

**7380.0745 INTEREST RATE DETERMINATIONS.**

Subpart 1. **Bond market index.** Except as provided in subpart 4, the interest rate charged to a borrower shall be as described in items A to C and shall be based on the bond market index on the day prior to the date of the loan agreement.

A. A borrower providing a general obligation bond to the authority shall be charged interest based on the yields for a Aaa rated issue.

B. The department shall be charged interest based on the yields for a Aaa rated issue.

C. A borrower providing a revenue bond to the authority shall be charged interest based on the yields for a Baa rated issue.

Subp. 2. **Discounts.** The discount given to a borrower shall be as described in items A and B.

A. The authority shall set annually by resolution the discount, if any, that shall be applied to the interest rate determined in subpart 1.

B. A borrower under 5,000 population shall receive an additional discount of 100 basis points.

Subp. 3. **Private activity loans.** If a loan meets the definition of private activity under section 141 of the Internal Revenue Code of 1986, as amended, the interest rate shall be determined by dividing the rate determined in subparts 1 and 2 by 0.75.

Subp. 4. **Loans funded through the sale of authority bonds.** The interest rates charged to a borrower whose project is funded through the sale of authority bonds shall be based on the yields on the authority's bonds, minus any discount set by resolution of the authority.

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

**History:** *23 SR 1353*

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