



Local Restaurant Owner Obtains a Loan for \$2.1M with Assistance from the SBDC

Thanks to the SBDC, this family-owned restaurant, Fonda Don Chon is expanding in Southern California.



Fonda Don Chon
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In 2009, Jimmy Roman and his father-in-law, Jose Asuncion Hernandez, opened Fonda Don Chon, a home-style restaurant featuring dishes inspired by the cuisine of Jalisco, Mexico. The Covina restaurant soon became a hit, with lines out the door on weekends and regular customers coming from as far as Hesperia and Moreno Valley.

INDUSTRY

Restaurant

CHALLENGES

- Financing for a building and working capital
- Obtaining permits for upgrades

SOLUTIONS

- Loan packaging assistance
- Permitting assistance and advice

CLIENT IMPACT

- Obtained a loan for \$2.1 million
- Created 130 jobs total
- Projected sales of \$5 million in 2015
- Los Angeles Business Journal- Latino Small Business Awards Nominee

Challenges

In 2014, Roman and Hernandez were scouting locations to open a quick-serve taco concept when they discovered a restaurant space ideal for a second, larger Fonda Don Chon location. Thus, Roman confidently approached his long-term business bank for a loan to buy the building. Unfortunately, the bank would not approve a loan large enough to cover the cost of the building, upgrades, and working capital. Consequently, Roman visited the Small Business Development Center hosted by Pasadena City College for assistance with significant worries about losing the possible second location.

Best Advice

SBDC Business Advisor Nathaniel Jemison and Director Salvatrice Cummo connected Roman with potential lender SCE Federal Credit Union Commercial Business Development Executive, Robert Hernandez to obtain the capital he needed to buy and refurbish the building. Then, the SBDC assisted him with the necessary permitting for the building upgrades and much more.



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Jimmy Roman , Owner
Fonda Don Chon

Don’t Give Up

If Roman was stunned when his bank rejected his loan application, “I had really thought, This would be no problem,” he was equally amazed at how smoothly the loan process went once the SBDC was on his team. Roman’s Business Advisors provided several leads for financing, including the lender he ultimately chose--SCE Federal Credit Union.

“When you’re ready to purchase [real estate] and you don’t have a bank to back you up, that puts a lot of pressure on you,” Roman says. Within a matter of weeks, the pressure was lifted as the loan was approved. “I was surprised how quickly it turned around. Everything went so smoothly that it made my life a lot easier.” During escrow, the seller dropped the price of the building to \$1.9 million, leaving Roman with enough money to upgrade the building and still have working capital to spare.

It Takes Time

The new location, which had housed three different Mexican restaurants over several decades, “looked dated,” Roman says. They gave it a complete facelift. Opening up the interior, decorating the space with vibrant colors, and adding black-and-white vintage photos from Mexico and signage designating each of the seven rooms as a different state in Mexico gave the restaurant a unique ambiance.

The remodeling took longer than expected, but the SBDC helped Roman stay positive. “Just like when you buy a house, there are always surprise problems,” he says. After opening up walls for repairs, the contractors discovered outdated plumbing; the entire restaurant



had to be re-piped. The additional work required more approvals and permits from the city. Fortunately, Roman’s Business Advisors had experience opening other businesses in Rancho Cucamonga, and their advice and involvement helped expedite the process.

Client Impact

The second location is slated to open in mid-February 2015, and has already created jobs in the community; Fonda Don Chon now has 130 employees in total. The new building is bigger, seating nearly 300 customers compared to the first location’s 115. “A bigger building means bigger responsibilities and more overhead,” says Roman, but he’s not worried. He projects 2015 sales at the Rancho Cucamonga location will hit \$5 million, adding to the \$3.6 million in sales the Covina location enjoyed in 2014.

“I like to keep my plate full,” says Roman, and he’s not kidding. In addition to opening the Rancho Cucamonga restaurant, he is currently launching a business wholesaling salsa, Diablo sauce and *mojo de ajo* (garlic butter) to retail stores. Later this year, he plans to move ahead with California Taco Company, a quick-serve concept that he believes could become a franchise. He’ll also be returning to the SBDC—this time for marketing advice—once Fonda Don Chon’s second location is off the ground.