

**781—4.5(12) Qualifications on the loan.**

**4.5(1)** The interest rate on the loan shall not exceed the rate of interest on the certificate of deposit by more than 4 percent. Points shall not supplement the loan rate, and a compensating balance shall not be required.

**4.5(2)** All other terms and conditions on the loan must be negotiated by the lender and the borrower. The lender is required by law to use usual and customary lending standards to determine the creditworthiness of the loan.

**4.5(3)** Neither the treasurer nor the state is liable for any payment of principal or interest on the loan or any late payments. The certificate of deposit is not collateral and shall not constitute security in any manner for the repayment of principal or any interest or charges thereon.

**4.5(4)** The amount and term of the loan may exceed the amount and term of the certificate of deposit. It is permitted for the interest rate on the loan to be variable based on adjustments in the rate of the certificate of deposit.

**4.5(5)** Loans are subject to the restrictions set forth in rule 781—4.6(12).

**4.5(6)** Loan proceeds shall not be used to refinance existing debt, including credit card debt. However, proceeds may be used to refinance a short-term bridge loan made in anticipation of the treasurer's approval of an eligible LIFT participant.

**4.5(7)** The lender shall acquire sufficient information to verify that the applicant meets the requirements before the borrower or business may become eligible to participate in a LIFT program. The lender and borrower applying for a loan under this program shall verify on the LIFT Lender/Borrower Application (Form 655-0142) that the borrower, owner, and business qualify.

**4.5(8)** The lender must complete the LIFT Renewal Application (Form 655-0143) at the time of renewal and submit it to the treasurer to ensure that the borrower and business continue to be eligible to participate in the LIFT program.