



Collateral Support Program

Illinois' Collateral Support Program (CSP) is a new program under **Advantage Illinois**. CSP establishes savings accounts or CDs that provide cash collateral support to lending institutions in order to enhance the equity and or loan collateral levels of small business borrowers. Such flexibility is needed so that each lender can use the program in a way that best suits its needs and those of its clients, to encourage a strong, diversified economy. The program seeks to enable lenders and borrowers to establish mutually acceptable terms and conditions, providing the necessary financing that might otherwise be unavailable due to insufficient collateral or equity according to the lender's analysis.

ELIGIBLE BORROWERS

- Corporations, joint ventures, partnerships, sole proprietorships, or other for-profit entities, authorized to conduct business in Illinois.
- Business size limited to 750 employees or less worldwide

HOW THE LOANS WORK

- DCEO will deposit funds with the lender equal to 15-20% of the lender's loan is provided to a borrower in cases where the bank believes that the borrower's own collateral is inadequate. The lender will pay interest at its normal rate for deposits.
- Assuming borrower is current in loan repayments, the amount of pledged collateral will be re-adjusted annually to reflect the same percentage of the borrower's loan that existed at loan inception.
- In the event that the borrower defaults on the loan, the lender will have the rights to the CSP account as cash collateral to cover any post-liquidation shortfall.

TYPES OF LOANS

- Term loans
- Maximum term is five years (unless part of much larger project)

APPLICATION

- For businesses: contact a participating bank, which are listed on the DCEO-**Advantage Illinois** web site.
- For banks: Interested banks can enroll in the program by submitting a master agreement to DCEO, available at the DCEO-**Advantage Illinois** web site.

ABOUT ADVANTAGE ILLINOIS

The Illinois Department of Commerce and Economic Opportunity is administering **Advantage Illinois**, made possible by the federally-funded State Small Business Credit Initiative (SSBCI). **Advantage Illinois** consists of three programs to spur institutional lending and one program to leverage venture capital in start-ups and high-growth businesses. Together, the \$78 million allotment from the federal government is expected to generate more than \$800 million in private investment in Illinois' small businesses.



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