



Financing Options for Environmental Compliance



Many sources for financing environmental compliance and pollution prevention projects exist.

It is the intent of this publication to identify the various sources of financing that exist. The financing tools (or programs) that exist are constantly changing. Therefore, we recommend that you contact the sources of financing for the current financing programs available to help you implement your environmental project.

First Steps to Financial Assistance

Usually the best source of financial assistance is your local lender. They may know about other available programs. Other organizations to contact include:

1. local economic development commission
2. local chamber of commerce
3. local municipal economic development department

Exploring the availability of local financing resources should be your first option.

Information to Take to Your Lender

1. Statement of purpose for the loan
2. History of your business
3. Financial information for the last three years, balance sheet, and income statements for existing businesses
4. Projections of income, expenses and cash flow
5. Schedule of term debts for existing businesses
6. Aging of accounts receivable and payable for existing business
7. Lease details if applicable
8. Amount of investment in the business by the owner
9. Signed personal financial statements
10. Personal resumes

State and Local Financing

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

• Participation Loan Program

The Department of Commerce and Economic Opportunity (DCEO) has designed the Participation Loan Programs to encourage lenders to make loans that they would not otherwise make for a variety of reasons. For the purposes of this program, a lender is an Illinois bank, development corporation, or other lending institution. By providing financial assistance through local lenders, the borrower does not need to submit a separate application to the Department for a loan. All loan servicing, except some necessary reports, is handled by the local lender.

Participation loans are purchased when the project being considered has the potential to create or retain substantial employment for the people of the State of Illinois. The loan can be used for new plant start up, modernization, expansion or to improve the competitiveness of the borrower.

For current information on this and other state and local programs, contact the nearest Illinois Small Business Development Center (ILSBDC). To identify the ILSBDC in your area, please call the IEN Business Information Center at 800/252-2923 or visit the web site at:

www.ienconnect.com/directory

• Community Development Assistance Program (CDAP)

The DCEO makes grants to local governments, who can in turn make funds available to local businesses. The program is targeted to benefit low and moderate income persons by creating or retaining job opportunities and improving the quality of their living environment. Applicants must certify that 51% of the jobs created and/or retained from the CDAP-funded project will benefit low to moderate-income persons. Units of local government, such as cities, villages, townships and counties, may apply for funding. Municipalities must be 50,000 or less

in population and must not be located in an urban county that receives "entitlement" funds.

For more information, contact your local municipality; local economic development office or the nearest Illinois Small Business Development Center (ILSBDC). To identify the ILSBDC in your area, please call the IEN Business Information Center at 800/252-2923 or visit the web site at: www.ienconnect.com/directory

• Capital Access Program (CAP)

The Capital Access Program is designed to encourage lending institutions to make loans to businesses that do not qualify for conventional financing. CAP is based on a portfolio insurance concept where the borrower and DCEO each contribute a percentage of the loan amount into a reserve fund located at the lender's bank. This reserve fund enables the financial institution to make loans beyond its conventional risk threshold and is available to draw upon to recover losses on loans made under the program.

A CAP loan is a private market transaction between the lender and the borrower with all terms, fees, conditions, rates, collateral, etc., being determined by the lending bank. The borrower's nonrefundable contribution to the reserve fund must be between 3 and 7 percent of the total loan amount. DCEO will provide a matching contribution. A 133 percent match to the borrower's contribution will be provided on the first \$2,000,000 in CAP loans enrolled at the lender bank. A higher match will be provided to minority/woman/disabled owned businesses (150 percent) and businesses located in a federally designated Empowerment Zone or Enterprise Community (200 percent). Loan proceeds cannot be used for debt refinancing or for financing passive real estate ownership.

To be eligible, the business must be for-profit, located in Illinois and employ 500 employees or less. The borrower cannot be in the business of manufacturing or selling firearms at wholesale or retail; or in the business of manufacturing or selling tobacco products, liquor or sexually explicit materials at wholesale.

For additional information, contact the Illinois Department of Commerce and Economic Opportunity, Business Finance Division, 620 E. Adams, Springfield, IL 62701 or at 217/782-3891, TDD: 800/785-6055 or visit the Web site at: www.illinoisbiz.biz/dceo/Bureaus/Business_Development/Loan+Programs/

STATE TREASURER'S ECONOMIC OPPORTUNITY

State Treasurer's Employ Illinois

The State Treasurer's Employ Illinois provides Illinois business owners access to capital to start or enhance their businesses and retain or create jobs in the state with the help of low-interest rate loans. Businesses experiencing economic hardship also can receive Employ Illinois loans to rebound from tough economic times.

Borrowers can receive loans for up to \$1 million at a below-market interest rate available for two years with the possibility of a three-year extension.

For each permanent full-time job that is created or retained, the Treasurer will deposit \$25,000 at well-below market rates into the borrower's financial institution. That institution will then lend the money at below prevailing rates to the borrower. The terms of the loan range from 1 to 5 years.

State Treasurer's Cultivate Illinois Green Energy Program

The Treasurer's Office secures below-market interest rates for borrowers who finance their purchase or installation of energy efficient and renewable energy equipment at participating lenders. Projects can range from \$10,000 to \$10 million.

The Green Energy program is a one-year pilot program that encourages energy efficient development and improvements by offering low-interest loans to businesses, non-profit organizations and local governments in Illinois.

For more information about Green Energy and other programs, call (217) 557-6436 or by e-mailing cultivateillinois@treasurer.state.il.us or www.treasurer.il.gov/

COMMUNITY SERVICES BLOCK GRANT LOAN PROGRAM (CSBG)

The Community Services Block Grant Loan Program provides long-term, fixed rate financing to new or expanding businesses. It links federal, state, and private financing by using CSBG funds at low interest in combination with bank funds and equity. The program is administered jointly by the Illinois Department of Commerce and Economic Opportunity and the 26 local community action agencies. The Program's primary objective is job creation and employment of low-income individuals. The business must employ at least one low-income employee for each \$15,000 of the loan amount. Any new employees must be hired within the first twenty-four (24) months of the loan. The businesses must also be independently owned, operated and not dominate in its field; as well as meet size guidelines set by the U.S. Small Business Administration.

CSBG loans may be used to finance the purchase of equipment, machinery, or inventory or to provide working capital.

For more information, contact:

Illinois Ventures for Community Action, Inc.
101 North 16th Street • Springfield, IL 62702
217/522-4553
www.ilventures.org/

ILLINOIS FINANCE AUTHORITY

• IFA Participation Loan

Higher levels of participation in bank Participation Loans make this financial tool more attractive than ever. IFA works with lenders to offer lower blended interest rates on fixed asset and capital project financings. IFA will now participate in up to \$500,000, or up to 50%, of a qualifying loan. Participation loans will finance the purchase of land or buildings, construction or renovation of buildings, and acquisition of machinery and equipment. The program 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.

To learn more about IDFA Programs, call 312/627-1434, 309/495-5959, or 618/453-5566.

CITY OF CHICAGO SMALL BUSINESS LOAN PROGRAM

The City Treasurer's Office has dedicated City funds to be deposited into banks that lend to small businesses seeking loans. The purpose is to make more loans available to small businesses by giving banks the added incentive to lend. Under the program, banks will lend up to \$250,000 to Chicago based businesses and in turn receive interest-bearing deposits from the City of Chicago for up to one (1) year.

For more information, please contact:

The Chicago Office of the City Treasurer at 312/744-3356 or visit the Web site at: www.chicagocitytreasurer.com/.

Federal Financing

U.S. SMALL BUSINESS ADMINISTRATION (SBA)

The federal government, through SBA, provides financial assistance to small businesses for a variety of purposes. SBA loans are at market rate and can have terms of up to 25 years. Loan funds can be used for most business purposes. SBA financial assistance programs are delivered through commercial lenders, generally banks, who apply to the SBA.

• Pollution Control Loan Guarantee Program

Loan guarantees up to 85% with a maximum guarantee of \$1 million. Loans can be used to prevent, reduce or control air, water or noise pollution.

• Low Doc Loan Guarantee Program

One page application on loans up to \$150,000. The SBA guarantees up to 85% of the loan and funds may be used for a variety of purposes, and the term of the loan is based on the use.

For current information on these and other SBA programs, contact the SBA at 217/492-4416 or the nearest Illinois Small Business Development Center (ILSBDC). To identify the ILSBDC in your area, please call the IEN Business Information Center at 800/252-2923 or visit the web site at: www.illinoisbiz.biz/dceo/

U.S. DEPARTMENT OF AGRICULTURE - RURAL ECONOMIC AND COMMUNITY DEVELOPMENT (formerly Farmers Home Administration)

• Business and Industrial Loan Program

The Business and Industrial Loan Program (B and I) is designed to assist eligible public and private organizations in rural areas obtain quality loans for the purpose of improving, developing or financing business, industry and employment, as well as improving the economic climate in rural communities. A rural community is a city of less than 50,000 and not adjacent to urban areas.

For more information, contact the U.S. Department of Agriculture Rural Development, 2118 West Park Court, Suite A, Champaign, Illinois 61821, phone number: 217/403-6202 or TDD: 217/403-6240
www.il.nrcs.usda.gov/

Area Offices are located in Princeton, Morris, Galesburg, Jacksonville, Champaign, Flora, Nashville and Harrisburg.

Updates and additional information on the USDA B & I program can be accessed on the Internet at: www.usda.gov

