



Bulletin April 2014

Canada Small Business Financing Program



Changes to the Canada Small Business Financing Program (CSBFP)

Changes to the CSBFP regulations came into force on April 1, 2014. These changes aim to increase access to financing for small businesses by addressing a number of irritants which have limited the use of the program by financial institutions.

Please note that the extent to which each financial institution will adopt these changes may vary. Loan officers should seek direction from their head office, regional office or central office.

A number of the Program changes are listed below:

1. Allow conventional lending fees

Lenders may charge fees for CSBFP loans in an amount equivalent to fees charged for a conventional loan of the same amount.

2. Deregulate the maximum financing percentage

The percentage of financing can be determined by the lender and negotiated with the borrower based on internal lending policies and the risk and needs of the borrower.

3. Remove the 25% limit on personal guarantees

Lenders have the option to take an unsecured personal guarantee up to the original amount of the loan.

4. Reduction in proof of purchase and payment documentation

For loans which default after March 31, 2014, proof of purchase and payment documentation will now need to be submitted for the outstanding principal loan amount (before realizations) rather than for the entire project financed, as previously required. This change in claim focus, from substantiating the full loan amount to substantiating only the outstanding loan amount will reduce both administrative burden as well as the frequency of claim adjustments.

5. New site visit non-compliance remedy

In the case where security is not enforceable, if the lender has conducted a site visit that meets the requirements of the new regulations, a claim will be paid.

6. Appraisals needed for all non-arm's length services

An appraisal will be required for all non-arm's length services used to improve an asset or leasehold, regardless of the cost.

7. New Additional Claim Period

Claims for previously unclaimed costs (proof of purchase, legal costs, etc.) may be submitted for up to 12 months after the applicable claim submission period expires. There is no time limit for claims due to a CRA or provincial revenue department deemed trust.





A complete copy of all the regulatory amendments can be found here: [New CSBFP Regulations](#)

Further details and clarifications on the regulatory changes can be found in the revised [CSBFP Guidelines](#).

[Revised forms](#) are also available on the CSBFP website.



www.ic.gc.ca/csbfp

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