

CHAPTER 405
ALTERNATE ENERGY REVOLVING LOAN PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/1/31

261—405.1(15) Definitions.

“Alternate energy production facility” means the same as defined in Iowa Code section 476.42.

“Authority” means the economic development authority created in Iowa Code section 15.105.

“Board” means the governing board of the Iowa energy center established pursuant to Iowa Code section 15.120(2).

“Iowa energy center” or *“IEC”* means the Iowa energy center established by Iowa Code section 15.120.

“Project” means the construction of an alternate energy production facility or a small hydro facility.

“Small hydro facility” means the same as defined in Iowa Code section 476.42.

[ARC 0310D, IAB 5/27/26, effective 7/1/26]

261—405.2(15) Loan amounts and terms.

405.2(1) The minimum loan amount is \$25,000 per project, and the maximum loan amount shall not exceed the amount set forth in Iowa Code section 476.46(2) *“d.”*

405.2(2) The board shall not lend more than 50 percent of eligible project costs.

405.2(3) Loan terms will be consistent with Iowa Code section 476.46(2) *“e.”*

405.2(4) A borrower shall be eligible for not more than \$1 million in loans outstanding at any time under this program.

405.2(5) The board shall not issue a loan that exceeds the value of the collateral provided.

405.2(6) The board will accept security for a loan. The following forms of collateral will be accepted:

a. Real property;

b. Dedicated certificate of deposit;

c. Irrevocable letter of credit;

d. Corporate guarantee;

e. Other forms of collateral if approved by the board and only if the forms of collateral listed in paragraphs 405.2(6) *“a”* through *“d”* are inadequate.

405.2(7) Term. The duration of the loan shall be for 20 years, the estimated useful life of the project that is financed by the loan, the terms of any other loans used to finance the project, or the estimated return on investment time period for the project, whichever is shortest.

[ARC 0310D, IAB 5/27/26, effective 7/1/26]

261—405.3(15) Borrowers.

405.3(1) *Eligible borrowers.* The project shall be wholly owned by an eligible borrower. Eligible borrowers include:

a. Persons whose primary residence is in Iowa.

b. Businesses registered and domiciled in Iowa. For businesses organized as limited liability companies, each member of the limited liability company must be domiciled in Iowa and be an eligible borrower.

c. Water and wastewater utilities subject to Iowa Code chapter 388, rural water districts subject to Iowa Code chapters 357A and 504, and sanitary districts subject to Iowa Code chapter 358.

405.3(2) *Ineligible borrowers.* Ineligible borrowers include:

a. An organization that is lending to a project and also owns the project or is a member of an organization that owns the project.

b. An individual or an organization with a history of defaulted loans or compliance violations with other state programs or rules.

c. Regents institutions.

d. Community colleges.

- e.* State agencies.
- f.* Cities, but not water or wastewater utilities subject to Iowa Code chapter 388.
- g.* Counties.
- h.* School districts.
- i.* Nonprofit organizations.
- j.* Gas and electric utilities subject to Iowa Code chapter 388 or rural electric cooperatives subject to Iowa Code chapter 476.

[ARC 0310D, IAB 5/27/26, effective 7/1/26]

261—405.4(15) Administration.

405.4(1) Amendment. Any substantive change to a project shall require an amendment to the loan agreement. The borrower shall request the amendment in writing. No substantive amendment shall be valid until approved by the board. The authority may execute nonsubstantive or corrective changes to the loan agreement without board approval.

405.4(2) Closeout. Upon project completion, the authority will initiate project closeout procedures.

405.4(3) Recordkeeping and retention. Borrowers shall retain all financial records, all supporting documents, and all other records pertinent to the loan for five years after the loan agreement is closed or the date the authority issues a written notice of default if the default is not cured.

405.4(4) Reporting and compliance. The authority reserves the right to conduct a site visit of all awarded projects to ensure the projects were built as proposed and to provide verification of ongoing operation. The authority will monitor all loans to ensure that loan proceeds have been spent as identified in the contract and that all other sources of financing have been committed to the project. Borrowers shall be required to notify the authority of any change in ownership.

405.4(5) Default.

a. At any time during the construction of a project or the repayment of the loan, the authority may find that a borrower is in default under the terms of the loan agreement. The authority will take prompt, appropriate, and aggressive debt collection action to recover any funds misspent by borrowers.

b. If the authority determines that a borrower is in default, the authority may seek recovery of the loan plus interest or other penalties as authorized pursuant to Iowa Code section 476.46, negotiate alternative payment schedules, suspend or discontinue collection efforts, and take other action as the authority deems necessary.

c. The authority shall attempt to collect the amount owed. Any negotiated settlement, write-off, or discontinuance of collection efforts is subject to final review by and approval of the board.

d. If the authority refers a defaulted loan to outside counsel for debt collection, then the terms of the contract between the authority and the outside counsel regarding the scope of counsel's authorization to accept settlements shall apply.

[ARC 0310D, IAB 5/27/26, effective 7/1/26]

261—405.5(15) Applicability after June 30, 2021. To the extent allowed by other provisions of law, the rules adopted in this chapter shall continue to apply to agreements entered into on or before June 30, 2021.

[ARC 0310D, IAB 5/27/26, effective 7/1/26]

These rules are intended to implement Iowa Code sections 15.120 and 476.46.

[Filed ARC 4263C (Notice ARC 4148C, IAB 12/5/18), IAB 1/30/19, effective 3/6/19]

[Filed Emergency After Notice ARC 5994C (Notice ARC 5878C, IAB 8/25/21), IAB 10/20/21,
effective 9/30/21]

[Filed ARC 0310D (Notice ARC 9950C, IAB 1/7/26), IAB 5/27/26, effective 7/1/26]