



SOCIAL EQUITY CANNABIS LOANS

Pursuant to the Cannabis Regulation & Tax Act (“CRTA”) 410 ILCS 705, cannabis became legal for adult use in Illinois on January 1, 2020. The Illinois Department of Commerce and Economic Opportunity (DCEO) mission under the CRTA is to develop accessible opportunities for technical assistance and access to capital for persons seeking to participate in the Illinois cannabis business industry, subject to appropriations from the Cannabis Business Development Fund.

As part of this effort, DCEO established the Social Equity Cannabis Loan Program for the purposes of providing financial assistance to social equity licensees to assist with the expenses of starting and operating a cannabis business establishment.

Who Qualifies?

These loans will be available to Qualified Social Equity Applicants (or “Social Equity Licensees”) that demonstrate a need for funding and have been directly and adversely impacted by the disparate enforcement of cannabis-related laws.

- Has at least 51% ownership and control of the license is held by one or more individuals who:
 - have lived in a [Disproportionately Impacted Area](#) in 5 of the past 10 years;
 - have been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including cannabis possession up to 500 grams or intent to deliver upto 30 grams;
 - or
 - have a parent, child, or spouse that has been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including possession up to 500 grams or intent to deliver up to 30 grams.
- Has more than 10 full-time employees, and at least 51% of employees:
 - Currently reside in a [Disproportionately Impacted Area](#);
 - Have been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including cannabis possession up to 500 grams or intent to deliver upto 30 grams;
 - or
 - Have a parent, child, or spouse that has been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including possession up to 500 grams or intent to deliver up to 30 grams.

Subject to the availability of funding, loan funds will be prioritized for those licensees whose owners demonstrate the most significant adverse impact by virtue of meeting the criteria above.

Consideration for the Social Equity Cannabis Loan Program will be reviewed based on social equity merit and demonstrated financial need of the Licensee. Licensees offered conditional acceptance into the Loan Program will be referred to lender partners for a full review of the loan application for funding consideration. A lender may require borrowers to submit additional documentation needed for loan approval.

How Does It Work?

Interested Qualified Social Equity Applicants can begin applying after receipt of a license from the Illinois Department of Agriculture (IDOA) or the Illinois Department of Financial and Professional Regulation (IDFPR). Applications will be accepted on a rolling basis as detailed on the DCEO website; however, it is anticipated that all available funding will be committed during the first application period for your license type.

If you are conditionally accepted for participation in the loan program, you will be notified and directed to our list of lending partners where you will be able to select the lender of your choosing. The lender you select will require you to complete their financial review and due diligence assessment. If you successfully complete their review, the lender and DCEO will coordinate on providing information about the loan that may be available to you.

This Sounds Complicated...

We're here to help! Our network of technical assistance partners provide comprehensive support on cannabis pre- and post-licensing, in addition to loan assistance. More information can be found here:

<https://www2.illinois.gov/dceo/CannabisEquity/Pages/TechnicalAssistance.aspx>

Any Other Details I Should Know?

Just a few:

- Loan recipients will be required to provide quarterly documentation to demonstrate that they are continuing to operate a viable business establishment in the cannabis industry.
- Loans will not be transferable except in limited circumstances. If a license is transferred, the new licensee will be required to repay the balance of the loan, as well as any waived or reduced fees, unless the new license holder also meets the definition of Social Equity Applicant.
- Failure to comply with loan requirements, retain a current license, or remain in good standing with the responsible licensing agency for the duration of the loan may result in noncompliance with the terms of the loan and require repayment of the loan balance and any outstanding fees.

If you have any further questions, please e-mail us at CEO.CannabisLoan@Illinois.gov.