

**TABLE OF CONTENTS**

**Child Care Facilities Loan Program**

|  |          |
|--|----------|
| Definitions . . . . .                      | 32-9hh-1 |
| Eligibility . . . . .                      | 32-9hh-2 |
| Loan application and agreement . . . . .   | 32-9hh-3 |
| Loans. . . . .                             | 32-9hh-4 |
| Note . . . . .                             | 32-9hh-5 |
| Disbursement and use of proceeds . . . . . | 32-9hh-6 |



## Child Care Facilities Loan Program

### Sec. 32-9hh-1. Definitions

“Commissioner” shall mean the Commissioner of the Department of Economic Development or his Deputy.

“Department” shall mean the Department of Economic Development.

“Authority” shall mean the Connecticut Development Authority.

“Nonprofit corporation” shall include all nonprofit corporations as the term is defined in Chapter 600 of the General Statutes, including corporations organized exclusively for religious, charitable, or educational purposes.

“Borrower” shall mean a nonprofit corporation which intends to establish a child care facility to serve primarily children of the employees of the nonprofit corporation.

“Operator” shall mean an individual or group which is licensed by the State to operate the child care facility and which will do so on a nonprofit basis.

“Child care facility” shall mean a facility which will be licensed by the State and which will offer or provide a program of care to more than twelve related or unrelated children outside their own homes on a regular basis for a part of the twenty four hours in one or more days in the week.

“Renovation” shall include, but not be limited to, the purchase for the facility of partitions within the classroom, built-in tables and benches, shelving for toys and games, shelving for outdoor clothing, sinks and toilet facilities, and stationary indoor or stationary outdoor playground equipment, carpeting and major kitchen appliances.

(Effective January 24, 1985)

### Sec. 32-9hh-2. Eligibility

To be eligible for a loan:

- (a) the borrower must be a nonprofit corporation;
- (b) the loan funds can only be used for the purpose of planning, site preparation, construction, renovation or acquisition of facilities for use as a child care facility;
- (c) the borrower must present evidence to the satisfaction of the Authority that there is an unmet need for child care of this type in the vicinity of the planned facility, and that the planned facility will comply with all state and local health and safety laws and regulations and, in particular, all such laws and regulations applicable to child care facilities;
- (d) the borrower must not be a municipality, state agency, instrumentality or nonprofit corporation which is eligible for or has received a grant for the development of child care facilities under Section 14 through 16 of Public Act 84-443 or under C.G.S. Section 8-210.

(e) the borrower must demonstrate to the satisfaction of the Authority that it has sufficient revenues to pay the principal and interest on the loan and to maintain the operation of the child care facility.

(Effective January 24, 1985)

### Sec. 32-9hh-3. Loan application and agreement

(a) Application for a loan shall be submitted on loan application forms prescribed by the Authority. No application shall be considered unless the exhibits required by such forms are furnished. The Borrower shall pay for all costs of processing applications for loans or lines of credit to be made under this program, as the Commissioner determines are reasonable and necessary to pay such costs.

(b) Upon approval of an application by the Authority or, if the Authority so determines, by a Committee of the Authority consisting of the Chairman and either one other member of the Authority or its Executive Director, as specified in the determination, the Department and the borrower shall enter into a loan agreement which shall set forth the terms and conditions required by these regulations and other terms and conditions applicable to the particular loan, which may be set by the Authority or said Committee of the Authority.

(c) The loan agreement shall be executed on forms provided by the Authority, and all costs of closing shall be paid by the borrower.

(d) Each loan agreement shall be effective only upon execution by the Commissioner and the borrower.

(e) Such loan agreement shall provide, without limitation, that the borrower agrees:

(1) That the funds provided will not be used solely to finance the planning of the facilities and the funds must be used directly to develop the facility;

(2) To provide the Authority with such financial and other reports as the Commissioner, in his discretion, may require from time to time;

(3) To notify the Authority promptly of any material adverse change in the financial condition or business prospects of the borrower;

(4) To represent and warrant that it has the power and authority to enter into the loan agreement and to incur the obligations therein provided for, and that all documents and agreements executed and delivered in connection with the loan will be valid and binding upon the borrower in accordance with their respective terms;

(5) To provide such security for the loan as the Authority or the Committee of the Authority may require pursuant to section 4 (a) of these regulations and to execute and deliver all documents in connection therewith.

(f) If, upon examination of the application, supporting information and results of any investigation, the Authority or the Committee of the Authority rejects such application, then the loan may not be granted and the Authority shall cause the applicant to be notified that the application has been denied.

(Effective January 24, 1985)

#### **Sec. 32-9hh-4. Loans**

(a) The loan may be secured or unsecured as the Authority or the Committee of the Authority determines to be appropriate in the particular circumstances. If the loan is to be secured, the Authority or said Committee of the Authority may require the borrower to provide the Department as security any or all of the following: real property, accounts, chattel paper, documents, instruments, general intangibles, goods, equipment, inventory or other personal property, and may further require the borrower to have executed and delivered to the Department security agreements, financing statements, mortgages, pledges, assignments, subordinations, guarantees or other documents or evidences of security as and in the form required by the Authority or said Committee of the Authority.

(b) The term of a loan shall not exceed five years from the date of the first disbursement. However, at the discretion of the Authority, payments may be deferred until one year from the date the facility is licensed.

(c) No loan shall exceed \$50,000.00 and if the loan is to be secured, the amount of the loan shall not exceed the value of the security provided pursuant to Section 4 (a) of these regulations.

(d) The loan shall be repaid on an amortized schedule of payments or upon such other method of payment of principal and interest as the Authority or the Committee

of the Authority considers necessary and appropriate in the particular circumstances, but in no event shall the payments be scheduled to exceed five years from the relevant date of disbursement referred to in section 4 (b) of these regulations.

(e) Disbursement of the loan shall be made at the discretion of the Commissioner in accordance with the provisions of the loan agreement and the instructions of the Authority.

(Effective January 24, 1985)

### **Sec. 32-9hh-5. Note**

(a) Each loan shall be evidenced by a promissory note which shall contain a provision permitting the borrower to prepay the loan in whole or in part upon any interest payment date.

(b) The promissory note shall provide for the payment of interest at a rate not to exceed 1% above the interest paid by the State of Connecticut on the latest general obligation bonds issued prior to the date of approval of the loan.

(c) The promissory note may provide for the collection of a late charge, not to exceed two percent of any instalment more than fifteen days in arrears. Late charges shall be separately charged to and collected from the borrower.

(d) Any misrepresentation, breach of warranty or other breach of any agreement or covenant contained in the loan agreement, the promissory note, or other documents signed by the borrower in connection with such loan shall be considered a default under such promissory note.

(e) The promissory note shall contain a provision that the failure of the borrower to make a payment of any instalment of principal or interest due under the promissory note within thirty days from the due date shall constitute a default.

(f) The promissory note shall contain a provision that the failure of the facilities to comply with all state and local health and safety regulations, and in particular, those applicable to child care facilities, shall constitute a default.

(g) The promissory note shall provide that upon default, any and all sums owing by the borrower under the promissory note shall, at the sole discretion of the Commissioner, become immediately due and payable.

(h) The promissory note shall provide that upon default interest on the promissory note shall automatically increase two percent per annum above the rate of the said note and shall apply not only after default, but after any judgment rendered upon said promissory note.

(i) The promissory note shall provide for payment of reasonable attorneys' fees and legal costs in the event the borrower shall default in the payment of the note.

(j) The promissory note shall contain such other clauses and covenants as the Authority, in its discretion, may require.

(Effective January 24, 1985)

### **Sec. 32-9hh-6. Disbursement and use of proceeds**

Disbursement of the loan proceeds shall be made at the discretion of the Commissioner, either before or after construction of the facility is complete, in accordance with the provisions of the commitment and the instructions of the Authority.

(Effective January 24, 1985)