

**11-42-703 Payment from guaranty fund or reserve fund if insufficient funds available in the assessment fund -- Payment by warrant from guaranty fund or reserve fund -- Subrogation.**

- (1) If a bond is presented to the local entity for payment at a time when there is insufficient money in the assessment fund to pay the amount due, the local entity shall pay the amount due from the guaranty fund or, if applicable, reserve fund.
- (2) If there is insufficient money in the guaranty fund or, if applicable, the reserve fund to pay the amount due under Subsection (1), the local entity may pay by a warrant drawn against the guaranty fund or, if applicable, reserve fund.
- (3) If a local entity pays from its guaranty fund or reserve fund any principal or interest owing under a bond:
  - (a) the local entity is subrogated to the rights of the bond holders; and
  - (b) the proceeds from the bond shall become part of the guaranty fund or reserve fund, as the case may be.

Enacted by Chapter 329, 2007 General Session