

SECTION BY SECTION ANALYSIS OF NEW YORK CITY
SEASONAL FINANCING ACT OF 1975

SECTION 1. Definitions. This section defines certain terms that are used in the bill. The term "Financing Agent" means any agency authorized by State law to act on behalf of the City with respect to its financial affairs.

SECTION 2. Loans. This section authorizes the Secretary of the Treasury to make loans to the City or a Financing Agent, subject to the provisions of the Act. Loans will mature no later than the last day of the City's fiscal year in which they were issued and will bear interest at a rate of one percent over the cost of the Treasury for comparable borrowings.

SECTION 3. Security for Loans. In connection with any loan, the Secretary may require the City, any Financing Agent and, where necessary, the State, to provide such security as he deems appropriate. The Secretary may take such action as may be necessary to realize upon any collateral to enforce any claim the United States may have against the City or any Financing Agent. Notwithstanding any other provision of law, the Secretary may withhold any payments owing under any law from the United States to the City, either directly or through New York State, and offset such withheld payments against any claim the United States may have under the Act.

SECTION 4. Limitations and Criteria. A loan may be made only if the Secretary determines that there is reasonable prospect of repayment. Loans will have such terms and conditions as may be established by the Secretary to insure repayment. The Secretary may agree to modify any such term or condition. At no time may the outstanding loans under the Act exceed in the aggregate \$2.3 billion. No loan will be provided under the Act unless the City and all Financing Agents have repaid in accordance with their terms all loans made under the Act which have matured and unless the City and all Financing Agents are in compliance with the terms of any such outstanding loans.

SECTION 5. Remedies. This section provides that the remedies prescribed in the Act are cumulative and not limitations of or substitutions for any other remedies available to the Secretary or to the United States.

SECTION 6. Funding. This section provides that the Secretary of the Treasury may use the proceeds from the sale of securities under the Second Liberty Bond Act to make any loans under section 2 or any payment of expenses. The Secretary is also authorized to sell any note or other evidence of any such loan to the Federal Financing Bank and such Bank is authorized to purchase the same.

SECTION 7. Inspection of Documents. This section authorizes the Secretary to inspect the books and records of the City and any Financing Agent in connection with loans under the Act.

SECTION 8. Termination of Authority. The authority of the Secretary of the Treasury to enter into any new loans under the Act will terminate on June 30, 1978. Such termination does not affect the carrying out of any transactions entered into pursuant to the Act prior to that date or the taking of any action to preserve or protect the interests of the United States thereunder.