

SECTION 3 – OPERATING POLICY

Table of Contents

3.01	CFDCPL Lending Practices	2
3.02	Types of Financial Assistance Provided.....	2
3.03	Lending Criteria	3
3.04	Advisory and Business Consulting Services.....	3
3.05	Repayment of Client Loan Principal and Interest to Corporation	4
3.06	Real Estate and Loans	4
3.07	Appeal Process	4

SECTION 3 – OPERATING POLICY

3.01 CFDCPL Lending Practices

1. Financial assistance shall only be provided by CFDCPL to business projects that:
 - a. would predominantly employ local people in respect of the jobs created;
 - b. introduce a new technology to a particular community;
 - c. assist an existing business to become more economically viable; or
 - d. in the judgement of the Corporation's Board of Directors, have a reasonable expectation of economic viability.
2. Loans will not normally exceed \$150,000.00 provided by CFDCPL to any single business but will be considered if the need can be demonstrated.
3. No grants for forgivable loans may be made by CFDCPL.
4. The minimum rate of interest charged on any loan by CFDCPL to any single business endeavor will be no less than 5% above prime, as determined by BDC or other conventional lenders.
5. CFDCPL articles of incorporation will include provisions, satisfactory to Canada, for avoiding conflict of interest.

3.02 Types of Financial Assistance Provided

1. CFDCPL is authorized to make the following types of financial assistance available from the fund to applicants who meet the eligibility criteria:
 - a. Short-term credit
 - b. Medium and Long-term loans
 - c. Equity participation
 - d. Guaranteed loans

For more information, see Section 6.04, Types of Financing Available for Business Proposals.

3.03 Lending Criteria

Prior to making an investment in a business enterprise, the Corporation will consider the following criteria which in some instances – when approved by the Board of Directors – may be amended.

1. The proposed business enterprise shall be located within the designated boundaries of CFDCPL.
2. The proposed enterprise must demonstrate that it has the potential for new or additional job creation.
3. Documents support a viable market or a potentially viable market for the applicant's products or services.
4. The applicant shall demonstrate effective management skills and a sound working knowledge of the business or industry in which the applicant is proposing to establish.
5. The applicant has a reasonable personal financial commitment in the enterprise and/or at least one other investor who has a debt or an equity investment in the enterprise. The amount of financial commitment an applicant must have in any enterprise will be at the discretion of the Board of Directors of the Corporation.
6. That together with funds that may be provided by the Corporation, the proposed business enterprise will have adequate working capital during the initial stages of business development.
7. The proposed enterprise must indicate an ability to repay the funds advanced by the Corporation on a loan or equity participation basis.

3.04 Advisory and Business Consulting Services

1. Management and technical business advice shall be provided, upon request, to small business enterprises and applicants.
2. The General Manager may provide and/or approve expenditures for specific consulting services beyond the expertise of the Corporation staff and not otherwise available to a client, on a client charge back basis only.
3. The Corporation shall develop and maintain consultation activities with other governmental and commercial agencies who may be able to provide management and technical advice to clients.

3.05 Repayment of Client Loan Principal and Interest to Corporation

1. Client loan repayments of principal shall be credited to the investment account of CFDCPL and added to the Corporation's total amount of investment loan principal.
2. Client loan repayments of interest shall also be paid back into the investment account of CFDCPL and not into the Corporation's general account.

3.06 Real Estate and Loans

1. If real estate is involved, either purchase or as security, then an Environmental Assessment questionnaire must be completed by the applicant. Any "yes" response in the Environmental Management Section (except questions concerning Municipal water/sewer service) triggers a professional environmental site assessment of the property concerned.

3.07 Appeal Process

Should a situation arise that cannot be resolved by the General Manager, the client shall have the option of appealing to the Board of Directors of the Corporation.

If the situation cannot be resolved at this level, the client shall have the option of appealing the decision to the Community Futures Association of British Columbia.

After this option, there will be no further recourse to appeal.