

CHAPTER 6
GROUP HOME FACILITIES LOAN PROGRAM

PART I
GENERAL

265—6.1(16) Program description. This program is intended to permit the financing of group homes of 15 beds or less licensed as health care facilities under Iowa Code chapter 135C, or child foster care facilities under Iowa Code chapter 237, at below market interest rates through tax-exempt financing. Loans will be available from a participating lender under IFA General Revenue Bond Procedures. Project sponsors shall apply directly to the participating lenders who shall make credit and risk evaluations and otherwise make the decision, based on sound lending practices, whether or not to extend credit to the project sponsor.

After the decision to extend credit has been made by the participating lender, the authority will simultaneously enter into a loan agreement with the project sponsor and will issue a group home revenue bond, the interest on which is exempt from federal income taxation, in the amount of the loan. The authority will assign the loan to the participating lender, and the lender will purchase that bond. The proceeds will be used to fund the loan, which will be assigned to the lender.

Under the IFA general revenue bond procedures, the bond which is issued by the authority and purchased by the mortgage lender is a nonrecourse obligation. The only security for the lender is the underlying security on the assigned loan.

265—6.2(16) Waiver. The authority may by resolution waive or vary particular provisions of these rules to conform to requirements of the federal government in connection with a loan to a group home facility with respect to which federal assistance, insurance or guaranty is sought, provided such waiver does not conflict with Iowa Code chapter 16.

265—6.3 to 6.9 Reserved.

PART II
DEFINITIONS

265—6.10(16) Definitions. As used in connection with the group home facilities loan program, the following terms have the meanings indicated:

6.10(1) “*Application*” means those documents required by the participating lender and the authority, which shall include all of the information required by rule 265—6.20(16).

6.10(2) “*Eligible project sponsor*” means a sponsor of group homes of 15 beds or less licensed as a health care facility under Iowa Code chapter 135C, or licensed as a child foster care facility under Iowa Code chapter 237.

6.10(3) “*Group home of 15 beds or less*” means a building, or a portion of a building, together with the necessary fixtures, equipment, staff and records, which provides meals, housing, appropriate care and supervision to 15 or fewer persons unrelated to the operators living together in a shared setting. A single project sponsor may obtain financing for more than one group home of 15 beds or less located on the same or adjoining tracts of land even if the group homes are physically connected or share common areas so long as each group home is separate and self-sufficient, and could be separately licensed if the other group homes or common areas were destroyed.

6.10(4) “*Participating lender*” means a mortgage lender as defined in Iowa Code section 16.1 that has submitted a letter of interest to the authority which has been approved by the board of the authority.

265—6.11 to 6.19 Reserved.

PART III
LOAN CRITERIA AND DOCUMENTATION

265—6.20(16) Application. Eligible project sponsors for group home facilities loans shall apply directly to participating lenders in the group home facilities program in accordance with the procedures in Chapter 4 of Iowa finance authority rules.

265—6.21(16) Public benefit. Before approving a group home facility revenue bond issue for any project sponsor, the authority must find that the proposed project will result in one or more of the following:

1. The group home would be placed in an area of the state where a need exists for a facility of that type.
2. The tax-exempt bond financing will result in an interest rate paid by the facility that is significantly lower than the rate which they would pay without such financing.

265—6.22(16) Eligibility. To be eligible for a group home facility loan, a project sponsor must meet the following conditions:

1. Project sponsors may be individuals, partnerships, or profit making or nonprofit corporations licensed to do business in the state of Iowa.
2. The project to be built or acquired must be located within the state of Iowa.
3. The project to be built must be a group home of 15 beds or less as defined in these rules.
4. If an existing facility is being acquired by a new owner, the project must be already licensed either as a child foster care facility pursuant to Iowa Code chapter 237, or as a health care facility pursuant to Iowa Code chapter 135C. If the construction of a new facility is being financed, the project sponsor must obtain any preconstruction certifications that may be available to the effect that if the project is completed and operated in accordance with plans, that the project could be licensed. If any project fails to become licensed or loses its licensure, the authority may “call” the bond or bonds involved. Any risk associated with such an occurrence, which would destroy the favorable federal tax treatment given the project, shall be borne by the lender and the project sponsor.
5. The project sponsor must be capable of operating, maintaining and managing the group home facility.
6. The project must have a current Certificate of Need issued by the health facilities council pursuant to Iowa Code chapter 135, if to be licensed as a health care facility.

These rules are intended to implement Iowa Code chapter 16.

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