**Section 640.120 Allowable Leverage**

a) Each rural business receiving funds under the program must leverage financial resources for the project over and above Department funding. Owner equity or other private sector equity shall be a significant part of the project. Sources other than public funds shall serve as the primary sources of financing for the project.

b) In calculating the Department's share, allowable leverage by the applicant may include such tangible contributions as:

1) Cash expended by the applicant (during the period of the project) derived from any source other than the Department including expenditure of retained earnings, use of owner equity, or use of proceeds of debt of the applicant, and used on project-eligible expenses;

2) The purchase price of project-related machinery and equipment leased by the company (for or after the start of the project) provided the company shall own, or may purchase for a nominal fee, the asset at the end of the lease;

3) The unutilized portion of buildings which are made a part of the project whose value shall be determined by taking the depreciated cost of the area used exclusively on the project (thus excluding common areas);

4) Previously purchased but unutilized machinery and equipment at book value provided it has not been in productive use in the past year but will be placed in productive use for the benefit of the project; and

5) Project-related machinery and equipment brought into the State from another state, country or territory (provided the first productive use in Illinois occurs after the Department's letter of commitment).

c) All contributions of cash, real property or machinery and equipment must meet each of the following criteria:

1) are verifiable from the applicant's records;

2) are utilized (if real property) or expended (if cash) after the Department's commitment during the period of the project;

3) are necessary and reasonable for the accomplishment of the project.

d) The following items are not allowable leverage:

1) Cash expended prior to the date of the Department's loan commitment letter;

2) Existing in-state land, building, furnishings, inventory or supplies already owned and productively utilized;

3) Actual or donated operational and general overhead expenses (e.g., salaries, utilities, rent, supplies) incurred before, during or after the project is completed; and

4) Debt-refinancing, lines of credit or other unexpended available funds.