65-7404. Loan transactions and guarantees; eligibility and maximum terms. (a) Each agreement entered into by the secretary to guarantee against default on a loan transaction shall be backed by the primary care safety net capital loan guarantee fund and shall receive prior approval by the primary care safety net clinic loan guarantee review committee established under K.S.A. 2014 Supp. 65-7405, and amendments thereto.

(b) Each loan transaction eligible for a guarantee under this act shall be for renovation, construction, acquisition, modernization, leasehold improvement or equipping of a primary care safety net clinic. Eligible costs may include land and building purchases, renovation and new construction costs, equipment and installation costs, pre-development costs that may be capitalized, financing, capitalized interest during construction, limited working capital during a start-up phase and consultant fees which do not include staff costs.

(c) The aggregate principal amount of outstanding loan guarantees for any single borrowing organization shall not exceed $3,000,000. The aggregate outstanding amount of all loan guarantees for borrowing organizations, under this act shall not exceed $15,000,000 at any time.

(d) Eligible tax-exempt bonds or conventional loans may be guaranteed up to 100% under this act, subject to the other provisions of this act and the rules and regulations adopted by the secretary of health and environment therefor. Each eligible loan transaction shall require an equity investment by the borrowing organization and shall have a loan-to-value ratio of at least 66%.

(e) The maximum term for an eligible loan transaction under this act for machinery or equipment shall be 10 years. The maximum term for an eligible loan transaction under this act for renovation, remodeling or leasehold improvements shall be 10 years. The maximum term for an eligible loan transaction under this act for new construction or land acquisition shall be 25 years.

History: L. 2007, ch. 177, § 8; May 17.