

Guide to Preparing a Loan Request

Create a comprehensive business plan (startup) or a summary of your business project

To create an effective business plan:

Use a business plan template:

- Precise, concise, covering all important topics.
- Demonstrate that your business model makes sense.
- Remain very realistic and conservative in your projections to avoid losing credibility.

Don't forget to include important areas of study

- Financing requested and its use.
- Industry profile.
- Competition vs. your competitive advantage.
- Marketing / advertising strategy.

Financial statements and forecast, with premises.

Bring information or studies to support your information (e.g.: evolution of consumer habits in favor of your product, market trends, favourable demographics, etc.)

Prioritize the financing request in your implementation steps. The process can sometimes take several weeks, so avoid the substantial delays that can result.

CHECK YOUR CREDIT HISTORY

Every time you apply for a loan, miss a payment or pay late, it shows up in your file. Some information can stay on your file for up to **6 years** - or even up to **14 years**, if you have had a minimum of 2 bankruptcies.

Credit providers base their decision on your credit history. Your report provides very specific information about how you manage your finances, which can play a very positive or negative role in your application.

Reporting agencies: Equifax Canada or TransUnion (and others).

How to rebuild your credit :

- Letter to the agency if necessary, to correct or explain information
- Do a debt consolidation
- Limit and close credit accounts. Keep cards to a minimum
- Pay balances monthly, without delay

PERSONAL GUARANTEE

Be aware that there is a strong possibility that you will have to personally guarantee your loan.

- Draw up your personal balance sheet in advance
- Evaluate the possibilities of guarantees to be offered (personnel, movable/property assets, inventories, accounts receivable, other).

PERSONAL INVESTMENT

Shareholder investment is essential to any business venture. It shows the level of risk you are willing to take, which speaks volumes to creditors.

- Prepare and plan for this investment. (What is your capacity for your project, the monetary portion versus the transfer of assets, your capacity for reinjection over time).
- Typical down payments: 5 to 25% of the necessary financing.

REPAYMENT CAPACITY

Before applying for financing, make sure you know your repayment capacity, so that you can orient your application and negotiation with the lender.

- Make a cash flow budget.
- Match your monthly payment to your financing request.

EVALUATE FINANCING CONDITIONS

Having established your budget and your repayment capacity, you will be better positioned to evaluate certain decisive factors regarding your financing needs.

- The amount of financing proposed
- The ideal amortization period
- The possibility of flexible repayment options (e.g.: seasonal basis to pay only the interest during certain periods)
- The required guarantees
- The interest rate.
- Prepayment Note: Before going to your institution, find out what the market conditions are. You will then be better equipped to negotiate your request.

BE PREPARED AND CONVINCING

- Your presentation, your attitude during your first meeting with your advisor, as well as your self-confidence will play an important role in the evaluation of your file.
- Know your file by heart, know your product or service, as well as your market, inside and out.
- Be visionary and convincing while remaining realistic at the same time.

