

7380.0430 LOAN TERMS AND CONDITIONS.

Subpart 1. **In general.** Subject to the availability of funds, the authority shall provide loans or other financial assistance for eligible costs of projects listed in the fundable range on the intended use plan, which are not rejected for any of the reasons listed in part 7380.0425, subpart 4. The act, other applicable federal laws and regulations, Minnesota Statutes, Minnesota Rules, including parts 7380.0400 to 7380.0480, the capitalization grant, and the authority's basic bond resolution and series bond resolution, all as amended from time to time, govern the terms and conditions of the loan agreement issued by the authority. All borrowers shall issue a general obligation bond to the authority as debt security for the loan agreement. The borrower's authorizing resolution for issuance of debt to the authority shall acknowledge the primacy of the terms and conditions of the loan agreement.

Subp. 2. **Borrowers pledging general obligation bonds.** A borrower providing a general obligation bond to the authority must use a nationally recognized bond counsel, identified as such and included in the Bond Buyer's Municipal Marketplace Directory, to prepare the bonds and other related documentation and render an opinion to the authority. Items A to F apply to borrowers providing general obligation bonds to the authority.

A. The loan must be fully amortized over a period not to exceed 20 years. In no case may the term of the loan exceed the design life of the project being financed. If treatment works have been segmented or phased, the debt service payment requirements of this subpart apply to each phase or segment of the project.

B. The borrower shall designate and maintain, for the term of the loan, dedicated sources of revenue sufficient to fully amortize the loan and to fully provide for the operation and maintenance of the wastewater system.

C. The borrower shall establish and maintain a debt service account and an operation and maintenance account in amounts to achieve the purposes in items A and B.

D. The borrower shall maintain the technical, managerial, and financial capability to adequately operate and maintain the wastewater system for the full term of the loan.

E. The borrower shall begin making interest payments on the loan no later than one year after approval of the loan. The principal payments must begin no later than 18 months after the approval of the loan or one year after project completion as estimated in the application, whichever is earlier. Principal and interest payments must be made in the amounts and at the times stated by the authority in the loan agreement. Interest accrues immediately on funds disbursed to the borrower by the authority.

F. Throughout the life of the loan the borrower shall, upon request of the authority:

- (1) update pertinent information contained in their original application;

(2) attest that such information does not contain any untrue statement of material fact; and

(3) authorize the authority to use the information to meet its continuing disclosure obligations.

Subp. 3. [Repealed, 32 SR 321]

Subp. 4. [Repealed, 32 SR 321]

Subp. 5. [Repealed, 32 SR 321]

Statutory Authority: *MS s 446A.07; 446A.071; 446A.081; 446A.11*

History: *13 SR 2155; 18 SR 614; 32 SR 321*

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