

**7076.0215 LOAN CONDITIONS.**

Subpart 1. **Amount.** A loan may be made for up to 100 percent of the eligible cost of a project, or for all or part of the local share of a project grant. When awarding loans, the agency may award the project all or part of the loan request identified in the proposal.

Subp. 2. **Interest rate.** The interest rate of the project loan must be at or below the project loan set rate. The commissioner shall determine the project loan interest rate for each application cycle based on current market conditions, the project loan set rate, and the need to maintain the fiscal integrity of the state revolving fund.

Subp. 3. **Second-tier loans.** A loan sponsor awarded a loan by the agency may use the funds it receives to provide loans to second-tier borrowers. The loan sponsor must provide the information and assurances required in the loan contract as described in subpart 5.

Subp. 4. **Repayment.** Repayment of loan funds received must begin not more than one year after the end of the project period, and the loan must be fully amortized not later than 20 years after the end of the project period. Loan repayments must be remitted to the agency at least annually, according to a schedule set forth in the loan contract.

Subp. 5. **Loan contract.** To receive loan funds, the project sponsor and one or more loan sponsors must enter into a loan contract with the agency. A loan contract may be amended upon agreement of the agency, the project sponsor, and the loan sponsor and executed by all parties that signed the original contract, or their successors in office. Loan increase amendments are subject to the availability of funds. The project period for a loan shall be for up to three years, with a possible one-year extension upon approval by the commissioner. All loan contracts must:

- A. establish the terms and conditions of the loan;
- B. require the loan sponsor to undertake an irrevocable obligation and secure the project loan with its full faith and credit, and include an opinion from a bond counsel attorney stating that the loan sponsor has the authority to pledge its full faith and credit;
- C. establish default provisions;
- D. establish the roles and responsibilities of the project sponsor and any loan sponsors in regards to the coordination and management of the project;
- E. provide that any subcontracts entered into by the project sponsor or loan sponsors to complete the work specified in the loan contract must include the terms and conditions specified by the agency;
- F. require that the project sponsor submit periodic progress reports and a final report to the commissioner in a form and schedule prescribed by the commissioner;

G. establish the guidelines for and management of a second-tier loan program, if any;

H. provide that the agency is not responsible for cost overruns; and

I. incorporate terms and conditions required by federal or state statutes, rules, and regulations.

Subp. 6. **Records.** The project sponsor and any loan sponsors must maintain all records relating to the receipt and expenditure of loan funds for at least six years from the date of termination of the loan contract, according to the responsibilities identified in the loan contract. Records relating to the installation, operation, and maintenance of best management practices must be maintained for three years beyond the design or useful life of the practice.

Subp. 7. **Audit.** The project sponsor and any loan sponsors must obtain audits in accordance with the Single Audit Act of 1984, United States Code, title 31, sections 7501 to 7507, and federal Environmental Protection Agency regulations, including Code of Federal Regulations, title 40, section 31.26, as applicable. All books, records, documents, and accounting procedures and practices of the project sponsor and any loan sponsors relevant to this program may be examined at any reasonable time and location by the commissioner, the legislative auditor, the state auditor, or the Environmental Protection Agency.

Subp. 8. **Eligible costs.** No loan funds shall be provided to the loan sponsor for loan-eligible project activities started before the project period established in the loan contract, or continuing after the end of the project period established in the loan contract.

**Statutory Authority:** *MS s 103F.745*

**History:** *20 SR 1245; 37 SR 1334*

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