

## LENDING CRITERIA

### Youth Entrepreneur

- The maximum amount of financing that may be provided by Community Futures East Interlake (CFEI) under this program is **\$25,000.00**. Applicants may qualify for additional dollars under our regular investment fund.
- 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. 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.
- The interest rate for all loans will be set at Prime + 3%.
- 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.
- 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 **\$20,000** may be applied to under the **"Under \$20,000 Loan Application"** which may not require a 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 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 - \$25.00 (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 \$25.00, maximum \$500.00 (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.