

Purpose Statement

The Rhode Island Industrial-Recreational Building Authority was created by the RI General Assembly in 1958. The IRBA constitutes a body corporate and politic and a public instrumentality of the State having a distinct legal existence from the State. The IRBA is empowered to insure contractual principal and interest payments required under first mortgages and first security agreements issued to private sector entities by financial institutions and the Rhode Island Industrial Facilities Corporation (bond issuer and local development corporation).

The Rhode Island Industrial-Recreational Building Authority issues debt insurance on eligible projects. Project limit is \$5,000,000; the aggregate portfolio insurance capacity of the IRBA is \$80,000,000. Maximum insured mortgage as a percentage of project amount is: Real Estate 90%, Machinery & Equipment 80% and Travel/Tourist Facilities 75% (Real Estate project amount is based on an as-completed appraisal). The project term may not exceed twenty-five years for real estate, twenty-years for machinery and equipment, and must fully amortize over the term. Eligible projects are: manufacturing, processing, office, wholesale, retail and travel/tourist facilities. Approved uses of funds include: new building, acquisition, expansion/rehabilitation of existing buildings, new and used machinery and equipment. Mortgage insurance premiums are calculated on the outstanding principal balance of the mortgage: (at the time of publication) Real Estate 0.75% and Machinery & Equipment 1.00%, per annum. The Rhode Island Industrial-Recreational Building Authority must be in a first position on all projects. Projects are required to issue a first mortgage and first security agreement to the Rhode Island Industrial Facilities Corporation (in its capacity as a local development corporation "LDC").