



area population to use the services of the trustee, to—

1. Make joint assistance payments to the recipients and their contractors;

2. Ensure that payments are only released to those recipients whose contractors have a project contract approved by the department;

3. Ensure that none of the recipient's contractors receive more in assistance payments than approved by the department; and

4. Maintain financial records of credits and debits for the construction project.

(B) If a SRF or state direct loan is matched with a grant awarded under 10 CSR 20-4.023, the maximum loan amount will be calculated as follows: grant amount divided by four-tenths (.4) less the grant amount plus approved costs of issuance and capitalized interest, as appropriate.

(8) Purchase of Obligations. The department shall purchase revenue bonds, general obligation bonds or other acceptable debt obligations from the recipient no later than six (6) months following initiation of operation of the facilities constructed by the project or by the closing deadline contained in the construction loan agreement, whichever is earlier. In addition to the requirements of this rule, the department may require the recipient to include those assurances and clauses in the loan agreements and bond resolutions as deemed necessary to protect the interest of the state.

(9) Amortization Schedules. The department shall use the guidelines contained in the following subsections (9)(A)–(E) to establish amortization schedules for obligations purchased under this rule:

(A) The bonds, notes or other debt obligations shall be fully amortized in no more than twenty (20) years after initiation of operation;

(B) The payment frequency on any debt obligations shall be no less than annual with the first payment no later than one (1) year after the initiation of operation;

(C) The amortization schedule may either be straightline or declining schedules for the term of the debt obligation;

(D) Repayment of principal shall begin not later than one (1) year after initiation of operation; and

(E) If at any time during the loan period the facility(ies) financed under this rule is sold, either outright or on contract for deed, to other than a political subdivision of the state, the loan becomes due and payable upon transfer.

(10) Loan Fees. The department may charge annual loan fees not to exceed one-half percent (.5%) of the outstanding loan balance of each loan. Those fees are intended to reimburse the department for the cost of loan origination, loan servicing and administration of the program.

(11) Additional Administrative Fees Allowed. Additional administrative fees may be assessed by the department at the time the administration fee is calculated for failure by a recipient to submit approved documents to the department (for example, operation and maintenance manuals, plan of operation, enacted user charge and sewer-use ordinances and executed contract documents) in accordance with the time frames provided under the program agreement entered into by the recipient. The additional fee will be an additional one-tenth percent (.1%) per month that the document remains delinquent. The additional fee will be collected only during the year in which the document is not submitted.

(12) Variations of Structure Permitted. This rule sets out the general format for the direct loan programs. The commission and the department shall have the authority to make specific refinements, variations or additional requirements as may be necessary or desirable in connection with the efficient operation of the direct loan program.

AUTHORITY: sections 644.026 and 644.122, RSMo Supp. 1998. Original rule filed Sept. 13, 1988, effective Feb. 14, 1989. Amended: Filed April 2, 1990, effective Sept. 28, 1990. Emergency amendment filed July 17, 1990, effective July 30, 1990, expired Nov. 26, 1990. Amended: Filed March 4, 1993, effective Sept. 9, 1993. Amended: Filed April 14, 1994, effective Nov. 30, 1994. Amended: Filed March 1, 1996, effective Nov. 30, 1996. Amended: Filed June 24, 1999, effective March 30, 2000.*

**Original authority; 644.026, RSMo 1972, amended 1973, 1987, 1993, 1995 and 644.122, RSMo 1987, amended 1991, 1993, 1998.*

10 CSR 20-4.042 Leveraged Loan Program

PURPOSE: This rule sets forth the requirements for implementation of a leveraged loan program to be financed through a combination of the Water and Wastewater Loan Fund or the Wastewater Revolving Loan Fund administered by the commission and funds made available from the proceeds of revenue bonds issued by the Environmental Improvement and Energy Resources Authority or the

recipient. The leveraged loan program is designed to provide low interest loans to recipients to finance the planning, design and construction of wastewater treatment facilities.

(1) General. The leveraged loan program is designed to maximize the funding available to make loans to recipients for the planning, design and construction of eligible projects. The Environmental Improvement and Energy Resources Authority (EIERA) will participate in the leveraged loan program by issuing its bonds or notes in accordance with its governing statute. The determination as to whether a recipient shall receive a leveraged loan under this rule shall be made in accordance with 10 CSR 20-4.040(3) and shall be subject to the approval of the EIERA.

(2) State Revolving Fund (SRF) Regulation. The provisions and requirements of the SRF regulation, 10 CSR 20-4.040, apply to loans awarded under this regulation.

(3) General Program Description. Under the leveraged loan program, the recipient must obtain construction funds and any needed financing from EIERA. The recipient will receive a loan from the Water and Wastewater Loan Fund (WWLF) or the Water and Wastewater Revolving Loan Fund (WWRLF) in accordance with section (5) of this rule. The recipient will be required to place the proceeds of the WWLF or WWRLF loan in a debt service reserve fund to secure the construction loan. The interest earnings on the debt service reserve fund will provide a subsidy by paying a portion of the interest costs of the EIERA bonds or notes used to provide the construction loan. The principal amount of the WWLF or WWRLF loan, will be repaid to the WWLF or WWRLF.

(4) Additional Application Requirements. In addition to the application requirements contained in 10 CSR 20-4.040(9), applicants for leveraged loans must provide a description of the proposed method of obtaining any necessary financing for costs not to be financed by the SRF including information regarding the applicant's progress toward obtaining the funds and assistance.

(5) WWLF or WWRLF Loans. As each leveraged loan is made, loans from the WWLF or WWRLF will be made to the loan recipient in accordance with section (9) of this rule. The loan from the WWLF or WWRLF will be used to fund a debt service reserve. Payments into the debt service reserve will be made as provided in section



(9) of this rule. The WWLF or WWRLF loans shall bear an interest rate of zero percent (0%). Recipients will be charged a fee on the WWLF or WWRLF loan in accordance with 10 CSR 20-4.040. Interest earnings on the debt service reserve fund will pay a portion of the interest costs of the EIERA bonds or notes used to provide the construction loan. The WWLF or WWRLF loans shall be sized to provide an estimated subsidy adequate to reduce the net interest cost of the EIERA loan to the target interest rate (TIR). Repayments of the WWLF or WWRLF loan shall be made in accordance with section (11) of this rule.

(6) Construction Loan Fund. Net proceeds from the sale of any project bonds or notes issued by the EIERA for eligible project costs shall be used to fund construction of the project. These proceeds shall be deposited with a construction loan trustee and disbursed as construction progresses pursuant to section (8) of this rule.

(7) Loan Agreements. In addition to the requirements of this rule, the department and the EIERA may require the recipient to include those assurances and certifications in the loan agreements and bond resolutions as deemed necessary to protect the interest of the state and the EIERA and to comply with federal requirements.

(8) Disbursements from Loan Proceeds. The recipient shall request payments from the construction loan fund, which shall include the information listed in subsections (8)(A)–(D) and other information deemed necessary and approved by the EIERA to ensure proper project management and expenditure of public funds:

(A) Completed reimbursement request form;

(B) Construction pay estimates signed by the construction contractor, the recipient and the resident inspector if applicable;

(C) Invoices for other eligible services, equipment and supplies for the project; and

(D) Any other documentation required under the provisions of the trust indenture.

(9) WWLF or WWRLF Payments. The loan from the WWLF or WWRLF will be paid in one (1) or more installments by deposit to the debt service reserve fund on behalf of the recipient. Interest earnings on the debt service reserve fund will pay a portion of the interest costs of the EIERA bonds or notes used to provide the construction loan.

(10) Amortization Schedules. The EIERA shall establish amortization schedules for long-term loans awarded under this rule.

(A) Repayment of principal shall begin not later than one (1) year after initiation of operation.

(B) The loans shall be fully repaid in no more than twenty (20) years after initiation of operation.

(11) Loan Repayment.

(A) Repayment of principal and penalties to the WWLF or WWRLF will be made by the release of money from the debt service reserve fund. If funds for these payments are not available in the debt service reserve, then the payment shall be made from other funds of the recipient.

(B) Repayment of principal and interest on the EIERA bonds or notes will be paid from revenues of the user charge system or from another dedicated source of revenue as may be designated in the applicable bond resolutions or loan agreements.

(12) Additional Administrative Fees Allowed. Additional administrative fees may be assessed by the department at the time the administration fee is calculated for failure by a recipient to submit approved documents to the department (for example, operation and maintenance manuals, plan of operation, enacted user charge and sewer-use ordinances, executed contract documents) in accordance with the time frames provided under the program participation agreement entered into by the recipient. The additional fee will be an additional one-tenth percent (.1%) per month that the document remains delinquent. The additional fee will be collected only during the year in which the document is not submitted.

(13) Variations of Structure Permitted. This rule sets out the general format for the leveraged loan program. The commission, the department and the EIERA shall have the authority to make specific refinements, variations or additional requirements as may be necessary or desirable in connection with the efficient operation of the leveraged loan program.

AUTHORITY: section 644.026, RSMo Supp. 1993. Original rule filed Sept. 13, 1988, effective Feb. 14, 1989. Amended: Filed April 2, 1990, effective Sept. 28, 1990. Emergency amendment filed July 17, 1990, effective July 30, 1990, expired Nov. 26, 1990. Amended: Filed March 4, 1993, effective Sept. 9, 1993. Amended: Filed April 14, 1994, effective Nov. 30, 1994.*

**Original authority: 644.026, RSMo 1972, amended 1973, 1987, 1993.*

10 CSR 20-4.043 Hardship Grant Program

PURPOSE: This rule sets forth the eligibility, requirements and process of application for a hardship grant and direct loan program available to economically disadvantaged communities for the planning, design and construction of wastewater treatment facilities. This program is to be administered in conjunction with the existing Wastewater State Revolving Fund Program or State Direct Loan Program.

PUBLISHER'S NOTE: The publication of the full text of the material that the adopting agency has incorporated by reference in this rule would be unduly cumbersome or expensive. Therefore, the full text of the material will be made available to any interested person at both the Office of the Secretary of State and the office of the adopting agency, pursuant to section 536.031.4, RSMo. Such material will be provided at the cost established by state law.

(1) Grant amount will be based on the following affordability criteria: The user charge for the five thousand (5,000) gallons per month average user including total debt service, operation, maintenance and replacement, will not exceed two percent (2%) of the applicant's median household income as published in the most recent decennial census.

(2) Grants may be matched with state revolving fund direct loans or state direct loans as described in 10 CSR 20-4.041 Direct Loan Program, in the amount necessary to finance the total eligible costs of the project. Hardship grants may be matched with funds from other funding agencies. The hardship grant amount shall not exceed the amount necessary to reduce user rates including debt (revenue and general obligation bonds or other debt instrument directly supporting the project) and operation, maintenance and replacement costs in line with the affordability criteria in section (1) of this rule.

(3) Eligible applicants are incorporated rural communities, water and sewer districts which, in November of the fiscal year the application is made for assistance, meet the following criteria:

(A) Have more than a single household but no more than three thousand (3,000) inhabitants and are not within the corporate boundaries of a larger city;