

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Child Care Loan Guarantee Program HFA 102

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NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
Child Care Loan Guarantee Program
HFA 102

HFA 102 PART ONE: Overview, Purpose, and Applicability

HFA 102.01 Overview and Purpose

- (a) The Child Care Provider Guarantee Loan Program is intended to assist child care providers to develop or expand licensed, quality child care centers or programs under the provisions of RSA 170-E
- (b) The loan guarantee program provides a guarantee to Participating Lenders providing conventional loans to child care providers who seek to develop or expand a child care facility.
- (c) The program facilitates the development of licensed child care facilities by encouraging banks to provide the necessary loan capital by reducing the risk to Participating Lenders.

HFA 102.02 Applicability

- (a) These rules only apply to the Child Care Loan Guarantee Program.
- (b) The provisions of HFA 101 are incorporated into these HFA 102 rules. Whenever there is a conflict between these rules and the rules for a specific Authority program, the stricter requirement, as determined by the Authority, shall apply.

HFA 102.03 Rulemaking

- (a) These Child Care Loan Guarantee Program Rules are generally adopted pursuant to RSA 204-C:9 which empowers the Authority to adopt rules relative to programs and operations.
- (b) In addition, certain of these Child Care Loan Guarantee Program Rules are specifically adopted pursuant to RSA 204-C:73 which requires the Authority to adopt rules relative to the administration and eligibility of child care providers, and RSA 170-E in regards to the licensing of child care providers.

HFA 102 PART TWO: Definitions

HFA 102.04 Definitions

In addition to the terms defined in HFA 101, the following words or terms shall have the following meanings in these HFA 102 Rules:

“Administration” mean the day-to-day, application-by-application decisions and procedures required to administer the Child Care Loan Guarantee Program, including the reviewing, processing, determining eligibility, establishing terms, and documenting program benefits to applicants.

“Applicant” means a private, non-profit, or for-profit child care organization or a registered business organization that provides or plans to provide child care services to its employees that is seeking the Authority’s approval to participate in the Child Care Provider Loan Guarantee Program.

“Application” means the application form and all Authority required supporting documents, as detailed in the Authority’s application and supporting document checklist.

“Authority” means the New Hampshire Housing Finance Authority.

“Child Care Facility” means a “child day care agency” as defined in RSA 170-E:2.

“Complete Application” means an Application with all information and documents required by the Authority to apply to be a Child Care Loan Guarantee Program participant.

“Participating Lender” means an entity that has been approved by the Authority to originate, process, close, and fund mortgage loans that will be eligible for a guarantee by the Authority.

“State” means the State of New Hampshire.

HFA 102 PART THREE: General Rules

HFA 102.05 Applicant Requirements

- (a) Applicants for a Child Care Provider Loan Guarantee shall agree to apply for and hold a child care provider license pursuant to RSA 170-E.
- (b) Applicants shall register with the State as a private, non-profit, or for-profit child care organization or be a registered business organization which provides or plans to provide child care services to its employees.
- (c) The Applicant shall address both a geographic and community need for projected service or agree to provide services to infants and toddlers as defined by the State's Department of Health and Human Services.
- (d) The Applicant shall agree to provide services to children who are eligible for Title XX assistance under Public Assistance Manual Item 390, Sections 3980-3983.
- (e) The Applicant shall demonstrate the capacity to repay the requested loan and to otherwise demonstrate creditworthiness.
- (f) The Applicant shall agree to comply with, as a condition of the loan guarantee, State and local public health, fire, and life safety codes and zoning requirements.

HFA 102.06 Eligible Properties

The Child Care Provider Loan Guarantees are to support loans which address the following purposes:

- (1) Renovations of Child Care Facilities necessary to bring the facilities into compliance with life safety, fire, health, or other public codes.
- (2) Capital expenditures necessary to meet licensing requirements related to a new Child Care Facility or expansion of an existing Child Care Facility.

HFA 102.07 Application Requirements

- (a) The Applicant shall provide detailed cost estimates of the measures for which loan funds will be or have been requested from a Participating Lender. The Applicant shall indicate whether the measures are necessary to satisfy either life safety, fire, health, or other public codes, or whether the measures were necessary to satisfy licensing requirements, or both.

- (b) The recipients of Child Care Provider Loan Guarantees shall provide to the Authority all Authority requested documentation as proof that the loan funds were used for the purposes outlined in the Application.
- (c) Any Applicant proposing to use loan funds secured by a Child Care Loan Guarantee for purposes other than that outlined in the initial Application must first receive approval from the Authority to do so.
- (d) The Authority may require security as may be prudent, based on the financial information provided by the Applicant.

HFA 102.08 Eligible Lenders

- (a) In order to provide for efficiency of Administration and open and fair access to the limited volume of guarantees provided for under this program, the Authority shall operate the program on a statewide basis through a reasonable number of Participating Lenders. The lender(s) shall be selected based on:
 - (1) The competitiveness of the loan package, including rates, terms, and fees, to be provided in conjunction with the Child Care Loan Guarantee; and
 - (2) A willingness to make loans for the range of eligible purposes for which the loan guarantee is intended.
- (b) Participating Lenders shall agree to present Child Care Loan Guarantee Applications to the Authority on behalf of Applicants.
- (c) Participating Lenders shall be entitled to collect a fee equal to or less than the normal fee for commercial loans. Any fee charged must receive prior approval by the Authority.
- (d) On a quarterly basis (January 15, April 15, July 15, and October 15 of each year) Participating Lenders shall submit a report to the Authority on all loans 30 days or more delinquent, including the total number of days overdue on each loan for which a Child Care Loan Guarantee has been provided.

HFA 102.09 Amount and Term of the Child Care Loan Guarantee

- (a) The Authority shall provide a Child Care Loan Guarantee equal to 50% of the outstanding principal balance, on a declining basis, on loans made to eligible child care agencies or organizations. In no event shall the principal guaranteed under this section exceed the amount of \$10,000 per recipient, nor shall the cumulative total of all such Child Care Loan Guarantees exceed \$300,000.
- (b) All loans must be fully amortized and amortization must begin no later than 6 months following release of funds to the borrower.

HFA 102.10 Performance of the Guarantee

- (a) In the event of default of a loan guaranteed under this program, the Participating Lender shall, after all normal efforts to secure payment on the defaulted loan from the recipient Child Care Facility operator, present the Certificate of Guarantee and a Notification of Default and Request for payment form to the Authority for payment on the guaranteed amount. The Authority shall immediately request the State Treasurer to advance such sums as are necessary to satisfy the guarantee to the Participating Lender. In no event shall the Participating Lender submit such documents until the loan has been in default at least 90 days.
- (b) Whenever the Authority pays to a Participating Lender any sum in discharge of the State's liability as guarantor under this section, the Authority shall be to that extent subrogated to the Participating Lender's right, title, and interest in any security pledged to the loan. The Participating Lender may recover the guaranteed amount through submission of the Notification of Default and Request for Payment.
- (c) In addition, the Participating Lender may satisfy its interest in the defaulted loan through liquidation of any security pledged to the loan. Any proceeds of the sale of the pledged security not necessary to discharge the Participating Lender's interest in the defaulted loan shall be transferred to the Authority. Amounts received by the Authority to discharge the State's guarantee shall be returned to the treasury less any costs incurred in collection.
- (d) The Authority shall honor all such Child Care Loan Guarantees except in cases of fraud in the Application or the use of funds for unapproved purposes.
- (e) The Authority shall make payment within 30 days of the presentation of the Certificate of Guarantee together with a completed Notification of Default and Request for Payment by the Participating Lender.

HFA 102.11 Fees

The Authority shall collect a Child Care Loan Guarantee fee of \$100 per loan Application at the time of Application for a Child Care Loan Guarantee by the Participating Lenders. That amount may be assessed by the Participating Lender against the borrower as a permitted loan charge above and beyond the normal fees charged by the Participating Lender for commercial loans. This fee shall be remitted to the Authority prior to issuance of the completed Certificate of Guarantee.

HFA 102.12 Revocation of Guarantee

Any Child Care Loan Guarantee issued under this program may only be revoked in the following circumstances:

- (1) Use of funds for purposes other than those outlined in the approved Application;
- (2) Failure to satisfy State licensing requirements upon completion of the work funded by the loan.
- (3) Fraudulent activity on the part of the Participating Lender or the Applicant.

HFA 102.13 Application Form

Application for a Child Care Loan Guarantee shall be made through a Participating Lender and shall include:

- (1) A Complete Application;
- (2) A certificate issued by the State's Division of Public Health Services indicating that the Applicant is in compliance with the requirements of HFA 102.02 (b) and appropriate State statutes.
- (3) A certificate issued by the State's Division of Human Services indicating that the Application is in compliance with HFA 102.02 (c), (d) and RSA 170-E.
- (4) All loan documents pertaining to the loan for which the Child Care Loan Guarantee is sought and which have been submitted to the Participating Lender, including but not limited to, loan applications, statements of income and expenses, credit reports, and project descriptions. If such materials are not required by the Participating Lender, the Authority reserves the right to separately require such submissions by the Applicant.