



Clarion Chamber & Development

Commercial Development Loan Fund - Info Sheet

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Overview:

The Clarion Chamber & Development (CCD) Commercial Development Loan Fund ("Loan Fund") is a pool of money that was given to the CCD from the City of Clarion, from which loans can be made to businesses. The Loan Fund is designed to provide gap or incentive financing to assist a business in start-up, improvement, or expansion activities. The Loan Fund is not a primary source of capital for development projects and is not intended to compete with local banks.

The Loan Fund is controlled by a local, loan committee with loan decision-making responsibility. Decisions will be based on pre-determined requirements and a review of a standard loan application. With a goal of stimulating economic development, the loan program provides new, attractive financing that has not previously been available in Clarion.

What are the Loan Fund dollars used for?

Financial assistance from the Loan Fund shall be used in conjunction with the owner's equity, commercial loans and state assistance for the following purposes:

- Real property acquisition
- Real property construction & rehabilitation (improvements)
- Purchase of equipment for the business.

Who is eligible?

With approval of the Loan Fund committee, any project deemed eligible for assistance and located within the city limits of Clarion may receive a loan.

- Only "for profit" businesses
- Businesses located within the city limits of Clarion
- Loan requests will seek to leverage a minimum of two private dollars for every one Loan Fund dollar.
- Applicants must provide evidence that private financing has been secured and committed in a sufficient amount to cover the private portion of the loan package. If conventional financing is not required, the applicant must demonstrate the ability to repay the loan.

How is the loan structured?

The Loan Fund may award applicant financial assistance for a project with the following terms:

- Loans will typically not exceed \$5,000 per project
- Funds shall not provide more than 33% of the total project cost.
- Loans will typically be for one to three years and will not will not exceed five years.
- The interest rate will typically range from 3-5%. The Loan Committee will determine the rate.
- Payments will be made electronically/ACH to the CCD loan fund account.
- Upon approval of the loan request the borrower must agree to pay annual membership dues for a period of the term of the loan.

Other considerations:

The Loan Fund Committee shall also consider the following:

- Benefits to the community
- Number of jobs created or retained
- Ratio of dollars compared to requested loan fund dollars
- Borrower's personal financial commitment to the project
- Feasibility in compliance with the business plan
- Repayment schedule proposed
- Availability of Loan Fund dollars
- Borrower's business experience and past history

Need more information?

For more information about the Commercial Development Loan Fund, contact the Clarion Chamber & Development at 515-532-2256 or chamber@clarioniowa.com.

**This Fund is not intended to be a sole source or primary source of funding for a project; it serves as supplemental funding assistance. Funds may not be used by the applicant for speculation on real estate, stocks, bonds, commodities, or any similar purpose; nor shall funds be used for personal conveniences such as automobiles, living quarters, or other non-business luxuries.*