

CHAPTER 55
TARGETED SMALL BUSINESS FINANCIAL ASSISTANCE PROGRAM

[Prior to 7/19/95, see 261—Ch 27]

261—55.1(15) Targeted small business financial assistance program. The purpose of the program is to assist targeted group persons to establish or expand small business ventures in Iowa.

[ARC 8260C, IAB 10/16/24, effective 11/20/24]

261—55.2(15) Definitions. As used in this chapter, unless the context otherwise requires:

“*Authority*” means the same as defined in Iowa Code section 15.102.

“*Disability*” means the same as defined in Iowa Code section 15.102.

“*Minority person*” means the same as defined in Iowa Code section 15.102.

“*Place of abode*” means a place of stay, permanent or for some time, for which consideration is paid.

“*Program*” means the targeted small business financial assistance program established pursuant to this chapter.

“*Review committee*” means a committee established by the authority to review program applications pursuant to subrule 55.3(8).

“*Service-disabled veteran*” means a veteran who provides written verification from the U.S. Department of Veterans Affairs or the U.S. Department of Defense of a disability that was incurred or aggravated in the line of duty in active military, naval, air, or space service.

“*Targeted group person*” means a minority person, woman, person with a disability, or service-disabled veteran who is either an Iowa resident or a resident of a contiguous state who lives within 50 miles of the targeted small business the person owns, operates, and actively manages.

“*Targeted small business*” or “*TSB*” means the same as defined in Iowa Code section 15.102.

“*Woman*” means any female 18 years of age or older.

[ARC 8260C, IAB 10/16/24, effective 11/20/24]

261—55.3(15) Application and approval.

55.3(1) Application procedures. Application materials may be obtained from the authority.

55.3(2) Maximum funding. The maximum loan amount is \$50,000. The interest rate charged shall not exceed 5 percent per annum or be less than 0 percent per annum. A targeted small business shall not receive a loan under the program that provides more than 90 percent of the funding for a project. All applicants must invest at least 10 percent of the total project budget in cash.

55.3(3) Term. The term of a loan shall not exceed five years.

55.3(4) Eligible uses of funds. Program funds shall be used for legitimate business expenses, including but not limited to purchase of equipment and furnishings, inventory, purchase of and improvements to land and buildings and specific operating expenses.

55.3(5) Ineligible uses of funds. Program funds shall not be used to refinance existing debt. For the purposes of this subrule, existing debt does not include interim financing for allowable program purposes intended as a bridge loan obtained after the date a program loan is approved. Program funds shall not be used to facilitate financing of a project that would consist solely of relocation of an existing business within Iowa.

55.3(6) Threshold criteria. Applicants for funds under the program must meet the following minimum criteria before their applications will be considered complete and eligible for evaluation:

a. The business must be eligible for certification as a targeted small business pursuant to 261—Chapter 52 at the time of application. The authority will educate applicants about the benefits of such certification and encourage applicants to seek certification.

b. An applicant must be a resident of Iowa for at least six months to be eligible to apply for assistance. Applicants may be asked to provide necessary documentation to prove legal residency. An applicant who has not established a permanent place of abode in Iowa or who has not abandoned a permanent place of abode in another state shall be presumed to not be a resident of Iowa. A place of abode that is leased or rented shall be deemed permanent if leased or rented for a period of at least one year.

c. All applicants shall make a report regarding violations of law and address generation of solid or hazardous waste consistent with the requirements of Iowa Code section 15A.1(3).

55.3(7) *Submittal.* Applicants shall submit an application to the authority in the form and content prescribed by the authority.

55.3(8) *Review.*

a. Applications are reviewed for completeness. If additional information is required, the authority will notify the applicant. If the requested information is not provided by the deadline indicated in the notice, the application may be considered incomplete or ineligible.

b. The authority will establish a committee of at least three individuals to review all applications.

55.3(9) *Evaluation.* Applications are evaluated according to the following criteria:

a. Applicant credit score and outstanding liabilities.

b. Source(s) of the applicant's income.

c. Debt service coverage ratio.

55.3(10) *Negotiations.*

a. The authority reserves the right to negotiate the amount, term, interest rate, and other conditions of the loan prior to or after award.

b. The authority may decline to award funds to a business if there is a negative credit report (e.g., bankruptcy, foreclosure, tax liens, or unpaid or past due child support).

55.3(11) *Award decision.* If an application is approved by the review committee, the applicant business will receive an award letter that states the amount of the award, conditions of the award, any required security agreements, and the amount of monthly loan repayments. If an application is denied by the review committee, the applicant will receive a denial letter stating the reasons for denial.

55.3(12) *Reapplication.* An applicant whose application is denied by the review committee cannot resubmit an application for the program for 90 days from the date of the denial letter.

[ARC 8260C, IAB 10/16/24, effective 11/20/24]

261—55.4(15) Monitoring.

55.4(1) The authority will monitor the recipient's records to ensure compliance with the terms of the award. The authority may request information on the condition of the business at any time during the life of the loan to determine the status of the project.

55.4(2) The authority may require a program recipient to consult with designated small business service providers for assistance with various aspects of the management and operation of the business.

55.4(3) If the authority determines that a borrower is in default, the authority may seek recovery of the loan plus interest or other penalties; negotiate alternative payment schedules; initiate, suspend or discontinue collection efforts; and take other action as the authority deems necessary.

[ARC 8260C, IAB 10/16/24, effective 11/20/24]

261—55.5(15) Disbursement of funds. An approved applicant shall acknowledge and agree to the terms proposed by the authority prior to disbursement of funds. Requests for disbursement and loan documents shall be in the form and content specified by the authority.

[ARC 8260C, IAB 10/16/24, effective 11/20/24]

These rules are intended to implement Iowa Code section 15.108 and 2013 Iowa Acts, House File 324.

[Filed emergency 9/11/87—published 10/7/87, effective 9/11/87]¹

[Filed 12/24/87, Notice 10/7/87—published 1/13/88, effective 2/17/88]

[Filed emergency 11/23/88—published 12/14/88, effective 11/23/88]

[Filed 12/22/89, Notice 11/15/89—published 1/10/90, effective 2/14/90]

[Filed emergency 6/21/91 after Notice 4/17/91—published 7/10/91, effective 6/21/91]

[Filed 6/17/93, Notice 2/17/93—published 7/7/93, effective 8/11/93]

[Filed 1/20/95, Notice 8/17/94—published 2/15/95, effective 3/22/95]

[Filed 6/26/95, Notice 5/10/95—published 7/19/95, effective 8/23/95]

[Filed 8/27/03, Notice 7/9/03—published 9/17/03, effective 10/22/03]

[Filed 9/20/07, Notice 8/15/07—published 10/10/07, effective 11/14/07]

[Filed ARC 5907C (Notice ARC 5622C, IAB 5/19/21), IAB 9/22/21, effective 10/27/21]

[Filed ARC 8260C (Notice ARC 8143C, IAB 7/24/24), IAB 10/16/24, effective 11/20/24]

¹ Prior to 10/7/87, see Iowa Finance Authority 524—Chapter 11