



## Mid-Iowa Development Fund

Serving Boone, Dallas, Jasper, Marion, Polk, Story, and Warren Counties

### LOAN PROGRAM GUIDELINES

- Applicants must be located in one of the seven counties MIDF serves.
- Applicants must be sponsored by a local development organization.
- A non-refundable application fee of 1.5% of the loan amount requested is due with the application.
- The maximum loan amount is \$125,000. Projects should leverage other funding and financing to the extent possible, as the RLF program cannot compete with bank financing. Documentation from a bank or other conventional lender will be required to detail their funding in the project or their inability to provide funding.
- The interest rate on loans will vary depending on the current prime rate and the need of the applicant. The interest rate on all loans shall be determined by the loan review committee.
- At a minimum, all applicants must contribute 10% of the total project cost in cash. Equity in existing or other assets brought into the project may be included towards this requirement with MIDF approval.
- The program aims to create or retain jobs. All applications must include information on jobs created or retained by the project. MIDF's goal is 1 job created or retained for every \$25,000 loaned.
- Repayment terms generally require monthly payments, with a maximum loan term of 10 years.
- RLF funds may be used for building acquisition, equipment, inventory, working capital and construction. (Davis-Bacon wage rates apply for construction).
- Funds may not be used for projects that are purely speculative in nature (i.e., spec building construction).
- All loans must be secured, and a first collateral position is desired if possible. Lesser security positions may be approved by the board of directors if necessary to the success of the project. All projects will require personal guarantees from all persons owning a 20% or larger share of the company
- Applicants must provide documentation that the project is feasible and sound, including (at a minimum) a business plan and financial projections for at least three years into the future.
- All projects may be subject to an environmental review.
- Generally, applications will not be accepted for projects that will directly compete with other similar existing local businesses. Those projects that involve new business activities similar to other existing companies must include a market analysis with their application that shows how their project is unique and that the project will not adversely affect the other existing company. Applications will be accepted for existing established businesses that create jobs or include job retention (i.e., business is being sold to new owners in order to avoid business closing and losing jobs).

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**Serviced by: Region XII Council of Governments, Inc.**

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