

## **CHAPTER 6-09.6**

### **DEVELOPMENTALLY DISABLED FACILITY LOAN PROGRAM**

**6-09.6-01. Revolving loan fund - Appropriation.** A revolving loan fund must be maintained in the Bank of North Dakota, for the purpose of making loans to nonprofit corporations, organized in the locality in which a facility is proposed to be located, for the project costs, including the cost of real estate, construction, reconstruction, acquisition, furnishings and equipment, and administrative costs related to the establishment of facilities for developmentally disabled, chronically mentally ill, and physically disabled persons. All moneys transferred into the fund, interest upon moneys in the fund, and collections of interest and principal on loans made from the fund are hereby appropriated for the purpose of providing loans in accordance with the provisions of this chapter.

**6-09.6-01.1. Developmentally disabled facility loan fund program no. 2.** There is hereby created a developmentally disabled facility loan fund program no. 2 for the purpose of making loans to nonprofit corporations, organized in the localities in which facilities are proposed to be located, for project costs, including the cost of real estate, construction, reconstruction, acquisition, furnishings and equipment, and administrative costs related to the establishment thereof, of facilities for developmentally disabled, chronically mentally ill, and physically disabled persons. The loan fund may borrow an amount not to exceed five million dollars from the common schools trust fund to finance the program. The loan must be repaid from any moneys in the lands and minerals trust fund not otherwise appropriated. Any interest earned by the loan fund before loans are made must be credited by the Bank to the lands and minerals trust fund. The loan fund program must be administered by the Bank of North Dakota in the same manner the Bank administers the program established by sections 6-09.6-01 and 6-09.6-02 through 6-09.6-05, except that all payments of principal and interest must be credited by the Bank to the lands and minerals trust fund after the Bank has deducted a service fee for administering the program equivalent to an annual fee of one-half of one percent of the principal balance of the outstanding loans.

**6-09.6-01.2. Developmentally disabled facility loan fund program no. 3.** There is hereby created a developmentally disabled facility loan fund program no. 3 for the purpose of making loans to nonprofit corporations, organized in the localities in which facilities are proposed to be located, for project costs, including the cost of real estate, construction, reconstruction, acquisition, furnishings and equipment, and administrative costs related to the establishment thereof, of facilities for developmentally disabled, chronically mentally ill, and physically disabled persons. The loan fund may borrow an amount not to exceed four million nine hundred fifty-one thousand one hundred forty-five dollars from the common schools trust fund to finance the program. The loan fund program shall be administered by the Bank of North Dakota in the same manner the Bank administers the program established by sections 6-09.6-01 and 6-09.6-02 through 6-09.6-05, except that all payments of principal and interest must be credited by the Bank to the lands and minerals trust fund after the Bank has deducted a service fee for administering the program equivalent to an annual fee of one-half of one percent of the principal balance of the outstanding loans.

**6-09.6-02. Administration of revolving fund.** The revolving fund and loans made therefrom shall be supervised and administered by the Bank of North Dakota. All applications for loans under the provisions of this chapter shall be made to the department of human services. The department may approve the applications of qualified applicants who propose projects which the department determines will offer necessary and appropriate services to persons served under this chapter. The department may adopt rules, pursuant to chapter 28-32, to carry out the provisions of this chapter. Applications approved by the department, in consultation with the state department of health, must be forwarded to the Bank of North Dakota. Upon approval of such application by the Bank of North Dakota, loans must be made from the revolving fund in accordance with the provisions of this chapter.

**6-09.6-02.1. Audit and costs of administration.** The industrial commission is responsible for contracting with a certified public accounting firm to audit the loan funds

established by this chapter as necessary. The cost of the audit, and any other actual costs incurred by the Bank on behalf of the loan funds, must be paid for by the funds.

**6-09.6-03. Amount of loan - Terms and conditions.** Loans in an amount not exceeding three-fourths of project costs, including the cost of construction, reconstruction, acquisition, furnishings, equipment, and administrative costs related to the establishment of the project, and the cost or value of real estate upon which the facility is located, must be made by the Bank of North Dakota from the fund maintained pursuant to sections 6-09.6-01, 6-09.6-01.1, and 6-09.6-01.2. Such loans must bear interest at a rate of ten and one-half percent for loans relating to facilities for developmentally disabled persons and five percent for loans relating to facilities for physically disabled persons and chronically mentally ill persons and are repayable in the manner prescribed by the Bank of North Dakota within a period of not more than twenty-five years. In addition, in consideration of the granting of a loan under this chapter, each nonprofit corporation shall execute a contract with the state to operate the facility in accordance with the standards prescribed for the licensing of the facility by the department of human services. The contract shall also provide that if the use of the facility is discontinued or diverted to purposes other than those proposed in the loan application without the express consent of the department of human services, the full amount of the loan provided under this chapter immediately becomes due and payable. The Bank of North Dakota may annually deduct, as a service fee for administering the revolving fund maintained under section 6-09.6-01, one-half of one percent of the principal balance of the outstanding loans from the revolving fund. Payments of interest and principal on loans made under section 6-09.6-01 must be made to the Bank of North Dakota and credited to the revolving fund. Payments of principal and interest on loans made under sections 6-09.6-01.1 and 6-09.6-01.2 must be credited by the Bank to the lands and minerals trust fund after the Bank has deducted a service fee for administering the program equivalent to an annual fee of one-half of one percent of the principal balance of the outstanding loans.

**6-09.6-04. Standards - Administration procedure.** The state department of health, in consultation with the department of human services, shall establish standards of construction which must be followed by all applicants receiving loans made under this chapter.

**6-09.6-05. Powers of Bank of North Dakota.** The Bank of North Dakota may do all acts or things necessary to negotiate loans and preserve security under this chapter, including the power to take such security as deemed necessary, to exercise any right of redemption, and to bring suit against any nonprofit corporation in order to collect interest and principal due the revolving fund under mortgages, contracts, and notes executed to obtain loans under the provisions of this chapter. If the applicant's plan for financing provides for a loan of funds from sources other than the state of North Dakota, then the Bank of North Dakota may take a subordinate mortgage upon the facilities constructed or reconstructed from the proceeds of the loan. The Bank may recover from the revolving loan fund amounts actually expended by it for legal fees and to effect a redemption.