

SHARED CREDIT RATING ACT (EXCERPT)
Act 227 of 1985

141.1067 Default or noncompliance by authority.

Sec. 17.

(1) If the authority defaults in the payment of principal of or interest on an issue of bonds or notes issued under this act after the bonds or notes become due, whether at maturity or upon call for redemption, or in the event that the authority fails or refuses to comply with the provisions of this act or defaults in an agreement made with the holders of an issue of bonds or notes, the holders of 51% or more in aggregate principal amount of the notes or bonds of that issue then outstanding, by instrument or instruments filed in the Ingham county clerk's office, may appoint, subject to agreement as contained in the resolution of the authority authorizing such bonds or notes, a trustee to represent the holders of those notes or bonds for the purposes provided in this section.

(2) The trustee may, and upon written request of the holders of 51% or more in aggregate principal amount of the notes or bonds of that issue then outstanding shall, in the trustee's own name do all of the following:

(a) By mandamus or other suit, action, or proceeding at law or in equity, enforce the rights of the bondholders or noteholders, and require the authority to carry out any other agreements with the holders of those notes or bonds and to perform the authority's duties under this act.

(b) Bring suit upon the notes or bonds.

(c) By action or suit, require the authority to account as if it were the trustee of an express trust for the holders of the notes or bonds.

(d) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the notes or bonds.

(e) If so provided in the resolution authorizing the bonds or notes, declare the notes or bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 51% or more of the aggregate principal amount of those notes or bonds then outstanding, to annul that declaration and its consequences.

(3) In addition to the provisions of subsection (2), the trustee has all of the powers necessary or appropriate for the exercise of any function specifically set forth in this section or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

(4) Before declaring the principal of notes or bonds due and payable, the trustee shall give 30 days' notice in writing to the governor, to the authority, to the state treasurer, and to the attorney general.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988