

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.