

**7380.0735 LOAN CONDITIONS.**

Subpart 1. **In general.** Conditions for loans provided by the authority to borrowers for certified projects are as provided by the act, Minnesota Statutes, section 446A.085, parts 7380.0705 to 7380.0775, any applicable bond resolution or series bond resolution of the authority, the loan agreement, and the general obligation bond or revenue bond issued by the borrower to the authority for the project financing.

Subp. 2. **Specific conditions.** The conditions in items A to E apply to borrowers receiving a loan from the fund.

A. Borrowers other than the department shall provide a general obligation bond or revenue bond to the authority for the full amount of the loan. Borrowers must use a nationally recognized bond counsel identified as such and included in The Bond Buyer's Municipal Marketplace Directory to prepare bond and other related documents and render an opinion to the authority.

B. The maximum term of the loan shall not exceed the useful life of the project.

C. The borrower shall designate and maintain a dedicated source or sources of revenue sufficient to fully amortize the loan.

D. The borrower shall designate and maintain a debt service account.

E. The borrower shall begin making interest payments no later than one year after the execution of the loan agreement and principal payments on the loan no later than three years after the execution of the loan agreement. Subsequent principal and interest payments must be made in the amounts and at the times given in the loan agreement.

Subp. 3. **Collateral.** For borrowers providing a revenue bond for a private activity loan as provided in part 7380.0745, subpart 3, the authority shall take a security interest in privately held capital assets or real property to collateralize the loan.

**Statutory Authority:** *MS s 446A.085*

**History:** *23 SR 1353*

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