

**Mid Central Community Action, Inc.
Economic Development / Job Creation Small Business Loan Program**

Mid Central Community Action is partaking in the Community Service Block Grant (CSBG) Loan to assist in financing small businesses for either start-up or expansion projects. The purpose of this loan program is to create and retain jobs for low-income persons and to promote economic growth in McLean and Livingston Counties.

The CSBG Loan Program is intended to “fill the gap” in conventional financing, not to duplicate the financing of private lenders. The loan program could lend 20 percent to 49 percent of a total loan project at a fixed interest rate of 5 to 7 percent for up to 10 years. The remaining 51 percent to 80 percent of the loan package must be obtained through a local bank (with or without SBA participation) and owner equity.

The Illinois Community Services Block Grant Loan Program is administered jointly by the Illinois Department of Commerce and Economic Opportunity, a statewide network of Community Action Agencies (CAA's) and Illinois Ventures for Community Action (IVCA). The program provides long-term, fixed-rate financing to new or expanding companies. It links federal, state and private financing by using CSBG funds at low interest in combination with bank funds and equity. By combining bank financing with low interest CSBG loans, the program is able to offer below-market interest rates for up to 10 year terms.

The CSBG Loan Program funds may be used for machinery, equipment, inventory and/or working capital. Funds may not be used for land or building purchases, construction or renovation; those needs would fall under the private lender's funding.

Potential loan projects must plan to create and maintain one full-time equivalent job for a low-income person or persons for every \$20,000 (or part thereof) of CSBG loan funds. The hiring must be completed within the first two years of the loan. The processing of the loan can take from 60-90 days. There is a \$20 fee for running the credit reports for CSBG loans, and there is also a 1 percent closing fee.

For further information and/or application forms, please contact:

Small Business Loan Program

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SOURCE: Mid Central Community Action, Inc.
<http://www.mccainc.org/economicDevelopment.htm>