

State of Indiana

Community Enhancement and Economic Development Loan Program

Fact Sheet

Introduction

The Community Enhancement and Economic Development Loan Program (CEED) is the State of Indiana's loan program under the Section 108 Loan Guarantee Program (24 CFR 570, subpart M). CEED provides communities with a source of loan financing for economic development, housing rehabilitation, public facilities, and other large-scale projects.

Eligible Applicants

Eligible applicants include all non-entitlement Local Units of Government (including Counties) in Indiana. Funds may be used by the Local Unit of Government or lent to another public or private entity (e.g. for profit or nonprofit housing developer, an operating business) that will undertake an eligible activity.

Eligible Activities

Activities eligible for CEED financing include:

- Economic development activities eligible under CDBG;
- Machinery and Equipment;
- Acquisition of improved or unimproved real property in fee or by long-term lease, including acquisition for economic development purposes;
- Site preparation, including construction, reconstruction, installation of public and other site improvements, utilities or facilities (other than buildings), or remediation of properties with known or suspected environmental contamination;
- Clearance, demolition, and removal, including movement of structures to other sites and remediation of properties with known or suspected environmental contamination of buildings and improvements on real property acquired or rehabilitated;
- Payment of interest on the guaranteed loan and issuance costs of public offerings; and
- Payment of issuance, underwriting, servicing, trust administration and other costs associated with private sector financing of debt obligations.

For purposes of determining eligibility, CDBG regulations apply. As with the CDBG program, all projects and activities must meet a National Objective by principally benefiting low- and moderate-income persons, aiding in the elimination or prevention of slums and blight, or meeting urgent needs of the community.

Amount

The maximum amount of CEED financing that can be awarded to Local Government Unit in a fiscal year is \$7,000,000. The maximum financing for a single development is \$7,000,000 with a minimum request of \$500,000.

Loan Details

Security: The primary collateral is the asset being financed. Security may also include a pledge of other revenues or assignment of interests in other assets. Additionally, personal and corporate guarantees will be required.

Repayment: The maximum repayment period for a Section 108 loan is twenty years. Principal repayments can be structured to meet repayment ability. Local Units of Government must guarantee repayment of Section 108 loans they receive regardless of whether they use the funds directly or relend them to another entity.

Interest Rates & Terms: The Interest rate on interim borrowing is priced at the 3 month London Interbank Offered Rate (LIBOR) plus 250 basis points (2.5%). The interest rate on Permanent financing is priced at Treasury's rate for similar maturity periods e.g. 5, 10, or 20 years, plus 250 basis points (2.5%). Twenty years is the maximum term and amortization period.

Compliance with Federal Regulations:

- Low-Moderate Income Targeting (80% Area Median Income or below)
- Procurement / Office of Management and Budget circulars (as applicable—A-122, A-87, A-21)
- Construction Contract Requirements
- Bonding Requirements
- Lead Based Paint
- Fair Housing / Accessibility
- Uniform Relocation Act
- Section 3
- Davis-Bacon / Labor Standards
- Environmental & Historic Review
- Income Qualification and Verification for Housing Developments