ihcda

COMMUNITY ENHANCEMENT AND ECONOMIC DEVELOPMENT (CEED) LOAN PROGRAM

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.

In order to be eligible a project must meet all applicable CDBG requirements and result in significant employment and/or benefit for low and moderate income persons, or meet another vital community development need.

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 to CEED. Projects funded with CEED financing must meet both a "national objective" of the program and an "eligible activity" as defined by the Department of Housing and Urban Development (HUD) in the CDBG regulations at 24 CFR Part 570.

The use of funds is governed by the federal "cross cutting regulations" including environmental review, lead-based paint, Davis Bacon labor standards, procurement requirements, Uniform Relocation Act (URA), Section 3, and affirmative fair housing requirements. In addition, rental developments receiving CEED Loan financing must meet requirements on rent limits, income eligibility of tenants, and long-term affordability.

LOAN DETAILS

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.

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 term and amortization period for a CEED loan is twenty years. Terms and amortization periods will be determined by the type of loan e.g. construction, equipment etc. Local Units of Government must provide guarantees for all CEED loans, regardless if the loan is for LUG uses or if the loan is made to third party.

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.

Note: Applications are accepted on a rolling basis and are non-competitive.

Links to Policies and Procedures, Application and Fact Sheet: http://www.in.gov/myihcda/2487.htm

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FOR MORE INFORMATION ABOUT THE CEED LOAN PROGRAM VISIT: www.in.gov/myihcda/ceed.htm