**Section 886.600 Dedicated Source of Revenue, Security and Collateral**

a) Units of local government shall be required to secure the loan repayment obligation by pledging and dedicating a source of revenue to make loan repayments. Prior to loan approval, the Agency shall review the proposed dedicated and pledged revenue source to assure that it will generate revenues adequate to make the loan repayments and will provide a continuing source of revenue adequate to make loan repayments for the term of the loan. If the source of revenue is pledged in a subordinate position to a revenue bond ordinance, the covenants regarding coverage and reserve for the revenue source shall be identical to those in the revenue bond ordinance.

b) The necessary legislative enactments to dedicate and pledge the source of revenue must be in place before the Agency can make the first loan disbursement.

c) Units of local government shall establish an account, maintained by a bank or trust, that is restricted to use for loan repayment, in which to deposit the dedicated revenues prior to the time of first loan disbursement.

d) Units of local government shall, for the term of the loan, review and adjust the dedicated source of revenue as necessary to provide adequate funds for the repayment of the loan. The unit of local government shall timely notify, and submit to the Agency for approval, all proposed changes to the dedicated source of revenue.

e) The unit of local government shall submit to the Agency, upon request, a statement on the status of the restricted account after initiation of the loan repayment period that contains the status of the dedicated revenue account, including the projected revenues, actual revenues fund balance, debt service obligations and other requirements of the loan agreement. The Agency's approval will be based on, but not limited to, ensuring that the revised dedicated source of revenue is legally authorized, generates sufficient revenue and is otherwise in accordance with this Part.

f) In the event that the actual revenues fall short of the amount required to retire the loan, the Agency shall have the authority to require the unit of local government to re-examine the dedicated revenue source and restructure it as necessary.

g) Private parties shall be required to secure the loan repayment obligation by pledging and dedicating security or collateral sufficient in value to secure the full amount of the loan.