

04 NCAC 01I .0202 APPLICATION CATEGORIES AND REQUIREMENTS

(a) Applicants may apply for funding under the following categories:

- (1) Basic IDF;
- (2) Emergency Economic Development Assistance;
- (3) The Utility Account; and
- (4) Clean Water Bonds Proceeds.

(b) There is no set minimum amount of funding which applicants may request to be awarded. If there are practical difficulties about a small amount or cost disadvantages, these shall be discussed with the applicant in a preapplication conference. IDF awards shall not exceed the total amount appropriated by the General Assembly in its appropriation process. For basic IDF, Emergency Economic Development Assistance, and Clean Water Bonds Proceeds, per job or per project maximum funding limitation will be the amounts established under current law. There is no maximum set for Utility Account funding; but the amount of awards shall be determined by the Secretary. For basic IDF, the per job limitation shall be applied on the basis of requiring a commitment from the operator of the business as to the number of jobs that shall be created over a reasonable period of time, not to exceed three years. Those shall be permanent, full-time jobs; no temporary or contract jobs.

(c) Under basic IDF, improvements to building properties and equipment purchases (either of which becomes private property) shall be loan projects and shall be accomplished with participation loans. The three parties to a participation loan shall be: the borrower's North Carolina bank, the borrower, and the unit of government. The bank shall commit at least as much funding as the unit of government, with the risk and collateral shared on a pro rata basis. Also, in the matter of sharing equally, this means that if the bank takes a certain collateral position, the unit of government shall share in that position. The participation by a financial institution based outside North Carolina may be done at the Secretary's (or his designate) discretion, based on findings made by Department staff concerning that institution's capacity for the proposed loan project. Such findings may include documentation of the bank's charter or institution type, credit reports, and documentation of the institution's financial history with the project company or companies.

(d) IDF funds may be loaned to a unit of government to meet matching funds requirements. In this case the Department shall furnish a loan repayment schedule to the mayor, city manager or county manager, which, in addition to the award letter and application, shall establish the responsibility for repayment, and times and amounts of repayment.

(e) Loans for Emergency Economic Development projects shall be accomplished as in Paragraph (d) of this Rule.

(f) Loans for Utility Account projects shall be accomplished as in Paragraph (d) of this Rule.

(g) With either grants or loans, the Department shall require financial information from the project owner or operator to establish financial capability. The usual requirement shall be the preceding three years' financial and operating statements; for new businesses, at least three years pro forma statements and a business plan. In any case, the Department may use credit reports, bank information, or other data that it deems appropriate to establish the credit worthiness of the borrower.

(h) A project shall be subject to review by the Department at any time during the first three years after the project begins.

(i) The Department may require a unit of government to partially or fully accelerate loan repayments if the operator's business has closed, moved, or if the company has not reached 90% of its job creation commitment within twenty-four months of the grant approval date. The Department may require repayment of a grant, partially or fully, if the operating company has moved, closed, or has not created 90% of its job creation commitment; and, in the case of Emergency Economic Development Assistance or the Utility Account, if funds are not spent for the specific activities which were approved in the project application.

*History Note: Authority G.S. 143B-437.01;
Temporary Rule Eff. November 16, 1987 For a Period of 180 Days to Expire on May 15, 1988;
Eff. May 1, 1988;
Temporary Amendment Eff. January 11, 1999;
Codifier determined that agency findings did not meet criteria for temporary rule;
Temporary Amendment Eff. October 6, 1999;
Amended Eff. August 1, 2000;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. September 6, 2016.*