



BUSINESS INVEST PROGRAM



Business Invest fosters job growth and economic development by making financing more affordable for businesses and other organizations to start up or expand.

The **Business Invest** linked deposit program enables financial institutions to offer below-market interest rates on loans to Illinois businesses, non-profit organizations, child care providers and health care providers.

For each approved **Business Invest** project, the State Treasurer's Office deposits funds at a below-market rate with the financial institution providing the borrower's loan. This below-market cost of funds enables the financial institution to price the loan at a reduced interest rate.

The interest savings on the loan can be used to hire new employees, make capital investments or fund operating costs and other expenses.



Business Invest in action:

*The drill bit business was booming, but small business owner Tim Thomas was worried his 400-square-foot fabrication shop was too small to keep pace. That's why he turned to the **Business Invest** program. He secured a low-interest rate loan to expand his office space and build a machine shop, warehouse and storage in downstate Logan. "I was pleasantly surprised that the process was so straight forward and quick," he said, noting it took just a week for his application to be approved. "It means a lot to me that I can give something back to this area."*



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Frequently Asked Questions

The **Business Invest** program stimulates job creation and economic development by offering interest rate reductions on loans to new and existing businesses and other borrowers.

How does the program work?

For each approved Business Invest project, the Treasurer's Office deposits state funds at a below-market rate with the financial institution providing the loan. This below-market cost of funds enables the financial institution to price the borrower's loan at a reduced interest rate, for up to the first five years of the loan. The interest savings can be used to hire new employees, make capital investments or fund operating costs and other expenses.

What are the eligibility requirements?

The program is eligible for participation by Illinois businesses, non-profit organizations, and child care and health care providers. The Treasurer's Office evaluates the merit of each project, including the project's benefits to the state and the potential impact of the Treasurer's participation.

What is the eligible deposit value?

The deposit value is matched to the loan value, up to a maximum of \$10 million. The deposit value may not exceed the loan value or the total value of eligible costs.

What types of costs does the program cover?

The program can be used in conjunction with term loans used to finance the following types of costs:

- Real estate
- Construction
- Furniture, fixtures and equipment
- Permanent working capital costs and other costs that may be included in a term loan
- Refinance of existing debt where the loan is at least two years old and is not already a linked deposit loan, and the borrower will realize at least a 3.0% reduction in interest rate as a result of the refinance.

The program cannot be used in conjunction with lines of credit or to finance real estate investment or development.

What is the interest rate?

The maximum interest rate on the loan may not exceed the associated deposit rate by more than 4.0% during the term of the Treasurer's participation. Current deposit rates are available at <http://www.treasurer.il.gov/finances/daily-rates.aspx>.

What is the term of the Treasurer's participation?

The Treasurer's Office may participate for up to the first five years of the loan, making an initial commitment of two years, with the ability to renew for an additional three years based upon satisfactory project compliance with the program guidelines. The term of the loan is negotiated between the borrower and the financial institution.

Does the program guarantee the loan?

The program does not provide a loan guarantee or any other form of credit enhancement, nor does it have any impact on the financial institution's normal credit standards and requirements.

Which lenders are eligible to participate? What if my financial institution is unfamiliar with the program?

Over 400 financial institutions are eligible to participate in the program. Contact the Treasurer's Office or visit us on the web at <http://www.treasurer.il.gov/finances/ApprovedList.aspx> for a complete list. If your financial institution does not currently participate or has questions about the program, please refer your loan officer to our office for assistance.

How do I apply?

1. Meet with your lender to discuss your loan and use of the Business Invest program to reduce the interest rate on the loan. If your loan officer has questions about the program, please feel free to refer him or her to our office for assistance.
2. Apply for the loan with the financial institution. Your lender must approve your loan and agree to use the Business Invest program in conjunction with your loan.
3. After the loan is approved, complete and submit the Business Invest program application. Your lender completes and submits an application for deposit.
4. Submit the application package to our office for review. Typical processing time is approximately 2 weeks. The Treasurer's Office will schedule a site visit of the project site with you prior to review of the application.