

261—80.5 (83GA,SF2389) General loan terms. In addition to terms and conditions in the loan agreement, loans made under the program shall have the following terms:

80.5(1) Amount. Loans made under the program may be for \$2,500 to \$50,000.

80.5(2) Interest rates. The interest rates for the following loans made available under the program shall be:

a. Direct loans: annual percentage rate of 3.9 percent.

b. Co-financed loans: annual percentage rate of 2 percent.

80.5(3) Security. Recipients shall provide collateral to secure the entire loan value. The department may require a first position on any collateral offered in connection with receiving a loan under the program or any equipment purchases or other uses that can be securitized. The department may, however, allow for a subordinated position on collateral on co-financed loans that involve a conventional lender.

80.5(4) Term. The term of any loan made under the program shall not exceed five years. The department may require a shorter loan term for loans at the sole discretion of the director.

80.5(5) Unallowable uses. Proceeds from any loans made under the program shall not be used for any of the following:

a. Compensation to employees, including without limitation any benefits and travel allowances.

b. Refinancing existing or future loans.

c. Working capital. Recipients shall not, without limitation, use the loan proceeds to keep cash on hand or fund inventories.

d. Payment of liabilities incurred prior to the origination of the loan, including unpaid taxes and money owed to creditors.

e. Charitable donations.

f. Purchase of real estate.

g. Purchase of a business unless the loan made under the program is leveraged with other sources of financing, including at least 10 percent equity investment by the owner.

h. Purchase of vehicles unless the vehicle is a special-use vehicle that shall only be used for purposes related to the Iowa small business throughout the term of the loan and personal use is not allowed.

i. Purchase of equipment unless the equipment is deployed and primarily used by the Iowa small business in Iowa throughout the life of the loan.