

LOAN APPLICATION GUIDELINES

Overview

Funding made to support eligible projects in the form of a loan or equity investment, subject to principal repayment with interest, and such security terms and conditions as Summerland Capital deems applicable. Loan and Equity terms, fees and rates will be market based.

Strategic Priorities

The following were identified as the strategic priorities that will be considered by the Summerland Capital in the review of loan and equity funding proposals.

- Contribution towards economic sustainability of Summerland;
- Job creation, preservation or enhancement;
- Economic Diversification;
- Leveraging of other funds (Summerland Credit Union, Community Futures and Business Development Bank of Canada);
- Filling funding gaps;
- Avoiding overlap and duplication;
- Economic Merit.

Eligibility

The following areas have been determined as the primary targets for Summerland Capital funding support:

- Agriculture
- Manufacturing
- Wholesale and Service Sectors
- Energy (alternative)
- Social Enterprise
- Forestry
- Mining
- Technology
- Small business
- Tourism
- Transportation
- Arts and Culture
- Attainable Housing
- Film and Entertainment
- Retail Trade

With Emphasis on:

- Environmentally friendly manufacturing operations;
- Arts and culture initiatives that demonstrate solid economic impact;
- Initiatives that contribute to Summerland economic sustainability;
- Initiatives that result in sustainable job creation, job preservation or enhancement;
- Initiatives that contribute to the diversification of the economy.

Ineligible Projects

Note that this list is indicative and not necessarily a complete summary of all excluded initiatives:

- Municipal infrastructure;
- Studies;
- Activities that do not comply with local, provincial or federal legislation;
- Sponsorships;
- Controversial initiatives with moral, social, religious or public safety concerns
- Projects that are comprised of 100% construction activities (real estate development projects, etc)
- Projects without a clear proposal, management plan or a clear leadership role.

Application Intakes

- Funding applications are continuously accepted to this program.

Funding Terms

- Summerland Capital provides funding up to a maximum of \$500,000.
- Applicants must provide confirmation of all other sources of project funding prior to Summerland Capital disbursing funds (where applicable). Applications that have confirmed other funding at the time of review are preferred. In the case of other unconfirmed funding sources at the time of application, applicants are required to provide the date a decision is expected for each unconfirmed funding source.

Key Deliverables

The following key deliverables are required to demonstrate the direct economic benefits of the project.

- **New Employment (Job Creation)**

Projects funded under this program must propose direct full-time equivalent job creation. Applications are assessed for the total full-time equivalency of jobs created for the following classifications:

- ✓ Direct permanent full-time jobs.
- ✓ Direct permanent part-time jobs.
- ✓ Direct seasonal jobs.
- ✓ Direct temporary jobs (construction or consulting).

➤ **Business Plan**

A business plan including profitability and cash flow projections should be attached to all loan and equity funding applications.

➤ **Sustainability**

Projects funded under this program are assessed for their positive impacts on the community and economic sustainability. The following sustainability factors are assessed for each funding application:

- ✓ The project can demonstrate economic sustainability.
- ✓ The project contributes to environmental sustainability.
- ✓ The project will result in a direct increase in taxable property values.

➤ **Additional Information**

Projects funded under this program are assessed for their alignment with a number of strategic factors:

- ✓ Supporting market research for the project is attached to the funding application.
- ✓ A business plan that includes a profitability projection is attached to the funding application.
- ✓ Quote(s) (where applicable) supporting the project budget are attached to the funding application.
- ✓ The project provides positive economic impact(s).

Application Assessment

Summerland Capital undertakes a comprehensive due diligence of each funding application received, which may include contacting relevant agencies and organizations as part of the review process.

All projects are assessed on the Key Deliverables identified in the funding application submitted to Summerland Capital.

Principles:

The following principles will guide Summerland Capital in making its evaluation and should be considered by prospective proponents in determining the eligibility of their projects for Summerland Capital. These principles may also be supplemented by other considerations by Summerland Capital in making its funding decisions:

- Consistent with the vision and mission of Summerland Credit Union, the parent company of Summerland Capital
- Open and transparent processes, decisions and reporting.
- High standards of financial management and accountability.
- Sound strategic and operational planning.
- Investments made in the context of a long-term strategy.
- Funding to take the form of mezzanine or subordinated debt loans or a combination thereof.
- Must operate in the community of Summerland
- Bias for loan opportunities offering long-term, sustainable benefits.
- Diligent professional evaluation of the proposals' feasibility and risk.
- Real benefits as measured by new job creation, incremental revenue generation and economic diversification in addition to non-financial benefits.
- Evaluation and reporting of success against clear performance measures.

Application Process

1. Applicant may contact Summerland Capital to discuss the proposed project scope and potential alignment with the Loan Funding program. You may contact Summerland Credit Union at 250-494-7181 and ask to speak with Bob Isaak or Kelly Marshall.
2. The applicant completes a funding application and submits the application to Summerland Capital. Application forms are available online at www.sdcu.com. Financial tables and spreadsheets should be submitted in Microsoft Excel format. Submission details are provided for on the last page of the application.
3. Once the funding application has been reviewed Summerland Capital will provide the funding decision by phone or email. A formal letter is mailed to the applicant.
4. Funding agreements and supporting documents will be prepared by Summerland Capital solicitors and provided to the applicant for signature once the applicant has provided written documentation confirming all other funding sources.
5. Monthly, Quarterly and Annual reporting on Key Deliverables specific to the funding proposal is a requirement of applicants with approved funding.

Summerland Capital

1. Applicant Profile

Applicant (legal name):	Incorporation Number (If applicable):
Address (street, city, postal code):	
Telephone:	Fax:
Email:	Cell:
Website (URL):	

2. Primary Contact Information

Primary Contact (for this application):	Position / Title:
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Complete the following if different from Applicant contact information:

Address (street, city, postal code):	Best number to call (daytime):
Email:	Fax:

3. Project Overview

Project Name:
Primary Investment Area: <ul style="list-style-type: none"><input type="radio"/> Agriculture<input type="radio"/> Manufacturing<input type="radio"/> Wholesale & Service Sector<input type="radio"/> Energy<input type="radio"/> Social Enterprise<input type="radio"/> Forestry<input type="radio"/> Mining<input type="radio"/> Technology<input type="radio"/> Small Business<input type="radio"/> Tourism<input type="radio"/> Transportation<input type="radio"/> Arts and Culture<input type="radio"/> Attainable Housing<input type="radio"/> Film & Entertainment<input type="radio"/> Retail Trade
Provide a description of the project:

Explain the rationale for the project:

1. Direct Economic Benefits

Outline the direct economic benefits to the community of Summerland:

2. Current Employment

Nature of Positions	# of existing positions	Hours of employment per week (avg.)	Total person months employed annually (avg.)
Direct permanent full-time jobs:			
Direct permanent part-time jobs:			
Direct Seasonal Jobs:			

How does the proposed funding help to sustain the existing positions?

3. New Employment (Job Creation)

The following job creation table will be reported on by the applicant for a 5 year period to demonstrate the direct economic benefits of the project:

Nature of Positions:	New Positions to be created:	Hours of employment per week (avg.):	Total person months of employment to be created (avg.):	Position(s)/ Titles(s):
Direct permanent full-time jobs:				
Direct permanent part-time jobs:				
Direct seasonal jobs:				
Direct temporary Jobs:				
TOTAL PROPOSED FULL-TIME EQUIVALENT (FTE) JOB CREATION:				
Full-time (equivalent (FTE) job creation is aggregated from information provided above. 1.0 FTE is equal to 1 new position working a minimum of 35 hours a week for 12 months a year.				

4. Project Financing: outline the project(s) the business requires financing for. Total costs of the project must equal all sources of financing.

Budget Item	Amount
	\$
	\$
	\$
	\$
	\$
Total Project Cost	\$

Complete the above, however if you wish to provide a more detailed budget, please attach separately to this application.

5. Funding Request

The following funding is requested from Summerland Capital

Total Requested	\$
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6. Funding Sources (internal and external).

Funding Source	Amount	Identify funding terms	Identify funding confirmation
	\$	<input type="radio"/> Equity <input type="radio"/> Loan <input type="radio"/> Other	<input type="radio"/> Approval Letter attached or Date approval expected:
	\$	<input type="radio"/> Equity <input type="radio"/> Loan <input type="radio"/> Other	<input type="radio"/> Approval Letter attached or Date approval expected:
	\$	<input type="radio"/> Equity <input type="radio"/> Loan <input type="radio"/> Other	<input type="radio"/> Approval Letter attached or Date approval expected:
	\$	<input type="radio"/> Equity <input type="radio"/> Loan <input type="radio"/> Other	<input type="radio"/> Approval Letter attached or Date approval expected:

Funding Sources (cont`d)

	\$	<input type="radio"/> Equity <input type="radio"/> Loan <input type="radio"/> Other	<input type="radio"/> Approval Letter attached or Date approval expected:
	\$	<input type="radio"/> Equity <input type="radio"/> Loan <input type="radio"/> Other	<input type="radio"/> Approval Letter attached or Date approval expected:
Total Other Funding \$		Total Project Funding \$	

Prior to disbursement of funds, Summerland Capital must receive copies of approval letters for all other funding sources where applicable. Please attach all letters of approval received to date with this application.

7. Revenue Generation

	Year 1	Year 2	Year 3	Year 4	Year 5
Projected annual revenues	\$	\$	\$	\$	\$
Expenses	\$	\$	\$	\$	\$
EBITDA	\$	\$	\$	\$	\$

Please attach pro-forma (projections) balance sheets and income statements for the next 5 years.

8. Project Milestones

Milestone:	Scheduled Completion Date:
1)	
2)	
3)	
4)	
5)	
6)	
7)	

Describe the current stage of the project:

9. Business Environment

Describe your business concept, your target market and your competitive advantage:

Describe your business concept, your target market and your competitive advantage (cont`d):

Attach any studies and market research that have been conducted on your behalf to support your statements (where applicable).

Is your company already in operation or is it a start-up operation? If it is operational, give a brief overview of your progress to date. Include achievements such as patents, prototypes and contracts.

Who is involved in the venture? Briefly Summarize your management team's experience and credentials. Describe your ownership and capitalization structure.

Outline who is on your board of advisors (where applicable). List names, titles, employment, education, expertise and how their guidance will positively impact your business. List the professional support services – such as your lawyer, accountant, banker and consultants that your business will use:

Describe potential risks and mitigating strategies:

10. Attachments

List all documents attached to this application:

Document Name:
1)
2)
3)
4)
5)
6)
7)
8)
9)
10)

11. Authorisation

I AFFIRM THAT the information in this application is accurate and complete and that the project proposal, including plans and budgets, are fairly presented. I agree that once funding is approved, any change to the project proposal will require prior approval of Summerland Capital.

I also agree to submit reporting materials required by Summerland Capital, and where required, financial accounting for evaluation of the activity funded by Summerland Capital.

I agree to publicly acknowledge funding and assistance by Summerland Capital.

I authorise Summerland Capital to make any enquiries of such persons, firms, corporations, federal and provincial government agencies/departments, to collect and share information with them as Summerland Capital deems necessary, in order to reach a decision on this application, to administer and monitor the implementation of the project and to evaluate the results after project completion.

Personal information collected, used or disclosed by the Summerland Capital in connection with this application is protected under the Summerland Credit Union's privacy policies and shall be collected, used or disclosed only for purposes you have consented to as required by applicable privacy legislation and the credit union's privacy policies.

With reference to this application and all parts thereof, I (We) hereby give my (our) consent to the disclosure of credit and/or personal information to or from any credit reporting agency or person with whom I (we) have or propose to have financial relations.

Name: _____

Title: _____

Date: _____ 20 _____

Name: _____

Title: _____

Date: _____ 20 _____

12. Submitting your application

Completed Application forms (with all required attachments) should be provided electronically to Summerland Capital by email

Email: sdcu@sdcu.com

Fax the signed authorization page to 250-494-4261

or by mail or in person to Summerland Capital c/o Summerland Credit Union at 13601 Victoria Road North, Summerland British Columbia, V0H 1Z0.