

# DOWNTOWN LOAN GUARANTEE PROGRAM



IOWA FINANCE  
AUTHORITY

## PURPOSE

To encourage Iowa downtown businesses and financial institutions to reinvest and reopen stronger following the COVID-19 crisis. The increased property value and sales tax collections will aid in this recovery effort.

## OVERVIEW

The Iowa Economic Development Authority (IEDA), in partnership with the Iowa Finance Authority (IFA), will provide financial assistance in the form of loan guarantees for eligible downtown revitalization projects. This program acknowledges that local businesses have been hit hard with closures and seeks to address the reality that lending standards may be tighter for these businesses.

IEDA/IFA will partner with Iowa financial institutions to secure necessary funding for eligible brick and mortar projects in a joint effort to stimulate Iowa's economy to aid in the recovery from the COVID-19 crisis. This program was created through Senate File 619.

## ELIGIBILITY

- Project must meet the eligibility criteria for the Downtown Resource Center's Community Catalyst Building Remediation Grant and must include an eligible housing component.
- Project must comply with Downtown Resource Center design review.
- Project loan may include acquisition or refinance but must include rehabilitation.
- Project loan must include at least 25% in construction or renovation.
- Loan guarantee can be used for construction and/or permanent financing.
- Lender must be a federally insured financial lending institution.
- Loan is solely for the bricks and mortar project and not for working capital or operations.



## TERMS

- IEDA will guarantee:
  - Loans under \$500,000, up to a 50% loan guarantee.
  - Loans over \$500,000, up to a maximum loan guarantee of \$250,000.
- Loan must be secured by a mortgage against the project property.
- Loan to project cost shall be no more than 90%.
- Loan guarantee is for five years, followed by an underwriting review that may extend the guarantee for an additional five years.
- Lender shall pay a one-time initial loan guarantee fee of 0.50% for permanent loans.
- IEDA reserves the right to deny loans with unreasonable bank loan fees or interest rates.
- Loan must not be insured or guaranteed by another local, state or federal program.
- Loan guarantee is not transferable if the loan or property is sold or transferred.
- In the event of a loss due to default, the loan guarantee will proportionally pay the guaranteed percentage of the loss to the lender.

## FOR MORE INFORMATION

Contact Jim Thompson at 515.348.6183 or [jim.thompson@iowaeda.com](mailto:jim.thompson@iowaeda.com) to learn more about the program.