

Department of Commerce and Economic Opportunity
Community Development Assistance Program
City of Red Bud, IL

CDAP Loan Program Summary

Updated: April, 2012

Uses of Funds:

Loans are available to both not-for-profit and for-profit businesses and can be used for fixed assets including land, buildings, machinery, and equipment. Construction and renovation projects are eligible expenses. Loans can also be used for working capital. Ineligible expenses include the refinancing of existing debt, relocation of a business within the State of Illinois, and exploratory / tentative projects. The business obtaining the loan must be located inside the corporate limits of the City of Red Bud.

Assistance / Funding Limits:

\$15,000 will be loaned for each Full Time Equivalent Job (1,950 hours annually) that is created or retained as part of the project. Private or public financing must account for a minimum of 50% of the project costs. The City of Red Bud can not loan more than 50% of the cost of a given project. Investments or loans given to the business prior to the city's loan program are not eligible and will not be considered in the 50% minimum funding requirement.

Types of RLF Assistance:

FINANCING GAP – This argument will demonstrate that a business can raise only a portion of the financing necessary to complete the project. Reference the documentation within the application which supports this argument.

RATE OF RETURN – This assumes that full financing is available, but the rate of return is insufficient to induce development. Provide the rationale and cite supporting documentation.

LOCATIONAL – This argument is used when the firm is considering multi-state location options. CDAP funds are needed to equalize cost factor variations between sites. This requires disclosures for each site under consideration. This application must contain this supporting documentation.

Loan Application

Loan applications for the CDAP loan program are available by contacting Red Bud City Hall at 618.282.2315. The Economic Development Commission reserves the right to deem applications with minimal or no activity inactive after 60 days from the date the application was filed at City Hall.

Interest Rate:

The interest rate for the loan program is established by the Economic Development Commission and the City Council of the City of Red Bud. The current interest rate is 3%.

Securities:

RLF loans must be secured with a mortgage, security agreement, personal guarantees, promissory note, financing statement or other assignment of assets of the business making application. Life insurance policies are often required as a security as well. The policies must have a minimum value equal to the amount of monies owed to the City of Red Bud. Policies may be required for both the owner(s) of the business as well as key employees.

Job Creation:

The primary goal of the CDAP Revolving Loan Program is to create and retain jobs within the City of Red Bud for low to moderate income persons. A minimum of 51% of all the jobs created for the project must meet the low to moderate income levels / criteria that have been established for Randolph County through the Department of Housing and Urban Development (HUD).

Additional Federal and State Regulations:

Fair Labor Standards / Davis-Bacon Act
Equal Opportunity Employment
Environmental Protection

Please be advised that the average loan process from the date the application is filed to the closing date of the loan is typically a 120 day process.

{The information in this document has been summarized. Additional rules and regulations of this program may apply. Details of the information included in this document are subject to change without notice.}