

15.431 Downtown loan guarantee program.

1. The economic development authority, in partnership with the Iowa finance authority, shall establish and administer a downtown loan guarantee program to encourage Iowa downtown businesses and banks to reinvest and reopen following the COVID-19 pandemic.

2. In order for a loan to be guaranteed, all of the following conditions must be true:

a. The loan finances an eligible downtown resource center community catalyst building remediation grant project or main street Iowa challenge grant within a designated district.

b. The loan finances a rehabilitation project, or finances acquisition or refinancing costs associated with the project.

c. At least twenty-five percent of the project costs are used for construction on the project or renovation.

d. The project includes a housing component.

e. The loan is used for construction of the project, permanent financing of the project, or both.

f. A federally insured financial lending institution issued the loan.

g. The loan does not reimburse the borrower for working capital, operations, or similar expenses.

h. The project meets downtown resource center and main street Iowa design review.

3. a. For a loan amount less than or equal to five hundred thousand dollars, the economic development authority may guarantee up to fifty percent of the loan amount.

b. For a loan amount greater than five hundred thousand dollars, the economic development authority may provide a maximum loan guarantee of up to two hundred fifty thousand dollars.

4. A project loan must be secured by a mortgage against the project property.

5. The economic development authority may guarantee loans for up to five years. The economic development authority may extend the loan guarantee for an additional five years if an underwriting review finds that an extension would be beneficial.

6. The lender shall pay an annual loan guarantee fee as set forth by rule.

7. The economic development authority reserves the right to deny a loan guarantee for unreasonable bank loan fees or interest rate.

8. The loan must not be insured or guaranteed by another local, state, or federal guarantee program.

9. The loan guarantee is not transferable if the loan or the project is sold or transferred.

10. In the event of a loss due to default, the loan guarantee proportionally pays the guarantee percentage of the loss to the lender.

11. Moneys for the program may consist of any moneys appropriated by the general assembly for purposes of [this section](#), and any other moneys that are lawfully available to the economic development authority, including moneys transferred or deposited from other funds created pursuant to [section 15.106A, subsection 1](#), paragraph "o".

[2021 Acts, ch 177, §45](#)