

**8830.6600 ELIGIBILITY REQUIREMENTS FOR PUBLIC AUTHORITY LOAN.**

Subpart 1. **Principal amount.** The original bona fide principal amount as to the amount insured of any revenue agreement, exclusive of interest and expense, must not exceed:

A. an amount that can be shown to be fully secured by the equity determined by the current appraised value of the collateral to be pledged by or on behalf of the borrower; or

B. an amount that can be reasonably documented and shown to be secured by the value found in the guarantee up to a maximum proportion of 40 percent of the original bona fide principal with the remaining proportion to be fully secured in the manner prescribed in item A.

Subp. 2. **Repayment of revenue agreement.** The repayment of the revenue agreement must be such that it will produce income and revenue sufficient to provide for the repayment, when due, of principal and interest on all bonds issued under the agreement.

Subp. 3. **Repayment terms.** The revenue agreement must provide for:

A. repayment terms, including a schedule of installment payments of principal and interest, that will extinguish the original bona fide principal of the bonds over a period not to exceed ten years from the date of origin;

B. language that provides that no revision of the revenue agreement may be made between the borrower and the lender unless the revisions are approved by the commissioner; and

C. language that would effectively render the revenue agreement nontransferable as to all or any part of its interest without the expressed approval of the commissioner.

Subp. 4. **Granting approval.** The commissioner shall grant the approvals called for by this part if the loan agreement remains substantially the same, the loan agreement is in accordance with parts 8830.6300 to 8830.6700, and the risks to the state by the change in the agreement are not increased and the interests of the state are fully protected.

**Statutory Authority:** *MS s 218.071; 219.073; 219.165; 219.17; 219.384; 222.50; 222.58; 222.63*

**History:** *23 SR 524*

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