



PARTICIPATION LOAN PROGRAM

(INCLUDING SPECIAL PROGRAM FOR SOCIALLY & ECONOMICALLY DISADVANTAGED INDIVIDUALS ["SEDI"] AND VERY SMALL BUSINESSES [VSB])

Description

IFA's Climate Bank assists Illinois businesses that create or retain jobs by offering its Participation Loan Program ("PLP") in conjunction with Lenders. Through this program, the Climate Bank will purchase participation directly from the borrower's lender of up to the lesser of a) 25% of a Total Project, b) 50% of a specific loan within the Total Project, c) or \$2,000,000.

Benefits

- ✓ Participation loans may be available to support the financing of business start-up costs, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.
 - ✓ It provides an essential source of risk mitigation for lenders but charges no fees nor prepayment penalties.
 - ✓ The product provides a lower blended interest rate to the borrower as well as improved access to capital.
 - ✓ IFAs Climate Bank will participate at a fixed rate of interest for up to seven (7) years, with rate adjustment if the overall loan term exceeds seven years. IFA will also participate in loans wherein the base rate is variable.
 - ✓ The amount of financial support may vary depending on loan terms, SEDI/VSB ownership, and other factors.
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Standard Participation Loan Program (PLP) – Designed to enable small businesses to obtain medium to long-term financing in the form of term loans to help grow and expand their operations. Under the Standard PLP Program, the Climate Bank is willing to consider participating up to the lesser of a) 25% of a project's total cost, b) 50% of a loan facility within a larger overall project, or c) \$2,000,000 for up to 7 years. Climate Bank participation is subordinated to the lender and incorporates a "below market" blended/weighted interest rate. The interest rate applicable to the Climate Bank's Standard PLP is 2% fixed per annum, with each \$50,000 participated, one full time job is estimated to be created or at-risk jobs to be retained in the next two years.

Socially & Economically Disadvantaged Individuals and Very Small Businesses Participation Loan Program (SEDI & VSB PLP) – Similar to the above Standard PLP; however, under its SEDI & VSB PLP, the Climate Bank is willing to consider participating up to the lesser of a) 50% of a project's total cost, b) 50% of a loan facility within a larger overall project or c) \$2,000,000 for up to 7 years. Climate Bank participation is subordinated to the lender and incorporates a "below market" blended/weighted interest rate. The interest rate applicable to IFA's Climate Bank SEDI & VSB PLP is 1% fixed per annum, with each \$65,000 participated, one full time job estimated to be created or at-risk jobs to be retained in the next two years.

Loan Credit Approval and Servicing Requirements: Participating banks will originate, underwrite, and service all loans. IFA staff will review the bank's analysis to ensure that it meets the IFA Climate Banks credit standards and industry "best practices" as well as other IFA requirements. If the maturity of the proposed loan exceeds seven years, the Climate Bank requires a balloon payment at the end of Year 7.

Participating lenders accept business applications on a rolling basis and use their underwriting standards and loan processes. These lending institutions are welcome partners in the IFAs Climate Bank Participation Loan Program. Check back regularly, as we continually add new institutions to the list.

Lenders wishing to enroll as Participating Lenders in the Climate Bank Finance Participation Loan Program should complete the Application forms found at [State Small Business Climate Initiative | Illinois Finance Authority \(il-fa.com\)](https://www.il-fa.com).