

STATE OF OKLAHOMA

1st Session of the 43rd Legislature (1991)

HOUSE BILL NO. 1673

BY: McCORKELL

AS INTRODUCED

AN ACT RELATING TO STATE GOVERNMENT; AMENDING SECTION 73, CHAPTER 222, O.S.L. 1987, AS AMENDED BY SECTION 7, CHAPTER 342, O.S.L. 1990 (74 O.S. SUPP. 1990, SECTION 5063.3), WHICH RELATES TO CREDIT ENHANCEMENT RESERVE FUND ACT; MODIFYING CERTAIN LANGUAGE; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 73, Chapter 222, O.S.L. 1987, as amended by Section 7, Chapter 342, O.S.L. 1990 (74 O.S. Supp. 1990, Section 5063.3), is amended to read as follows:

Section 5063.3 A. There is hereby ~~created~~ established a fund to be known as the Credit Enhancement Reserve Fund. The Fund shall be managed, administered and utilized by the Oklahoma Development Finance Authority in accordance with the provisions of this act.

B. It is the intent of the Legislature that the Fund be self-supporting from insurance premiums charged to borrowers and that such charges be based on sound actuarial practices. The proceeds of obligations to which credit enhancement is granted shall be used, except for unusual circumstances with exceptionally strong public

benefits, for expansion capital to businesses and to make improvements or additions to real or personal property in the case of private or nonprofit use borrowers. Use of the Fund for business buyouts or refinancing shall be minimal. The Authority shall give reasonable priority to loans in rural areas. In implementing the provisions of the Credit Enhancement Reserve Fund Act, the Authority shall generally limit the granting of credit enhancement by the Fund to high to moderate credit quality revenue bonds or other obligations issued by the Authority, except as provided in Section 10 of this act. High to moderate credit quality means revenue bonds or other obligations of the Authority judged to be of low to moderate risk, meaning that an obligation to which credit enhancement is granted demonstrates a strong likelihood of repayment according to its terms. Credit quality shall be determined by the Program Development and Credit Review Committee. To the extent possible, the Fund shall be leveraged with private financial assistance for Fund-backed obligations for private or nonprofit borrowers.

SECTION 2. This act shall become effective September 1, 1991.

43-1-5733

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