



CHAPTER 159G
ARTICLE 2 - WATER INFRASTRUCTURE LOANS AND GRANTS ADMINISTERED BY DEPARTMENT

N.C.G.S. § 159G-40.

Terms of loan and execution of loan documents.

SOURCE	LAST AMENDMENT IN THIS TEXT	RETRIEVED	SOURCE FINGERPRINT
General Statutes of North Carolina, as published by the General Assembly	No amendment history on record	21 September 2026, 04:11 UTC	926ddd8aab4dbada1988ec5c - 13bf402ad44da7722b06a0dd - 1b9743675a9f4ff3

§ 159G-40(a) Approval by Local Government Commission. - The Department may not award a loan under this Article unless the Local Government Commission approves the award of the loan and the terms of the loan. The terms of a loan awarded from the CWSRF and the DWSRF must be consistent with federal law. In reviewing a proposed loan to a local government unit, the Local Government Commission must consider the loan as if it were a bond proposal and review the proposed loan in accordance with the factors set out in G.S. 159-52 for review of a proposed bond issue. The Local Government Commission must review a proposed loan to a nonprofit water corporation and to an investor-owned drinking water corporation in accordance with the factors set out in G.S. 159-153.

§ 159G-40(b) Interest Rate and Maturity. - The interest rate payable on and the maximum maturity of a loan are subject to the following limitations:

(1) Interest rate. - The interest rate for a loan may not exceed the lesser of four percent (4%) or one half the prevailing national market rate for tax-exempt general obligation debt of similar maturities derived from a published indicator. When recommended by the Department, the Local Government Commission may set an interest rate for a loan for a targeted interest rate project at a rate that is lower than the standard rate to achieve the purpose of the target.

- (2) Maturity. - The maximum maturity for a loan for a project that is not a targeted interest rate project is 20 years or the project's expected life, whichever is shorter. The maximum maturity for a loan for a targeted interest rate project is 30 years or the project's expected life, whichever is shorter.

§ 159G-40(c) Security for Loan. - A local government unit may pledge any of the following, alone or in combination, as security for an obligation to repay the principal of and interest on a loan awarded under this Article:

- (1) User fee revenues derived from operation of the wastewater system or public water system that benefits from the project for which the loan is awarded.
- (2) A mortgage, deed of trust, security interest, or similar lien on part or all of the real and personal property comprising the wastewater system or public water system that benefits from the project for which the loan is awarded.
- (3) Its full faith and credit if it meets the requirements of Article 4 of Chapter 159 of the General Statutes.
- (4) Nontax revenue not included in subdivision (1) of this subsection.

§ 159G-40(d) Debt Instrument. - A local government unit, a nonprofit water corporation, and an investor-owned drinking water corporation may execute a debt instrument payable to the State to evidence an obligation to repay the principal of and interest on a loan awarded under this Article. The Treasurer, with the assistance of the Local Government Commission, must develop debt instruments for use by local government units, nonprofit water corporations, and investor-owned drinking water corporations under this section. The Local Government Commission must develop procedures for loan recipients to deliver debt instruments to the State without public bidding.- (2005-454, s. 3; 2011-145, s. 13.11A(c); 2015-207, s. 4(a); 2016-94, ss. 14.23(a), (b).)

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS II
2 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 159-52	(a)	"with the factors set out in"

G.S. 159-153

(a)

"with the factors set out in"

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 159G-40 (2026).

PINPOINT

N.C. Gen. Stat. § 159G-40(a) (2026).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

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