**Section 570.60 Allowable Leverage**

a) Direct Funding

1) In addition to the forms of allowable leverage defined in Sections 9-4(a) and 9-6(a) of the Act, allowable leverage will include such tangible assets as:

A) under-utilized land and/or buildings which are a part of the project;

B) machinery and equipment brought into the state from another state;

C) cash equity provided by the principals, stockholders, or other investors; and

D) funds expended by the business prior to the date of a loan or grant award; existing in-state equipment, land, buildings, furnishings, inventory (already owned and being utilized); lines of credit; post-project costs; and debt refinancing will not be considered as leverage.

2) For the Technical Assistance Grant Program, forms of allowable leverage are cash and in-kind services. In-kind services may include the following:

A) real or personal property;

B) services; or

C) any other form as designated by the Department.

3) For the Development Corporation Grant Program, the recipient of the grant funds shall be required to provide a portion of the financing with respect to the project. The recipient's financing shall be in the form of cash. Department funds must be matched 1:1 by cash from private sources. None of the matching funds shall have originated as a loan or a grant or other investment of local, State or federal government funding. Gifts, grants, loans, revolving loan funds, or stock purchases by local, State, or federal governments are encouraged but will not be considered in calculating Development Corporation match.

b) Indirect Funding

1) For the Participation Loan Program, the allowable leverage shall be in the form of a loan, letter of credit, guarantee, purchase or any other form approved by the Department, along with Section 570.60(a)(1).

2) For the Loan Reserve Program, the allowable leverage will be established by the financial intermediary staff involved.

3) For Development Corporation Participations, the allowable leverage shall be in the form of a loan, letter of credit, guarantee, bond purchase or any other form approved by the Department, along with Section 570.60(a)(1).

4) For the Rural Micro-business Participation Loan Program, the borrower shall provide equity capital in an amount equal to 10% of the first $10,000 of the required funds and equity capital, other loans, or leveraged capital, or any combination thereof, in an amount equal to 50% of any additional required funds.

(Source: Amended at 30 Ill. Reg. 8461, effective April 19, 2006)