

Section 4. This act shall become effective immediately upon final enactment. When effective.

APPROVED—The 7th day of May, A. D. 1937.

GEORGE H. EARLE

No. 146

AN ACT

To amend article fifteen of the act, approved the first day of May, one thousand nine hundred and thirty-three (Pamphlet Laws, one hundred three), entitled "An act concerning townships of the second class; and amending, revising, consolidating, and changing the law relating thereto," providing for and regulating the issuance of non-debt revenue bonds to finance sewer improvements.

Section 1. Be it enacted, &c., That article fifteen of the act, approved the first day of May, one thousand nine hundred and thirty-three (Pamphlet Laws, one hundred three), entitled "An act concerning townships of the second class; and amending, revising, consolidating, and changing the law relating thereto," is hereby amended by adding thereto a new subdivision to read as follows:

Townships of the second class.

Article 15, act of May 1, 1933 (P. L. 103), amended.

(h) *Non-debt Revenue Sewer Bonds*

Section 1545. Sewer Bonds.—For the purpose of financing the cost or expense, or its share of the cost or expense, of constructing or acquiring a sewer, sewer system or sewage treatment works, either singly or jointly with other municipalities or townships, or both, any township may issue non-debt revenue bonds secured solely by a pledge, in whole or in part, of the annual rentals or charges for the use of such sewer, sewer system or sewage treatment works. Said bonds shall not pledge the credit, nor create any debt, nor be a charge against the general revenues, nor be a lien against any property of the township, but shall be a lien upon and payable solely from the annual rentals or charges for the use of said sewer, sewer system or sewage treatment works.

May issue bonds for purpose of financing sewer improvements.

Whenever any township has enacted an ordinance or resolution imposing a sewer rental or charge upon properties to be served by such sewer system or sewage treatment works when the same is completed, and has pledged sufficient of the revenues to be derived therefrom for the payment of the interest and sinking fund charges on such non-debt revenue bonds, it shall have power to authorize the issue and sale of such non-debt revenue bonds, from time to time, as the work of construction proceeds, and sufficient additional non-debt revenue bonds, as may be necessary, may be issued and sold to provide for the interest and sinking fund charges accruing thereon, un-

til said sewer system or sewage treatment works has been completed and has been in operation for not exceeding one year, in order to provide sufficient revenues until such time as sewer rentals or charges may be collected from the owners of properties being served.

Nothing in this section shall be construed to abridge or restrict, or in any way impair, the right of any township to create indebtedness in accordance with existing laws.

Private sale.

Advertising of public sale.

Section 1546. Issuance and Sale of Bonds; Maturity; Negotiability.—When any township shall issue such non-debt revenue bonds, the authorities thereof may sell the same, or any portion thereof, at private sale to the United States of America, or any agency, instrumentality or corporation thereof, or to the sinking fund of the township. Any bonds not so sold shall be sold to the highest responsible bidder after public notice by advertisement once a week for three weeks in at least one newspaper of general circulation published in the county in which such township is situated. No bid for such bonds at less than par value shall be accepted. Where bonds shall be advertised for sale, as herein provided, and no bids have been received, then it shall be lawful for such township to sell the same at private sale for not less than par value and accrued interest.

All such bonds shall be payable in not more than thirty years from the date of their issue, shall be issued in series payable in annual installments as may be determined by the township, and bear interest at a rate not exceeding six per centum per annum.

Said bonds shall have all the qualities of negotiable instruments under the law merchant and the negotiable instruments law of the Commonwealth of Pennsylvania.

Deeds of trust, indentures, etc.

Any township may enter into any deeds of trust, indentures or other agreements with any bank or trust company or other person or persons in the United States having power to enter into the same, including any Federal agency, as security for such bonds, and may assign and pledge all or any of the revenues or receipts of the sewer system or sewage treatment works thereunder. Such deed of trust, indenture or other agreement may contain such provisions as may be customary in such instruments or as the township may authorize, including (but without limitation) provisions as to—(1) the construction, improvement, operation, maintenance and repair of any sewer system or sewage treatment works and the duties of the township with reference thereto; (2) the application of funds and the safeguarding of funds on hand or on deposit; (3) the rights and remedies of said trustee and the holders of the bonds (which may include restrictions upon the individual right of action of such bondholders); and (4) the terms and provisions of

the bonds or the resolutions authorizing the issuance of the same.

Section 1547. Remedies of Bondholders.—The rights and the remedies herein conferred upon or granted to the bondholders shall be in addition to, and not in limitation of, any rights and remedies lawfully granted to such bondholders by the resolution or resolutions or ordinance or ordinances providing for the issuance of bonds or by any deed of trust, indenture or other agreement under which the same may be issued. In the event that the township shall default in the payment of principal or interest on any of the bonds after the said principal or interest shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the township shall fail or refuse to comply with the provisions of this act, or shall default in any agreement made with the holders of the bonds, the holders of twenty-five per centum in aggregate principal amount of the bonds then outstanding, by instrument or instruments filed in the office of the recorder of deeds of the county, and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the bondholders for the purposes herein provided. Such trustee and any trustee under any deed of trust, indenture or other agreement may, and, upon written request of the holders of twenty-five per centum (or such other percentage as may be specified in any deed of trust, indenture or other agreement aforesaid) in principal amount of the bonds then outstanding, shall in his or its own name:

In case of default.

Trustees may sue.

(a) By mandamus or other suit, action or proceeding at law or in equity enforce all rights of the bondholders, including the right to require the township to collect rates, rentals and other charges adequate to carry out any agreement as to or pledge of the revenues or receipts of the sewer system or sewage treatment works, and to require the township to carry out any other agreements with or for the benefit of the bondholders, and to perform its and their duties under this act;

Manner of enforcing payment.

(b) Bring suit upon the bonds;

(c) By action or suit in equity require the township to account as if it were the trustee of an express trust for the bondholders;

(d) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders;

(e) By notice in writing to the township declare all bonds due and payable, and if all defaults shall be made good, then with the consent of the holders of twenty-five per centum (or such other percentage as may be specified in any deed of trust, indenture or other agreement

aforesaid) of the principal amount of the bonds then outstanding, to annul such declaration and its consequences.

The court of common pleas of the county shall have jurisdiction of any suit, action or* proceedings by the trustee on behalf of the bondholders. Any trustee, whether appointed as aforesaid or acting under a deed of trust, indenture or other agreement, and whether or not all bonds have been declared due and payable, shall be entitled as of right to the appointment of a receiver who may enter and take possession of the sewer system or sewage treatment works, or any part or parts thereof, the revenues or receipts from which are or may be applicable to the payment of the bonds so in default, and operate and maintain the same and collect and receive all rentals and other revenues thereafter arising therefrom in the same manner as the township, and shall deposit all such moneys in a separate account, and apply the same in such manner as the court shall direct. In any suit, action or proceeding by the trustee the fees, counsel fees and expenses of the trustee and of the receiver, if any, and all costs and disbursements allowed by the court shall be a first charge on any revenues and receipts derived from the sewer system or sewage treatment works, the revenues or receipts from which are or may be applicable to the payment of the bonds so in default. Said trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of the bondholders in the enforcement and protection of their rights.

* "of" in the original.

APPROVED—The 7th day of May, A. D. 1937.

GEORGE H. EARLE

No. 147

AN ACT

To amend article twenty-four of the act, approved the twenty-fourth day of June, one thousand nine hundred and thirty-one (Pamphlet Laws, one thousand two hundred six), entitled "An act concerning townships of the first class; amending, revising, consolidating, and changing the law relating thereto," providing for and regulating the issuance of non-debt revenue bonds to finance sewer improvements.

Section 1. Be it enacted, &c., That article twenty-four of the act, approved the twenty-fourth day of June, one thousand nine hundred and thirty-one (Pamphlet Laws, one thousand two hundred six), entitled "An act

Townships of the first class.

Article 24, act of June 24, 1931 (P. L. 1206), amended.