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Canada Small Business Financing Program

Lending a hand to your business



About the program

Small businesses are an important part of Canada's economy, but they face unique challenges when they look for financing.

The Canada Small Business Financing Program helps you with your financing needs. Under the program, the Government of Canada makes it easier for small businesses to get loans from financial institutions by sharing the risk with lenders.

The program's main objectives are:

- to help new businesses get started and established firms make improvements and expand
- to improve access to loans that would not otherwise be available to small businesses
- to stimulate economic growth and create jobs for Canadians

On average, the program helps small businesses access 10,000 loans worth more than \$1 billion each year.

Who is eligible?

Small businesses operating for profit in Canada, with gross annual revenues of \$5 million or less.

Not eligible under this program: farming businesses (for a similar program for the farming industry, visit www.agr.gc.ca), not-for-profit organizations, or charitable and religious organizations.



How much financing is available?

Up to a maximum of \$500,000 for any one business, of which no more than \$350,000 can be used for purchasing leasehold improvements or improving leased property and purchasing or improving new or used equipment.

How do I apply for a loan?

Financial institutions deliver the program. Industry Canada does not participate in making the decision to accept or refuse your loan application.

Discuss your business needs with a financial officer at any bank, caisse populaire, or credit union in Canada. The financial officer will review your business proposal and make a decision on your loan application. Once the decision is made to offer financing under the program, the financial institution will register the loan with Industry Canada.



What can loans be used for under this program?

Loans can be used for financing up to 90% of the cost of:

- purchasing or improving land, real property or immovables
- purchasing leasehold improvements or improving leased property
- purchasing or improving new or used equipment

For example, you can use a loan to finance:

- buildings and land
- commercial vehicles
- hotel or restaurant equipment
- computer or telecommunications equipment and software
- production equipment

You cannot use a loan to finance items such as:

- goodwill
- working capital
- inventories
- franchise fees
- research and development



What are the costs?

The interest rate is determined by your financial institution. The interest rate may be variable or fixed:

- **Variable rate:** The maximum chargeable is the lender's prime lending rate plus 3%.
- **Fixed rate:** The maximum chargeable is the lender's single family residential mortgage rate for the term of the loan plus 3%.

A registration fee of 2% of the total amount loaned under the program must also be paid by the borrower to the lender. It can be financed as part of the loan.

The registration fee and a portion of the interest are submitted to Industry Canada by the lender to help offset the costs of the program for the government.

What are the terms of the financing?

Lenders are required to take security in the assets financed. Lenders also have the option to take an additional unsecured personal guarantee, which cannot exceed 25% of the total amount loaned.



For more information, please contact your financial institution.

This program is administered by:

Small Business Financing Directorate
Industry Canada

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