



*Working with Small Businesses*

# Idaho Collateral Support Program



P.O. Box 7899  
(565 W. Myrtle, 83702)  
Boise, Idaho 83707-1899  
208-331-4725



## **How Long Does it Take to Obtain Funding?**

The time your lending institution needs to verify you qualify for the program may vary, however once you are approved, IHFA will communicate with the lender within three business days with an initial e-mail, followed by a formal letter. IHFA will then reserve funding for a collateral support deposit for the specific loan and lender. The reservation of funds, once accepted by IHFA, is valid for 60 calendar days. If your lender has not approved and prepared the necessary loan documents for closing within that time frame, the lender will need to reapply for the collateral support.

## **What Happens when the Collateral Support Funding is Approved?**

As with any other loan, you'll work out payments and timetables with your lender. Upon loan repayment or reaching loan maturity, the collateral deposit is returned to IHFA and the account is closed. The funds are then reinvested in another program-approved loan.

## **Can I Apply for a Second Loan?**

Yes, but you'll need to reapply for the second loan and go through the qualification process again.

## **Where Can I Learn More About the Program?**

For more information, visit the 'Small Business Loan Programs' link at [www.ihfa.org](http://www.ihfa.org).



## About the Collateral Support Program

As a small business owner, you turn to lending institutions when you need funds to support or grow your business.

Idaho Housing and Finance Association (IHFA) is partnering with lenders throughout Idaho to assist small business owners. Our Collateral Support Program (CSP) establishes pledged cash collateral accounts with lending institutions to enhance loan collateral for your business in order for you to obtain financing on acceptable terms and conditions. Your lending institution performs all the loan analysis and can request up to 20 percent of the loan amount as additional collateral support under the CSP.

The program is a collaborative partnership between the U.S. Department of the Treasury, Idaho Department of Commerce, IHFA, and the Idaho Bankers Association. Over \$13 million has been allocated to Idaho to support small businesses and IHFA will administer the funds through participating lenders across the state. IHFA's goal is to leverage program funds to facilitate \$131 million in total lending.

## Here is an Example of How the CSP Works:

1. A small business owner requests a loan of \$100,000 for a working capital line of credit. The collateral offered by the small business owner is the accounts receivable and inventory.
2. The lending institution performs a loan analysis and finds the request meets all underwriting requirements, except for a short fall in collateral. It then requests collateral support from the CSP up to \$20,000.
3. IHFA reviews and approves the loan request and deposits up to \$20,000 in a deposit account with the lending institution, pledged as additional support for the small business loan.

## How do I Access the Program?

Contact your current lender and ask about the program. If your current lending institution is a program participant, it will go through the loan qualification process with you and apply to IHFA for a collateral support deposit on your behalf. If your lender is not a program participant or is unaware of the program, please contact IHFA directly for a referral.

The program is offered on a first-come, first-served basis to qualified Idaho small business borrowers. Loans must generally first meet your lender's credit underwriting criteria with the exception of loan collateral adequacy, which is what the program will cover.

Participating lenders are responsible for their own credit underwriting decisions and loan originations. IHFA ensures compliance with the program requirements, establishes and manages collateral support accounts, and reports to the Treasury.

## Who Qualifies?

- Any borrower registered and authorized to conduct business in Idaho.
- Businesses employing 500 or less employees.
- Any borrower who is not an executive officer, director, or a principal shareholder of the participating lender or has a related interest in or is an immediate family member of an executive officer, director, or principal shareholder of the participating lender.
- Any entity whose principals have not been convicted of a sex offense against a minor.



## How Can the Funds be Used?

Loans must be used for business purposes and include, but are not limited to:

- Start up costs
- Working capital
- Business acquisitions and expansions
- Franchise financing
- Equipment purchases
- Inventory financing
- Owner-occupied commercial real estate
- Construction
- SBA 504 loans are eligible

## Prohibited Loan Purposes Include, but are not Limited to:

- Charities and nonprofits
- Refinancing existing debt
- Change of ownership
- Owner reimbursement
- Paying delinquent taxes
- Passive or investment real estate speculative activities
- Lending
- Pyramid schemes
- Illegal uses
- Gambling
- SBA 7(a) loans are ineligible

Idaho Housing and Finance Association, a financial services and housing organization, provides funding for economic development and affordable housing. IHFA is a self-supporting corporation that must generate all revenue necessary to cover the cost of its operations. It does this by earning fees for work performed and does not use any state-appropriated funds for its operations.



### Economic Development

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