

## **CHAPTER 6-09.16 NURSING FACILITY ALTERNATIVE LOANS**

### **6-09.16-01. Definitions.**

Terms defined in chapter 50-30 have the same meaning when used in this chapter.

### **6-09.16-02. Long-term care facility loan fund - Continuing appropriation.**

A revolving loan fund must be maintained in the Bank of North Dakota for the purpose of making loans to nursing facilities, basic care facilities, or assisted living facilities for renovation projects.

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 appropriated for disbursement pursuant to the requirements of this chapter.

### **6-09.16-03. Long-term care facility loan fund.**

1. There is created a long-term care facility loan fund. The fund consists of revenue transferred from the North Dakota health care trust fund, interest upon moneys in the fund, and collections of interest and principal on loans made from the fund.
2. The Bank of North Dakota shall administer the loan fund. Funds in the loan fund may be used for:
  - a. Loans as provided in this chapter and as approved by the department under chapter 50-30; and
  - b. The costs of administration of the fund.
3. Any money in the fund not required for use under subsection 2 must be transferred to the North Dakota health care trust fund.

### **6-09.16-04. Loan application - How made.**

All applications for loans under this chapter must be made to the department. The department may approve the applications of qualified applicants that propose projects that conform to requirements established under chapter 50-30. The Bank of North Dakota shall review and approve or reject all loan applications forwarded to the Bank by the department. For applications approved by the Bank and upon final approval of the application by the department, loans may be made from the long-term care facility loan fund in accordance with this chapter.

### **6-09.16-05. Amount of loans - Terms and conditions.**

Loans in an amount not exceeding ninety percent of project costs may be made by the Bank of North Dakota from the fund maintained pursuant to this chapter. Such loans must bear interest at a rate of two percent of the outstanding principal balance of the loan. In consideration of the making of a loan under this chapter, each borrower shall execute a contract with the department to operate the project in accordance with standards established under chapter 50-30. The contract must also provide that if the use of the project is discontinued or diverted to purposes other than those provided in the loan application without written consent of the department, 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 loan fund maintained under this chapter, one-half of one percent of the principal balance of the outstanding loans from the fund.

### **6-09.16-06. 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 in order to collect interest and principal due the loan 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, the Bank of North Dakota may take a

subordinate security interest. The Bank may recover from the loan fund amounts actually expended by it for legal fees and to effect a redemption.