



## SMALL BUSINESS LOAN PROGRAM

### WHAT IS THE SMALL BUSINESS LOAN PROGRAM?

The City of Chicago Treasurer's Office has allocated over \$70 million of city deposits to the Small Business Loan Program, which encourages banks to extend small, short-term loans or lines of credit to businesses that may not otherwise be able to secure such loans. As an incentive for banks to assist small neighborhood businesses with obtaining needed capital, the City Treasurer's Office invests funds in collateralized certificates of deposit (CD's).

The Small Business Loan Program can help participating banks improve their Community Reinvestment Act ratings. The program is a "win-win" situation for small business owners, banks and Chicago.

### WHY SMALL BUSINESS?

Short-term financing is crucial to the day-to-day operation of small businesses. Yet historically, these businesses have had trouble securing loans, often making it difficult to meet payroll obligations and retain jobs. The Small Business Loan Program provides short-term financing to companies that qualify for the program.

Participants in the program are encouraged to utilize the technical resources provided by the banks, and to take advantage of the technical assistance workshops provided by the Department of Business Affairs & Licensing ([www.cityofchicago.org/businessaffairs](http://www.cityofchicago.org/businessaffairs)).

### HOW DOES IT WORK?

The City Treasurer's Office deposits funds into approved Municipal Depository banks and the banks are required to use fifty percent (50%) of the funds to issue loans and lines of credit of up to \$250,000 to qualifying businesses. Loans are awarded to businesses meeting the banks' underwriting criteria; the City does not underwrite or collateralize loans.

## THE FOLLOWING PROGRAMS ARE AVAILABLE UNDER THE SMALL BUSINESS LOAN PROGRAM

### **SMALL BUSINESS CAPITAL ASSISTANCE PROGRAM ("SBCAP")**

The Small Business Capital Assistance Program encourages local banks to work with Chicago's small emerging businesses in operation for at least three years and a net worth less than \$6 million.

### **CONTRACTOR'S ASSISTANCE PROGRAM ("CAP")**

The Contractor's Assistance Program is designed to encourage local banks to make loans to Chicago's smaller contracting businesses. CAP is designed to work with the City's Department of Business Affairs & Licensing, other government programs and with local contractor associations.

### **WHO QUALIFIES?**

Businesses must meet the following program eligibility requirements:

- Located in the City of Chicago
- In operation for at least 3 years
- Earn less than \$2 million in annual sales
- Current on all city debts (i.e. taxes, utilities, fines, etc.)

### **HOW CAN THE LOANS BE USED?**

City deposits will be issued for loans to address various short-term financing needs including:

- Meeting payroll obligations
- Leasing equipment
- Purchasing supplies

### **FOR MORE INFORMATION**

Call the Economic Development Division at (312) 744-3365 or visit us at

<http://www.chicagocitytreasurer.com>