Iowa Small Business Collateral Support Program: The Iowa Small Business Collateral Support Program helps Iowa businesses get a loan from a commercial lender when they don't have enough collateral. The state can provide up to **40% of the collateral gap** needed to secure a loan from **$50,000 to $250,000**. The program uses state funds as additional pledged collateral, which reduces the risk for lenders and makes it easier for creditworthy businesses to get the financing they need.

How It Works: This program is a collaboration between the business, a participating lender, and the state of Iowa.

1. **Loan Application:** Borrower applies for a loan with a participating lender (a bank, credit union, or similar institution).
2. **Collateral Shortfall:** The lender underwrites the loan and determines that the business doesn't have enough collateral to secure the full loan amount.
3. **Lender Applies for Support:** The lender, on the borrower's behalf, applies to the state's collateral support program to fill this gap. (Should only take 2 weeks for an answer if all documents were submitted.)
4. **Funds Deposited:** If approved, the state deposits a cash amount into a collateral account at the lending institution, which is pledged as security for the loan. (Can be up to 40%.)
5. **Loan Closed:** With the collateral gap filled, the loan is finalized.
6. **Loan Repayment:** The state's cash deposit is returned in payments as the loan is paid down (could be quarterly, semi-annual, or annually). If the borrower defaults, the lender will do their due diligence, before drawing from the state's pledged collateral.

Eligibility Requirements: To be eligible for this program, your business must be:

- **Located in Iowa.**
- **A for-profit, privately owned business.**
- Have an average gross business income of **less than $4 million**, computed as an average of the preceding three fiscal years.
- Have **fewer than 125 employees** across all locations.
- Have a personal credit score **above 600**.
- **Not earn a portion of its revenue from lending activities.**
- **18 years of age or older.**
- Must meet other criteria outline in the application by the lender and/or U.S. Treasury requirements.

Approved Uses of Funds: The funds can be used for various business purposes, including:

- Start-up costs
- Working capital
- Hiring new employees
- Business improvements
- Equipment purchases
- Inventory and supplies
- Marketing and advertising
- Specific operating expenses

Prohibited Uses of Funds: The cash collateral provided by the state is intended to close a financing gap, so it can't be used for everything. The loan proceeds cannot be used for:

- Paying off or refinancing existing debt (business or personal).
- Passive real estate investments (not for owner-occupied business use).
- Contributions to non-profits or charities.
- Lending money to others.
- Illegal activities.
- Paying delinquent federal or state taxes.
- To purchase farmland or farm equipment.
- The adult entertainment industry.

Lender Information: Only **qualified lenders** can participate in this program. A qualified lender must be a depository institution, an insured credit union, or a community development financial institution with a physical office in Iowa and be regulated by a relevant state or federal agency.

- All loan terms and fees are established by the lender.
- Collateral support cannot be provided for SBA 7(a) or SBA 504 loans, USDA loans or any other federal loans.
- The participating lender is responsible for its own credit underwriting and loan originations.
- Lenders can apply to be a preferred lender at https://startupspace.app/v2/dynamic-survey/view/304/49

Technical Assistance: The TA program provides professional support to ensure your business is "lender-ready."

Services provided:

- **Financial Documentation:** Preparing audits, financial statements, and business records.
- **Digital Integration:** Digitizing financial records for easier reporting and transparency.
- **Advisory & Training:** Education on accounting practices, recordkeeping, and using accounting software.
- **Capital Access:** Identifying sources of credit, grants, and other financing; assisting with applications for government small business programs; and preparing financial analyses.
- **Strategic Planning:** Developing business plans, financial models, and presentations for potential investors.
- **Problem Solving:** Advising on specific factors that might be preventing your business from accessing traditional financing.

While the SBDC provides broad support, **Community CPA** offers specialized counseling for those actively applying for an SSBCI program (such as the Loan Participation Program or the Collateral Support Program).

Important Limitation: Community CPA provides **up to 26 hours of counseling** per business specifically for those applying for an SSBCI program. When getting close to the 26 hours, please contact Audra to determine how to proceed.

An Iowa small business owner looking to access TA services, can use the following methods to start the process:

Method	**Contact Information / Link**
Iowa SBDC Website	iowasbdc.org (Click on "Request Counseling")
Direct Application	https://startupspace.app/v2/dynamic-survey/view/304/392
Email	fishera@iastate.edu

Deep Tech. Broad Impact.

InnoVenture Iowa

EARLY-STAGE CAPITAL FOR IOWA INNOVATORS

Iowa's First Public Venture Capital Fund | $40M Evergreen Co-Investment Fund

Typical Investment: $250,000

Closing the funding gap for early-stage Iowa startups while accelerating innovation across bioscience, advanced manufacturing, and information technology.

WHY INNOVENTURE IOWA?

- Equity investment, not a loan
- Invests through priced rounds, SAFEs & convertible notes
- Built by and for Iowa entrepreneurs
- Seeks 10-25% participation in funding rounds
- Strong co-investment approach

INVESTMENT CRITERIA

- Headquartered in Iowa or significant Iowa operations
- Industries: Bioscience, Advanced Manufacturing, IT
- Signed term sheet from a lead investor required
- Typical fundraising rounds: $250K-$2M
- Bioscience rounds considered up to $20M

CONTACT

Micah Walker
Investment Associate
micah@innoventureiowa.com
(832) 326-9143

Safiya Lee-Evans
Portfolio Manager
safiya@innoventureiowa.com

HOW THE PROCESS WORKS

1) Initial pitch to InnoVenture Iowa → 2) Due diligence with investors, customers, and financial review → 3) Investment Committee review → 4) Supermajority approval (4 of 5 votes) → 5) Funding typically within 4-6 weeks

READY TO SCALE YOUR IOWA STARTUP?

www.innoventureiowa.com

IOWA SMALL BUSINESS COLLATERAL SUPPORT PROGRAM

IOWA Economic Development

OVERVIEW

The Iowa Economic Development Authority (IEDA) is committed to promoting economic growth and innovation in communities, and empowering small business owners to change their lives and make an impact in their communities.

Through the Small Business Collateral Support Program, the state of Iowa can provide businesses up to 40% of a collateral gap needed to secure a loan through a commercial lender for loans ranging in size of $50,000 to $250,000. The program was established through the U.S. Treasury State Small Business Credit Initiative (SSBCI).

BACKGROUND

State's contribution

IEDA will offer collateral support up to 40% of the loan amount. The state will only participate in the amount needed to secure the loan based on the lender's analysis of collateral shortfalls. The average collateral support rate may be closer to 20%.

Program access for Small Businesses

Small businesses will be encouraged to contact their current lender and ask about the program. Alternatively, lenders may also promote the program if they are a participating lender in the program. Once the lender has evaluated the collateral of the borrower and any gaps that exist to securing the loan, the lender can apply for the program on behalf of the applicant for the remainder collateral amount needed to secure the loan. The Small Business Collateral Support Program is offered on a first-come, first-served basis to qualified Iowa businesses until funds are no longer available, however, once loans are repaid, collateral deposits will be returned to the state and recycled back into the program.

Responsibility for setting the loan terms

Participating lenders are responsible for their own credit underwriting decisions and loan originations. IEDA ensures compliance with the program requirements, approves the state's collateral support level and reports to the U.S. Treasury based on information shared by the lender as required in the Provider Participation Agreement (PPA) that must be on file with IEDA to participate in the program.

State's responsibilities

IEDA's responsibility is to ensure compliance with U.S. Treasury collateral support requirements and reporting. IEDA will review each participation agreement and collateral support application for compliance with SSBCI standards. IEDA may request additional information from the lender or borrower if necessary to approve applications. Standard reporting documentation will be provided to participating lenders, and an IEDA point of contact will request quarterly reporting data on any collateral support loans. IEDA will market and promote the Small Business Collateral Support Program to potential applicants and Iowa's lending institutions. If approved for collateral support, IEDA will issue a participation certificate to the lender to be included in final loan closing documents, and IEDA will open a pledged collateral support account with the lender.

Lender's responsibilities

By signing the PPA, the lender will agree to service the loan and any collection on loan payments and remittance to the state's purchased portion. The lender will agree to provide quarterly reports on collateral support loans using the standardized documentation provided by the state. The lender will agree to notify the state, in writing, of any acceleration of payment under any of the loan documents; the commencement of any collection proceeding against the borrower or any co-guarantor or co-signer of the loan; the seizure, sale, transfer, assignment, foreclosure or attempt to exercise against any collateral securing the loan, any forbearance or similar arrangements or any written notice provided by the lender to the borrower, guarantor or other endorser of the loan. The lender will notify the state, in writing, regarding any commencement of collection proceeding against the borrower or any co-guarantor or co-signer of the loan; the seizure, sale, transfer, assignment, foreclosure or attempt to exercise against any collateral securing the loan. The state will allow the lender to lead in attempt to recover assets and negotiate any excess recoveries because of its subordinate position.

Loan process

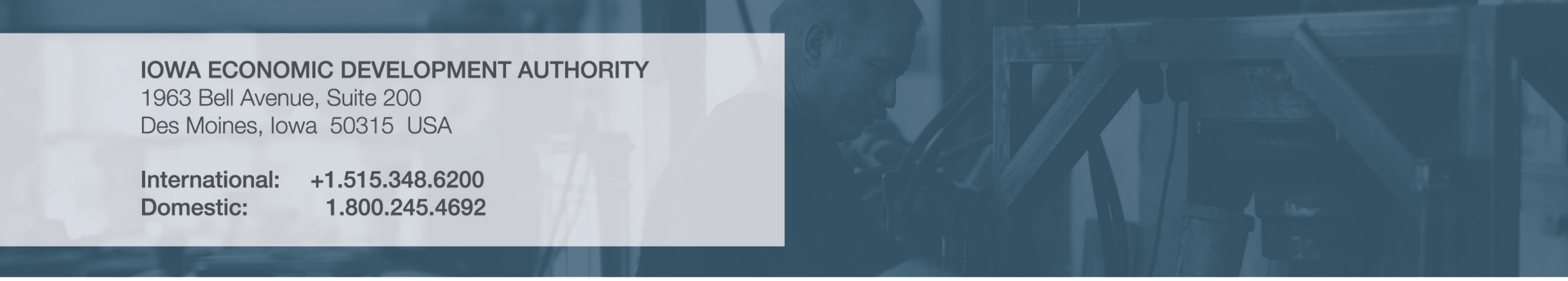
The state will not perform its own underwriting but may request more information from the lender before determining to provide collateral. The lender is notified of the decision, and if approved, prior to closing, IEDA will open a pledged collateral support account with the lender. At loan closing, the lender will execute a collateral deposit agreement with IEDA, certifying that it has followed prudent underwriting loan processes and the collateral support was critical in the lender making the loan eligible. Funds are deposited into an account with the financial institution, pledged as additional support for the loan. Upon maturity, deposits are returned to IEDA for recycling to other qualified borrowers.

ELIGIBILITY

Borrower qualifications

To be eligible for collateral support, businesses/business owners must meet the following requirements:

- At least 18 years of age
- Located in the state of Iowa
- Privately owned business
- Operating for a profit
- Have an average gross business income of less than $4 million, computed as an average of the preceding three fiscal years
- Must have a credit score above 600
- Must have less than 125 employees across all locations and divisions
- Cannot earn a portion of revenue from lending activities
- Must meet other criteria outlined in the application by the lender and/or U.S. Treasury requirements
- Cannot have a principal or investee with 20% or more of the ownership stock or stock equivalent who has been convicted of a sex offense against a minor (as defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. 16911))



IOWA ECONOMIC DEVELOPMENT AUTHORITY
1963 Bell Avenue, Suite 200
Des Moines, Iowa 50315 USA

International: **+1.515.348.6200**
Domestic: **1.800.245.4692**

Lender qualifications

- A depository institution, insured credit union or community development financial institution that is experienced in the making of loans to businesses of the type provided for under the SSBCI regulations.
- The institution has a physical office in the state of Iowa and is regulated by the Iowa Division of Banking, the Federal Reserve Board, Iowa Finance Authority, Iowa Division of Credit Unions or similar regulatory agency.
- The lender is in material compliance with all federal and state laws, rules and regulations.

Uses of loan funds

- Start-up costs
- Generate more working capital
- Invest in new employees
- Business improvements
- Purchase of equipment
- Inventory and supplies
- Marketing and advertising
- Specific operating expenses

Prohibited uses of funds

- Paying off existing business or personal debt
- Passive or investment real estate activities
- Contributions to charities or non-profits
- Lending
- Illegal activity
- Businesses may not be involved in the adult entertainment industry or be subject to any federal or state liens
- Purchase of farmland or farm equipment

Loan eligibility

- Eligible loans must meet a lender's credit underwriting criteria.
- SBA 7(a), SBA 504 and USDA loans are ineligible as are any loans that have a government guarantee.

Program limitations

- Minimum loan requests allowable for collateral support are $50,000.
- Maximum loan requests for collateral support are $250,000.
- Participating lenders must always maintain at least a 20% interest in the loan.

Fees

- Loans with maturities of one year or less will be assessed a 0.5% fee of the amount of the state's purchased participation on the loan.
- Loans with maturities of one year to five years will be assessed a 1% fee of the amount of the state's purchased participation on the loan.
- Loans with maturities of five to ten years will be assessed a 1.5% fee of the amount of the state's purchased participation on the loan.

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IOWA INNOVATION CONTINUUM

IOWA
Economic Development

OVERVIEW

The Iowa Innovation Continuum provides a range of funding programs to help entrepreneurs overcome the principal challenges of launching new start-ups that leverage discoveries and talent at Iowa's world-class public and private research universities, accelerator and incubator programs and organizations. The program seeks to accelerate the growth of companies, significantly expand Iowa's targeted innovation clusters and bolster private capital investment in Iowa's innovative companies.

The Innovation Continuum consists of five funds that companies may apply for: Proof of Commercial Relevance (POCR), Demonstration Fund (Demo), Iowa Innovation Acceleration (IIA) Launch Fund, IIA Propel Fund, and IIA Expansion Fund. Awards are made in the form of royalty agreements, or low interest loans.

ELIGIBILITY

To be eligible for innovation continuum funding companies must:

- Be an Iowa-based company commercializing innovative technology solutions in the information technology, advanced manufacturing, or bioscience sectors, legally formed and registered with the Iowa Secretary of State
- Have less than 500 employees
- Have a commitment to commercialize proprietary product(s) in advanced manufacturing, bioscience or information technology industries
- Have a minimum of two co-founders/principals actively engaged in the business
- Meet specific criteria outlined in the application based on funding amount requested
- Meet private:public matching requirements

APPLICATION PROCESS

1. Carefully review program summaries and guidelines to determine which program, if any, is an appropriate fit
2. Contact VentureNet Iowa to request an application: **innovation@iowaeda.com**
3. Submit one electronic copy of the application form and all required attachments prior to application deadline
4. VentureNet Iowa reviews applications and ensures compliance with program requirements
5. VentureNet Iowa arranges a review panel for evaluation and feedback
6. Applicant presents proposal to either the Technology Commercialization Committee (TCC) OR the State Small Business Credit Initiative (SSBCI) Committee at the discretion of program managers. Committee can ask questions to develop a deeper understanding, then will use its best judgment to make a funding recommendation
7. Applications may be approved as submitted, approved subject to certain modifications or completion of due diligence, or denied

FOR MORE INFORMATION

To find out more about the Iowa Innovation Continuum or to request an application contact:

Adrienne Greenwald
515.471.1300
innovation@iowaeda.com

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IOWA'S PUBLIC INNOVATION FUNDING

IOWA Economic Development

	EARLY STAGE	LAUNCH		LATE STAGE	
	INVESTIGATIVE / PROOF OF COMMERCIAL RELEVANCE	**DEMONSTRATION FUND**	**IOWA INNOVATION ACCELERATION - LAUNCH**	**IOWA INNOVATION ACCELERATION - PROPEL**	**IOWA INNOVATION ACCELERATION - EXPANSION**
PURPOSE	Identify gaps and explore commercialization feasibility; Business opportunities that have demonstrated an innovative proof-of-concept. Patentable innovative technology IA university-based required; functional prototype and two team members required.	Marketing, sales and distribution of market ready product; business model refinement; refinement of existing market ready software or platform. Full-time management team required.	Designed to help revenue generating companies overcome the principal challenges of scaling and move from a commercially viable product to an established customer base.	Accelerate the pace of market development for companies that have critical management in place, a validated business model and an established customer base that is generating substantive revenue.	Expansion of product lines in companies with complete management infrastructure, proven historical profitability and with an established customer base. Product refinement, market expansion for unique innovative competitive products.
TARGET	Bio-medical, Medical Device, Therapeutic Drugs; Advanced Manufacturing, Biosciences, Information Technology	Advanced Manufacturing, Biosciences, Information Technology	Advanced Manufacturing, Biosciences, Information Technology	Advanced Manufacturing, Biosciences, Information Technology	Key Industry Clusters
MAX $	≤ $50,000	≤ $100,000	≤ $250,000	≤ $500,000 or 50% of Project Costs, whichever is the lesser	≤ $1,000,000 or 50% of Project Costs, whichever is the lesser
MATCH (Private:Public)	1:2 (University match preferred for Investigative POCR)	1:2	1:1	1:1	1:1
FORM	Royalty or low interest loan	Royalty or low interest loan	Royalty or low interest loan	Royalty or low interest loan	Secured low interest loans
USE OF FUNDS	3rd party technology evaluation/review/opportunity assessment, regulatory path determination, identify partners or manufacturers; IP development and evaluation; validation of market potential; beta testing; team assembly	Marketing, sales, distribution, product refinement, market research	Increased research/capital investment funding; creation of successful collaborations/ partnerships needed to scale technology; development of technical milestones to position the technology to scale toward a broader customer base.	Recruit/hire key personnel; expand marketing/sales; advanced IP evaluation	Recruit/hire key personnel; equipment purchase and construction costs

** SSBCI - State Small Business Credit Initiative; program authorized by the U.S. Treasury*

Iowa's SSBCI dollars will focus on encouraging venture capital and investment in scalable innovation companies through the following programs:

- **Small Business Collateral Support Program** *(IEDA)*
- **Loan Participation Program for Manufacturing 4.0 Investments** *(IEDA)*
- **Venture Capital Innovation Fund Program** *(VentureNet Iowa)*
- **Venture Capital Co-Investment Fund Program** *(InnoVenture Iowa)*

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IOWA Economic Development

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Small Business Collateral Support Program

Through the Small Business Collateral Support Program, the state of Iowa can provide businesses up to 40% of a collateral gap needed to secure a loan through a commercial lender for loans ranging in size of $50,000 to $250,000.

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Eligibility:

- At least 18 years of age.
- Located in the state of Iowa.
- Operating for a profit.
- Privately owned business.
- Have an average gross business income of less than $4M, computed as an average of the preceding three fiscal years.
- Must have a credit score above 600.
- Must have less than 125 employees across all locations and divisions.
- Cannot earn a portion of revenue from lending activities.

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Funds can be used for:

- Start-up costs
- Generate more working capital
- Invest in new employees
- Business improvements
- Purchase of equipment
- Inventory and supplies
- Marketing and advertising
- Specific operating expenses

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Funds can not be used for:

Paying off existing business or personal debt.	Passive or investment real estate activities.	Contributions to charities or non-profits.	Lending.
Illegal activity.	The adult entertainment industry.	To purchase farmland or farm equipment.	To pay off any federal or state delinquent taxes.

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