

7380.0765 RELEASE OF FUNDS.

Subpart 1. **In general.** Subject to the availability of funds, disbursements to the borrower shall be made as project costs are incurred in accordance with applicable state and federal law governing such disbursements. In addition, 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 ensured by:

A. a loan authorized by state law or appropriation of bonds or other money of the borrower to fund the construction of the project; and

B. an irrevocable undertaking, by resolution of the borrower, to use all the money made available for the project exclusively for the project and to pay any additional amount by which the cost of the project exceeds the estimate by the appropriation to the construction fund of additional money or proceeds of additional bonds to be issued by the borrower.

Subp. 2. **Adverse change.** The authority shall not release funds to a borrower for an approved project until the authority has determined that there has been no adverse change in the financial capacity of the borrower since the day of the completion of the application. The authority reserves the right to suspend or terminate funding 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 the borrower fails to comply with the requirements of the act, Minnesota Statutes, section 446A.085, parts 7380.0705 to 7380.0775, the loan agreement, or the general obligation bond or revenue bond issued by the borrower to the authority.

B. If the authority withholds 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 to the authority's satisfaction that the condition has or will be corrected. If the condition has not been corrected in the specified time period, withheld disbursements may be terminated. Termination of disbursements means that the amount of the loan available to the borrower is reduced by the amount terminated.

Statutory Authority: *MS s 446A.085*

History: *23 SR 1353*

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