



LOAN PROCESS

ELIGIBILITY CRITERIA & TERMS:

- Small businesses located within the CFDC of Sun Country region
- Loans are available to individuals, partnerships, societies, corporations or co-operatives
- Eligible projects must meet the test of viability and environmental sustainability
- Equity contributions by the applicants must be deemed acceptable by the committee
- Security coverage will be required to cover the amount of loan requested
- An interest rate of Prime+3% (minimum of 10%) with regular scheduled payments of principal and interest

PROJECTS THAT WILL NOT BE FINANCED:

- The manufacture, production or sale of alcohol
- The purchase of franchises
- Multi-level marketing schemes
- Gambling establishments
- Projects of a religious or political nature

SUBMISSION MATERIALS FOR APPLICATIONS:

- Loan application package and 1% application fee
- Client loan submission and due diligence may include the following:
 - Business plan describing the products, operations, marketing, and financial activities and plans
 - Personal net worth statements and biographies
 - Annual financial statements – 3 years if possible
 - Verification of statement from CRA indicating that trust accounts are paid
 - Security, appraisals, environmental studies, other supportive materials
 - Proposed program and financing; breakdowns of the costs and verifications if possible (i.e. construction quotes, equip. purchase invoices, purchase offers or agreements etc.)

APPLICATION REVIEW:

The due diligence credit summary prepared by the CFDC loans officer will cover the following areas of analysis:

- Confirmation and follow-up will be done on all information submitted
- Proposed loan terms and conditions by the CFDC to the client
- Management; history and competence
- Project analysis; Why? When? How? Confirmation of costs, suitability, community economic impact and benefit

- Personal net-worth statement review; are the sources of funds apparent, any cash drains or cause for concern; should also confirm or address other sources of funds
- Security proposed - costs, liquidation values, and potential for disposal difficulties or high costs
- Equity – levels, format adequacy for the present and future needs of the business
- Working capital – analysis of adequacy for immediate and future needs
- Repayment abilities – historical cash flow generation analysis, forecasts, including supportive evidence for key elements of forecasts, addressing competition, market conditions, etc.
- Environmental commentary – prescribed checklist plus nature of business/business practices review

The Loan Credit Summary will address the following:

- Benefits and risks of the project
- Provide analysis of the viability of the project
- Security to be taken and loan terms

APPROVAL OR DECLINE:

The application is then presented to the Loans Committee for the final decision.

Requests may be declined where the Committee feels that:

- The project does not fully meet the program criteria
- The risk of failure is too great
- Inadequate security exists for the loan
- Due diligence has not been reasonably completed
- Components of the program do not comply with policies required

PROCESS CHART:

Note: the time it takes for this process depends heavily on the preparedness of the client; the times listed here are minimum requirements under ideal circumstances and are very loose estimates

