

CHAPTER 11  
IOWA MAIN STREET LOAN PROGRAM

**265—11.1(16) Program description.** This program is intended to provide financing to facilitate upper floor housing, infill development projects and commercial properties situated in the downtown area of communities participating in the Iowa main street program administered by the Iowa department of economic development pursuant to 261—Chapter 39. Loans will be made from a pool of funds legally available to the authority. Community development corporations, community-initiated development groups and owners or others having an interest in property in selected Iowa main street program communities may apply for such loans. Applications first reviewed and approved by the Iowa department of economic development main street program for project appropriateness shall be reviewed by the authority for underwriting purposes.

**265—11.2(16) Waiver.** The authority may by resolution waive particular provisions of these rules in accordance with 265—Chapter 18.  
[ARC 5642C, IAB 6/2/21, effective 7/7/21]

**265—11.3(16) Main street loan program.** The purpose of the program is to assist in stimulating downtown economic development within the context of historic preservation and to establish a strong public/private partnership to revitalize downtowns and their communities by providing financing to facilitate upper floor housing, infill development projects and commercial properties situated in the downtown area of communities participating in the Iowa main street program.

**265—11.4(16) Definitions.** As used in connection with the Iowa main street loan program, the following terms have the meanings indicated.

“*Applicant*” means an eligible borrower that applies for an Iowa main street loan.

“*Application*” means those documents required by the participating lender and the authority, which shall include all of the information required by rule 265—2.8(16).

“*Commercial property*” means property formerly or currently used primarily for business, retail, governmental or professional purposes.

“*Department*” means the Iowa department of economic development.

“*Downtown area*” means the business area of a community that is centrally located within the community within the context of the Iowa main street program.

“*Eligible borrower*” means owners or others having an interest in property situated within the downtown area of a participating city, community development corporations associated with a participating city, Iowa main street program organizations associated with a participating city, community-initiated development groups associated with a participating city, or other organization associated with a participating city for purposes of implementing the Iowa main street program.

“*Financing*” includes loans, mortgages, and other financing arrangements to participants in the Iowa main street loan program to finance projects approved pursuant to rule 11.7(16).

“*Housing*” means housing as defined in Iowa Code section 16.1(14).

“*Infill development*” means new construction on a vacant commercial lot currently held as open space.

“*Participating city*” means a city participating in the Iowa main street program.

“*Property*” means property owned by the applicant or in which the applicant has an interest and for which the applicant proposes to expend the funds to be borrowed from the Iowa main street loan program.

“*Time of application*” means the date a participating lender receives an application from a participating community.

“*Upper floor housing*” means any housing that is attached to or contained in the same building as commercial property, whether located on the ground floor behind the traditional storefront or on other floors of the property.

[ARC 2046C, IAB 6/24/15, effective 7/29/15]

**265—11.5(16) Application.** Eligible borrowers for Iowa main street loans shall apply to the department in accordance with the procedures outlined in 265—Chapter 2.

**265—11.6(16) Public benefit.** Before approving an Iowa main street loan, the department and the authority must find that the proposed project will result in one or more of the following:

1. Rehabilitation of upper floor housing or commercial properties or new construction development on infill vacant lots located in the downtown area of a participating city;
2. Housing in downtown areas located in a participating city; or
3. Stimulation of downtown area economic development within the context of historic preservation of the downtown area in a participating city.

**265—11.7(16) Loan criteria.**

**11.7(1) Evaluation by the department.** The department shall evaluate each application for an Iowa main street loan to ensure that the following criteria are met:

- a. The property for which the applicant is applying for an Iowa main street loan is situated in the downtown area of a city participating in the Iowa main street program.
- b. Strong local community support is evidenced by local contributing effort including, but not limited to, contributions by the city or county, grants, tax abatement, local private contributions and investments, and establishment of community development corporations or community-initiated development groups.
- c. The loan proceeds will be used in a manner that will enhance the property in a manner that will stimulate downtown economic development within the context of historic preservation.
- d. The loan proceeds will be used in a manner that will enhance the property in a manner that will assist in establishing a strong public/private partnership to revitalize the downtown area of the community in which the property is situated.

**11.7(2) Evaluation by the authority.** Once approval for the loan is given by the department, the authority shall evaluate each application for an Iowa main street loan to ensure that the following criteria are met:

- a. The applicant shall show evidence that it is able to manage the property in a manner to show economic feasibility. This shall include an overall business management plan including, but not limited to, the following:
  - (1) A generalized projection of revenues and expenditures for the three-year period beginning the month of anticipated loan closing;
  - (2) Capital formation plans, if any;
  - (3) To the extent possible, identification and analysis of risk;
  - (4) Plans for record keeping, personnel and financial management;
  - (5) Plans for marketing the rental of the property;
  - (6) Appraisal of the property provided by the applicant.
- b. The applicant shall contribute a minimum of 10 percent of the overall project cost.
- c. There is reasonable assurance that the loan will be repaid. The authority may require any collateral, security or mortgage documents or other filings or protection, including without limitation personal or corporate guarantees, or both, as are reasonably necessary to insure security.
- d. The business's past earnings record and future prospects shall indicate an ability to repay the loan out of income from the property. The applicant shall provide financial statements and projections of future earnings prospects for the business as required by the authority and shall allow the authority reasonable access to its books and records.

**11.7(3) Amount of loans.** The principal amount of each loan shall not be less than \$50,000 and shall not exceed \$250,000.

**11.7(4) Term of loan.** Loans shall be amortized over not more than 30 years; the actual term of the loan shall be determined by the authority depending on the economic feasibility of the project.

**11.7(5) Interest rate.** Interest shall be charged on the loan at a rate related to the community investment program as determined and announced by the authority from time to time.

**11.7(6)** *Loan fee.* The applicant shall pay a fee in the amount of 1 percent of the initial loan amount. The loan fee shall be payable at closing.

These rules are intended to implement Iowa Code sections 16.1, 16.4, 16.4D, 16.5C, 16.19, and 16.51.

[Filed Emergency 6/8/01 after Notice 5/2/01—published 6/27/01, effective 6/8/01]

[Filed ARC 2046C (Notice ARC 1761C, IAB 12/10/14), IAB 6/24/15, effective 7/29/15]

[Filed ARC 5642C (Notice ARC 5412C, IAB 2/10/21), IAB 6/2/21, effective 7/7/21]