



State of Illinois FINANCE AUTHORITY Program Detail

COMMON NAME: IFA

LEGAL NAME: Illinois Finance Authority

PROGRAM TYPE: Financing Program

AUTHORIZED DATE: January 1, 2004

TYPE OF BENEFITS: Financing through both taxable and tax-exempt bonds, making loans, and investing capital.

DESCRIPTION OF BENEFITS: IFA is primarily engaged in issuing taxable and tax-exempt bonds, making loans and investing capital for businesses, non-profit corporations, agriculture and local government units statewide. IFA finances about \$3 billion each year, helping generate economic growth and job creation.

IFA Industrial Revenue Bond (IRBs) – issue tax-exempt IRBs on behalf of Illinois manufacturers looking for long term financing on the purchase or renovation of fixed assets such as land, building, and equipment. IRBs may finance up to 100% of the total costs for qualifying projects of at least \$1.5 million.

IFA Participation Loan Program (IFA PFP) –

- Participation loans will finance the purchase of land or buildings, construction or renovation of buildings, and acquisition of machinery and equipment
- 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
- Interest rate for the IFA participation is the 3 month LIBOR plus 100 basis points. The rate is set on the first business day of the month in which the completed application is accepted and approved by the Authority's Credit Review Committee for consideration at IFA's next Board meeting. Upon board approval, the rate is locked for a 6 month commitment period. Upon expiration of the commitment period, IFA may extend its commitment but will reset the rate at the prevailing 3 month LIBOR plus 100 basis points.

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- IFA will share in all collateral prorated on a first mortgage position (pari passu) with the bank
- Mid- to long-term maturities, with a maximum term of 10 years
- Single application process

IFA Rural Development Loan Program - This program helps businesses in rural communities with populations of less than 25,000 finance fixed asset projects. Loan proceeds may be used to finance the purchase of land to construct or renovate an industrial building or to purchase machinery and equipment. Real estate projects for manufacturing facilities and industrial warehousing are preferred. Benefits of the program include:

- Finance up to 75% of project cost – maximum of \$250,000
- Interest rate as follows, with a cap of 6%, whichever is less:
 - Up to 5 years: Prime(-)1.25%
 - Up to 10 years: Prime(-)1.00%
 - Up to 15 years: Prime(-)0.50%
 - Up to 20 years: Prime(-)0.25%
 - Prime = Wall Street Journal, last business day of month
- Long-term financing – terms up to twenty (20) years available

IFA State Guarantee Program for Agri-Industries - This program is designed for farmers and agribusinesses that wish to diversify into new enterprises or to further process existing crops or livestock. Loans can be made to farmers or agribusinesses to purchase new or used property, equipment, or other capital items that will be used for one of the following purposes:

1. Growth and development of new crops or livestock not customarily grown in Illinois, or
2. The further processing of grain or livestock grown in the state.

Loans are made through a local lender who receives an 85% guarantee on the principal and interest of the loan. The interest rate can be variable or fixed and must be less than the market rate of interest generally available to the borrower.

ELIGIBLE GEOGRAPHIC AREA: Statewide

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BENEFITS ELIGIBILITY REQUIREMENTS:

IFA Industrial Revenue Bonds (IRBs) - Qualified Industrial Revenue Bond projects include facilities that are primarily used to manufacture or process tangible products. The Internal Revenue Code defines all IRB eligibility requirements. Final determination of project eligibility is subject to a legal opinion from a recognized municipal bond attorney. A completed Economic Disclosure Statement (EDS) and a Volume Cap Application must accompany the Industrial Revenue Bond application.

IFA Participation Loan Program (IFA PLP) - Financing is available to businesses and industry in Illinois that create new or retain existing jobs. Funds from the participation purchased by IFA must be used primarily for the acquisition of fixed assets.

IFA Rural Development Loan Program - Applicant must demonstrate the ability to repay the debt. Loan maturities of up to twenty years are available (or matching asset life on equipment). This financing is available to industrial businesses that create new or retain jobs in Illinois. Applicant must demonstrate that conventional financing was not available (at a comparable rate or term) for the project. Only businesses in non-SSMMA rural areas are eligible for this loan.

IFA State Guarantee Program for Agri-Industries - Eligibility requirements include:

- Illinois resident at least 18 years old;
- Principal operator of a farm or land;
- at least 50% of gross income is from farming;
- Gross income is at least \$20,000 based on previous years tax return;
- Net worth is less than \$500,000;
- An agribusiness must be located in Illinois and the products used must be grown in Illinois currently or soon to be;
- Cash flow and collateral must be adequate for the loan.

NOTES: The IFA is a self-funded body politic and corporate. While established by the State, IFA does not receive appropriated funding for operations from the State. IFA operates as a financial service organization at no cost to the taxpayer, earning its operating income from application and closing fees, interest income and investment income.



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The Illinois Finance Authority was created on January 1, 2004 following the consolidation of seven existing state authorities into this new organization.

Authorities that were absorbed into IFA:

- Illinois Development Finance Authority
- Illinois Farm Development Authority
- Illinois Health Facilities Authority
- Illinois Educational Facilities Authority
- Illinois Community Development Finance Corporation
- Illinois Rural Bond Bank
- Illinois Research Park Authority

INTERNET LINKS:

State of Illinois Business Portal: <http://business.illinois.gov>

Southwestern Illinois Development Authority: www.swida.org