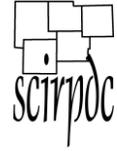


Community Development Initiative Loan Program

South Central Illinois Regional
Planning & Development Commission



The Community Development Initiative (CDI) Loan provides a valuable tool the help implement regional community development efforts in the counties of Clay, Effingham, Fayette, Jasper and Marion, in the State of Illinois. The South Central Illinois Regional Planning & Development Commission established the CDI direct loan program in January of 1993. The Commission's CDI lending authority was made possible by three separate, long-term very low-interest, fixed-rate federal loans totaling \$3.2 million under the provisions of the Intermediary Relending Program which is administered by the Rural Development division of the USDA.

These federal funds are reloaned to qualifying, creditworthy units of government, taxing jurisdictions and non-profit organizations within the region by the Commission at a higher (but nevertheless attractive) fixed interest rate, repayable over as long as a 15-year term. The CDI program has proven to be an invaluable way to; leverage private sector investment and local job creation or retention, resolve serious threats to the health and safety of local residents, or minimize the chances for service disruptions or the need for repeated costly repairs. Funds can also be used by for creating required local matching contributions which would trigger the receipt of additional state or federal grant funds. Finally, CDI loan funds can be used to help finance the costs of needed improvements designed to bring the borrower's facility or program into full compliance with applicable state or federal regulations.

The Commission is a **non-profit regional organization** with the proven staff experience to foster economic development at the local/regional levels that works cooperatively with both **USDA Rural Development** and **local lending institutions** (if necessary) to provide fixed-asset financing for creditworthy small businesses.

Benefits of the CDI Loan program include;

- **low down payment** financing for existing, financially strong firms;
- **favorable repayment schedules** that match the assets (*up to 15 years*) and;
- **fixed interest rates** (*3.0% for units of government, 3.5% for other taxing bodies and non-profits*).

Loan Structure

Currently, the CDI loan provides a portion of the overall project financing based upon the following formula:

- **Maximum Loan Amount** - \$250,000,
- **Maximum Project Participation** – 75% (partner lender and borrower provide remaining 25%), and
- **Required Job Creation** – One job created/retained within two years per \$25,000 loaned (if applicable).

With this formula, a borrower using funds for a job-related project (i.e. business incubator) borrowing \$250,000 must create, or retain, 10 jobs within two years, for a project that is \$333,333. At a 3.0% interest rate and a 15-year term, monthly payments would amount to \$1,726 per month.

CDI direct loan funds are generally used by the borrower to support fixed assets or grant matches for programs, but can be used for equipment purchases. In some cases, they can be used to refinance existing loans. The program is designed to be flexible in meeting a variety of needs. The Commission expects not less than a prorated co-first lien position of the assets it helps finance as security for its CDI loan. In some cases, it may be necessary to issue General Revenue Bonds to secure the loan. Typical CDI repayment terms are as follows, but can be modified to some extent to meet the borrower's debt repayment capabilities:

- Inventory = 2/3 Years
- Rolling Stock = 2/4 years
- Equipment = 3/7 Years
- Real Estate = 15 Year Max. (10 yr. balloon)
- Other = Generally 15 Year Max.

Eligibility

Municipal and county governmental units located and operating in the counties of Clay, Effingham, Fayette, Jasper and Marion, in the State of Illinois, are eligible for the CDI Loan program at the 3.0% interest rate. Other taxing bodies (school districts, airport authorities, etc.) and documented non-profit organizations within the same jurisdiction are eligible at the 3.5% interest rate.

How the Application Process Works

Estimated Project Costs:

- A non-refundable \$1,000 **loan packaging & processing fee** to SCIRPDC;
- Payment of certain **front-end expenses** to complete the CDI application for submission to the local bank (if applicable) and SCIRPDC (e.g., appraisals, site audit and possible accounting and legal costs, etc.);

Estimated Application Timeframe:

Most CDI loans can be packaged by the Commission's staff in two to three weeks with the borrower's full cooperation, thereby permitting a credit decision within a total of four to five weeks. Within an additional two weeks, the CDI loan could be ready for closing.

How the Closing Process Works

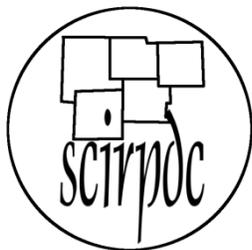
The CDI Loan Program has very broad application. While other documents may also be required, the following list will be helpful in getting the closing process started:

- **Appraisal (if applicable) and/or Cost Documents for Equipment**
- **Completed Grant Application (if applicable)**
- **Environmental (if applicable)**
- **Title Work (if applicable)**
- **Interim Note and Mortgage (if applicable)**
- **Organizational Docs**

Additional documents will also be needed to complete our closing book, but can be collected while awaiting closing or at closing.

For Further Information

If you would like to schedule a meeting and review session for your potential CDI Loan project, we would be happy to sit down with you. Here is our contact information:



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Planning & Development Commission**
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