

**RULES
OF
THE TENNESSEE DEPARTMENT OF MILITARY**

**CHAPTER 0930-04-01
RESILIENT TENNESSEE REVOLVING LOAN FUND ACT**

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0930-04-01-.01 INTRODUCTION.

The purpose of the Resilient Tennessee Revolving Loan Fund Act of 2024, T.C.A. §§ 58-02-901 to -905, is to ensure that the state is ready and able to receive federal funds from the STORM Act by establishing the Resilient Tennessee Revolving Loan Fund (RTRLF) and to authorize the necessary and proper administration of the Fund. Specifically, the Act allows the state to obtain grant money from the Federal Emergency Management Agency and any matching state funds, provide for the administration and operation of the Fund by the Tennessee Emergency Management Agency through rules and regulations, and provide for Loans and financial assistance for Projects and activities of Local Governments that mitigate the impacts of natural hazards.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; 58-2-901; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.02 DEFINITIONS.

The following definitions apply to these rules, unless the context requires otherwise:

- (1) Act. The Resilient Tennessee Revolving Loan Fund Act of 2024, T.C.A §§ 58-02-901 to - 905.
- (2) Administration Costs. Costs incurred by the Agency to manage the Fund.
- (3) Agency. The Tennessee Emergency Management Agency (TEMA).
- (4) Applicant. Local Government that submits an application for a Loan from the Fund.
- (5) Authorized Borrower Representative. Any person with the authority to act on behalf of the Borrower.
- (6) Borrower. Local Government or other entity or person which has entered into a Loan Agreement with the Agency.
- (7) Cost Share. The “non-federal share” or “match” portion of a federally assisted Project that is not paid by the federal government.
- (8) Default. A Borrower’s failure to abide by the terms of the Loan Agreement.
- (9) Director. The Director of the Agency.

(Rule 0930-04-01-.02, continued)

- (10) Disbursement. The transfer of Loan Monies paid from the Fund to the Borrower in accordance with a Loan Agreement.
- (11) Division. Division of State Government Finance of the Tennessee Comptroller of the Treasury.
- (12) FEMA. The Federal Emergency Management Agency.
- (13) Fund. The Resilient Tennessee Revolving Loan Fund (RTRLF).
- (14) Hazard Mitigation. Any sustained action taken to reduce or eliminate the long-term risk to life and property from hazard events. It is an ongoing process that occurs before, during and after disasters and serves to break the cycle of damage and repair in hazardous areas.
- (15) Hazards and Risks. A hazard is a natural or human-caused event or condition that has the potential to cause harm. Examples include flooding, severe storms (including hurricanes, tornadoes, windstorms, and winter storms), seismic events, drought, wildfires, and extreme temperatures. A risk is the combination of the likelihood of hazard occurring and the magnitude of its consequences.
- (16) Intended Use Plan. Document that outlines the Agency's goals, processes, and criteria for managing the Fund.
- (17) Inter-Agency Agreement. The agreement between the Division and the Agency outlining the responsibilities for the management of the Fund.
- (18) Loan. Funds extended to a Borrower under the Act that are to be repaid.
- (19) Loan Agreement. The written agreement that specifies the details of the Loan, including the amount of money loaned, the repayment terms, and what happens if the Borrower Defaults on the Loan.
- (20) Loan Monies. Money disbursed from the Fund to the Borrowers.
- (21) Loan Repayments. The payments on account of principal and interest on the Loan.
- (22) Local Government. A Tennessee county, incorporated town, city, or metropolitan government.
- (23) Local Hazard Mitigation Plan. A document that outlines a Borrower strategy for reducing the impact of natural disasters on life and property.
- (24) Low-Income Geographic Areas. A region where the per capita income is at 80% or less of the national average, or where the unemployment rate over the most recent twenty-four (24) month period, is at least 1 percentage point higher than the national average.
- (25) Maturity Date. The date on which the principal amount of the Loan along with any accrued interest becomes due.
- (26) Project. The activity or task the Agency identifies in the Loan Agreement for which the Borrower may expend, obligate, or commit funds.
- (27) Requisition. The request for Disbursement of Loan Monies.
- (28) Request for Applications. Document issued by the Agency that outlines the scope of the Loan application process, eligible Projects, and a timeline for Project completion.

(Rule 0930-04-01-.02, continued)

- (29) Review Panel. The group of individuals who will determine which Loans are approved and denied.
- (30) Scoring Rubric. The set of relevant criteria that will be used to determine which applications are approved by the Review Panel.
- (31) State Hazard Mitigation Plan. A document that outlines a state's strategy for reducing the impact of natural disasters on life and property.
- (32) State-Shared Taxes. Meaning as established by T.C.A. § 4-31-102, as amended.
- (33) STORM Act. The Federal Safeguarding Tomorrow through Ongoing Risk Mitigation Act (Pub. L. No. 116-284).
- (34) STORM Act Team. Employees assigned by the Agency to carry out the RTRLF Program.
- (35) Technical Assistance. A process of providing targeted support to a Local Government to help with a need or resource gap.
- (36) Unobligated State-Shared Taxes. State-Shared Taxes which have not been pledged or applied to any other prior indebtedness.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.03 PRIORITY.

- (1) General. The Agency will award Loans for eligible Hazard Mitigation projects and activities in accordance with 42 U.S.C § 5133(f)(3).
- (2) Obligation of RTRLF Loans. Funds will be allocated to Projects based on the established Scoring Rubric included in the annual Intended Use Plan.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.04 MANAGEMENT OF FUND.

- (1) The Agency is responsible for ensuring that the Fund is sufficiently funded.
- (2) The Agency may enter into an Inter-Agency Agreement with the Division under which the Agency may pay the Division for Fund management services, and the responsibilities of each party shall be set forth in the Inter-Agency Agreement.
- (3) The Agency shall:
 - (a) Approve and deny applications for Loans from the Fund;
 - (b) Determine the term limits of the Loans;
 - (c) Determine the interest rate of the Loans;
 - (d) Work with Borrowers and the Division if adjusted payment schedules are needed; and
 - (e) Close out the Loans.

(Rule 0930-04-01-.04, continued)

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.05 USE OF THE FUND.

- (1) Revolving Loans. The Fund may be used to make revolving Loans for purposes set forth in the STORM Act and the Act. There shall be two types of Loans:
 - (a) Standard Loans.
 - (b) Loans for Low-Income Geographic Areas.
- (2) Administration Costs. The Fund may be used to pay program administration costs. Administration costs shall not exceed the limit set in the STORM Act.
- (3) Technical Assistance. The Fund may be used to pay for Technical Assistance to Borrowers. Technical Assistance costs shall not exceed the limit set in the STORM Act.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.06 ELIGIBILITY OF BORROWERS.

- (1) Application. In response to the Agency's Request for Applications, Applicants shall submit an application on forms furnished by the Agency. Applicants shall list all possible Cost Share Loans with their application.
- (2) Revenue Source. Applicants must designate a specific revenue source to repay the Loan.
- (3) Approved Local Hazard Mitigation Plan. Applicants shall have a current Local Hazard Mitigation Plan that is approved by FEMA.
- (4) Projects. Applicants shall submit a Project that addresses Hazard Mitigation for one or more natural Hazards and Risks identified in the current State Hazard Mitigation Plan or any current Local Hazard Mitigation Plan.
- (5) Budget. Applicants shall submit a proposed budget amount that is less than the amount of funds available in the Fund and does not exceed the maximum award set in the STORM Act.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.07 APPROVAL PROCESS.

- (1) Initial Review. The Agency shall review the Loan application to ensure that it is complete. The Agency shall inform the Applicant in writing of the acceptance of the application and the receipt of any information requested by the Agency
- (2) Review Panel. The Review Panel shall review the applications and make a recommendation for approval based on the Scoring Rubric.
 - (a) The Review Panel will be made up an odd number of at least three (3) individuals appointed by the Director. At least one (1) individual will be appointed by the Director from outside of the Agency.
 - (b) The Review Panel will conduct business in accordance with T.C.A. §§ 8-44-101, et seq.

(Rule 0930-04-01-.07, continued)

- (c) The Review Panel shall recommend the interest rate and repayment timeline for a Loan.
 - (d) No member of the STORM Act Team within TEMA will be a member of the Review Panel.
- (3) Final Approval. The Director has final approval authority of Loan Agreements.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.08 CONDITIONS.

- (1) Security. The Borrower may be required to pledge additional security to ensure that funds are sufficient to pay monthly payments and expenses as detailed in the Loan Agreement. Forms of security may include but are not limited to:
 - (a) Users' fees and charges;
 - (b) Ad valorem taxes; and
 - (c) Unobligated State-Shared Taxes.
- (2) Borrower Deliverables and Reporting Requirements.
 - (a) Within thirty (30) days of a request, the Borrower shall provide any supporting financial documentation requested by the Agency.
 - (b) The Borrower shall submit quarterly progress reports on each Project to the Agency.
 - (c) The Borrower shall submit to the Agency all required permits, clearances, and approvals within thirty (30) days of receipt of such documents.
- (3) Borrower Responsibilities.
 - (a) The Borrower shall comply with all federal, state, and local laws and regulations.
 - (b) The Borrower shall effectively communicate with the Agency during all stages of the Project; specifically, any delays in the completion of the Project.
 - (c) The Borrower shall be responsible for any additional costs required for Project completion.
 - (d) The Borrower shall maintain a current FEMA-approved Hazard Mitigation Plan.
- (4) Ineligible Expenses. No portion of the Loan Monies, shall be used towards the following expenses:
 - (a) Office equipment, software, insurance, taxes (excluding sales tax), fees for attorneys or legal advice, staff time for application submittal, costs incurred for activities outside of Project, labor, overtime rates, and training;
 - (b) Fees such as those incurred for state or local permits unless approved by the Agency; or
 - (c) Expenses incurred by the Borrower prior to the start of the Loan Agreement and after the Disbursement period has expired.

(Rule 0930-04-01-.08, continued)

- (5) Procurement. All procurement activity shall comply with all federal and state procurement standards.
- (6) Files and Records. The Borrower shall maintain all pertinent records and evidence relevant to the Project and Loan Agreement.
 - (a) Upon reasonable notice, the Borrower must provide access to the Agency and/or the Division to all documentation.
 - (b) All records shall be maintained by the Borrower in accordance with 2 CFR 200.334 and T.C.A. §§ 10-7-702, et seq.
- (7) Programmatic and Financial Audits. The Agency reserves the right to conduct programmatic and financial audits of the Project.
- (8) Change Orders. Changes in the Project work that are consistent with the objectives of the Project and that are within the scope and funding level of the Loan Agreement do not require the execution of a formal Loan amendment. However, such changes will need approval from the STORM Act Team.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.09 LOAN AGREEMENT AND LOAN AMENDMENTS.

- (1) Loan Agreement.
 - (a) The Loan Agreement shall be a legally binding contract between the Agency and the Borrower. The Loan Agreement will contain general conditions and may, if necessary, contain special conditions.
 - (b) The general conditions will be requirements of law, regulations, and policies of the State.
 - (c) The special conditions of the Loan Agreement will relate to specific provisions unique for an individual Project including, but not limited to, time schedules and performance requirements.
- (2) Loan Amendment.
 - (a) Increase in Project Loan. The Loan Agreement shall not be amended for an increase in the amount of the Project Loan. If additional funding is needed, the Borrower shall complete a new application for a separate Loan subject to all applicable rule requirements in this Chapter.
 - (b) Other Amendments and Modifications. Any other amendment or modification of the Loan Agreement must be approved by the Agency in writing and executed by the Agency, Division (if applicable), and Borrower.
 - (c) All Loan amendments are at the discretion of the Agency.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.10 DISBURSEMENTS.

- (1) Requisition. The Agency shall authorize the Division to disburse Loan Monies from the Fund only upon receipt of a Requisition, appropriately completed and signed by an Authorized Borrower Representative.
- (2) Documentation. Proper invoices and other reasonable documentation required by and acceptable to the Agency must be submitted with the Requisition.
- (3) Funding Timeline.
 - (a) The Borrower will have sixty (60) months of the date of the Loan Agreement to draw funds for Project completion.
 - (b) No more than ninety (90) percent of the Loan shall be disbursed to the Borrower prior to the final approval after completion.
 - (c) After the final approval of the Project completion, the remaining ten percent (10%) of the Loan will be disbursed.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.11 LOAN REPAYMENTS AND INTEREST.

- (1) Loan Repayments.
 - (a) The annual principal and interest Loan Repayments from the Borrower will start no later than one (1) year after the completion of the Project.
 - (b) Loan Repayment schedules shall be determined by the Loan Agreement and will be based on the Loan amount.
 - (c) Loan Repayment schedule shall not exceed twenty (20) years from Project completion.
 - (d) All Loans must be repaid before the Project's design of life ends.
- (2) Prepayment. The Borrower will not incur any prepayment penalties for making a Loan Repayment in full before the due date or paying the Loan in full before the Maturity Date.
- (3) Interest.
 - (a) The interest rate will not be more than one percent (1%).
 - (b) The rate of interest is established by the Review Panel at the meeting at which the Loan is approved and stated on the repayment schedule.
 - (c) Interest will begin to accrue upon Disbursement.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.12 DEFAULT.

- (1) Notification of Event of Default. The Borrower shall provide written notice to the Agency within thirty (30) days of becoming aware of any Event of Default, as defined in this Rule 0930-04-01-.12.
 - (a) The written notice shall describe in reasonable detail the nature of the Event of Default and any efforts being conducted to cure the Event of Default.
 - (b) The Loan Agreement will provide a reasonable period of time given to the Borrower to correct an Event of Default before the Loan goes into Default.
 - (c) Failure of the Borrower to provide written notice to the Agency within thirty (30) days of becoming aware of any Event of Default shall constitute a Default, as defined in this Rule 0930-04-01-.12.
- (2) Nonpayment.
 - (a) If the Borrower fails to make the monthly payments required by the repayment schedule, the Agency (or the Division, pursuant to an Inter-Agency Agreement) shall contact the Borrower within thirty (30) days of such failure.
 - (b) If the Borrower fails to cure the payment delinquency within sixty (60) days of the receipt of such notice in (a), failure will constitute an Event of Default.
 - (c) Upon an Event of Default for nonpayment, the State shall withhold the amount of the delinquency from any State-Shared Taxes which are otherwise apportioned to the Borrower and pay only such amount necessary to liquidate the delinquency of the Borrower to the State for deposit into the Fund.
- (3) Other Events of Default.
 - (a) If an Event of Default occurs, Disbursements shall be suspended until the Event of Default is cured. The Agency shall deliver a written notice of an Event of Default to the Borrower within thirty (30) days of learning of the Event of Default.
 - (b) The occurrence of any of the following will immediately qualify as an Event of Default by the Borrower and will require immediate resolution or payment of the Loan in full.
 1. Failure to provide the Agency with the required deliverables and reporting requirements;
 2. Any actions to provide the Agency with false or misleading information or representation;
 3. The use of Loan Monies for ineligible expenses as defined in this Rule 0930-04-01-.08;
 4. Failure to obtain all appropriate federal, state, and local permits, clearances, and approvals; or
 5. The filing of bankruptcy by the Borrower.
 - (c) If the Borrower fails to cure the Event of Default within sixty (60) days of the receipt of the notice required by 0930-04-01-.12(3)(a), failure will constitute a Default.

(Rule 0930-04-01-.12, continued)

- (d) Upon a Default, the State shall withhold the remaining balance of the Loan from any State-Shared Taxes which are otherwise apportioned to the Borrower.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.

0930-04-01-.13 CLOSE-OUT PROCESS.

- (1) Close-out Inspection. Following the successful completion of the Project, the Agency will conduct a close-out inspection. The Borrower shall provide access to the Project, upon reasonable notice, to the Agency.
- (2) Completion Certificate. Borrower will submit a Completion Certificate certifying that the Project(s) have been completed before the final payment is disbursed.

Authority: T.C.A. §§ 4-5-201, et seq.; 58-2-103, et seq.; and 58-2-905. **Administrative History:** New rules filed October 30, 2025; effective January 28, 2026.