



Announcement

To: Interested Parties

From: Department of Health and Human Services
Division of Behavioral Health

Date: Reissued and revised July 2008

Re: Establishment of Loan Program for Development of Self-Run and Self-Supported Group Homes for Recovering Substance Abusers (Oxford House Model)

The Division of Behavioral Health as part of P.L. 100-690, the Anti-Drug Abuse Act of 1988, as amended, continues to have a loan fund for the establishment of Self Run, Self Supporting Recovering Homes for Substance Abusers. The Division has set up a \$100,000 revolving fund to encourage development of self-run, self-supported recovery houses for substance abusers.

The law allows states to:

1. Establish a revolving fund to provide loans for the costs of establishing housing for individuals recovering from alcohol or drug abuse. **Not less than six individuals** must reside in each home.
2. Ensure that each loan made from the revolving fund does not exceed \$4,000 and each loan is repaid to the revolving fund no later than two years after the loan date.
3. Ensure that each loan is repaid through monthly installments and that a reasonable penalty is assessed for each failure to pay installments by the date specified in the loan agreement; and
4. Ensure that loans are made only to nonprofit private entities who agree to the following operational guidelines:
 - A. The use of alcohol or any illegal drug in the housing provided by the program will be prohibited;
 - B. Any resident of the housing who violates such prohibition will be expelled from the housing;
 - C. The costs of the housing, including fees for rent and utilities, will be paid by the residents of the housing; and

- D. The residents of the housing will, through a majority vote of the residents, otherwise establish policies governing residence in the housing, including the manner in which applications for residence in the housing are approved.

Implementation

To implement the revolving loan fund the Division of Behavioral Health has developed the attached application. Additional forms may be obtained by copying this form, written request or by phoning the Division at (402) 471-7821. Applications are accepted continuously and made depending on principle balance of the loan fund. Applications will normally be reviewed within 5-7 days of receipt at the Division. Normally funds should be made available within 20 days. Repayments begin the second months after the loan is made (e.g. State issues a loan on June 16 and funds are received by the non-profit agency June 20, first loan payment is expected August 1.)

Special Provisions:

1. Loans will be made to nonprofit private entities only.
2. Four percent simple interest will be charged on each loan and must be included in each monthly payment. (For example: Interest on a two year, \$4,0000 loan would be $.04 \times \$4,000 \times 2 = \320 . Monthly installment would then be $\$4,320 / 24 = \180 .)
3. Monthly payments not received at the Department by the 15th of the month may be assessed a \$25.00 late fee.
4. In case of default, reclaimable items purchased with loan funds will revert to the State.
5. The nonprofit agency accepting the loan may be required to provide the Division with data, such as average length of stay, socioeconomic characteristics of residents, reasons for turnover in the house, etc. in sufficient detail to meet reporting requirements of the Block Grant Program.

The loan program is available to established treatment programs or other nonprofit organizations for the purpose of sponsoring alcohol/drug free housing. The sponsor must demonstrate, however, that while the home is under the sponsorship of the nonprofit agency, the residents of the recovery home will have full control and responsibility for managing the house and have exclusive authority to screen and approve prospective residents. The residents of the home must bear the responsibility for paying all housing costs and for repayment of the loan.

HHSS/BH 901-a1
7/2008 Robert J. Bussard

**Nebraska Department of Health and Human Services
Division of Behavioral Health
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**APPLICATION FOR LOAN
GROUP HOME FOR RECOVERING SUBSTANCE ABUSERS**

I. Information About The Facility

Name:	
Street Address:	
City:	
Date Occupancy Expected:	Number of Beds: _____ Male: Female:

II. Information about Sponsoring Nonprofit Organization:

Name:
Address:
City, State, Zip:
Federal ID Number:
Contact Person, Phone, FAX:

**III. Assurances / Terms Of Loan
Group Home For Recovering Substance Abusers**

In signing the applicant it is assured that the loan approved by the Nebraska Department of Health and Human Services, Division of Behavioral Health will be used in accordance with the following stipulations:

1. Stipulates that the applicant is a nonprofit entity.
2. Agrees to make monthly installments as described below by the 15 th of each month following approval of the loan.
3. Agrees to pay a \$25 late charge for payment received by the Division after the due date.
4. Agrees to pay four percent simple interest on the amount of the loan.
5. Agrees that in the operation of the program established pursuant to the loan that:
a. Housing will be provided for at least Six individuals recovering from substance abuse;
b. The use of alcohol or any illegal drug in the housing provided by the program will be prohibited.
c. Any resident of the housing who violates such prohibition will be expelled from the housing;
d. The costs of the housing, including fees for rent and utilities, will be paid by the residents of the housing; and
e. The residents of the housing will, through a majority vote of the residents, otherwise establish policies governing residence in the housing, including the manner in which applications for residence in the housing are approved.
6. Provide data to the Division such as average length of stay, socioeconomic characteristics of resident, reasons for turnover in the house and other non-client identifying information in sufficient detail to meet reporting requirements of the Federal Substance Abuse Prevention and Treatment Block Grant Program.

7. The applicant agrees that they shall pay _____ each month beginning with the first payment due _____ and continuing each month until _____

The final payment shall be _____ due and payable on _____. The amount of the loan shall be _____ With interest total payments amount to _____ .

Please note: (Loan is given anytime in month 1, first payment is due by the 15th day of month 3.)

IV. Information About Loan

- 1. Loan request (Maximum \$4,000): \$ _____
- 2. Loan Repayment Dates
Begin: _____ End: _____
Not More Than 2 Years
- 3. Purpose of Loan (indicate which and specify amount)
 - A. Security Deposit: _____
 - B. First Month's Rent: _____
 - C. Furnishings: _____
 - D. Others (Attach Description): _____

V. Applicant Signatures

The undersigned hereby certifies that his loan request is made in support of the establishment of housing in which individuals recovering from alcohol or drug abuse may reside in groups of not less than six individuals. The applicant(s) understand that in accepting this loan that it will be repaid in monthly installments. Payments received more than fourteen (14) days after the due date will be assessed a late fee of \$25 which must be paid with the next installment. The applicant further certifies that information provided for this loan application is true and further agrees that upon request to provide reports on residents entering or leaving the home and the number of current occupants:

Signature Above	Date
Print name above	Date

HHSS/BH 901A2
9/2002 RJB