

Social Enterprise Financing

BORROWER GUIDE

OBJECTIVES

CAIC is mandated by its members to make loans available to groups, organizations or cooperatives whose mandate is to assist in the economic development of disadvantaged people or communities and whose objectives are considered to be of social benefit by CAIC's board of directors. Investment may be provided in the form of debt or equity, secured or unsecured. 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 is supportive of community loan funds and is interested in partnering with organizations that provide the necessary business skills and technical support to ensure successful social enterprises.

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 Social Enterprise Financing Application* you will find a complete list of all of the attributes and documentation that are required when submitting an application to CAIC. Please review this section carefully and ensure that you are providing the information requested.

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.





caic

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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. Promissory Note, 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 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 to protect its members interests.

PARAMETERS FOR LENDING

Size of the Loan

- Maximum Loan amount \$50,000 (up to 50% guarantee may be required)

Loan Term

- No set minimum term
- Maximum term is 5 years
- Renewals will be considered

Rates

- Variable and will depend on risk and prevailing market rates. Generally higher than prime

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

- Fixed assets, personal guarantees or other as negotiated

