

Canada Small Business Financing (CSBF) Program

SUMMARY

The CSBF Program, under the *Canada Small Business Financing Act*, can assist businesses in obtaining term loans of up to \$250 000 to help finance fixed asset needs. The loans are made directly by a private sector lender (chartered banks, caisses populaires, Alberta Treasury Branches, most credit unions, many trust, loan and insurance companies).

ELIGIBILITY CRITERIA

Most small businesses starting up or operating in Canada -- excluding farming, charitable and religious enterprises -- as long as their estimated annual gross revenues do not exceed \$5 million during the fiscal year in which they apply for a loan. Businesses may be operated as sole proprietorships, partnerships or incorporated companies.

DESCRIPTION

Loan proceeds may be used to finance

- the purchase or improvement of real property or immovables;
- the purchase of leasehold improvements or improvements to leased property, and
- the purchase or improvement of new or used equipment necessary for the operation of the business;
- the one time registry fee equal to 2% of the amount loaned, provided that the individual borrower's loan maximum of \$250 000 in total is not exceeded.

Are there borrowing limits?

- The maximum value of loans a borrower may have outstanding under the CSBFA cannot exceed \$250 000.
- Loan proceeds may be used to finance up to 90 percent of the cost of the asset, including non-refundable taxes and duties.
- Lenders are obligated to take security in the assets financed. When financing leasehold improvements or computer software, the lender may take security in other business assets. The lender may take personal guarantees or suretyships not exceeding, in aggregate, 25% of the original amount of the loan. These guarantees or suretyships cannot be secured with personal assets.

CONTACT

CONTACT the private sector lender of your choice.
or <http://strategis.ic.gc.ca/csbfa> for more info.