

## **Community Works Loan Program**

This is a brief outline of the Community Works Loan Program. If you have questions, or would like detailed information about your eligibility for this program, please contact the Souris Glenwood Community Development Office @ 483-5213.

**Objectives:** The Community Works Loan Program is to provide a source of locally administered funds to finance the start up or expansion of a small business.

This program enables the Town of Souris and Rural Municipality of Glenwood to take a direct role in promoting and sustaining their economic future by assisting new and existing businesses to diversify and create new jobs.

## **Borrower and Business Eligibility**

Before Souris Glenwood Community Development Corporation becomes involved in providing financial assistance, certain guidelines must be met.

- The business must be located within the Rural Municipality of Glenwood or the Town of Souris.
- The business must be a sole proprietorship or an incorporated company owner by person(s) over the age of 18 and eligible to work in Canada.
- The business may be full-time, part-time or seasonal.

## **Purpose of the Loan**

- Loans may be used to purchase capital assets such as buildings, equipment or vehicles and may also be used to purchase inventory for the business.
- Loans may not be used to repay existing debt or equity or to refinance the business. In addition, loans may not be used for relending, redemption of shares, paying dividends or bonuses or payments to or debts of a shareholder, owner or former owner.

## **Terms of the Loan**

- The maximum amount of any loan to any individual is ten thousand dollars. (\$10 000.00)
- The maximum term of the loan shall be a period of 5 years from the date of the loan approval. However, shorter terms may be negotiated between the applicant and the Community Development Corporation.
- Loan payments shall generally be amortized in equal monthly payments over the life of the loan, based on rates established in standard amortization tables, unless otherwise stated.
- No grants or forgivable loans are permitted.

## **Application Procedure**

All enquires must be made, and all applications submitted to the Economic Development Officer for the Souris Glenwood Community Development Corporation.

Every loan must be accompanied with the following information:

- A completed application or business plan
- Financial statements for previous years of operation (if applicable), a 3 year projection of cash flow and financial statements.
- Documents to substantiate the anticipated costs of the proposal (Quotes).
- Details of relevant significant events in the history of the business.

-The applicant will/may be required to meet with the Community Works Loan Committee to answer questions pertaining to their business plan.

### **Evaluation Criteria**

Applications for loans will be evaluated on the basis of the following criteria:

- The eligibility of the business and the purposes for which the loan is requested.
- An assessment of the business viability and its prospects for success.
- The character and credit history of the applicant.
- An evaluation of the client's business plan.

### **Repayment of the Loan**

-Loans made under this program shall be repaid in accordance with the terms and timetable established by the Loans Policy.

### **Security**

- Every person who borrows funds from the Souris Glenwood Community Development Corporation shall be required to provide the following documents prior to the advance of the funds for the loan.
- A demand promissory note
- A general security agreement and/or personal guarantee
- The applicant should ensure that sufficient insurance coverage is provided to protect any assets that are used to secure the loan.

### **Delinquencies and Defaults**

- Where repayments of the loan are not made in accordance with the provisions of this policy and the specific loan application and approval, the account shall be considered delinquent and any overdue amounts shall be subject to interest at the same rate of the loan.
- Where payment is not received, other remedies may be taken to recover the loan, including the use of debt collection services or legal proceedings.

### **Administrative Fees**

-Every application for a loan should be accompanied by an application fee of \$50.00, which will be used to partially finance administrative costs related to the loan.

### **Confidentiality**

- Specific business details, including personal financial information, cash flow forecasts etc. will be kept in confidence by the Loans Committee and will not be divulged or revealed to any other person, including general members of the Souris Glenwood Community Development Corporation.
- The Loans Committee will use statistical information regarding this loan, outstanding amount, rate of interest and other non-identifying information in reporting the status of the loan to the provincial authorities.
  - The borrower may be asked to voluntarily sign a contract with the Community Development Corporation to obtain permission from the borrower to advertise their business through the Community Works Loan Program.

Advertising may be done through promotional material, success stories, or signage promoting the Community Works Loan Program. Any advertising ideas would be discussed and agreed upon by the borrower and Economic Development Officer before being used by the Community Development Corporation.