



PARTICIPATION LOAN PROGRAM

(INCL. SPECIAL PROGRAM FOR VETERAN, MINORITY, FEMALE, AND DISABLED-OWNED BUSINESSES)

Description

IFA assists Illinois businesses that create or retain jobs by offering its Participation Loan Program, ("PLP") in conjunction with Lenders. Through this program, the Authority will purchase a 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 \$500,000.

Benefits

- Participation loans may be available to support the financing of business start-up costs, working capital, 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. Asset-based Revolving Lines of Credit may also be supported, as will efforts at debt refinancing, depending on the level of incremental benefit provided to the Borrower in the form of business expansion and/or job creation/retention.
 - Provides an important source of risk mitigation for lenders, but charges no fees nor prepayment penalties.
 - Provides a lower blended interest rate to borrower as well as improved access to capital.
 - IFA will participate at a fixed rate of interest for up to five (5) years, with rate adjustment if overall Loan tenor exceeds 5 years. IFA will also participate in loans wherein the base rate is variable.
 - The amount of financial support may range depending on loan term, VMWD majority control/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, IFA 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) \$500,000 for up to 10 years. Authority participation is subordinated to the lender and incorporates a "below market" blended/weighted interest rate. The interest rate applicable to IFA's Standard PLP Program participation will be established at the lending bank's interest rate less 100 basis points, set concurrently with the bank's own rate-setting.

Veteran/Minority/Women/Disabled-Owned Business Participation Loan Program (VMWD PLP) – Similar to above Standard PLP; however, under its Veteran, Minority, Women and Disabled PLP

Program, IFA is willing to consider participating up to the lesser of: a) 40% of a project's total cost, b) 50% of a loan facility within a larger overall project, or c) \$300,000 for up to 7 years. Authority participation is subordinated to the lender and incorporates a "below market" blended/weighted interest rate. The interest rate applicable to IFA's Veteran, Minority, Women and Disabled PLP Program participation will be established at the lending bank's interest rate less 150 basis points, set concurrently with the bank's own rate-setting.

Revolving Line of Credit Program (RLOC PLP) – Similar to Standard PLP, except in the form of a revolving line of credit. Maximum term is two years, with continued support requiring formal reapplication. IFA will normally agree to be subordinated to the lending bank's first mortgage position throughout the period of IFA's involvement.

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 IFA credit standards and industry "best practices as well as other IFA requirements. If the maturity of the proposed loan exceeds 10 years, IFA requires a balloon payment at the end of Year 10.

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