



Growing communities one idea at a time

Frequently Asked Questions

1. **Applying for a Community Futures Loan:** Community Futures staff are committed to working with clients to ensure that their business plan and loan application are complete and ready for submission. When the loan application and business plan with any requested supporting documentation are submitted, the CF will review the material. Along with a recommendation from the CF, a summary of the business plan and financial projection are sent to the Lending Committee for the final decision. The Lending Committee is comprised of local business people.
2. **Application Fee:** A non-refundable application fee of \$500 is required with the loan application. This covers the cost of credit checks and other administration.
3. **Loan Approval Process:** Applicants will normally receive an answer on their loan request within ten (10) working days of submitting their completed application and fee. The process may be delayed due to the complexity of the loan and completeness of the business plan and loan application.
4. **Timeline for Loan Disbursement:** Once a loan is approved, the CF drafts up a loan agreement (called a Business Loan Agreement) outlining the conditions of the loan. The loan will not be processed until a signed acceptance of this offer has been received by the CF.
5. **Time required to disburse funds once the loan has been approved depends on:**
 - The borrower to return a signed Acceptance of the Business Loan Agreement.
 - The borrower to provide all the necessary information (i.e. confirmation of insurance).
 - The registration of security documents, which is typically done by our solicitor (i.e. registering a mortgage at land titles takes longer than registering a General Security Agreement).
6. **All solicitors' fees are the responsibility of the borrower.**
7. **Loan Repayment:** The normal term and amortization period for loan repayment is 4 years with monthly installments.
8. **Paying Out Early:** Generally CFs allow loans to be prepaid at any time without penalty unless otherwise specified.
9. **Interest Rates:** Community Futures offices generally charge interest rates based upon the risk and collateral supplied by the applicant. The range can be anywhere from 8% – 14% plus.

10. Criteria used to Approve a Loan: Loan approvals are based on, but not limited to the following criteria:

- **Character/Credit**
 - Credit history of the applicant.
 - References – personal, business and credit.
 - Management Skill – the level of industry and/or business experience the applicant possesses.
- **Capacity**
 - Viability – the business’ ability to meet all financial commitments while still making money. This is demonstrated through the business plan and financial projections.
- **Capital**
 - Equity – the amount of money the applicant has or is prepared to invest in the business.
- **Condition**
 - Industry conditions.
 - Local labour and sector conditions.
- **Collateral**
 - Land, buildings, equipment, vehicles, inventory, accounts receivable and other assets which can be used to secure the loan.
 - Quality of the collateral (depreciation rate, salability, market conditions).
- **Community Futures Operational Plan**
 - Creates and/or maintains jobs in the CF region.
 - Diversifies the CF economy.

11. Common Reasons Loan Requests are Declined:

- Poor credit history.
- The applicant has not demonstrated that they possess the necessary management skills.
- Inadequate cash flow available to service the debt and other business obligations.
- The owner does not have enough equity in the business.
- The business is too risky and/or the products and market are not proven.
- Inadequate assets to secure the loan.

Please note that additional documentation may be requested by the CF.