

LENDING CRITERIA

Entrepreneurs with Disabilities

- The applicant must be willing and able to invest a minimum of **5% 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. The business must be a legally **for-profit** venture.
- The maximum amount of financing that may be provided by Community Futures East Interlake to any single applicant or enterprise is **\$150,000**.
- No grants or forgivable loans are permitted to be made by Community Futures East Interlake. Flexible repayment terms will be considered on an individual basis.
- Interest rates will vary depending on the amount of security provided for the loan (**CIBC prime plus 3%-6%, minimum base rate of 6.00%**).
- 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.
- Community Futures East Interlake (CFEI) loan funds are to be used for ventures that would not proceed without CFEI's financial assistance. If an applicant is able to receive traditional financing for their business, the business may not qualify for CFEI's loan funds. Applicant(s) will be assessed at the CFEI office, and based on the assessment, the applicant(s) may be required to obtain a refusal in whole or in part from a financial institution before applying to CFEI's loan funds. The goal is to enable CFEI to use the program funds for maximum regional benefit.
- CFEI encourages partnership/joint lending. If you have approved financing for your business venture but it is not the required amount needed, CFEI can lend the additional dollars needed up to its maximum lending rate of \$150,000.
- 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.



OUR SERVICES

- Loans less than **\$25,000** may be applied to under the **“Micro-Loan Application”** which may not require a business plan.
- CFEI will only consider financing of a business buy-out (purchase of an existing business) if the business is under threat of closing or if potential significant job gains will arise from the buy-out.
- 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.
- 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 Western Economic Diversification. 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 - \$75.00 (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 \$25.00 (payable at time of signing Letter of Offer) if loan approved.



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.

