

265—26.5(16) Planning and design loans.

26.5(1) *Timing of loan.* Prior to a recipient's execution of a loan agreement for an infrastructure construction loan described in rule 265—26.4(16), funds may be loaned to the recipient to pay for initial eligible costs, including the cost of facility planning and design engineering.

26.5(2) *Duration.* Planning and design loans must be repaid within three years from the date a loan agreement is executed unless the director or director's designee provides written consent to a longer term.

26.5(3) *Interest rate.* The interest rate will be specified in the IUP as required by 40 CFR 35.3150 and 40 CFR 35.3555.

26.5(4) *Rollover to construction loan.* All funds borrowed by the recipient as a planning and design loan may be financed as a part of a construction loan agreement upon expiration of the term of the planning and design loan.

26.5(5) *Repayment.* If the recipient does not execute a state revolving fund construction loan, the planning and design loan shall be paid in full at the end of the three-year term unless the loan term is extended by written consent of the director. The authority may negotiate a payment plan with the recipient in lieu of immediate payment in full.

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