

Title IX Loan Program

South Central Illinois Regional
Planning & Development Commission



The Title IX Loan provides a valuable tool for the development of manufacturing and high-tech industries within the counties of Clay, Effingham, Fayette, Jasper and Marion, in the State of Illinois. The South Central Illinois Regional Planning & Development Commission established an Economic Development District within the five counties in 1993. The Economic Development District's Title IX RLF lending authority was made possible by three capitalization grants (totaling \$900,000) from the US Department of Commerce, Economic Development Administration (EDA). These federal funds are loaned to qualifying, creditworthy firms within the region by the Commission at a fixed interest rate (currently 3.25%), repayable over as long as a 15-year term. Like the agency's other direct loan programs, the Title IX program has proven to be an invaluable means of leveraging substantial private investment which, in turn, has created hundreds of local job opportunities for rural residents while building the tax base of our local communities.

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 the **EDA** and **local lending institutions** to provide fixed-asset financing for creditworthy small businesses. All Title IX Loans must be conducted in partnership with another lender.

Benefits of the Title IX Loan program include;

- **low down payment** financing for existing, financially strong firms;
- **favorable repayment schedules** that match the assets (*up to 15 years*);
- **competitively-priced interest rates** for small business borrowers, and;
- **fixed interest rates** (*at a time when bank rates fluctuate*).

Loan Structure

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

- **Maximum Loan Amount** - \$200,000
- **Maximum Project Participation** – 33% (partner lender and borrower provide remaining 66%)
- **Required Job Creation** – One job created/retained within two years for every \$20,000 loaned

With this formula, a company borrowing \$200,000 must create, or retain, 10 jobs within two years, for a project that is at least \$600,000. At a 3.25% interest rate and a 15-year term, monthly payments would amount to \$1,405 per month.

Title IX direct loan funds can be used by the borrower to support both fixed asset and inventory/working capital financing needs. The majority of the regional organization's Title IX loans have been made for \$150,000 or less. The Commission expects not less than a prorated co-first lien position of the assets it helps finance along with the personal guarantee(s) of all major stockholders, partners or investors, etc. as security for its Title IX loan. Typical Title IX repayment terms are as follows, but can be modified to some extent to meet the borrower's debt repayment capabilities:

- Inventory = 2/3 Years
- Working Capital = 2/3 Years
- Rolling Stock = 2/4 years
- Equipment = 3/7 Years
- Real Estate = 15 Year Maximum (10 year balloon option)

Eligibility

For-profit manufacturing and high-tech projects to be located and operating in the counties of Clay, Effingham, Fayette, Jasper or Marion, in the State of Illinois, are eligible for the Title IX Loan program. The applicant business must be the operating company and demonstrate a need for, and ability to repay, the Title IX Loan.

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 Title IX application for submission to the local bank, the CDC (e.g., appraisals, site audit and possible accounting and legal costs, etc.);

Estimated Application Timeframe:

Most Title IX 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 Title IX loan could be ready for closing.

How the Closing Process Works

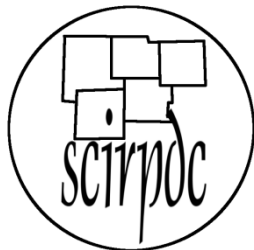
The following documents are required to get the closing process started:

- **Appraisal**
- **Environmental Clearance**
- **Title Work**
- **Interim Note and Mortgage**
- **Organizational Documents**
- **Life Insurance Policies** (these can be time consuming)

Additional documents will also be needed to complete our closing book, but can be collected while awaiting closing or at closing. However, the documents listed above are necessary for preparing the closing documents.

For Further Information

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



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