

7380.0470 RELEASE OF FUNDS.

Subpart 1. **In general.** No disbursements shall be made to a borrower until and unless the authority has determined the total estimated cost of the project and ascertained that the financing of the project is assured. Subject to the availability of funds and appropriate documentation of incurred costs, disbursements to the borrower must be made after the following occurs:

- A. the loan closing has been completed; and
- B. the borrower has submitted a request for payment of incurred, eligible costs on forms provided by the authority.

Subp. 2. **Adverse change.** The authority shall not release funds to a borrower for an approved project if there has been a material negative change in the financial condition of the borrower, as reasonably determined by the authority since the day of the completion of the application including, but not limited to, a default on any general obligation bond.

The authority reserves the right to suspend or terminate financial assistance to a borrower if the authority determines that there has been an adverse change.

Subp. 3. **Withholding, disallowance, or termination of disbursements.**

A. The authority shall withhold or disallow either total or partial disbursements if:

- (1) the commissioner of the Pollution Control Agency requests disbursements be withheld or disallowed as provided in part 7077.0292;
- (2) the borrower fails to comply with the requirements of the act, Minnesota Statutes, section 446A.07, parts 7380.0400 to 7380.0480, the loan agreement, or the bonds or promissory note and security agreement issued by the borrower to the authority;
- (3) the borrower fails to submit documentation that eligible costs have been incurred; or
- (4) the borrower fails to submit required compliance reports including, but not limited to, annual audits.

B. If the authority withholds or disallows disbursements under item A, the executive director shall give a borrower written notice of the reasons and the time in which the borrower must demonstrate that the condition has or will be corrected. If the condition has not been corrected in the specified time period, withheld or disallowed disbursements may be terminated. Termination of disbursements means that the amount of the loan available to the borrower is reduced by the amount so terminated.

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

History: *13 SR 2155; 32 SR 321*

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