

1580.0300 AVAILABILITY OF ELIGIBLE FINANCIAL ASSISTANCE.

Subpart 1. **Purpose.** Loan guarantees or loans from bond proceeds are available from the board to further the development of the state's agricultural resources and to improve the market for its agricultural products.

Subp. 2. **Amount of loan guarantee or bond issue; criteria.** The total principal amount of any guaranteed loan or bond issue may not exceed 80 percent of the total eligible costs of the related project as estimated by the board at the time the commitment to guarantee a loan or issue bonds is made, or in the case of a refunding or refinancing loan, 80 percent of the aggregate amount of principal and interest refunded or refinanced.

In determining the percentage of a loan guarantee or the amount of a bond issue for the project, the board will consider the following factors:

- A. the amount of state financial assistance necessary to assure the feasibility of the project;
- B. the amount of state financial assistance necessary to assure the lender's financial participation in the project;
- C. the impact the project will have on the state and its agricultural resources; and
- D. the availability of funds for state financial assistance.

Subp. 3. **Eligible project costs.** Project costs eligible for a guaranteed loan or bond issue are defined in Minnesota Statutes, section 41A.02, subdivision 10, and include the following:

- A. land and building acquisition costs;
- B. site preparation;
- C. construction costs;
- D. engineering costs;
- E. equipment and machinery;
- F. bond issuance costs;
- G. underwriting or placement fees;
- H. permit and application fees, guarantee fees, insurance, letters of credit, and surety bonds;
- I. fees of the board for application and guarantee;
- J. certain contingency costs;
- K. interest costs during construction;
- L. legal fees;

M. costs of environmental review; or

N. any other expenses incurred by the borrower that are reasonably required for the construction and completion of the project.

Working capital is not considered a cost of construction and completion of the project and is not an eligible project cost for a guaranteed loan or bond issue.

Subp. 4. **Security for guaranteed loan or bond issue.** The guaranteed loan or bond issue must be secured by the best available collateral, which must include at a minimum, a mortgage on and security interest in all real and personal property comprising the project.

Subp. 5. **Increase in project costs.** If the actual cost of a project exceeds the cost estimate, the board may consent to an increase in the amount of the guaranteed loan or bond issue pursuant to Minnesota Statutes, sections 41A.03, subdivision 2, and 474.17 to 474.25, if it determines that the increased costs will not jeopardize the board's interest and are necessary for the successful completion or operation of the project. The increase in the principal amount of the guaranteed loan or bond issue must not exceed 80 percent of the increased costs. The board may guarantee up to 90 percent of the increase in the principal amount of the guaranteed loan and interest on that amount.

Statutory Authority: *MS s 41A.04*

History: *11 SR 713*

Published Electronically: *September 10, 2007*