



ADMINISTRATIVE RULES OF MONTANA



36.23.120 TERMS OF LOAN AND BONDS

- (1) The source of funding of the loans under this program initially will be 80% from the EPA and 20% from the proceeds of the state's bonds, but may be adjusted from time to time if required or permitted by the federal act, the act, and applicable program documents. The interest rate on the loan will be determined by the department at the time the loan is made. The rate on a loan must be such that the interest payments thereon and on other loans funded from the proceeds of the state's bonds will be sufficient, if paid timely and in full, with other available funds in the state revolving fund including investment income, from which the loan was funded to pay the principal of and interest on the state's bonds issued by the state.
- (2) The rate of interest on loans from the program will vary in accordance with the rate on the state's bonds from which the loan is made. The rate of interest on all loans financed from the proceeds of a specific issue of bonds will be the same. The net interest cost on any loan may not exceed the net interest cost to the state on the state bonds from which such loan was made.
- (3) Unless the department otherwise agrees, each loan shall be payable, including principal and interest thereon and the administrative expense surcharge and loan loss reserve surcharge, if any, over a term approved by the department, not to exceed 20 years after the completion date of a project, or such longer period as may then be permissible under the federal act or the act, provided that the department may allow a disadvantaged municipality to repay its loan over a term not to exceed 30 years, provided that the term of the loan does not exceed the expected design life of the project being financed. In no case shall the term of a loan exceed the useful life of the project being financed.
 - (a) Interest, administrative expense surcharge and loan loss reserve surcharge, if any, on, and amortization of principal of, each disbursement of each loan that is not a construction loan shall begin no later than 15 days prior to the next interest payment date (unless the loan is closed within 15 days of the next interest payment date, in which case interest, administrative expense surcharge and loan loss reserve surcharge, if any, on, and amortization of principal of, such a loan shall begin no later than 45 days prior to the next following interest payment date) .
 - (b) For construction loans, the department may permit principal amortization to be delayed until as late as one year after completion of the project, provided that interest, administrative expense surcharge and loan loss reserve surcharge, if any, on each disbursement of a construction loan shall begin no later than 15 days prior to the next interest payment date (unless the loan is closed within 15 days of the next interest payment date, in which case interest, administrative expense surcharge and loan loss reserve surcharge, if any on a construction loan shall begin no later than 45 days prior to the next

following interest payment date) unless the state has provided for payment of interest on its bonds by capitalizing interest.

- (c) In any event, the payment of interest must commence no later than the payment of principal.
- (4) The department may also permit the borrower of a construction loan not to pay administrative expense surcharge and loan loss reserve surcharge, if any, on such construction loan until up to five months after the completion of construction of the project, but such administrative expense surcharge and loan loss reserve surcharge, if any, shall nonetheless accrue and shall be payable not later than the fifth month following completion of construction. Notwithstanding the previous sentence, the borrower shall pay all interest, administrative expense surcharge and loan loss reserve surcharge, if any, accrued on any construction loan disbursement no later than the twenty-fourth month after such disbursement is made and must thereafter make regular payments of interest, administrative expense surcharge and loan loss reserve surcharge, if any, on such disbursement.

Authorizing statute(s): 75-6-205, MCA

Implementing statute(s): 75-6-224, MCA

History: NEW, 1998 MAR p. 1412, Eff. 5/29/98; AMD, 2004 MAR p. 2288, Eff. 9/24/04.