116J.5764 LOAN TERMS AND CONDITIONS.

Subdivision 1. **Terms.** Loans to development authorities for demolition costs may be made by the commissioner subject to the following terms and conditions:

(1) the agreement to repay the loan may be a general obligation of the development authority, payable primarily from a dedicated source of revenue, or other security subject to review and approval by the commissioner, and the development authority must deliver its bond or note to the commissioner to secure the loan;

(2) the term of the loan may not exceed 15 years;

(3) the loan shall bear interest at a rate equal to two percent, but interest will not accrue during the first two years of the loan term;

(4) the development authority shall make semiannual interest payments and annual principal payments beginning in the third year of the loan until the end of the term;

(5) the principal amount of a loan may not exceed $1,000,000;

(6) loan proceeds shall be disbursed for eligible demolition costs as incurred or paid by the borrower and upon submission of invoices and other supporting documentation satisfactory to the commissioner; and

(7) an eligible borrower shall establish a dedicated source of revenue for repayment of the loan.

Subd. 2. **Modification of loan terms.** The commissioner has the discretion to consent to the modification of the rate of interest, time of payment, installment of principal or interest, or other term of a loan made under sections 116J.5761 to 116J.5764.

Subd. 3. **Forgiveness.** The commissioner may forgive principal of the loan and interest accrued but unpaid thereon, if any, up to 50 percent of the original loan amount, not to exceed the costs of demolition, upon completion of the redevelopment plan, if the project would otherwise have received grant funding in the most recent semiannual grant round, based on the priorities in section 116J.575.

History: *2012 c 288 s 8; 2013 c 64 s 1*