

Loan Program Guidelines



MUNICIPALITIES

ELIGIBLE APPLICANTS

All Ontario Municipalities are eligible to apply for a loan from Infrastructure Ontario.

ELIGIBLE PROJECTS

Infrastructure Ontario's Loan Program provides affordable long-term financing for all capital expenditures. Financing is not available for working capital needs.

TYPES OF FINANCING

Long-Term Financing

Infrastructure Ontario will purchase a debenture from the client for up to the approved amount of the loan as per the Financing Agreement on an agreed upon date. Principal and interest payments are payable biannually with the first payment due six months after the date of purchase. The interest rate is fixed for the entire term of the loan. Debentures close on the 1st and 15th of every month.

Infrastructure Ontario offers both amortizing and serial debentures to clients. With amortizing debentures borrowers pay equal amounts of blended principal and interest every six months. Alternately, with serial debentures borrowers pay equal amounts of principal every six months and interest is calculated on the declining balance.

Short-Term or Construction Financing

Short-term (construction) financing is **available to clients** during the construction period of an approved project based on incurred costs. Interest is calculated and payable monthly on the 1st day of each month based on the applicable short-term rates. Short-term advances are processed on the 1st and 15th of every month and Infrastructure Ontario requires five business days notice to process a payment.

NOTE: Proceeds of the loan are advanced after a Financing Agreement has been executed and expenditures have been incurred.

Default

In the event that a borrower misses a scheduled payment, penalty interest will be charged on the amount outstanding. Infrastructure Ontario has the right, at its discretion, to terminate the Financing Agreement if a borrower remains in default of its obligations.

In addition, in the event of a default Infrastructure Ontario is authorized to request the Minister of Finance to intercept, on Infrastructure Ontario's behalf, certain amounts payable to the borrower by the Province.

TERMS AND RATES

Clients may select repayment terms of 5 to 40 years; but in any event, the repayment period must not exceed the expected life of the capital asset. The loan interest rate varies with the term of the loan (i.e., a 10 year loan term would have a different rate than a 40 year loan).

Interest rates are posted on Infrastructure Ontario's website and are updated frequently as we track the movement of our cost of borrowing in the capital markets. Loan applications are subject to pricing based on the borrower's market sector. All rates posted are indicative and rates for different loan structures and terms are available. www.infrastructureontario.ca/en/loan/rates/index.asp

Infrastructure Ontario reserves the right to withdraw applications if they become inactive for more than one year after the date of submission.

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APPLICATION PROCESS

Online application forms are available at Infrastructure Ontario's website under the "Loans and Services" tab. www.infrastructureontario.ca/en/loan/loans_and_services/index.asp

- Register for a username and password by contacting Infrastructure Ontario at 1-800-230-0937.
- Complete an online application form
- Submit application and all required supporting documents
- Legal and Credit review conducted by Infrastructure Ontario to assess the ability to repay the loan and ensure all legal documents have been properly prepared
- Draft Financing Agreement emailed for review and signature
- Financing Agreement finalized

REGISTRATION

Register for a username and password by contacting Infrastructure Ontario at 1-800-230-0937.

A user name and password will be e-mailed after Infrastructure Ontario has verified the registration information which can then be used to login and complete the online loan application.

All application forms and templates are available through the Infrastructure Ontario website.

LEGAL AND CREDIT REVIEW

Once the application is complete and has been submitted, Infrastructure Ontario will undertake a legal and credit review. Infrastructure Ontario relies on data obtained from financial statements and other materials provided as part of the application process to complete the reviews.

A legal review is conducted to ensure that the borrower has the requisite authority to borrow from Infrastructure Ontario. Any pending, existing or threatening litigation that may impair the borrower's ability to meet its debt obligations is also reviewed.

A credit review assesses each borrower's ability to repay the loan.

Once the reviews are complete and approved, applicants are notified. The application process typically takes 6-8 weeks from Infrastructure Ontario's receipt of a complete application, including all supporting documentation.

FINANCING AGREEMENT

After successfully completing the legal and credit reviews, a Financing Agreement is drafted for review and execution by both parties.

After the Financing Agreement has been executed and expenditures have been incurred, a short-term advance may be requested. Or, if the project is substantially complete, clients may wish to begin the debenture process. Amounts taken as short-term advances are typically converted to a long-term debenture upon completion of the project.

PROJECT MANAGEMENT REPORTING REQUIREMENTS

To help ensure the effective and efficient delivery of projects financed (in whole or in part) with funds from the Loan Program, Infrastructure Ontario has established reporting requirements for **capital construction projects only**. Loan clients are responsible for submitting project reports according to the Estimated Project Start Date as indicated in their online application and Financing Agreement.

More detailed Project Management Reporting Requirements may be found within the online application.

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CONTACT INFORMATION

If you have any questions regarding Infrastructure Ontario's Loan Program or would like clarification on guidelines or eligibility, please visit us online, or contact an Infrastructure Ontario representative any time.

Telephone (Toronto): 416-212-3451

Toll-free Telephone: 1-800-230-0937

Email: loans@infrastructureontario.ca

All Infrastructure Ontario application forms and templates are available at Infrastructure Ontario's website.