



Canada Small Business Financing Program

Helping your business start or grow



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 has been helping small businesses with their financing needs for over 50 years. Under the program, the Government of Canada makes it easier for small businesses to get loans from financial institutions by sharing the risk with the 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

The program has assisted more than 147,000 businesses since 1999, with loans totalling about \$1 billion each year.

Who is eligible?

Small businesses or start-ups operating for profit in Canada, with gross annual revenues of \$10 million or less.

Not eligible under this program are 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 \$1,000,000 for any one borrower, 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 and are solely responsible for approving the loan.

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 disburse the funds and register the loan with Industry Canada.



What can loans be used for under this program?

Loans can be used to finance the following costs:

- purchase or improvement of land or buildings used for commercial purposes
- purchase or improvement of new or used equipment
- purchase of new or existing leasehold improvements, that is, renovations to a leased property by a tenant

For example, you can use a loan to finance:

- commercial vehicles
- hotel or restaurant equipment
- computer or telecommunications equipment and software
- production equipment
- eligible costs to buy a franchise



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 and 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.



For more information, please contact your financial institution.

Canada Small Business Financing Program Coordinates

- 1-866-959-1699 (toll-free)
- 1-866-694-8389 (TTY)
- 1-343-291-1837
- CSBFP-PFPEC@ic.gc.ca
- www.ic.gc.ca/csbfp

Other Programs and Services

Consult Canada Business at:

- 1-888-576-4444
- 1-800-457-8466 (TTY)
- www.canadabusiness.ca

