

11-42-606 Assessment bonds are not a local entity's general obligation -- Liability and responsibility of a local entity that issues assessment bonds.

- (1) Assessment bonds are not a general obligation of the local entity that issues them.
- (2) A local entity that issues assessment bonds:
 - (a) may not be held liable for payment of the bonds except to the extent of:
 - (i) funds created and received from assessments against which the bonds are issued;
 - (ii) improvement revenues; and
 - (iii) the local entity's guaranty fund under Section 11-42-701 or, if applicable, reserve fund under Section 11-42-702; and
 - (b) is responsible for:
 - (i) the lawful levy of all assessments;
 - (ii) the collection and application of improvement revenues, as provided in this chapter;
 - (iii) the creation and maintenance of a guaranty fund or, if applicable, a reserve fund; and
 - (iv) the faithful accounting, collection, settlement, and payment of:
 - (A) assessments and improvement revenues; and
 - (B) money in a guaranty fund or, if applicable, a reserve fund.
- (3) If a local entity illegally assesses property that is exempt from assessment, the local entity:
 - (a) is liable to the holders of assessment bonds for the payment of the illegal assessment; and
 - (b) shall pay the amount for which it is liable under Subsection (3)(a) from the local entity's general fund or other legally available money.

Enacted by Chapter 329, 2007 General Session