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Loans to Corporations for Child Care Facilities

Sec. 17-31ee-1. Definitions

As used in Sections 17-31ee-1 to 17-31ee-7, inclusive:

(a) "Borrower" means a corporation which intends to establish or improve a child care facility within Connecticut to serve primarily children of employees of such corporations and children of employees of the municipalities in which such facility is located.

(b) "Child care facility" means a facility which will be licensed by the Department of Health Services for a program of supplementary care for more than twelve (12) children outside of their own homes on a regular basis for a part of the twenty-four (24) hours in a day for one or more days in the week (i.e., a child day care center) or for not less than seven (7) or more than twelve (12) children outside of their own homes on a regular basis for a part of the twenty-four (24) hours in a day for one or more days in the week (i.e., a group day care home).

(c) "Commissioner" means the Commissioner of the Department of Human Resources.

(d) "Corporation" means all corporations as the term is defined in Connecticut's General Statutes including stock; nonstock; profit; nonprofit; municipal corporations; and specially chartered corporations; and any such corporation shall be registered and in good standing with the Office of the Secretary of State.

(e) "Department" means the Department of Human Resources.

(f) "Renovation" shall mean the repair or renewal of permanent fixtures of the child care facility. Such renovations may include, but not be limited to, the purchase or repair of partitions within the facility, built-in tables and benches, shelving for toys and games, sinks and toilet facilities, and stationary indoor or stationary outdoor playground equipment, installed carpeting, and major kitchen appliances.

(Effective August 28, 1989)

Sec. 17-31ee-2. Program administration

(a) Application for a loan shall be submitted to the Department of Human Resources on loan application forms prescribed by the Department.

(b) No application shall be considered unless the exhibits and all information required by such forms are furnished.

(c) The borrower shall pay for all costs that the Commissioner determines are reasonable and necessary to process applications for loans or lines of credit under this program.

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

(Effective August 28, 1989)

Sec. 17-31ee-3. Eligibility

In order to participate in this loan program the applicant corporation shall satisfy the Department that:

(a) the borrower is a corporation;

(b) the loan funds shall be used to directly develop or improve a child care facility which may include planning, site preparation, construction, acquisition or renovation of the facility;

(c) the intended and eventual use over the period of the loan of the child care facility shall be primarily for children of employees of the applicant corporation and for children of employees of the municipality in which the facility in Connecticut is located or is to be located;

(d) the child care facility or planned child care facility shall meet local zoning requirements and shall 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. The facility or planned facility shall be licensable by the Department of Health Services for use as a child care facility; and

(e) the borrower shall demonstrate to the satisfaction of the Department that it has sufficient revenues, excluding state grants, and collateral to repay the principal and interest on the loan; and has sufficient financial resources to be able to maintain the operation of the child care facility.

(Effective August 28, 1989)

Sec. 17-31ee-4. Loan agreement

(a) Upon approval of an application by the Commissioner, 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 Department.

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

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

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

(1) To provide the Department with such financial and other reports as the Commissioner, in his discretion, may require from time to time.

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

(3) 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 shall be valid and binding upon the borrower in accordance with their respective terms;

(4) To provide such security for the loan as the Commissioner may require pursuant to Section 5 (c) of these regulations and to execute and deliver all documents in connection therewith.

(5) The borrower shall submit yearly enrollment forms on the day care children, during the loan term, in order to ensure that the facilities are being used primarily for children of the borrower's employees, and children of municipal employees, as mandated by Connecticut General Statute 17-31ee.

(Effective August 28, 1989)

Sec. 17-31ee-5. Loan guarantees

(a) All loans shall be made at the discretion of the Commissioner for a period not to exceed five (5) years from the date of the loan agreement.

(b) Loans may be secured or unsecured at the discretion of the Commissioner.

(c) If the loan is to be secured, the Commissioner may require the borrower to provide 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 such security agreements, financing statements, mortgages, pledges, assignments, subordinations, guarantees or other documents or evidences of security as required by the Commissioner, and in the form required by the Commissioner.

(d) Disbursement of the loan shall be made at the discretion of the Commissioner in accordance with the provisions of the loan agreement; and confirming use of funds by the borrower; and use of loan funds by the borrower shall be subject to monitoring and audit by the State.

(e) The loan shall be repaid on an amortized schedule of payments or upon such other method of payment of principal and interest as the Department considers necessary and appropriate in the particular circumstances.

(f) The rate or rates of interest shall be established by the state bond commission in accordance with subsection (t) of Section 3-20 of the Connecticut General Statutes.

(g) The loan funds shall not be used to refinance existing loans or existing indebtedness.

(Effective August 28, 1989)

Sec. 17-31ee-6. Promissory 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 upon any interest payment date without penalty.

(b) The promissory note shall provide for the payment of interest at a rate or rates established by the state bond commission in accordance with subsection (t) of Section 3-20 of the Connecticut General Statutes.

(c) The promissory note may provide for the collection of a late charge, not to exceed two (2) percent of any installment more than fifteen (15) days in arrears. Late charges shall be separately charged to and collected from the borrower.

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

(e) The failure of the borrower to abide by the terms of the loan agreement, the promissory note, or other documents signed by the borrower in connection with such loan shall be considered in default under such promissory note.

(f) The promissory note shall contain a provision that the failure of the borrower to make a full payment of any principal or interest due under the promissory note within thirty (30) days from the due date 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 discretion of the Commissioner, become immediately due and payable.

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

(i) Upon default the borrower will be ineligible to apply for funds under any other Department of Human Resources loan programs.

(Effective August 28, 1989)

Sec. 17-31ee-7. Affirmative action plan

Prior to closing the loan agreement, the borrower if mandated by federal and/or state law, shall submit its affirmative action plan to the Department.

(Effective August 28, 1989)