



Fact Sheet: Business Loans

Grow Iowa provides low-interest financing for business starts, expansions and other economic development projects in southwest Iowa. We work in conjunction with local and regional banks to increase small business and industry lending by providing additional, flexible credit helping the borrower fit the bank's underwriting criteria.

Financing

- Up to 50% of the project can be financed through Grow Iowa (max. loan \$150,000).
- Remaining project costs are most often financed through a commercial lending institution.
- Applicants must provide a portion of the project cost as equity through personal resources or grant funds.
- Loan terms up to 10 years, depending on project and collateral; Interest rate – fixed 6%.

Applicant Eligibility

Individuals, cities, counties, cooperatives, businesses, non-profit and for-profit corporations are eligible to apply for financing – all applicants must have the authorization of a sponsoring agency, such as a county or regional development corporation, city, county or chamber of commerce, to qualify.

Eligible projects

- Business acquisition, construction, conversion, enlargement, repair, modernization or development costs.
- Purchase and development of land, building facilities, leases or material.
- Purchase of equipment, leasehold improvements, machinery or supplies.
- Start-up operating costs and working capital.
- Tourist facilities such as restaurants, hotels or recreation centers.

Ineligible projects

- Production agriculture.
- Transfer of ownership, unless the loan will keep the business from closing.
- Community antenna television services or facilities.
- Lending, investment institutions and insurance companies.
- Golf courses, race tracks or gambling facilities.

Application procedure

- Application forms are available from Grow Iowa as well as many banks and county development offices.
- Applicants must discuss their project with Grow Iowa prior to submitting an application to ensure eligibility.
- Applicants are encouraged to complete the IRP application in conjunction with their local lender.
- Six copies of the completed application, attachments and a \$150 application fee should be mailed to Grow Iowa.
- Loan applications will be reviewed by a regional loan committee within 15 business days. If approved, an additional 30-45 days may be required to gain USDA approval, prepare loan documentation and cut the final check if an environmental review is required by USDA.
- A one percent (1%) administrative management fee is charged at the loan closing.

Why are applications typically denied?

- Poorly prepared and/or incomplete applications.
- Lack of and/or limited commercial lender involvement.
- Poor credit history of the applicant.
- Inability to collateralize the debt.
- Business projections that indicate inability to service the debt.
- Lack of applicant equity.
- Refinancing or "bail-out" of other creditors.
- Transfer of ownership without the threat of business closure or loss of jobs.

This is an equal opportunity program.