



CITY OF ONTARIO
BUSINESS LOAN FUND

INFORMATION

CONTACT INFORMATION

Ontario Finance Department
444 SW 4th Street
Ontario, Oregon 97914
(541) 889-7684
www.ontariooregon.org

BUSINESS LOAN FUND INFORMATION AND CRITERIA

The City of Ontario has developed the "Business Loan Fund" (BLF) for the purpose of enhancing business and economic development opportunities within the Urban Growth Boundary of the community. The resources for the BLF have been approved by the City Council to be used as "gap financing" to help bridge the financial gap between the resources a business owner may be able to obtain through bank financing, personal resources, or other sources of funds and the actual costs of a project. The following project criteria are priority items of the City of Ontario Business Loan fund:

1. Businesses that are a "qualified business firm" as defined by the Enterprise Zone section of the Oregon Revised Statutes and are located in the Ontario Enterprise Zone;
2. Existing businesses with fewer than one hundred employees;
3. Employment of low and moderate income employees;
4. Making use of skills of displaced or unemployed workers;
5. Assisting in economic diversification;
6. Containing significant owner equity;
7. Maximizing participation by financial institutions and local development groups; or
8. Compliance with City of Ontario required upgrades to on-site landscaping and/or parking improvements for business enterprises.

Proposed projects meeting some or all of the criteria set forth in this section will be given priority for loan funding. Greater consideration will be given to projects meeting two or more criteria.

The following activities are ineligible for funding from the City of Ontario Business Loan Fund:

1. Paying off a loan, investment or advance to an employee, officer, partner or stock holder of the firm, or replenishing funds used for such purposes;
2. Investment purposes not related to the business, or business purposes considered speculative;
3. Firms involving gambling activity.

LOAN TERMS

The following criteria shall apply to the terms of the loan:

1. Loans shall not be made for amounts so low they are inefficient to administer.
2. The Maximum loan term is fifteen (15) years.
3. The interest rate for all loans granted under the terms of this program shall be fixed by the City Council. The rates will generally be fixed at the Prime Rate, as published in the most current edition of the Wall Street Journal, less two percent (2%). However, the lending rate shall be established for all loans at a rate no lower than five percent (5%). Interest shall accrue on a fixed, simple interest basis.
4. All loans shall be subject to a one time loan origination fee which shall be the greater of one and one-half percent (1½ %) of the principal amount or one hundred fifty dollars (\$150.00).
5. City of Ontario Business Loan Funds should be used to leverage owner equity and other conventional financing of the project, with the Business Loan Fund amounts generally not exceeding thirty-three percent (33%) of the total cost of the project. Under no circumstances should Business Loan Funds be used for working capital.
6. Applicant must provide, along with the application, sufficient evidence of adequate collateral for security of the whole amount of the loan to insure loan repayment.
7. Provided there is adequate security, the monies loaned from the fund may be in a subordinate security position to that of other lenders.
8. Loan proceeds may be used for necessary physical facility expenses including, but not limited to the purchase of land, buildings, equipment or the construction or installation of site improvements.