.

31 In the General Assembly read three times and ratified, this the 2nd day of July,  
32 1969.