

Statewide CDFI Launches Midwest Expansion to Meet Nonprofit Capital Needs: IFF Closes First Loans in Wisconsin, Missouri, and Iowa

The Illinois Facilities Fund (IFF), a statewide community development financial institution (CDFI) in Illinois, is expanding to serve nonprofit organizations in the greater Milwaukee area, Missouri, Iowa, and Indiana.

Created in 1990, the nonprofit IFF provides below-market capital financing up to \$1 million for nonprofit organizations that serve low-income or special-needs populations. Its expansion comes after 17 years of serving nonprofits throughout the State of Illinois, helping organizations buy land and buildings, renovate, construct, maintain, and repair facilities, and buy equipment and vehicles.

What defines an IFF loan?	
IFF's lending approach offers investment opportunities for banks.	
Long-term loans	The IFF standard loan is up to 15 years.
New or high-risk niches	IFF lends to faith-based agencies, charter schools, and for equipment and maintenance.
Leasehold improvements	IFF will make loans against leases.
Small loans	IFF loans start at \$10,000. Many banks cannot cover their costs on small loans without charging disproportionate fees.
No Loan-To-Value limitations	IFF does not use appraised value to determine loan amount.
Minimal equity contribution	IFF requires a minimum contribution of 5 percent of total project costs.
Collateral release	IFF requires only real estate collateral for real estate loans.

By closing its 500th loan in December – for a Milwaukee charter school – the IFF's total lending reached \$150 million. Working on its own and in collaboration with traditional lenders and other CDFIs, the IFF is a vital source of affordable capital for nonprofits across the

Federal Reserve Bank of Chicago's region that lack access to traditional commercial sources to fully meet their needs.

Research by IFF staff finds that nonprofits in its expansion states are planning for growth as they work to address needs similar to those in Illinois. Organizations in urban areas, for example, are grappling with public education issues, community health, and homelessness, while agencies in rural communities struggle with barriers to capital due to shrinking and aging populations.

Recent projects on which the IFF has collaborated with banks:

Chicago Family Health Center on Chicago's far south east side is building a new health center and making renovations to an existing facility. MB Financial provided \$3.4 million in construction and permanent financing in conjunction with an IFF second-position loan for \$1 million.

Home of the Sparrow in McHenry, Illinois, completed construction of a two-story addition with four individual living units, and renovated an existing shelter. Its long-time bank, Crystal Lake Bank & Trust, referred the agency to the IFF for a more affordable financing solution. The IFF provided a 15-year loan for \$245,000.

Regional expansion is part of the IFF's strategic plan, and it is well-positioned to serve a larger nonprofit population. Its loan portfolio has experienced three years of record growth while maintaining exceptionally low default rates, and the organization has built assets in excess of \$100 million. Strong banking relationships remain vital to IFF's success. As it does in Illinois, the IFF seeks investments and shared lending positions from traditional lenders in Wisconsin, Missouri, Iowa, and Indiana to meet its mission.

For more information on the IFF, visit www.iff.org, or call toll-free (866) 629-0060.