

Statutes and Regulations

Child Care Facility

Revolving Loan Fund

October 2025



DEPARTMENT OF COMMERCE,
COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INVESTMENTS

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Sec. 44.33.240. Child care facility revolving loan fund.

(a) There is in the Department of Commerce, Community, and Economic Development the child care facility revolving loan fund to carry out the purposes of AS 44.33.240 — 44.33.275. Except as provided in (b) and (c) of this section, the fund may not be used for any other purpose.

(b) The department may use money in the fund for costs of administering AS 44.33.240 — 44.33.275.

(c) On June 30 of each fiscal year the unexpended and unobligated cash balance of the fund that is attributable to loans owned by the fund lapses into the general fund.

Sec. 44.33.242. Special account established.

(a) There is established as a special account within the child care facility revolving loan fund the foreclosure expense account. This account is established as a reserve from fund equity.

(b) The commissioner of commerce, community, and economic development may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under AS 44.33.245 or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

Sec. 44.33.245. Powers and duties of the department in administering the fund.

(a) The department may

(1) make loans for the construction, renovation, and equipping of child care facilities, including private nonprofit child care facilities;

(2) adopt regulations necessary to carry out the provisions of AS 44.33.240 — 44.33.275, including regulations to establish reasonable fees for services provided and charges for collecting the fee; and

(3) collect the fees and charges established under this subsection.

(b) The department shall

(1) develop eligibility standards for loans to child care facilities;

(2) adopt guidelines for the determination of loan terms.

Sec. 44.33.250. Conditions of loans. [Repealed, § 9 ch 112 SLA 1981.]

Sec. 44.33.255. Loan terms.

(a) A loan to a child care facility under AS 44.33.240 — 44.33.275 may not exceed \$50,000.

(b) The rate of interest charged shall be seven percent a year on the unpaid balance of the loan.

(c) The duration for repayment of a loan may not exceed 20 years.

(d) All principal and interest payments, and any money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on loans made under AS 44.33.240 — 44.33.275, shall be paid into the child care facility revolving loan fund.

(e) If a child care facility ceases operation, any loan to the facility from the fund is due on the date the facility ceases operation.

Sec. 44.33.260. Eligibility for loans.

A child care facility is eligible for a loan under AS 44.33.240 — 44.33.275 if

(1) the applicant submits to the department a plan for the use of the loan funds that is approved by the commissioner;

(2) [Repealed, § 9 ch 112 SLA 1981.]

(3) [Repealed, § 7 ch 153 SLA 1978.]

(4) [Repealed, § 7 ch 153 SLA 1978.]

(5) the applicant meets additional eligibility standards established by the department under AS 44.33.245(b)(1).

Sec. 44.33.265. Certificate of need. [Repealed, § 7 ch 153 SLA 1978.]

Sec. 44.33.270. Sale or transfer of mortgages and notes.

(a) The commissioner of commerce, community, and economic development may sell or transfer at par value or at a premium to a bank or other private purchaser for cash or other consideration the mortgages and notes held by the department as security for loans made under AS 44.33.240 — 44.33.275.

(b) [Repealed, § 14 ch 122 SLA 1980.]

Sec. 44.33.272. Disposal of property acquired by default or foreclosure.

The department shall dispose of property acquired through default or foreclosure of a loan made under AS 44.33.240 — 44.33.275. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

Sec. 44.33.275. Definitions.

In AS 44.33.240 — 44.33.275,

(1) “child care facility” means an establishment the principal purpose of which is to provide care for children not related by blood, marriage, or legal adoption, including but not limited to day care centers, family day care homes, and schools for preschool age children;

(2) “department” means the Department of Commerce, Community, and Economic Development.

CHAPTER 82

CHILD CARE FACILITY LOANS

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3 AAC 82.010. Application process.

- (a) To apply for an assumption of an existing child care facility loan, an applicant shall file with the department
- (1) a completed application for an assumption of a child care facility loan, on a form provided by the department;
 - (2) an individual financial statement, on a form provided by the department;
 - (3) a business financial statement, on a form provided by the department;
 - (4) an actual statement of profit and loss, on a form provided by the department;
 - (5) a projected statement of profit and loss, on a form provided by the department;
 - (6) a personal resume, including three personal references, on a form provided by the department;
 - (7) a business resume, on a form provided by the department;
 - (8) a signed credit authorization, on a form provided by the department;
 - (9) signed copies of the applicant's federal income tax returns for the preceding three years;
 - (10) an earnest money agreement explaining all terms and conditions of the transaction with signatures by all parties;
 - (11) a copy of the application for the license required to operate the facility or, if the facility has already been licensed, a copy of the license;
 - (12) a \$100 nonrefundable application fee; and
 - (13) any other information that might be helpful to the applicant in demonstrating eligibility for an assumption, as requested by the department.
- (b) The department will, in its discretion, process an application for an assumption without the information described in (a) of this section, if the department determines that the department can make an informed lending decision without access to the information.

Authority: AS 44.33.245

3 AAC 82.015. Examination.

- (a) The materials described in 3 AAC 82.010 will be processed and evaluated by a loan officer. The loan officer will evaluate the applicant's eligibility, financial and credit history, operating plan, ability to repay, and proposed collateral.
- (b) On the basis of the evaluation, the loan officer will either inactivate the application, due to lack of information required under 3 AAC 82.010 or ineligibility of the applicant, or recommend proposed action on the loan request to the appropriate loan committee. However, the recommendation of a loan officer is not binding on a loan committee.

Authority: AS 44.33.245

3 AAC 82.020. Loan committee.

- (a) A loan committee consists of one or more persons appointed by the director to act on a loan request.
- (b) A loan committee may approve, deny, or modify and approve a loan request, or may table a loan request subject to obtaining additional information.
- (c) A loan committee may impose reasonable conditions on the approval of a loan, including
 - (1) additional collateral to secure the loan;
 - (2) additional guarantors; and
 - (3) subordination of prior lienholders' rights to the interests of the state.
- (d) A loan committee shall consider an applicant's eligibility, financial and credit record, ability to repay, operating plan, and the proposed collateral. A loan committee may also consider the recommendations of the loan officer assigned to process the application, and any other relevant information.
- (e) Repealed 8/10/97.
- (f) If a loan request is denied or significantly modified by a loan committee, the loan committee shall provide the applicant with a statement of the reasons for the action and the information relied on.
- (g) A material misstatement or omission of fact made by an applicant constitutes grounds for denial of a request for an assumption.

Authority: AS 44.33.245 AS 44.33.255

3 AAC 82.040. Financial and credit record.

- (a) The department will, in its discretion, consider the following factors in evaluating an applicant's financial and credit record:
 - (1) existing and prior debts;
 - (2) credit reports obtained from creditors and private credit reporting services;
 - (3) prior loan history with the department;
 - (4) timeliness in making payments on loans and other debts;
 - (5) prior bankruptcies;
 - (6) existence of tax liens;
 - (7) unpaid judgments and prior foreclosures; and
 - (8) financial and credit reputation.
- (b) Information establishing unacceptable credit will be more heavily weighed by the department if it has occurred in recent years.

Authority: AS 44.33.245 AS 44.33.260

3 AAC 82.045. Ability to repay.

The department will, in its discretion, consider the following factors in evaluating an applicant's ability to repay a proposed loan:

- (1) income history, including present income;
- (2) prospects for future income;
- (3) assets and their liquidity;
- (4) liabilities;
- (5) reasonableness of projected profit and loss statement;
- (6) other relevant experience.

Authority: AS 44.33.245 AS 44.33.260

3 AAC 82.050. Collateral.

Repealed.

3 AAC 82.055. Lending practices.

An assumption will not be approved to finance a facility that does not comply with state or local licensing requirements.

Authority: AS 44.33.245 AS 44.33.260

3 AAC 82.065. Disbursement of loan money.

Repealed.

3 AAC 82.070. Supervision of loans.

If a loan is in default, the department will, in its discretion, require a borrower to furnish annual financial statements consisting of a balance sheet, profit and loss statement, sources and application of all money received, and a schedule of change of owner's equity. The department will, in its discretion, also require an audit or audits to determine whether the borrower has complied with the provisions of the loan, and may conduct periodic inspection of collateral securing repayment of the loan.

Authority: AS 44.33.245

3 AAC 82.075. Costs.

(a) All expenses incurred by the department in processing an application must be paid by the applicant. These expenses include the cost of title reports and insurance, recording fees, appraisals, surveys, travel, and other direct costs.

(b) An assumption fee of one percent of the loan balance is due from the borrower when all applicable provisions of this chapter have been met.

(c) A late fee not to exceed five percent of the payment amount will, in the department's discretion, be charged to a borrower for each loan payment that is more than 15 days past due.

(d) An extension fee not to exceed \$100 will, in the department's discretion, be charged to a borrower to process a loan extension.

Authority: AS 44.33.245

3 AAC 82.080. Assumptions.

(a) A request to assume the obligations and benefits of a loan made under AS 44.33.240 - 44.33.275 and this chapter will be processed in the same manner as a loan request.

(b) A loan committee may permit an assumption if the applicant is a good financial risk and the security of the state's investment is preserved.

(c) Wraparound financing that includes a loan made under AS 44.33.240 - 44.33.275 and this chapter is prohibited, and constitutes a default on the loan.

Authority: AS 44.33.245

3 AAC 82.081. Closing an assumption.

An assumption agreement will be considered by the department to be closed when

(1) all required signatures have been obtained and the assumption agreement has been properly recorded;

(2) all requirements of the loan committee have been met; and

(3) the borrower is in compliance with all provisions of the loan documents, including insurance requirements, and this chapter.

Authority: AS 44.33.245

3 AAC 82.082. Modifications.

(a) A request for a modification to a loan made under AS 44.33.240 - 44.33.275 and this chapter will be processed in the same manner as a loan application. The department will, in its discretion, require one or more of the items specified in 3 AAC 82.010.

(b) A loan committee may permit a loan modification only if the security of the state and its investment is preserved.

Authority: AS 44.33.245

3 AAC 82.085. Reconsideration of an assumption request.

- (a) If an assumption of a loan request is denied, inactivated, or significantly modified by the department, an applicant may file a written request for reconsideration within 30 days after receipt of notice of the department's decision.
- (b) The department will, in its discretion, reconsider a request upon a showing by the applicant that
- (1) there has been a substantial change in the circumstances leading to the department's decision;
 - (2) additional relevant information can be provided to the department that was not initially available; or
 - (3) administrative errors were made by the department.

Authority: AS 44.33.245

3 AAC 82.090. Confidentiality of loan information.

- (a) The following information is not confidential and is available for public inspection upon request:
- (1) a document that is already a public record, including deeds of trust, financing statements, warranty deeds, bills of sale, mortgages, liens, and vehicle titles;
 - (2) general information regarding loans, including the original loan amount, loan terms, personal guarantees, and disbursement and repayment schedules;
 - (3) insurance matters, including title insurance policies and correspondence with insurance companies or borrowers regarding losses, accident reports, and nonpayment of premiums;
 - (4) foreclosure and default proceedings.
- (b) The following information is confidential and is not subject to public disclosure:
- (1) personal and financial information, including income tax returns, financial statements, business income statements, pro forma profit and loss statements, credit information obtained directly from banks and other creditors and reports obtained from consumer reporting agencies;
 - (2) loan committee memoranda and minutes containing information relating to creditworthiness of an applicant;
 - (3) the payment history on a loan, unless the loan is in default.
- (c) Information not described in (a) or (b) of this section may be subject to public disclosure. Requests for disclosure must be made, and will be determined, in accordance with 2 AAC 96. Upon receipt of a request for disclosure, the department will notify the loan applicant and other persons with a privacy interest in the request, to permit them to present reasons why the requested information should not be disclosed.

Authority: Ak Const. Art. I AS 40.25.110
AS 40.25.120 AS 44.33.245

3 AAC 82.900. Definitions.

Unless the context requires otherwise, in this chapter

- (1) repealed 8/10/97;
- (2) "default" includes a violation of any provision of this chapter, AS 44.33.240 - 44.33.275 or the loan document, failure to make the necessary payment within 15 days after it is due, or failure to maintain the insurance required by the department;
- (3) "department" means the Department of Commerce, Community, and Economic Development;
- (4) "wraparound financing" means a contract that includes the balance due on an existing debt and an additional amount to cover the difference between the selling price and the existing debt;
- (5) "director" means the director of the division assigned economic development functions or its successor agency in the department.

Authority: AS 44.33.245