**Section 570.10 Purpose**

a) Direct Funding

1) Through the Illinois Small Business Development Program (Program), the Department of Commerce and Economic Opportunity (Department) will provide term loans on a generally fixed-rate, low-interest basis (see Section 570.70(a)(1)) to small businesses in Illinois in cooperation with participating lenders or other investors. The ultimate purpose of the Program is to provide economic development assistance to Illinois businesses who will provide employment opportunities for Illinois citizens, either through job creation/retention or those that modernize or improve the competitiveness of the firm.

2) Any small business operating or to be located in Illinois may make an application for financial assistance under this program. A small business includes, but is not limited to, any for-profit business organized as a sole proprietorship, partnership, corporation, joint venture, association, or cooperative. For the purposes of this program, a small business is one that has, including its affiliates, fewer than 500 full-time employees, or is determined by the Department not to be dominant in its field.

3) Minority, Veteran, Women and Disability Business Loans

A) For purposes of this Part, a women owned business shall have the same definition as a female owned business under Section 2 of the Minority and Female Business Enterprise Act [30 ILCS 575/2] and a minority owned business shall have the same definition as that contained in that Act. Included for purposes of this Part, Disadvantaged Business Enterprise (DBE) and Women's Business Enterprise (WBE) shall have the same definitions as those established under Section 5 of the Illinois Purchasing Act [30 ILCS 505/5] and Sections 3-101, 3-103, and 4-201.1 of the Illinois Highway Code [605 ILCS 5/3-101, 3-103 and 4-201.1].

B) For purposes of this Part, disability shall have the same definition as that used in Section 3 of the Americans With Disabilities Act of 1990 (42 USC 12102) and businesses owned by persons with disabilities shall mean businesses that are at least 51% owned by one or more persons with disabilities and whose management and daily business operations are controlled by one of the disabled owners.

C) For purposes of this Part, veteran will have the same definition as that used in Section 9-2(o) of the Small Business Development Act (Act) [30 ILCS 750/9-2] and businesses owned by veterans will mean businesses that are at least 51% owned by veterans and whose management and daily business operations are controlled by veterans.

4) Technical Assistance Grants – Provides the Department with the ability to make a grant to a not-for-profit organization, which also provides a portion of the financing with respect to the technical assistance project. The purpose of the grant is to cause the technical assistance project to be undertaken to have the potential to improve the capital marketplace structure or to reduce information barriers that are impediments to the flow of capital.

5) Development Corporation Grant Program – The purpose of the Development Corporation Grant Program is to provide grants to or through financial intermediaries whose purpose includes financing, promoting or encouraging economic development in their geographic areas.

b) Indirect Funding

1) Participation Loan Program – Provides the Department with the ability to purchase an interest in a standard financial intermediary loan. This purchase provides a collateral cushion similar to companion loans. The purpose of these agreements is to help reduce the time needed to analyze applications due to the reliance upon the financial intermediaries' due diligence by tapping into the existing infrastructure of private sector financing expertise. The ultimate purpose of the program is to provide economic development assistance to Illinois businesses that will provide employment opportunities for Illinois citizens. For purposes of this Part, financial intermediary shall have the same definition as those established under Section 9-2 of the Act.

2) Loan Loss Reserve Program – The financial intermediaries that participate in the program make all of the credit decisions about whether to fund or reject a loan to a potential borrower. The financial intermediary also decides whether to make conventional loans to the borrower or whether to require the borrower to participate in the Loan Loss Reserve Program as a condition of the loan. The purpose of the program is to help borrowers that are borrowing up to $100,000 get access to capital, especially in urban areas; however, even though the program provides access to capital, it will not necessarily be low-cost capital.

3) Development Corporation Participation Loan Program – The purpose of the Development Corporation Participation Loan Program is to provide loans, which may be done through the purchase of participations, to or through financial intermediaries whose purposes include financing, promoting or encouraging economic development in their geographic areas.

4) Minority, Veteran, Women, and Disability Participation Loans – Businesses meeting the definitions of Section 570.10(a)(3) may be funded in accordance with Section 9-4.3 of the Act through Participation Loans and Development Corporation Participation Loans as described in subsections (b)(1) and (3).

5) Rural Micro-business Loan Program

A) Authorizes the Department to provide loans to small rural businesses. Eligible participants include small rural businesses that:

i) employ 5 or fewer full-time employees, including the owner if the owner is an employee; and

ii) are based on the production, processing, or marketing of agricultural products, forest products, cottage and craft products, or tourism.

B) Eligible rural micro-businesses may be funded in accordance with Section 9-4.2a of the Act through Participation Loans and Development Corporation Participation Loans as described in subsections (b)(1) and (3).

(Source: Amended at 42 Ill. Reg. 4821, effective March 2, 2018)