

MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)
Act 230 of 1987

331.1407 Refunding corporation obligations.

Sec. 407.

(1) To protect the rights of the holders of bonds or other obligations to be refunded, the proceeds of corporation obligations issued for refunding purposes and any other funds set aside for such purposes, and the investment earnings and profits, to the extent required to be held for future retirement of bonds or other obligations to be refunded, for interest or premiums thereon, or for expenses relating to the refunding, shall be held in trust by a qualified bank or savings and loan association organized under the laws of the United States or any state or the state treasurer pursuant to a trust agreement with the corporation or subsidiary corporation issuing the refunding corporation obligation. This subsection shall not apply if the instruments governing the bonds or other obligation to be refunded require a different disposition of such funds, in which case the terms of the instruments shall apply.

(2) Proceeds of refunding corporation obligations not immediately required for the purposes set forth in subsection (1) may be invested pursuant to the trust agreement in direct obligations of the United States, or in obligations, the principal and interest of which are guaranteed by the United States. If, however, the instruments governing the bonds or other obligations to be refunded provide for defeasance of security upon issuance of the refunding corporation obligation or contain different requirements for the investment of funds, the funds shall be deposited and invested in accordance with the requirements of the instruments.

History: 1987, Act 230, Eff. Feb. 27, 1988