

City of Rockford, Illinois Community Development Loan Application

It is the practice of the City of Rockford's Community Development Department to provide gap financial assistance to business and industry locating or expanding in the City. The City provides assistance including but not limited to low interest loans, deferred loans, site assistance, and other forms of assistance to industrial, retail, and commercial development. Funds are limited and are made on first-come first-served basis to qualified applicants.

Eligible Uses of Loan Proceeds may include:

- Purchase of machinery, equipment or inventory
- Purchase Commercial and Industrial Real Estate
- Working Capital
- Rehab of Commercial and Industrial Property

Loan Application Package

Loan application package must include all of the following items:

1. *Completed City of Rockford business loan application form.*
2. *Letter of Commitment from lending institution*
3. *Business Plan: must include a cover letter, summary of business description, market analysis, product or services, manufacturing process, marketing strategy, management plan, and financial data.*
4. *Existing Business: 3 years Fiscal Year End financial statements*
5. *Existing Business: 3 years Federal and State Business Tax Returns*
6. *Accountant's Aging of Receivable and Payable*
7. *Personal Resume(s)*
8. *3-year Personal Tax Returns*

***Applicants in default of City of Rockford or other public and public financing programs will not be eligible for funding under City of Rockford funding or incentive programs. City loan funds may not be used to refinance existing debt or other activities deemed ineligible under Federal, State, or Local guidelines.*

***The City of Rockford retains authority to waive, adjust, or change loan program guidelines without notice and on a case by case basis.*

Application is reviewed by Small Business Revolving Loan Committee and will take approximately 4 to 6 weeks to process.

City of Rockford, Illinois Community Development Loan Program

Community Development Primary Employer Loan Program

Loan may be provided to employers that create jobs paying wages (before benefits) in excess of 80 % of the median hourly wage for the City of Rockford and export outside the area more than 51% of the products or services manufactured. Loans to Primary employers paying less than 80% of the median wages may be offered in existing or proposed TIF districts, enterprise zone, remediated brownfield sites, or to reuse underutilized buildings. Up to \$15,000 in assistance is available for each newly created full-time job. A borrower can receive up to \$75,000. Loans are made at prime rate established on the date of closing. This program requires a 4 to 1 matching of private dollars to the City's Fund. There is a \$100 non-refundable application fee with a 1-% origination fee. The origination fee can be rolled into the loan.

City's Community Development Micro Loan Program

This loan is for retail and service employers locating their businesses in City-defined targeted areas (see-attached map and description). The loans range from \$1000 to \$50,000 and are based on job creation with a requirement that 51% of the jobs created be made available to low to moderate income City of Rockford residents. Funding level is based on the number of full-time equivalent jobs created and can vary based on the source of funds available to make the loan. City funding shall not exceed 50% of the project. Activity and source of funds determine terms and rates, and rates can be as low as 2% or as high as 1% above prime. Loans have a \$25.00 credit check fee.

Minority Business Enterprise (MBE), Women Business Enterprise (WBE) and Disadvantaged Business Enterprises (DBE) Loan Program

Businesses which are at least 51% owned and operated by MBE, WBE, or DBE may receive loans of up to \$25,000 at 2% below prime rate if they locate within City's designed targeted areas. Loans are also available in areas throughout the City, which are underrepresented by MBE, WBE, and DBE businesses. Loans may not exceed 30% of project costs. Length of loan will be determined by activity but shall not exceed 10 years. Loans have a \$25.00 credit check fee.

City of Rockford, Illinois
Community Development Loan Program

Community Services Small Business Loan Program

Loans may be provided to employers that create jobs for low-income persons within Boone or Winnebago Counties. One full-time job per \$20,000 loaned is required to be created and filled by a low-income person. CSBG loans may make up to 49% of a loan package. The remaining 51% may be made up of other private or public funds, including liquid equity from the borrower. Loans are made at a rate of 3-5% interest. Length of loan will be determined by activity but shall not exceed 10 years. There is no application or origination fees for CSBG small business loans.

City's Community Services Block Grant (CSBG) Micro Loan Program

This loan is for start up or continuing businesses locating their businesses in Winnebago or Boone Counties. Loan amounts range from \$1,000 to \$20,000. One part to full-time low-income position must be created or retained with these funds. Loans are made at a rate of 3-5% interest. Length of loan will be determined by activity but shall not exceed 10 years. There is no application or origination fees for CSBG small business loans.

Illinois Ventures for Community Action Small Business Loans

Additional funds exceeding those identified above may be applied for through the IVCA Small Business Loan Program in conjunction with a local CSBG loan. IVCA loans still require creation of the low-income jobs and are offered at below traditional rates.

Illinois Ventures for Community Action Equity Program

IVCA sometimes will invest in companies by making an equity investment. This program is different from the loan program as IVCA actually becomes a co-owner of the business. Rather than making scheduled payments on a monthly basis, there is a negotiated buy-out agreement where the applicant buys back the IVCA portion of the business. IVCA takes a passive position in the majority of equity, leaving the applicant at the helm of the business.

Additional information regarding the City Loan Programs can be obtained by contacting:

Community Development Department

City of Rockford
425 E. Sate Street
Rockford, IL 61104
(815) 987-5600