

§5953-A. Loans from revolving loan fund

1. Loan application. A municipality may apply for a loan from the revolving loan fund, the proceeds of which must be used for the following:

- A. To acquire, design, plan, construct, enlarge, repair or improve a publicly owned sewage or water system or sewage or water treatment plant or to implement a related management program; [PL 1995, c. 564, §1 (NEW).]
- B. To remediate municipal landfills that affect groundwater; or [PL 1995, c. 564, §1 (NEW).]
- C. For any actions authorized under the federal Clean Water Act, 33 United States Code, Sections 1251 to 1387. [PL 1995, c. 564, §1 (NEW).]

The bank may prescribe any application form or procedure required of a municipality for a loan under this section. The application must include any information that the bank determines necessary for the purpose of implementing this section and section 6006-A. [PL 1995, c. 564, §1 (RPR).]

2. Loan; loan agreements. Loans are subject to this subsection.

A. The bank may make loans from the revolving loan fund to a municipality for one or more of the purposes set forth in subsection 1. Each of the loans is subject to the following conditions.

- (1) The total amount of loans outstanding at any one time from the revolving loan fund may not exceed the balance of the fund, provided that the proceeds of bonds or notes of the bank deposited in the fund and binding financial commitments of the United States to deposit money in the fund are included in determining the fund balance.
- (2) The loan must be evidenced by a municipal bond or such other agreement or instrument as the bank determines necessary or advisable.
- (3) The rate of interest charged for the loans must be at or below market interest rates.
- (4) Subject to the limitations of subparagraph (3), the rate of interest charged for the loans made to municipalities under this section or the manner of determining the rate of interest must be established from time to time by direction of the bank, taking into consideration the current average rate on outstanding marketable obligations, as well as the policies of the Department of Environmental Protection. [PL 1991, c. 605, §6 (AMD).]

B. Loans made to a municipality by the bank under this section shall be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the bank and the municipality. The loan agreement shall specify the terms and conditions of disbursement of loan proceeds. The loan agreement shall state the term and interest rate of the loan, the scheduling of loan repayments and any other terms and conditions determined necessary or desirable by the bank. [PL 1989, c. 48, §§19, 31 (NEW).]

[PL 1991, c. 605, §6 (AMD).]

3. Eligibility certification. No loan to a municipality may be made under this section until:

A. The applicant certifies to the bank that it has secured all permits, licenses and approvals necessary to construct the improvements to be financed by the loan; [PL 1989, c. 48, §§19, 31 (NEW).]

B. The applicant demonstrates to the bank that it has established a rate, charge or assessment schedule which will generate annually sufficient revenue to pay, or has otherwise provided sufficient assurances that it will pay, the principal of and interest on the municipal bond or other debt instrument which evidences the loan made by the bank to the municipality under this section

and to pay reasonably anticipated costs of operating and maintaining the financed project and the system of which it is a part; [PL 1989, c. 48, §§19, 31 (NEW).]

C. The applicant certifies to the bank that it has created a dedicated source of revenue, which may constitute general revenues of the applicant through a general obligation pledge of the applicant, for repayment of the loan; [PL 1989, c. 48, §§19, 31 (NEW).]

D. The applicant and the project to be financed by the proceeds of the loan have been designated by the Department of Environmental Protection as eligible to participate in a construction or implementation program funded wholly or in part by the State and from the proceeds of the revolving loan fund; [PL 1989, c. 48, §§19, 31 (NEW).]

E. The Department of Environmental Protection certifies to the bank that any management program to be financed complies with all applicable state and federal laws and all rules and regulations adopted under those laws; and [PL 1989, c. 48, §§19, 31 (NEW).]

F. The Department of Environmental Protection certifies to the bank that the loan eligibility priority, established under section 6006-A, subsection 3, entitles the applicant to immediate financing or assistance under this section. [PL 1989, c. 48, §§19, 31 (NEW).]

[PL 1989, c. 48, §§19, 31 (NEW).]

SECTION HISTORY

PL 1989, c. 48, §§19,31 (NEW). PL 1991, c. 605, §§5,6 (AMD). PL 1995, c. 564, §1 (AMD).

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