

Mortgages for **community-based** projects

BORROWER GUIDE

OBJECTIVES

CAIC is mandated by its members to make mortgages available to non-profits or charitable organizations working to provide social services in their community. CAIC will only consider applications where other sources of affordable financing are not available. The cooperative does not make interest free loans. Interest rates will be set on a case by case basis.

CAIC has an obligation to its members to preserve the lending pool and therefore will only lend to projects that it feels have a high probability of success and where the group has demonstrated that CAIC's investment will be protected in the event of default. Please check out the **Elements of Success** for a full list of the attributes that CAIC feels are essential for success. Demonstrating that your group has all these characteristics will greatly enhance your application's likelihood of success.

What is CAIC looking for in a Borrower?

A wide range of skills, experience and financial resources are required to successfully complete a project. In addition a lot of groundwork is required before a project is presented to CAIC as we do not have the resources or staff to help a group in developing a workable plan. In Section D – **Investment Proposal of the CAIC Mortgages for Community-based Projects** application, you will find a complete list of all of the attributes and documentation that is required when submitting an application to CAIC. Please review this section carefully and ensure that you are providing the information requested.

What is CAIC looking for in a Proposal?

In order for CAIC to assess the loan **the proposal must include the items listed below.** Although the documentation may not be finalized at the beginning of the application process applicants must be aware that this documentation is required before any loan can be finalized. All estimates and assumptions must be verifiable by a third party.

- An appraisal of the property indicating market value sufficient to provide security for the loan in case of default.
- An environmental certification (usually a Phase I)
- An assessment of potential community issues and a clear demonstration that these issues have been dealt with or there is a plan to deal with them should the need arise.





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APPLICATION PROCESS

If you think your project might be suitable for CAIC then please call or e-mail us. Our financial manager will discuss your group's project with you and if there is a fit with CAIC's criteria you will be encouraged to complete an application (available on-line or by request). Completed applications will be brought to the board of directors for a preliminary review. If the board wants to consider the application at a second meeting you will be invited to attend to discuss your application. A final decision will be made at this second meeting and you will be informed shortly thereafter.

Please note it takes a minimum of two meetings to approve a loan application. Meetings are held once a month excluding July, August & December.

LEGAL FEES

Prior to funds being advanced a **Letter of Agreement** will be sent outlining the terms and conditions of your loan with CAIC. Once you have signed and returned the **Letter of Agreement** to our office, it is forwarded to CAIC's legal counsel who completes all legal documentation (i.e. Mortgage, Search of Title, Corporate Search etc.). Please note a legal retainer (\$500 - \$1000 depending upon the complexity of the loan) must accompany the signed offer letter. **All legal costs are borne by the borrower.**

SECURITY AND DEFAULT

CAIC will not lend unless the value of the property being offered as collateral is greater than CAIC's mortgage. CAIC works as a partner with its borrowers and will assist however it can in the event of financial difficulty to help ensure that the project survives. However if the terms of the loan are not met CAIC will use any and all legal means including foreclosure to protect its members interests.

PARAMETERS FOR LENDING

Size of the Loan

- Maximum Loan amount \$400,000
(Will not lend more than 75% of the appraised value of the property.)

Loan Term

- No set minimum term
- Maximum term is 5 years
- Renewals will be considered
- Amortization shall not exceed 15 years

Total Loan to Value

- 75% for all o/s debt

Rates

- Variable and will depend on risk and prevailing market rates.

Fees

- All CAIC's legal fees will be borne by the borrower.
A legal retainer (\$500 - \$1000) must be returned with accepted loan offer.

Security

- 1st or 2nd mortgage

