

Types of Notes used in the State House Notes Program

Bond Anticipation Note (BAN) - Short-term debt instrument issued in anticipation of contracting long-term debt. Typically issued for a term of one year but can be issued for a term of up to two years. Prior to issuing a BAN a municipality must authorize the debt with a two-thirds vote.

Federal Aid Anticipation Note (FAAN) - Short-term debt instrument issued in anticipation of being reimbursed by federal grant receipts. A municipality may issue notes in anticipation of federal aid for a maximum of two years.

Refunding Note Issue - The city council of a city, the board of selectmen of a town, the district committee of a regional school district, the commissioners of a district, and the commissioners of a county may authorize and provide for the issuance of refunding notes for the purpose of refunding an RBAN issue. The note issue having been renewed as short-term debt for the maximum term allowed by law as such, can be issued as a refunding note provided that principal pay downs comply with the terms of indebtedness prescribed by Massachusetts General Laws.

Revenue Anticipation Note (RAN) - Cities, towns, counties, and districts may issue short-term notes in anticipation of revenue. The total amount of each borrowing cannot exceed the amount reasonably required and must be substantiated by a cash flow projection. Revenue Anticipation Notes must be payable, and paid, not later than one year from their date of issue and cannot be renewed or paid by the issuance of new notes beyond that period.

Serial Note Issue - A long-term multiple note issue consisting of a series of notes. All of the notes have the same date of issue with each note maturing in a consecutive year. Each note is issued with interest payable on an annual or semi-annual basis. Serial Note issues are usually, but not always, limited to terms of five years and principal amounts not exceeding \$1,000,000.

State Aid Anticipation Note (SAAN) - A short-term loan issued in anticipation of being reimbursed by state grant receipts.