

LENDING CRITERIA

Applicant(s) viability will be assessed at the CFEI office, and based on the assessment, the applicant(s) may be required to obtain a written refusal, in whole or in part, from a financial institution before applying for CFEI's loan funds. The goal of the program is to enable CFEI to use the program funds for maximum benefit of the region.

CFEI encourages partnership/joint lending. If you are approved financing for your business venture but it is not the required amount, CFEI can accept applications for the additional dollars needed, up to its maximum financing.

The maximum amount of financing that may be provided by Community Futures East Interlake to any single applicant or enterprise is **\$150,000.00**.

The applicant must be willing and able to invest a minimum of 10% capital in the enterprise, considering the total funding required, to ensure that the applicant will be committed to making the enterprise viable.

The venture must appear to have a reasonable expectation of economic viability. No grants or forgivable loans are permitted to be made by CFEI.

The majority of jobs to be created must be filled by persons residing within the area of influence of CFEI.

Interest rates will vary, depending on the amount of security provided for the loan (CIBC Prime plus 3% - 6%, minimum base rate of 6%).

CFEI will consider a refinancing request only if the business is under threat of closing because the current interest rates are above the current lending rate or if the present payment structure is detrimental to the business cash flow. No personal debt may be refinanced.

All applications for financial assistance will be analyzed for the number of jobs it will generate using a general guideline of one full time-equivalent job per \$15,000 to \$25,000 loaned.

All applications for financing must be accompanied by a completed CFEI Loan Application and Business Planning Workbook. It will take 3 to 4 weeks to process your application. The responsibility of assessing and approving the application will rest with CFEI's Board of Directors.

Loans less than **\$25,000** may be applied to under the **"Micro Loan Application"**, which does not require a full business plan.

The applicant(s) shall adhere to all municipal, provincial and federal regulations with respect to business operations (environment, health, Canada Customs and Revenue Agency, Employment Standards etc.); and shall not hold the lender responsible for any lawsuits, complaints or penalties that may arise due to the client's failure to adhere to all the appropriate legislature and regulations.

Receipt of the application does not constitute approval by CFEI. If the application is successful, the applicant will be required to execute all documents necessary to give CFEI the security requested and agreed to by the applicant as stated in the letter of offer.

Financing applied for is funded by Prairies Economic Development Canada. Representatives of that government department conduct regular reviews of the operations of CFEI and therefore will have access to information in the applicant's file.

No loan will be made or considered to any individual who is currently under charge or investigation for any crime or offence and who as a result a potential judgment could become incarcerated, or to any client having serious financial delinquencies and/or outstanding collections.

Fees: Application Fee - \$125.00 (payable at time of application)

Line of Credit Administration Fee - 1.25% of the guarantee, payable yearly

Loan Commitment Fee - 0.5% of the loan, minimum of \$25, no maximum (payable if approved, at time of signing the Letter of Offer)

GENERAL LENDING GUIDELINES

Equipment - New

90% of purchase price or value (whichever is lower) maximum repayment term of 5 years.

Equipment – Used

80% of purchase price or current value (whichever is lower) maximum loan term of 5 years.

Land and Buildings

90% against independent appraised value with maximum term of repayment at two 5 year terms.

Inventory

75% of cost or current wholesale value with maximum repayment term of 2 years.

Working Capital

0% margining Any working capital advances to be secured by other fixed assets. Term of repayment to be tied to cash flow with maximum repayment on a working capital loan at 3 years.

Goodwill

0% margining typically, unless supported by outside assets.

Accounts Receivable

Up to 50% of good quality receivables under 60 days and 75% for current receivables.

Specialized Equipment

Including computers, software, etc. Depending upon the nature of the asset and the history of liquidation, values of such assets and advance of anywhere from 50-75% may be considered with terms of repayment tied to the life expectancy of the asset.

Operating Funds

Normally, not more than 25% of the financing requested is to be used for operating funds.