

SMALL BUSINESS COLLATERAL SUPPORT PROGRAM

IOWA™ Economic Development

OVERVIEW

The State Small Business Credit Initiative (SSBCI) is a $96 million investment in growing Iowa's small businesses, startups and manufacturers. The funding is available through the U.S. Treasury Department's SSBCI, a small business aid program that was expanded through the federal American Rescue Plan Act.

Iowa's SSBCI dollars will focus on encouraging venture capital and investment in scalable innovation companies through multiple programs including the Small Business Collateral Support Program.

Through the Small Business Collateral Support Program, the state of Iowa can provide businesses up to 40% of a collateral gap needed to secure a loan through a commercial lender, with support available for loans up to $500,000, or subject to case-specific circumstances.

ELIGIBILITY

To be eligible for collateral support, businesses/business owners must meet the following requirements:

- At least 18 years of age
- Located in the state of Iowa
- Privately owned business
- Operating for a profit
- Have an average gross business income of less than $4 million, computed as an average of the preceding three fiscal years
- Must have a credit score above 600
- Must have less than 125 employees across all locations and divisions
- Cannot earn a portion of revenue from lending activities
- Must meet other criteria outlined in the application by the lender and/or U.S. Treasury requirements

HOW CAN THE FUNDS BE USED?

- **Start-up costs**
- **Generate more working capital**
- **Invest in new employees**
- **Business improvements**
- **Purchase of equipment**
- **Inventory and supplies**
- **Marketing and advertising**
- **Specific operating expenses**





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PROCESS

Once a lender is approved, the lender will apply for collateral support on behalf of the applicant. The application will be reviewed by the Small Business Loan Review committee. If approved, certifications and covenants will be executed before the state deposits the collateral funds at the lending institution. The state will only provide the gap assistance needed to secure the loan based on the lender's analysis of the collateral shortfall.

LENDER INFORMATION

A depository institution, insured credit union or community development financial institution which is experienced in the making of loans to businesses of the type provided for under the SSBCI regulations, has a physical office in the state of Iowa and is regulated by the Iowa Division of Banking, the Federal Reserve Board, Iowa Finance Authority, Iowa Division of Credit Unions, or similar regulatory agency is qualified as a lender for this program.

- All terms and fees are established by the lender
- Collateral support cannot be provided for SBA7 (a) or SBA 504 loans
- Participating lenders are responsible for their own credit underwriting decision and loan originations
- An approved Lender Participation Agreement must be on file with the Iowa Economic Development Authority to participate in/apply on behalf of an applicant to the program



FIND OUT MORE

To learn more about this program or to become a Participating Lender, contact:

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