



Commercial Business Loan Fund (CLF) Eligibility and Program Criteria

The Commercial Business Loan Fund was established to provide financial assistance to new or expanding businesses in the Village of Oswego and to secure public benefit for the residents of Oswego by developing a stronger economic base and expanded job opportunities. The CLF is a self-replenishing pool of capital where loans are made and repaid through the same fund and then lent out again for similar small business projects. Because of the extended length of time these projects may take and the particular requirements of funding, this program is highly competitive. Applications that demonstrate the greatest potential for meeting the specific goals of the fund will be given highest priority.

The Village may receive income from the program in the form of earned interest or fees for loan applications. Program income will be added to the loan fund to expand CLF lending or to cover administrative costs. Not more than 10 percent of the annual revenue to the RLF will be used for administration costs.

Applying for CLF will not guarantee funding and the Village Board reserves any right to deny applicants. The Village reserves the right to waive any and all of the following provisions on a case by case basis.

Business and Project Eligibility:

- Any type of business that can legally be operated in Oswego, except pure real estate projects, may be funded
 - Start-up businesses may be funded when owner equity investment and/or previous successful entrepreneur experience are sufficient to make success a reasonable probability
 - Borrowers should be one of two things:
 - Established companies under existing owners who wish to expand
 - New owners of established firms
 - Uses of borrowed funds can be for long-term assets, including real estate, short-term assets and permanent working capital
 - Projects of a speculative nature are ineligible for funding
 - Applicant can partially or fully prepay the loan at any time with no pre-payment penalty or fee. Any early repayments of the loan will shorten the term of the loan and interested incurred
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Requirements:

- Funds may not be used to:
 - Help service or refinance existing debt
 - Purchase non-affixed equipment
 - Be used for working capital
 - Act as revolving line of credit
 - Fund business operational expenses
 - Applicant must have specific and competitive project goals which align with the Village Comprehensive Plan
 - The Village will give preference to loans:
 - Result in real property improvements
 - Undertaken by businesses that improve the Village's economic diversity, regional competitiveness, or overall strength
 - Which result in new jobs or which retain jobs that may have otherwise relocated outside of the community
 - CLF Participation in any project may not exceed 50% of the total hard and soft project costs
 - Term, rate and collateral will be determined by the Board, within guidelines and limitations provided by program requirements, or Village Board action.
 - Acceptable collateral may include a subordinated position, personal guarantee, fixtures, equipment, or other business property
 - Generally, the term for real property loans is 10 years; the Village may consider shorter term loans or longer, provided they do not function as a cash flow mechanism for normal business operations or increase the risk profile of the loan
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Events of Default: The Village is responsible for monitoring the continued compliance with provisions of loan agreements with all borrowers. In addition to repayment and compliance terms outlined in the CFL, terms of default include:

- If the recipient undertakes a project materially different in function or design than represented to the Village
- If the recipient fails to comply with:
 - Regulatory permitting requirements
 - Local, state, or federal law, rule, or regulation
 - Terms of the official agreement
 - Village of Oswego codes, rules, and regulations, as amended
- If the recipient utilizes the award on costs not authorized by the official agreement approved by the Village
- If the recipient does not utilize the loan within 12 months of approval