



## **PARTICIPATION LOAN PROGRAM**

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### **Description**

IFA assists Illinois businesses that create or retain jobs by offering a loan participation program in conjunction with their lender. Through this program the Authority will purchase up to the lesser of \$500,000, or a 50% participation in the loan, directly from the borrower's lender.

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### **Benefits**

- Participation loans will finance the purchase of land or buildings, construction or renovation of buildings, and acquisition of machinery and equipment.
  - Provides a lower blended interest rate to borrower.
  - IFA will participate at a fixed rate of interest for up to five (5) years. The bank's portion of the loan can be fixed or variable.
  - Interest rate for the IFA participation is the bank's interest rate less 100 basis points. The rate is set at the same time the bank sets its rate. Upon board approval, the rate is locked for a commitment period that is the lesser of 5 years or the bank's reset period. IFA will charge a rate lock fee to be negotiated based on the term of the lock. Upon expiration of the commitment period, IFA may extend its commitment but will reset the rate at the bank's interest rate less 100 basis points.
  - IFA will share in all collateral prorated on a first mortgage position (pari passu) with the bank.
  - Mid- to long-term maturities, with a maximum term of 10 years.
  - Single application process.
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### **Type of Financing**

Participating banks will originate, underwrite and service all loans. IFA staff will review the bank's analysis to assure it meets IFA standards. If the maturity exceeds 10 years, IFA requires a balloon payment at the end of 10 years.

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## **Eligibility**

Financing is available to businesses and industry in Illinois that create new or retain existing jobs. Funds from the participation purchased by IFA must be used primarily for the acquisition of fixed assets.

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## **Fee**

No IFA application fee. Participating lender may retain a servicing fee. IFA will charge a rate lock fee to be negotiated based on the term of the lock. Borrower interest rate savings on the IFA participation will be one percent.