



**ECONOMIC
DEVELOPMENT**

Rockford Local Development Corporation - 7A Loan Program

If you are awarded a 7(a) loan, the proceeds may be used to establish a new business or assist in the acquisition, operation (working capital), or expansion of an existing business.

📄 For more information, visit the [Rockford Local Development Corporation](http://www.rockfordlocaldevelopment.com) website.

Program Details

Purpose:	In addition to long-term and short-term working capital, this program can also be used to buy land or building, build a building, renovate an existing building, purchase machinery & equipment and convert an existing facility for a new use. Loan proceeds can also be used to refinance an existing business' indebtedness that is not already structured with reasonable terms and conditions.
Program Description:	A loan guarantee program that facilitates new business start-ups, business acquisitions, business expansions and business modernization.
Eligibility:	Either a creditworthy startup or existing for-profit businesses that employ 500 workers or less.
Ineligible Projects:	7A Loan proceeds cannot be used to: refinance existing debt where the lender is in the position to sustain a loss and the SBA would take over that loss through refinancing; effect the partial change of business ownership or a change that would not benefit the business; repay delinquent state or federal taxes or other funds that should be held in escrow or trust; for a non-sound business purpose.
Loan Amount:	Up to a \$2,000,000, with an SBA guaranty of \$1,500,000.
Loan Term:	Up to 7 years for working capital and 25 years for real estate and equipment.
Loan Rate:	Maximum of Prime + 2.25% if less than 7 years and Prime +.75% if over 7 years.
Fees:	2% of guaranty portion for loans of \$150,000 or less; 3% of guaranty portion for loans of \$150,000 to \$700,000; 3.5% of guaranty portion for loans greater than \$700,000; For loans greater than \$1,000,000, an additional .25 percent guaranty fee will be charged for that portion greater than \$1,000,000. The portion of \$1,000,000 or less would be charged a 3.5 percent guaranty fee. The portion greater than \$1,000,000 would be charged at 3.75 percent.
Application Process:	Apply at your local bank; brought to SBA for loan guarantee approval. For assistance with the application process, contact Greater Freeport Partnership Executive Director at (815) 233-1356.
Job Criteria:	Not applicable.
Other Requirements:	Personal guaranty of owners; owner's equity; meet bank credit standards.