

Appendices

Coun. Brown appointed to loan board

News staff

Riverside Councillor George Brown has been appointed to the newly-founded community advisory committee for the Ottawa-Carleton Community Advisory Loan Fund.

The fund is designed to provide money for local entrepreneurs traditionally considered too "high-risk" to get money for their ventures.

The fund was launched in late December with close to \$250,000. That includes \$145,000 in loan guarantees from local organizations and \$100,000 from the province.

The committee has met to review business plans they have received.

"The whole aim is to make capital available to people who normally can't get it," Coun. Brown said. "The banks have been abysmal."

To receive funding, applicants must first have loan requests turned down by two banks or credit unions. "The purpose of this loan is to fill the void," he said.

As a committee member, Coun. Brown will advise the Ministry of Municipal Affairs which loans should be approved.

Some of his other duties will be to review loan repayments, and resolve problems with late payments. The councillor will also evaluate the success of the loan fund and report back to the ministry. There is no payment for the work.

He will sit on the board until it receives permanent status, which he expects in the spring.

The loan fund was established in December after the province passed the Community Economic Development Act.

The government has committed to spending \$300 million over three years to help support local business.

The act also ensures that any money local investors commit to the fund is guaranteed by the province. If a business fails, investors don't lose their money.

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OTTAWA-CARLETON COMMUNITY LOAN FUND

LOAN APPLICATION

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**THE OTTAWA-CARLETON COMMUNITY LOAN FUND
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INTRODUCTION

Welcome to the Ottawa-Carleton Community Loan Fund (OCCLF). As an eligible candidate for a loan you will have been recommended to the OCCLF by a **jobsOntario** broker, and will have completed your Business Plan following the standard OCCLF Business Plan format.

This "Loan Application" has been developed to **help you in applying for a loan from the OCCLF**, and to **expedite the review process**, so that your application can be processed as quickly as possible.

There are three main sections in this package, and all **must be reviewed and completed thoroughly and accurately**, before this application can be considered by the OCCLF review committee.

1. Loan Fund Information:

- This section outlines the purpose, eligibility criteria, program requirements, and procedures for applying for a loan from the OCCLF.

2. Applicant Personal Information:

- This section includes important information about your **personal address, employment and credit history, as well as a statement of your net worth**. You must complete all sections carefully, completely and accurately. It will be used to determine your credibility as a borrower.
- You will also require a **"Letter of Recommendation"** from your **jobsOntario** broker. There is important, specific information required for this letter (see the section "Applicant References"), and your Broker should be informed of this criteria beforehand.
- You will also need to provide two personal references of people who know you and will be able to provide some form of support for you and your

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business. Likewise, you will need to provide two business references from business people or businesses with whom you have, or have had, a business relationship.

- It is a requirement for a loan from the OCCLF that you must prove that you have already been refused credit from **two** financial institutions before applying to the OCCLF. You may submit a letter prepared by these institutions, or have them complete the standard **"Verification of Refusal of Loan Application"** provided at the end of this application.
- You must read, sign and date the **"Applicant Certification"** form at the end of this section before your application can be reviewed.

3. Business Plan Information:

- This section includes a **"Business Plan Profile"** which is an abbreviated version of your comprehensive Business Plan. It is intended to provide the Review Committee with an **overview of your Business Plan for discussion purposes**. It will be used as a **guide to the important details of the Business Plan**, therefore the outline must be followed carefully.
- The **Comprehensive Business Plan** itself must be clear, concise, and well supported by thorough documentation, specifically in the market research and financial sections. Attach appropriate appendices wherever possible to support your information and projections.

Once you have completed the Loan Application, with all the supporting documentation (i.e. a copy of your comprehensive Business Plan, 2 letters of credit refusal from other financial institutions, etc.), forward it to the OCCLF office. It will be reviewed for completeness and forwarded to the OCCLF Review Committee for review. Please be aware that **if your loan application is approved and you intend to operate as a trade name (i.e. "Joe's Widgets")**, you must register your business **before** the loan can be disbursed.

The OCCLF Loan Fund Administrator will be your resource person and will assist you with any problems or questions you may have regarding your application.

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LOAN FUND INFORMATION

- **Purpose of the Ottawa-Carleton Community Loan Fund (OCCLF):**

To promote and further the development of the community in Ottawa-Carleton by working with individuals primarily of low or modest income, or groups composed of such individuals, or potential employers thereof, who face credit and other barriers to economic self-sufficiency, and making possible and encouraging the participation of those individuals or groups in the economic life of the community.

As ancillary or incidental to the above, to arrange loans, personal counselling and the provision of technical, business and financial advice.

For the above, to accept donations, gifts, legacies and bequests.

For the above, to borrow money and issue securities.

- **Eligibility Criteria:**

In order to qualify for a loan from the OCCLF, applicants must currently be a JobsOntario Entrepreneurship Training participant who has:

1. Graduated from a training program provided by a C.E.D. broker.

In the Ottawa-Carleton Area, the following brokers apply:

- The Community Enterprise Centre
 - The YM/YWCA Enterprise Centre
 - Le Groupe des Entreprises VERSO
2. Been unable to obtain business financing from at least two regular financial institutions (i.e. Banks, Credit Unions, Trust Companies, Caisses, etc.).
 3. Been recommended by the OCCLF Advisory Committee to receive a loan from the lender in accordance with the approved borrowing agreement.

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● Program Requirements:

If your loan application is approved, you will be required to:

1. Open a business account with the branch of the financial institution that administers the loan, and deposit the proceeds of the loan into this account.
2. Set-up your business, including registration, licences, insurance, etc. (as required), within 4 weeks of having your loan approved, if you have not already done so.
3. Comply with all conditions of the borrowing agreement as negotiated with the financial institution administering the loan.

● How To Apply For A Loan From The OCCLF:

1. The applicant must qualify for, and graduate from, a JobsOntario Entrepreneurship Training Program.
2. At the end of the program the applicant will have completed a Business Plan using the standard **OCCLF Business Plan Format**, with the guidance and assistance of the program staff.
3. The Business Plan will be reviewed by the broker who may approve it and elect to prepare a **Letter of Recommendation** in support of the business plan and the applicant. Such letter will be forwarded directly to the OCCLF.
4. If the Business Plan is approved by the broker, the applicant should then request an application package from the OCCLF.
5. Once the application form has been **completed, signed and dated**, the applicant must attach it to a copy of the Business Plan along with two **Letters of Refusal of Credit**, and forward the entire package to the OCCLF office.
6. The OCCLF advisory committee will review the application and make a decision to approve or decline the application based on established review criteria. **The applicant may be asked to attend an interview** with the committee to clarify or support specific section of the business plan.
7. Once a decision has been made, the applicant will be notified in writing of the advisory committee's decision.

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APPLICANT PERSONAL INFORMATION

PLEASE PRINT IN INK

Surname, First Name, Middle Initial			Date of Birth		Social Insurance Number	
Home Address			Home Telephone		BUSINESS TELEPHONE	
City	Province	Postal Code	OWN	RENT	How long at this address	
Previous address			How long at previous address			
Second previous address			How long at second previous address			
Are you an Ontario Resident?		Are you a Canadian Citizen?		Are you a Landed Immigrant?		
YES	NO	YES	NO	YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Please provide information on your past employment

(Most Recent) Company Name				Contact Person	
Address				Telephone	
Gross Annual Income					
City	Province	Postal Code	Job Title	Date Employed From	Date Employed To
(Previous) Company Name				Contact Person	
City				Date Employed From	Date Employed To
Province					
Telephone					
Job Title					

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Have you ever been self employed? ☐ YES ☐ NO

(If yes, please give details) _____

If the new business fails, how would you repay the loan? _____

Do you or any members of your family own an interest in a similar business or a business of which this venture may be considered a natural extension? ☐ YES ☐ NO

(If yes, please give details) _____

Please provide the following Asset & Liability information

Asset	Registered Owner	Year Purchased	Purchase Price	Present Value
Real Estate				
Car				
Office Furniture				
Office Equipment				
Other (specify)				

TOTAL PRESENT VALUE

Liability (Loan) Holder	Original Loan Amount	Current Amount O/S	Monthly Payments	Loan Due Date	Purpose of the Loan

TOTAL O/S

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Personal Financial Statement as at (date) _____

Assets

Cash \$ _____

Liquid Assets _____

(stocks, bonds, etc.

Please itemize) _____

_____ \$ _____

Automobile (present value) \$ _____

Real Estate (present value) \$ _____

Total Assets \$ _____

Liabilities

Mortgage(s) owing \$ _____

Credit Cards owing \$ _____

Loans (total O/S) \$ _____

Total Liabilities \$ _____

Net Worth (Total Assets minus Total Liabilities) \$ _____

Do you have any guarantees or other liabilities outstanding?

☐

yes

☐

no

Details (including amounts) _____

Are there any judgements or legal proceedings (pending or current) against you?

☐

yes

☐

no

Details (including amounts) _____

Please list all sources and amounts of monthly income:

Source

Amount

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BUSINESS PLAN PROFILE

The standard OCCLF Business Plan format must be used for recording the details of your business idea, market research, objectives and financial forecasts in your Comprehensive Business Plan. Use your Comprehensive Business Plan as a guide to fill out this summary (include page references to your business plan where possible).

1. a) Business Profile

Business Name: _____

Business Address: _____

Postal Code: _____ Telephone: _____

Date Business was registered/Incorporated: _____

b) Form of Ownership

☐ Sole Proprietorship

☐ Partnership: (Names of General partners)

Name: _____ Telephone: _____

Name: _____ Telephone: _____

☐ Corporation: (Names of signing officers who are shareholders)

Name: _____ Telephone: _____

Name: _____ Telephone: _____

Name: _____ Telephone: _____

Name: _____ Telephone: _____

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c) Classification of Business Activities

- ☐ Retail ☐ Food ☐ Manufacturing ☐ Construction
☐ Tourism ☐ Service ☐ Wholesale/Distributing
☐ Other (Specify) _____

2. Business Objectives

Briefly describe what your business will do, or what product or service will be produced.

3. Target Market

Briefly describe your primary target market and market niche.

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4. Advertising/Marketing Strategy

Briefly describe how you will promote your product/service.

5. Competition Analysis

Briefly describe who your competition is and what their strengths are.

6. Operating Requirements

- a) Briefly describe any special permits, licenses or insurance required to operate your business and the status of their acquisition.

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- b) Identify any special equipment, facilities or materials needed to operate the business and how they will be acquired.

- c) Briefly describe any special skills that are required to operate your business and who will provide them.

7. Financial Projections

- a) What is the amount of the loan you are applying for? \$ _____
What specifically will this loan be used for.

Item

Value

TOTAL \$ _____

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b) What are your other sources of funding (Personal, Family, Friends, etc)?

Source

Amount

TOTAL \$ _____

c) Briefly describe your contingency plans for cash shortfalls and unexpected expenses.

d) Provide a photocopy of the following pages from your Comprehensive Business Plan:

- | | |
|---------------------|--|
| - Pricing Strategy | - Any confirmations of sales, contracts or letters of intent |
| - Start-Up Expenses | - First year's Budget Projection |

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APPLICANT CERTIFICATION

I certify that all of the information given by me in this application is true and complete.

I authorize the officers of the Ontario Development Corporation, the Ottawa-Carleton Community Loan Fund (OCCLF), and the Ontario Ministry of Municipal Affairs (MMA), or their agents to make all necessary credit investigations or credit reporting and provide the Ontario Development Corporation or any other agency with all relevant information. I approve the disclosure of any information concerning the undersigned to any credit requesting agency.

I agree that the Ontario Development Corporation, the OCCLF, or the MMA, may make a public announcement relating to this community loan, if approved, and also has the right to audit the records of my business during the guarantee period.

I understand that any false information given in this application and/or any accompanying materials may result in rejection of this application or immediate demand for repayment of the loan in full together with any interest accrued thereon.

I authorize the OCCLF, the MMA and the Ontario Development Corporation to provide the lender with all relevant information.

NOTICE:

Any personal information contained in this, or any subsequent forms attached or forwarded at a later date is received under the authority of section 12 of the Development Corporations Act, R.S.O. 1980, C.117 as amended and sections 3, 6 & 11 of the Ministry of Industry & trade Act S.O. 1982, C.31 and will be used to provide a data base of borrowers registered in the Community Loan Fund program, to ensure that borrowers receive only one loan and that statistical information on the program is recorded.

It is an offence to obtain or to assist another to obtain a loan from the Ottawa-Carleton Community Loan Fund by fraud or false pretence.

SIGNATURE OF APPLICANT: _____ **DATE:** _____

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APPLICANT REFERENCES

1. Personal References (2)

Please provide two references of people you know personally (Family, friends, etc) who are familiar with your Business Plan, and who are willing to support you in your new business with help, advice, guidance, etc.

Name	Address	Telephone	Relationship

2. Business References (2)

Please provide two references of business people you know (Accountant, Lawyer, Owner of another business, etc.) who are familiar with your Business Plan, and who are willing to support you in your new business with help, advice, guidance, etc.

Name	Address	Telephone	Relationship

Note: Remember to contact these people to ask permission to use them as a reference, and to advise them that they may be contacted by the OCCLF to verify the type of support they are willing to provide to your business.

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3. Letter of Recommendation from the Broker

Each loan applicant must obtain a "Letter of Recommendation" from their JobsOntario broker, to support the business plan and the applicant personally. This letter will be used in the application evaluation process and must include the following (it may be a good idea to pass this sheet on to your broker if they are unfamiliar with the "Letter of Recommendation"):

- a) General support for the business idea, it's viability in the community and the technical completeness of the Business Plan.
- b) Support for the applicant's personal attributes based on the broker's (and/or consultant's) experience in working with the applicant throughout the Business Plan development stage, including reference to:
 - Formal Education
 - Related management/owner experience or experience in the same field as the proposed business.
 - Tenacity and dedication to the objectives and details of the business.
 - Demonstrated decision-making and problem solving ability.
 - Entrepreneurial vision and self-confidence.
 - Flexibility and ability to accept criticism.
- c) The nature of support and commitment from family, friends, and/or a community group for the Business Plan.

This letter should be prepared and sent **by the broker directly to the OCCLF** at the following address. It will be treated as strictly confidential and will be seen only by the OCCLF Review Committee.

The Ottawa-Carleton Community Loan Fund
219 Argyle Avenue, suite 406
Ottawa, Ontario
K2P 2H4

THE OTTAWA-CARLETON COMMUNITY LOAN FUND

VERIFICATION OF REFUSAL OF LOAN APPLICATION

Name of Lending Institution: _____

Address: _____

Loan Officer/Contact Person: _____

Title: _____ Telephone: _____

Applicant Name: _____

Address: _____

Telephone - home: _____ - work: _____

Business Name: _____

Amount of Loan Requested: _____ Date of Application: _____

This letter will verify that the person named above has applied for a Business Loan as indicated. After reviewing the application and giving it every consideration, we regret that we cannot approve the application. (Optional comments below)

Date: _____ Signed: _____

The applicant has the right to request the source and content of the information reflecting this decision from this institution.

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COMMUNITY LOAN FUND

COMMUNITY SALES AGENTS TRAINING

HANDBOOK

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INTRODUCTION

This handbook explains selling notes of a Community Loan Fund (or "CLF") in your community. CLFs are a new approach to economic development. They give communities a way of using local capital to support local business and create jobs.

As Community Sales Agents, you will play an important role in getting CLFs off the ground.

CLFs can get going only if Community Sales Agents like you succeed in raising enough money. At the Community Sales Agents' Workshop, your CLF's sponsors will talk about its goals and plans to attract investors. Representatives of the Government of Ontario will cover what prospective investors need to know about investing in CLF Class A Notes (a CLF Class A Note is a certificate that shows how much someone has invested in a CLF). Your goal is to sell these notes to investors who support what the CLF is trying to do in their community and understand what kind of investment they are making.

This handbook contains important information about selling CLF notes that the Community Economic Development Act requires you to know. (This Act provides the legal framework for CLFs.) Please read this handbook carefully before coming to the workshop. At the workshop, you can ask questions about any of the information in this handbook and your CLF in particular.

Before starting this handbook, please read pages 1 to 3 of the Community Loan Fund Program Handbook for a summary of what CLFs are and how they work. Although the rest of that handbook is for people setting up a CLF, you may also want to read it for more in-depth information about CLFs.

This handbook has three main parts:

- Part 1 goes through the basic steps Community Sales Agents have to follow when selling CLF notes.
- Part 2 explains how to answer questions that prospective investors might ask you.
- Part 3 describes the agreement that all Community Sales Agents have to sign with their CLF.

PART 1SELLING CLF CLASS A NOTES

As a Community Sales Agent, your goal is to sell Class A Notes to eligible investors. Investors rely on you for clear, accurate information about CLF notes and what the CLF hopes to achieve in their community. It is important to be sure that investors understand what kind of investment they are making.

Most of the information prospective investors need is in the Offering Statement. Please read your CLF's Offering Statement before coming to the workshop. More information will be presented at the workshop.

Community Sales Agents also promote the advantages of investing in CLF notes. Be enthusiastic about what the CLF is trying to do in the community. However, you should not make any promises or predictions about how much money investors will make or what the CLF will accomplish. Such promises and predictions can be misleading for prospective investors.

A Checklist for Selling CLF Notes:

Class A Notes may be sold only during the offering or selling period, which is printed on the first page of the Offering Statement.

Before accepting payment for CLF Class A Notes, you should:

- Give a copy of the Offering Statement to everyone you approach to sell CLF notes. After doing this, you should:
 - Encourage them to read the Offering Statement and give them time to do so.
 - Offer to answer any questions about investing in CLF Class A Notes.
- Explain how the CLF plans to use the money it raises by selling Class A Notes. This information is in the Offering Statement, under the heading Use of Proceeds. Please inform prospective investors that most of the money will be used as collateral for small business loans to borrowers the CLF has approved. The Offering Statement also describes the CLF's loan guarantee policy. For example, some CLFs target aboriginal and women's businesses. Prospective investors will likely want to know about such priorities.

You should also tell investors that the CLF:

- Is required to keep at least 20% of the funds it raises by selling Class A Notes as a **safe reserve**. These funds have to be kept in safe investments and can be used only to redeem Class A Notes.
- May use up to 1% of the funds raised to cover the cost of selling Class A Notes.
- Describe other ways the CLF plans to support borrowers. A major reason CLFs have been so successful around the world is that borrowers get basic business advice as they need it. At the workshop, your CLF's organizers will talk about the kind of back-up they will give borrowers.
- Outline the basics of Class A Notes.
 - Class A Notes may be bought in multiples of \$100. This is printed on page 1 of the Offering Statement.
 - Money invested in Class A Notes is locked in for a set period of time. The maturity date is printed on page 1 of the Offering Statement. Some CLFs may also have an early maturity date. Investors must wait until one of these dates to get their money back.
 - Class A Notes may be redeemed on the maturity date. To get their money back, noteholders have to ask for redemption in writing at least 90 days before the maturity date. This also applies to the early maturity date, if one is printed on page 1 of the Offering Statement. For redemptions, investors should use the redemption request form, which will be sent to them along with their Class A Note certificates shortly after the offering closes.
 - The original amount invested in Class A Notes is 100% guaranteed by the Province of Ontario. CLF noteholders do not risk losing their initial investment.
 - Class A Notes can earn interest. The amount of interest that can be paid on Class A Notes depends on the CLF's year-to-year performance. The Offering Statement contains a formula for calculating the interest that can be paid. Basically, if the CLF keeps its losses down and earns enough from its loan guarantees and investments, Class A noteholders may be paid interest, up to a maximum. The Offering Statement also says that the

maximum interest rate cannot be higher than that paid by the Province of Ontario Savings Office on Guaranteed Investment Certificates.

- There is no guarantee that the CLF will pay interest on Class A Notes. A CLF will pay interest on Class A Notes only if it has sufficient earnings.
- Class A Notes are eligible for self-directed RRSPs. Please tell prospective investors they can find out more about this kind of RRSP at banks, trust companies, or credit unions and caisses populaires.

If you feel a prospective investor has not understood what you've told them about the CLF and Class A Notes, you should leave a copy of the Offering Statement with them and arrange to meet again. Please do not pressure anyone into buying CLF notes.

Accepting Payment for CLF Notes

If a person you approach agrees to invest in Class A Notes, please make sure they do not buy too many. There are limits on how much can be invested in Class A Notes. Specifically:

- Individual investors, may buy up to \$25,000 worth of CLF notes or 10% of the total amount of Class A Notes for sale, whichever is less. The total amount being offered for sale appears on page 1 of the Offering Statement.
 - When calculating the maximum individuals may invest, investments by their associates (such as family members or business partners) must also be taken into account. For example, assume that the most someone can invest in CLF notes is \$25,000. If the investor's spouse has already bought \$10,000 worth of Class A Notes, then the eligible investor may only buy up to \$15,000 worth. Community Sales Agents are required to ask prospective investors if their associates have invested in CLF notes and, if so, how much they have invested.
- Investors who are corporations, Indian Band councils, or labour, charitable, or non-profit organizations may buy up to \$100,000 worth of Class A Notes or 25% of the total amount of Class A Notes for sale, whichever is greater. The total amount being sold appears on page 1 of the Offering Statement.

To complete a sale of Class A Notes, Community Sales Agents must:

- Ask prospective investors to:
 - Complete a purchase application form.
 - Make out a cheque or money order payable to the CLF's Escrow Agent for the full value of Class A Notes they want to buy. (The Escrow Agent keeps these funds in trust for the CLF until the offering is completed.) Post-dated cheques cannot be accepted.
 - Return the completed application form and payment to you.
- Give investors the customer copy of their purchase application form. This is their receipt. Before giving a receipt, be sure that:
 - The purchase application form is properly filled out;
 - The cheque or money order is:
 - Payable to the CLF's Escrow Agent;
 - Made out for the correct amount;
 - Not post-dated.
- Inform investors that, soon after the offering period ends, the CLF will send them a certificate showing the amount they have invested in Class A Notes. You should also inform investors that the CLF will notify them of the first members' meeting, if one is planned.
- Tell investors they may cancel their application to buy Class A Notes. To do so, investors must inform the CLF or any registered Community Sales Agent in writing no later than 12:00 noon of the second business day after the date on their application.

If the CLF offers investors an early maturity date, they may wish to receive more than one CLF Class A Note certificate. For example, a person investing a total of \$2,000 may want to receive one Class A Note certificate for \$1000 and two more for \$500 each. In this way, investors have the option of cashing in some of their Class A Notes on the early maturity date and keeping the rest until the final maturity date.

Investors wishing to do this should complete a separate purchase application form for each Class A Note certificate they would like

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to receive. However, investors can write a single cheque or money order for the total amount of their investment.

PART 2

ANSWERING PROSPECTIVE INVESTORS' QUESTIONS

An important part of selling Class A Notes is answering prospective investors' questions clearly and accurately. Community Sales Agents should use only information in the Offering Statement, this handbook, the Community Loan Fund Program Handbook, and other materials prepared by the CLF to answer such questions. If you cannot find an answer in these materials, tell the investor that you will raise their question with the CLF and get the answer.

These are some questions potential investors might ask Community Sales Agents:

- Where will my money be kept while the CLF completes the offering of its notes?

The CLF cannot begin guaranteeing loans until it has raised at least the minimum amount of the offering. Until the closing date, the money raised is held in trust by an Escrow Agent named in the Offering Statement. The Escrow Agent cannot give the CLF any of this money until it raises at least the minimum amount set out on page 1 of the Offering Statement. While in escrow, the money raised will earn interest. The CLF may use this interest to cover its expenses, such as the cost of selling Class A Notes.

- How can I put my Class A Notes in my self-directed RRSP?

Investors planning to buy Class A Notes through their RRSPs should complete purchase application forms and give Community Sales Agents personal cheques payable to the CLF's Escrow Agent. When the offering closes, investors should arrange to have the trustees of their self-directed RRSPs send the CLF new cheques (made out for the same amount as the original cheques) payable to the CLF's Escrow Agent. Upon receiving these cheques, the Escrow Agent will send appropriate refund cheques to investors. For RRSP purposes, the investment in CLF notes is considered to have been made on the date appearing on the cheque made out by the investor's RRSP trustee.

- Can Class A Notes be transferred or redeemed early in special circumstances?

If a noteholder dies, his or her notes may be:

- Transferred to his or her heirs, or
 - Redeemed before the maturity date or the early maturity date, if applicable. In this situation, the deceased noteholder's personal representative should fill out the redemption form and deliver it and the Class A Note certificate to the CLF.
- What happens if a CLF can't redeem its Class A Notes?

If a CLF does not have enough money to redeem its Class A Notes, it will notify the noteholders. The Ministry of Municipal Affairs will send each noteholder an application for guarantee payment. Noteholders have up to six months to return the completed application and their endorsed Class A Note certificates to the Ministry of Municipal Affairs. They will then get a cheque from the Province of Ontario for the amount of their initial investment in Class A Notes.

- What happens if a CLF goes bankrupt?

If the CLF goes bankrupt, noteholders must wait until the maturity date for payment of the Provincial guarantee.

- What happens if the CLF doesn't raise enough money?

The first page of the Offering Statement sets out the minimum and maximum amounts the CLF needs to raise before it begins guaranteeing loans. If the CLF does not raise the minimum amount by the closing date of the offering, it may apply for an extension of up to six months. If the CLF gets this extension, it will notify people who have sent in completed purchase application forms of the offering's new closing date. If the CLF is still unable to raise at least the minimum amount, the money raised will be refunded in full. However, no interest will be paid on that money.

- What happens if the CLF raises more money than it needs?

If the CLF raises more than the maximum amount set out on page 1 of the Offering Statement, the amount over the maximum will be refunded. The Offering Statement explains how the CLF will refund this money.

- How will the CLF use any profits it earns?

Profits earned by CLFs will be used to build their capital base. CLFs with strong capital bases will be able to guarantee more loans and become more self-sufficient.

- Why keep my investment in Class A Notes until the final maturity date?

If the CLF offers investors early and final maturity dates, its Community Sales Agents may tell investors that keeping their Class A Notes until the final maturity date will help the CLF guarantee loans for more community businesses. Longer term investments in Class A Notes may also give borrowers more time to repay their loans.

- Is investing in Class A Notes better than investing in....?

Community Sales Agents must not give any financial advice to prospective investors. For example, if asked about the advantages of investing in Class A Notes relative to other investments, Community Sales Agents must respond that they are not qualified to answer such questions.

- How is the CLF organized?

Under the heading **The Corporation**, the Offering Statement describes how the CLF is organized and run. This information includes:

- A list of the CLF's first directors and officers. The sponsor selects the first directors, who, in turn, select the officers. The first directors and officers are responsible for such things as arranging the offering of Class A Notes and working with government to train Community Sales Agents.
- An explanation of how the CLF's board of directors is elected or appointed.
- A description of the CLF's committees. A lot of the CLF's work may be done by small working groups or committees. The Offering Statement lists these committees and describes what they do.

- As a Class A noteholder, will I get information from the CLF about how it is doing?

Within 90 days of the CLF's fiscal year-end, the CLF must send its Class A noteholders an annual report. The report includes:

- The CLF's financial statements, which give noteholders important information about the CLF's financial situation.
- A community impact statement, which describes how the enterprises backed by the CLF are contributing to the local economy.
- A list of the CLF's current directors and officers and their addresses.

PART 3THE COMMUNITY SALES AGENT'S AGREEMENT

At the end of the Community Sales Agents' Workshop, you will be asked to sign a Community Sales Agent Agreement. The agreement is between you and the CLF whose notes you will be selling. You may not sell Class A Notes until you sign this agreement.

By signing, you agree to:

- Make your best effort to sell Class A Notes to eligible investors.
- Sell Class A Notes only as described in this handbook and discussed during the Community Sales Agents' Workshop.
- Deliver completed application forms, cheques, and cancellation notices to your CLF at least once a week.

The agreement also states that:

- No commissions can be paid to Community Sales Agents on Class A Notes they sell.
- CLFs can compensate Community Sales Agents for expenses they incur in selling Class A Notes. The agreement states the maximum amount of such compensation.
- Community Sales Agents are not responsible for any losses caused by information produced by their CLF or the Government of Ontario (including any statements made at Community Sales Agents' Workshops by CLF or Ontario Government representatives).
- Community Sales Agents are responsible for any losses caused by misrepresentations they make, or any gross negligence they commit in carrying out their responsibilities.

Please read the agreement before signing it. If there is anything you don't understand about the agreement or Community Sales Agents' responsibilities, do not sign. You can raise any questions at the Community Sales Agents' Workshop.

w:\...\clfhand.006

CLF OFFERING STATEMENT

DATED _____

SELLING PERIOD: OCTOBER 1, 1994 TO DECEMBER 31, 1994

OTTAWA-CARLETON COMMUNITY LOAN FUND CORPORATION

MINIMUM OFFERING: \$500,000

MAXIMUM OFFERING: \$1,000,000

100,000 CLASS A NOTES

Minimum purchase: \$100

Redeemable on December 31, 1999

The Ottawa-Carleton Community Loan Fund (the "Corporation") is registered as a community loan fund corporation under the Community Economic Development Act. The Corporation was formed to raise funds through the issuance of Class A notes and to use funds raised to provide guarantees for loans by financial institutions to eligible borrowers under the Community Economic Development Act. The Corporation will also provide business advice to eligible borrowers.

All potential investors must receive a copy of this Offering Statement when asked to buy Class A notes. Please read the entire Offering Statement before deciding to buy Class A notes.

RIGHT TO CANCEL PURCHASE

Investors may cancel their application to buy Class A notes by informing the Corporation or any community agent in writing no later than 12:00 noon on the second business day after the date of their purchase application. There is no penalty for cancellation.

SUMMARY OF THE OFFERING

This is a summary of the key elements of the Offering by the Ottawa-Carleton Community Loan Fund Corporation (the "Corporation").

The Ottawa-Carleton Community Loan Fund Corporation

The Ottawa-Carleton Community Loan Fund Corporation has been set up under the Ontario Community Economic Development Act. The main purpose of the Corporation is to raise money, by selling notes to the public, and to use funds raised to provide guarantees for loans by financial institutions to eligible borrowers under the Community Economic Development Act. The Corporation will also provide business advice to eligible borrowers.

The Sponsors

The Corporation is jointly sponsored by VERSO, WECU, YM/YWCA Enterprise Centre, OCEDCO and the CEC. The Sponsors are all active organizations in economic development in the Ottawa-Carleton region. Each Sponsor will be a member of the Corporation. The Sponsors plan to provide ongoing technical and financial support to the Corporation.

The Financial Institution

The Corporation has entered into an investment administration and loan administration agreement with Caisse Populaire Notre Dame D'Ottawa Inc. on [date]. Pursuant to the Agreement Caisse Populaire Notre Dame D'Ottawa Inc. has agreed to administer the investment portfolio of the Corporation and make loans to eligible borrowers under the Community Economic Development Act approved by the Board of Directors of the Corporation.

Caisse Populaire Notre Dame D'Ottawa Inc. will also act as escrow agent for funds deposited with purchase applications for Class A notes.

The Offering

The Corporation will sell Class A notes to the public. These notes are described below.

The Corporation intends to raise a maximum of \$1,000,000 with this offering. Any money raised above the maximum will be refunded on a pro rata basis.

If the Corporation does not raise the minimum amount required by December 31, 1994 it may apply to the Ministry of Finance to extend the offering period up to six months. If this extension is approved, the funds raised will not be invested until the end of this period. If the minimum amount is not raised by the extended date, the money raised will be refunded in full to purchasers without interest and the Corporation will wind up its affairs.

Until the Corporation raises the maximum amount of this offering or until the final date for sale of notes, whichever comes first, all funds will be held in escrow by Caisse Populaire Notre Dame D'Ottawa Inc.

Expenses of this Offering

The expenses of this offering are expected to total \$100,000. These include professional fees, community agents, advertising and printing, escrow fees, etc. If the Corporation raises the maximum amount offered, the net amount (after expenses) actually available for investment, as a guarantee pool for loans to eligible borrowers, and for use as reserves will be about \$900,000. If the maximum amount is not raised, the actual amount available will be less.

Reserves

The Corporation will set aside 30% of the money raised in a reserve fund. The reserve fund will be used only to redeem Class A notes. Interest earned on the reserve fund may be used to contribute towards the Corporation's expenses.

Characteristics of Class A Notes

The Corporation is selling 100,000 Class A notes for \$100 each. These shares are fixed term debt obligations with a term of 5 years.

On December 31, 1999, the Corporation will redeem (repay) the full principal amount of the Class A notes, provided noteholders have requested redemption of the notes by giving notice to the Corporation at least 90 days before December 31, 1999.

The Corporation intends to pay interest on the Notes at a rate equal to the lesser of 5% or the rate of interest paid by the Government of Ontario Savings Office on a guaranteed investment certificate for the same term as the Notes as of the date of this Offering Statement [%].

No actual interest or other return is guaranteed by the Government of Ontario or the Corporation.

Restrictions on Redemption or Transfer of Class A Notes

Class A notes cannot be redeemed (repaid by the Corporation) until December 31, 1999 unless the holder dies before this date. As well, ownership of these notes cannot be transferred. This means that the money invested in Class A notes will not be available to the investor before December 31, 1999.

Eligible Investors

Class A shares may be bought only by individuals, corporations, Indian Band Councils, labour, charitable and not-for-profit organizations.

Corporations that are substantially funded by government and sponsors of the Corporation may not buy Class A notes.

Minimum and Maximum Amount of Investment

The minimum investment in Class A notes is \$100. The maximum for individuals is \$25,000 or 10% of the total amount of Class A notes issued, whichever is less. In calculating the maximum, you must include any amounts invested by persons associated with you, such as family members, business partners or corporations in which you have more than a 10% interest.

The maximum for corporations is \$100,000 or 25% of the total amount of Class A notes issued, whichever is greater.

The maximum for charitable, labour, Indian Band Councils, or not-for-profit organizations is \$100,000 or 25% of the total amount of Class A notes issued, whichever is greater.

How to Buy Class A Notes

Class A notes may be bought only from registered community agents of the Corporation. The community agent will give you an application form which you should complete and return to the community agent. Make sure to include a cheque or money order payable to the Escrow agent in trust for the full price of the notes you wish to buy.

Investor's Right to Cancel

As an investor, you have a right to cancel your application to buy Class A notes by informing the Corporation or any community agent in writing no later than 12:00 noon on the second business day after the date on your application. There is no penalty for cancellation.

The Provincial Guarantee

The Province of Ontario guarantees Class A noteholders payment of the full principal amount of the notes if the Corporation cannot repay the notes on December 31, 1999. The Province does not guarantee the payment of any interest on these notes.

Investment Risks

No interest or other return on the principal amount of the Notes is guaranteed by the Corporation or the Province of Ontario. In addition, interest will be payable to noteholders only if the investment and fee income received by the Corporation exceeds operating expenses and expenses related to the provision of loan guarantee to eligible borrowers.

Initially, investment and fee income earned by the Corporation is likely to be insufficient to cover its operating expenses without the assistance of the Government of Ontario. The long term viability of the Corporation depends on its ability to ensure minimal losses from defaults by eligible borrowers whose loans it has guaranteed.

No sinking fund is being established by the Corporation to facilitate repayment of the Notes.

The Notes are not transferable, except in the event of death of the noteholder. In addition, the Notes may not be redeemed until December 31, 1999, which means that investors will not have the use of their money before that date.

DECLARATIONS OF THE CORPORATION

This Offering Statement contains all of the claims which the Corporation is making about the notes being offered. No one may make any different or broader claims than those contained in this Offering Statement.

This Offering Statement constitutes an offering of the Class A notes only within Ontario by persons who are registered with the Corporation as community agents to sell the notes.

It is the responsibility of investors to understand the Offering Statement, to carefully consider whether the investment is suitable in light of their general financial situation and overall investment objectives, and to consult with qualified advisors as they see fit, before making an investment decision.

No Ministry, Agency or Commission of the Province of Ontario has in any way approved or recommended investment in the Class A notes of the Corporation being offered or guaranteed the completeness or accuracy of the Offering Statement.

The Province of Ontario assumes no liability or obligation to any person proposing to purchase Class A notes of the Corporation, other than the guarantee to eligible investors of repayment of invested principal if the Corporation fails to redeem the notes at a maturity date as set out in this Offering Statement.

It is an offence under the Community Economic Development Act for a person to knowingly make or assist in making a statement in this Offering Statement that is false or misleading in respect of any material fact, or that omits to state any material fact the omission of which makes the statement false or misleading.

DETAILS OF THE OFFERING

THE SPONSOR

The Corporation is jointly sponsored by VERSO, WECU, YM/YWCA Enterprise Centre, OCEDCO and the CEC. The Sponsors are all active organizations in economic development in the Ottawa-Carleton region. Each Sponsor will be a member of the Corporation. The Sponsors plan to provide ongoing technical and financial support to the Corporation.

THE CORPORATION

Incorporation and Registration

The Corporation was incorporated as a not-for-profit Corporation under Part Three of the Corporations Act on [_____, 1994]. The Corporation was registered as a "Community Loan Fund Corporation" under the Community Economic Development Act on [_____, 1994].

The head office of the Corporation is:

406-219 Argyle Avenue
Ottawa, Ontario
K2P 2H6
613-594-9383
Phone: 613-594-9383
Fax: 613-786-4742

Directors and Officers

The Corporation's first directors and officers are:

<u>Name</u>	<u>Residence</u>	<u>Position</u>	<u>Occupation Within Past Five Years</u>
Mr. Ron Ryan	219 Argle Avenue Suite 201 Ottawa, Ontario K2P 2H4 (W) 237-3613 (H)	Chairman	Concillium

Mr. André Belanger	235 Montreal Road Vanier, Ontario K1L 6C7 (W) 741-2606 (H)	VERSO
Mr. George Brown	111 Sussex Drive Ottawa, Ontario K1N 5A1 (W) 564-1296 (H)	City of Ottawa
Mr. John Geggie	804 Grenon Avenue Ottawa, Ontario K2B 6G2 (W) 596-6262 (H) 728-0733	West End Community Ventures
Mr. Fernand Gilbert	1605-200 Lafontaine Street Vanier, Ontario K1L 8K8 (W) 747-1410 (H)	Fernand Gilbert & Associés
ph Mr. Steven Hall	275 Michael Cowpland Drive Suite 101 Kanata, Ontario K2M 2G2 (W) 592-7747 (H) 733-5125	Thom, Hall & Associates
Mr. Jean Leroux	219 Argle Avenue Suite 406 Ottawa, Ontario K2P 2H4 (W) 594-9383 (H) 747-1854	O.C. Community Enterprise Centre
Mr. John MacKinnon	841 Arcadian Garden Ottawa, Ontario K1C 2V7 (W) 734-9258 (H) 837-7636	Canada Post Corporation
Mr. Ian Malone	45 O'Connor Street Suite 1940 Ottawa, Ontario K1P 1A4 (W) 238-2308 (H) 730-2007	Senior Vice President Stormont Corporation

Mr. Barry Myers 250 A, Montfort Street
Vanier, Ontario
K1L 5P2
(W) 236-1393
(H) 745-8789

St. Paul's University - Centre for
Techno-Ethics

Mr. Peter Trotscha 190 Booth Street
Suite 19
Ottawa, Ontario
K1R 7J4
(W) 237-5959
(H) 237-5959

Peter Trotscha & Associates

Membership

[to be developed]

Election of the Board of Directors

Within 90 days of the completion of this offering, a general meeting of members will be held to elect a new Board of Directors of the Corporation. The number of directors shall be _____, of whom at least _____ shall be noteholders. Members will have the right to elect the board of directors at each annual general meeting of the Corporation, approve financial statements, and otherwise control the Corporation.

The Corporation plans to operate with these committees: [describe committee structure of board and how investment decisions will be made].

Major Contracts of the Corporation

[Investment and Loan Administration Agreements]

Investment of Funds Raised

Under the Community Economic Development Act, the Corporation is required to invest and maintain the proceeds of this offering only in the following forms: (i) demand deposits in banks, loan and trust corporations or credit unions headquartered in Canada, (ii) treasury bills of Canada or a province, (iii) bankers' acceptances with remaining term to maturity of one year or less, (iv) term deposits, bearer deposit notes and similar instruments issued by banks, loan and trust corporations or credit unions and (v) bonds, debentures or other evidence of indebtedness that are issued or guaranteed by Canada, a province of Canada or an Ontario municipality.

By the first anniversary of its registration (_____, 1995), the Corporation is required to use at least 50 percent of the proceeds of the offering as collateral for loans to eligible borrowers.

Under the CED Act an eligible borrower is an individual partnership or corporation located in Ontario that applied for a loan from the financial institution partner of the Corporation and has evidence of a refusal within the previous year (and based on a reasonable business proposal) by a financial institution to provide access to sufficient credit to finance the proposed business.

Further, at least 20 percent of the proceeds are required to be held in a reserve fund, free from any encumbrance, in the form of demand or term deposits, bearer deposit notes, and similar instruments issued by financial institutions or treasury bills.

During its initial year of operation, the Corporations operating costs are projected to be \$_____.

Reporting to Noteholders

The Corporation will provide Class A noteholders with the following reports, within 90 days after each fiscal year-end:

- Statement of Revenue & Expenditures
- Balance Sheet
- Statement of defaults, arrears & losses

THE CLASS A NOTES

The offering consists of 100,000 Class A notes of the Corporation with a maturity date of December 31, 1999.

Principal amount

The Class A notes will be issued in principal amounts in multiples of \$100, with the minimum purchase amount being \$100.

Interest

The Corporation intends to pay interest on the Notes at a rate equal to the lesser of 5% or the rate of interest paid by the Government of Ontario Savings Office on a guaranteed investment certificate for the same term as the Notes as of the date of this Offering Statement [____%].

Rights of Class A Noteholders

Class A notes entitle the holder to receive notice of, and attend annual meetings of the Corporation, but do not give holders voting rights.

Redemption on Death of Holder

Class A notes may be redeemed before December 31, 1999 if the noteholder dies. In this situation, the personal representative of the deceased noteholder must present a written request for redemption to the Corporation, accompanied by a copy of the death certificate of the deceased noteholder.

Redemption at Maturity

Class A notes may be redeemed on December 31, 1999 if the noteholder presents a written request for redemption to the Corporation at least ninety days before the redemption date.

Capital Structure of the Corporation

When this offering is complete, the debt capital structure of the Corporation will be: \$1,000,000 made up of 100,000 Class A notes issued to eligible investors for a maximum of 1,000,000 under this offering.

[\$_____, made up of _____ issued to _____]

RESTRICTIONS ON ISSUE AND TRANSFER OF CLASS A NOTES

Class A notes may only be issued to eligible investors under the CED act, Eligible investors include:

- (i) individuals;

- (ii) Corporations, other than corporations substantially funded by government and Labour-sponsored venture capital corporations.
- (iii) not-for-profit organizations, other than sponsors of the Corporation, as defined or described in the Income Tax Act (Canada).
- (iv) Indian Band Councils

Class A notes may not be issued to a person where the person and the person's associates would hold notes for which the aggregate amount paid was or would be, in excess of \$25,000.

Where the purchaser is an individual, associates will include corporations in which the person holds 10 per cent of voting shares or serves as an officer or director, the spouse or family members of the person living in the same home, partners, or trusts in which the person has a substantial beneficial interest.

Restrictions on Transfer

Ownership of Class A notes may not be transferred except on the death of the original holder, to the person's heirs or successors, or to the Province in order to receive payment on the guarantee.

THE FINANCIAL INSTITUTION

The Corporation has entered into escrow, investment and loan administration agreements with Caisse Populaire Notre Dame D'Ottawa Inc. (the "Financial Institution") dated __, 19__. Pursuant to the Escrow Agreement, the Financial Institution has agreed to act as the escrow agent in connection with this offering. All funds received by the Corporation or its Community Agents are required to be deposited with Caisse Populaire Notre Dame D'Ottawa Inc. until the completion of the offering.

Upon the completion of the offering, funds held in the escrow account will be released to the Corporation. In the event that the offering is not completed, the funds held in the escrow account will be returned to the proposed purchasers of the Class A notes. Interest accrued on the funds held in the escrow account will be paid to the Corporation.

Pursuant to the Investment and loan administration agreement, the Financial Institution has agreed to administer investments of the Corporation and underwrite and administer loans to eligible borrowers which are approved by the Board of Directors of the Corporation and for which the Corporation has agreed to provide guarantees.

In addition, the Agreement provides that in the event of a default by the borrower for whom the Corporation has provided a loan guarantee, the Financial Institution will be required to provide notice to the Corporation of the default and to take reasonable steps to attempt to bring the loan current or collect from the borrower the outstanding principal amount and the amount of the accrued interest. If the efforts of the Financial Institution are unsuccessful, the Financial Institution may make a claim on the guarantee provided by the Corporation to offset the amount owing on the loan (principal plus accrued interest for a period not exceeding 90 days).

The Corporation plans to set up a reserve fund of \$300,000. This reserve fund will be invested in Eligible Investments. The Corporation may use the interest earned on these investments to contribute towards its operating expenses.

The Corporation also plans to keep \$100,000 as a cash reserve.

THE COMMUNITY ECONOMIC DEVELOPMENT ACT

The purpose of the Community Economic Development Act (the "CED Act") is to stimulate local community investment and encourage the development of new or expanding business enterprises in Ontario.

Community Loan Fund Corporation

A community loan fund corporation may provide guarantees for loans by a financial institution to eligible borrowers and business advice to eligible borrowers.

A community loan fund corporation must have used at least 50 per cent of the fund's investments from its Class A note offering to provide loan guarantees to eligible borrowers, within one year of the completion of the share offering.

No community loan fund corporation may undergo a fundamental corporate change, cancel or forgive any of its Class A notes, or sell or transfer any of its investments without the consent of the Minister of Municipal Affairs.

Revoking Registration

The Minister of Municipal Affairs may revoke the registration of a Corporation as a community loan fund corporation if it does not comply with the CED Act or its regulations. The Minister may also revoke the Corporation's registration if the Minister finds that the Corporation or any of its officers or directors are managing its affairs in a manner contrary to the spirit and intent of the CED Act.

Application to Court

The Minister of Municipal Affairs may also, where the Corporation fails to comply with the CED Act or redeem its Class A notes as provided in this offering statement, apply to Court for an order directing the appointment of a receiver, trustee, or liquidator of the Corporation

THE PROVINCIAL GUARANTEE

Under the Community Economic Development Act, the Province of Ontario provides a guarantee for eligible investors purchasing Class A notes. This guarantee covers only investors' initial principal investment in Class A notes. There is no guarantee that any interest will be paid or that there will be any other return on their investment.

The Province will act on its guarantee only if a Class A noteholder notifies the Corporation by September 30, 1999 of their intention to redeem their notes.

If the Corporation does not have enough money to repay all Class A noteholder who request redemption of their notes, the Minister of Municipal Affairs will send noteholders an application for guarantee payment.

The Province will not pay its guarantee unless the Class A noteholder sends in a completed application for payment and transfers the Class A notes to the Province within six months of receiving the application.

INVESTMENT CONSIDERATIONS AND RISKS

Investors should carefully consider whether the investment is suitable in light of their general financial situation and overall investment objectives.

Investors will not obtain the money they have invested in Class A notes until December 31, 1999. Investors should carefully consider whether they may need the money before this time.

Most of the funds raised through the Class A share offering will be used by the Corporation to provide loan guarantees to eligible borrowers who have been unable to secure access to credit from financial institutions for business financing. The success of the Corporation and therefore its ability to make anticipated interest payments on its Class A notes depends on its ability to minimize losses experienced from defaults in repayment of those loans by eligible borrowers.

Income received by the Corporation from its investments and services is unlikely to be sufficient to cover operating costs initially without financial assistance from government or sponsors. Unexpected losses may prevent the Corporation from making interest payments on Class A notes.

Investors will be relying on the judgement, expertise, and integrity of the Corporation's Board of Directors concerning the investments of the Corporation and decisions to provide loan guarantees to eligible borrowers.

IMPACT ON INCOME TAX

This section outlines the main income tax considerations for individual buyers of Class A notes. It is not intended to provide legal or tax advice to anyone buying Class A notes. No one should rely on this information to make an investment decision. Prospective buyers of Class A notes may want to consult a qualified tax advisor before making an investment.

Return on Investment

Interest payments made by the Corporation to Class A noteholders are expected to be taxed as interest income.

Registered Retirement Savings Plan Eligibility

Based on a letter to the Ontario Government from the federal Minister of Finance, Class A notes are expected to qualify as investments for registered retirement savings plans.

MARKETING PLAN FOR CLASS A SHARES

Amount of Offering and Offering Period

The Corporation intends to raise a maximum of \$1,000,000 with this offering. Any money raised above the maximum will be refunded on a pro rata basis.

If the Corporation does not raise the minimum amount required by December 31, 1994, it may apply to the Ministry of Finance to extend the offering period up to six months. If this extension is approved, the funds raised will not be invested until the end of this period. If the minimum amount is not raised by the extended date, the money raised will be refunded in full to purchasers without interest and the Corporation will wind up its affairs.

Expenses of the Offering

The expenses of this offering are expected to total 100,000. These include professional fees, community agents, advertising and printing, escrow fees, etc. If the Corporation raises the maximum amount offered, the net amount (after expenses) actually available for investment and to use as reserves will be about \$900,000. If the maximum amount is not raised, the actual amount available for investment and reserves will be less.

Offering only by Offering Statement

The Corporation must provide a copy of this Offering Statement on demand or upon solicitation to purchase Class A notes.

Sale only by Community Agents

Class A notes may be bought only from registered community agents of the Corporation. The community agent will give you an application form which you should complete and return to the community agent. Make sure to include a cheque or money order payable to the Corporation for the full price of the notes you wish to buy.

Investor's Right to Cancel

As an investor, you have a right to cancel your application to buy Class A notes by informing the Corporation or any community agent in writing no later than 12:00 noon on the second business day after the date on your application. There is no penalty for cancellation.

ESCROW ARRANGEMENTS

Until the Corporation raises the maximum amount of this offering or until the final date for sale of notes, whichever comes first, all funds will be held in escrow by Caisse Populaire Notre Dame D'Ottawa, Inc.

CERTIFICATES

Ottawa-Carleton Community Loan Fund Corporation

We, the undersigned directors and officers of the Ottawa-Carleton Community Loan Fund Corporation (the "Corporation") hereby certify that this Offering Statement provides full, true and plain disclosure of the Corporation's business and affairs and of all material facts about the notes offered by the Corporation.

Officers

Directors

Date: _____

We, the undersigned, as duly authorized representatives of each of the Sponsors hereby certify that the information in this Offering Statement about each Sponsor is accurate and that to the best knowledge, information and belief of each of the undersigned, this Offering Statement provides full, true and plain disclosure of the business and affairs of the Corporation and of all material facts about the notes offered by the Corporation.

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

Signature of Authorized Representative

Date: _____

[Professional]

I, the undersigned, [insert name and profession] prepared the [financial statements, opinion, report, study, as applicable] dated [insert date] and which is [included in, summarized, referred to, as applicable] in this Offering Statement, and I hereby certify that the information contained in this Offering Statement accurately reflects the content of the complete [financial statements, opinion, report, study, as applicable].

Signature: _____

Date: _____

PURCHASE APPLICATION FORM

OTTAWA-CARLETON COMMUNITY LOAN FUND CORPORATION CLASS A NOTES

I hereby apply to purchase _____ Class A notes of Ottawa-Carleton Community Loan Fund Corporation.

I enclose a cheque/bank draft/money order in the amount of \$_____, payable to Caisse Populaire Notre Dame D'Ottawa Inc.

I understand that the purchase money will be held in escrow by Caisse Populaire Notre Dame D'Ottawa Inc. until the earlier of:

1 - the receipt by the Corporation of \$ 500,000 in purchase applications;

OR

2 - the end of the offering period on December 31, 1994.

LAST NAME _____

FIRST NAME _____

ADDRESS _____

TELEPHONE/FAX _____

I hereby certify I have received and had the opportunity to review the Offering Statement of the Corporation dated _____.

SIGNATURE _____

WITNESS _____

DATE OF APPLICATION _____

Name of Community Agent _____

SUMMARY OF TERMS AND CONDITIONS OF PURCHASE

THIS IS A SUMMARY ONLY OF TERMS AND CONDITIONS OF PURCHASE. PLEASE CONSULT THE OFFERING STATEMENT OF THE CORPORATION FOR FULL DETAILS

When the Corporation accepts this offer to purchase, for any or all of the Notes requested, a binding agreement of purchase and sale shall be created on the terms and conditions stated in this document. The agreement of purchase and sale shall continue in force following the issue of the Notes by the Corporation according to its terms. Class A notes of the Corporation are subject to the Community Economic Development Act and Regulations, and to the Letters patent or Articles of incorporation of the Community Loan Fund Corporation.

GUARANTEE

Eligible investors in Class A notes are guaranteed payment of an amount equal to the principal amount of the notes by the Province of Ontario if the Corporation fails to redeem the notes at maturity date, but are not guaranteed payment of any interest or any other return on investment.

CANCELLATION OF PURCHASE

A purchaser may cancel a purchase application by delivering written notice to the Corporation at its head office or to any registered community agent of the corporation before 12 noon on the second business day following the date of the application.

PURCHASE PRICE

Class A Notes will be issued in multiples of \$100.

PURCHASE LIMIT

Individuals and associates are restricted to a maximum purchase of the lesser of \$25,000 or 10% of the total amount of the subscription.

Corporations and not-for-profit organizations are restricted to the greater of \$100,000 or 25% of the total amount of the subscription.

ELIGIBLE INVESTORS

Class A Notes may be issued to individuals, RRSP's, corporations, or not-for-profit organizations.

ALLOCATION AND ISSUE

Purchase applications may be accepted or rejected in whole or in part at the sole discretion of the Corporation.

In the event of purchase applications exceed available Notes, any excess purchase money will be refunded. If applications are not received totalling \$500,000 by December 31, 1994 or such extension as has been approved by the Minister of Finance (Ontario), all purchase money will be refunded to applicants without interest.

In the event this purchase application is not accepted by the Corporation, all purchase money will be refunded to the applicant without interest.

LOAN GUARANTEE POLICY STATEMENT

Lending Guarantee Objectives and Priorities:

The Ottawa-Carleton Community Loan Fund (O.C.C.L.F.) will seek to provide those individuals outlined in the "Purpose" section of its Bylaws with access to credit for the implementation of community economic development initiatives with an emphasis on the following:

- a) initiatives which illustrate financial viability and an opportunity for increased self-sufficiency of the recipient(s);
- b) initiatives which provide quality employment and create jobs either through start-up or expansion of eligible enterprises;
- c) initiatives which comply with ethical standards of business behaviour and provide a social worthiness to the community as established in consultation with the community.

Access to Credit:

The Loan Fund will attempt to provide access to credit which is unavailable through conventional sources by reducing the following barriers:

Stringent security (collateral) requirements
Requirements for cash (equity) contributions to business start-up

The above barriers currently make it impossible for an individual or group who is employment disadvantaged or has a lower income to proceed with a viable initiative which could improve their income situation and opportunity for self-sufficiency.

The Loan Fund will reduce these barriers by facilitating access to credit and by working with individuals or groups to reach their goals. Therefore, individuals will have access to credit where such might not otherwise be the case.

Borrower Eligibility and Qualifications:

In accordance with the CED Act - Regulation 15.(4), general eligibility is limited to :

- . Canadian citizens or permanent residents of Canada;

OTTAWA-CARLETON COMMUNITY LOAN FUND

- . Canadian corporations (as defined in paragraph 89(1)(a) of the *Income Tax Act*), or Canadian partnerships (as defined in paragraph 102(a) of the *Income Tax Act*), whose head office or chief place of business is in Ontario and at least 75 per cent of whose payroll is made to employees whose ordinary workplace is in Ontario;
- . Applicants who have been refused credit based on a reasonable business plan for the proposed business, by a financial institution within the previous year;
- . Loans which will be used to finance a new or expanding active business to generate increased employment
- . Applicants who submit a statement that the loan is not to be used to finance a business engaged in gambling activities or activities that are designed to appeal to an erotic or sexual inclination as defined in the Ontario Regulation 45/94, s. 15.

The Ottawa-Carleton Community Loan Fund requires that the following criteria be met for eligibility:

- . Applicants must be at least 19 years of age and not attending school more than 50% of the full time equivalent, unless such training is directly related to the enterprise that they plan to develop;
- . Applicants who have completed some form of recognised Entrepreneurship training program (such as *jobsOntario* Entrepreneurship Training), or who have equivalent direct experience to the satisfaction of the Board of Directors of the Loan Fund.

The following restriction applies with respect to borrower eligibility:

- . Applicants who have declared bankruptcy and who have not been discharged (or where a compromise has not been made or proposed between the applicant and their creditors under the Companies' Creditors Arrangement Act) can not receive a loan guarantee from the Ottawa-Carleton Community Loan Fund.

Note: Applications will be encouraged from clients of low or modest incomes as well as "multiple barrier" clients who are not only excluded from traditional sources of credit but who face challenges in broader participation in the community (e.g. women, natives, the physically/mentally challenged, other visible minorities).

Borrower Qualifications & Applicant Evaluation Criteria:

Notwithstanding the foregoing, borrowers must illustrate the following:

- . That the proposed initiative will be financially viable (ie. will earn enough revenue to operate successfully, repay the loan and provide quality employment for the

recipient(s));

- . That the proposed initiative illustrates market feasibility (ie. appropriate market research has been conducted);
- . That the applicant(s) has/have the appropriate skills and ability to manage and operate the proposed initiative and where these skills are absent, how the applicant(s) will receive training or accommodate for the needed skills;
- . That the proposed venture (and the recipient(s)) will be located in the Regional Municipality of Ottawa-Carleton and that it will contribute to the economic well-being of the community (ie. create meaningful employment);
- . That the applicant(s) can provide reasonable security as requested by the committee, to demonstrate their commitment to the proposal.
(note: unconventional sources of security will be considered);
- . That the applicant(s) is/are committed to the proposal and repayment of the loan to ensure long-term sustainability of the fund;
- . That the applicant(s) possess a positive personal commitment and values and illustrate the appropriate determination, energy level and resourcefulness to execute the proposal;
- . That the applicant(s) is/are willing to participate in technical assistance as requested by the committee.

Types of Eligible Businesses:

Eligible businesses will include the following forms of organization:

- . Sole Proprietorship
- . Partnership
- . Corporation
- . Worker Cooperative
- . Non-profit Corporation
- . Community Business Initiative

Types of business will not be restricted, except for the following:

- . Businesses which support gambling
- . Businesses which appeal to erotic or sexual inclinations
- . Businesses which contradict the goals of the organization as stated in the mission

statement

- . Association with multi-level marketing organisations such as Amway, NSA, etc. where the applicant is not a business owner, rather an agent of an existing organization
- . Businesses which are deemed unethical by the committee
- . Businesses which are active and have greater than 10 employees and sales of more than \$300,000 annually

Pre-Application Requirements:

Applicants must have an idea for a viable community economic development initiative (types listed above) and provide information such as a Business Plan & "Borrower Eligibility Information" (see sample Loan Application in appendix A), which clearly and truthfully illustrates details about the proposed venture and the eligibility of the applicant(s).

Literature will be available at the office with respect to the contents of these requirements. After it is determined that the applicant is eligible to apply to the Ottawa-Carleton Community Loan Fund and the Business Plan has been received by the office, further information, or clarification may be requested before the official application is processed.

The Business Plan must be completed to the satisfaction of the Loan Fund staff before an application is forwarded to the Loan Review Committee. The Business Plan must illustrate that the above requirements and restrictions are met. Assistance in the form of literature and one-on-one counselling will be available from the Loan Fund staff to formulate an application which is "ready" to proceed to the Loan Review Committee.

Technical Assistance may be recommended as a pre-requisite to the application by Loan Fund staff depending on the individual circumstances of the applicant. Completion of technical assistance requirements will by no means automatically entitle the applicant to an approved loan guarantee but may serve to help prepare the applicant for the application process and operation of a business. Applicants will not be encouraged to submit an application until they are considered "business ready".

Application and Approval Process:

The following steps will be taken in the application and approval process:

1. Client enquires about available services and is given general information about the Ottawa-Carleton Community Loan Fund.
2. Client submits eligibility questionnaire and business plan outline to Loan Fund staff.
3. Client reviews business plan with Loan Fund staff who determines client "readiness".

Further information may be requested by Loan Fund staff.

4. Client review technical assistance requirements with Loan Fund staff which may need to take place before the application is submitted (ie. participation in the jobsOntario Self Employment Training program if eligible).
5. Client completes technical assistance requirements if applicable.
6. Client completes formal business plan and application for submission to Loan Review Committee.
7. Loan Fund staff assesses application and ensures completeness.
8. Loan Fund staff procure credit report on client after obtaining client's authorization to do so.
9. Credit check is reviewed and attached to application and forwarded to Loan Review Committee for next meeting.
10. The Loan Review Committee may request that the applicant appear before the Committee to answer questions, provide details, or support various sections of the business plan.
11. The Loan Review Committee reaches a decision based on established review criteria (both qualitative and quantitative), and communicates that decision to the Loan Fund staff. The Loan Fund staff will communicate the decision of the committee to the applicant in writing within 1 working day of the decision being made, and handle any follow-up required.
12. If a loan guarantee is granted, the Loan Fund staff will forward the necessary paperwork to the financial institution administering the loans within one working day of the decision being made, and will inform the applicant in writing of the address, telephone number of the financial institution, along with the name of the loan officer handling their file.
13. It will be up to the applicant to arrange a mutually convenient meeting with the loan officer at the financial institution to complete the paperwork and arrange for disposition of the loan proceeds.

Appeal Process:

Decisions will be made by the Loan Review Committee. There will be no appeal process once an application has been declined by the Committee unless the Loan Fund staff can determine one or both of the following:

- a) That significant information has been obtained which may affect the perceived viability of the proposed venture;
- b) That the committee has made requests or has placed conditions on the applicant which have been met.

Formal complaints about unfair decision making may be made to the Board of Directors of the O.C.C.L.F. who will proceed with an investigation into the alleged incident.

In order to minimize potential for legal proceedings, any Loan Review Committee member who may possess a conflict of interest in a loan guarantee decision will be required to declare it as such and not participate in the decision making process for that application.

Use of Loan Proceeds:

Loans may be acquired from the Loan Fund for the following purposes:

- Capital acquisitions and related costs
- Working Capital
- Start-up Expenses
- Inventory

Loans for the following purposes will be discouraged unless they can be considered essential to the successful operation of the business:

- Vehicle purchase or lease
- Office lease
- Excessive equipment purchases/leases

Under no circumstances will the following be eligible for a loan guarantee:

- Market research
- Research & Development Costs
- Acquisition of real estate
- A loan to a third party
- Acquisition of securities or investments
- Refinancing costs

Loans may not be used to finance dividend payments or pay debt obligations to a shareholder, owner or former owner of a business, or their associate(s). Loans may not be used to finance the purchase of goods or services from a major shareholder, partner, or owner of a business or an associate of any of them.

The Board of Directors reserves the right to determine additions or deletions to the

above from time to time.

Maximum Loan and Amortization Terms:

The maximum amount that the O.C.C.L.F. will guarantee to any individual borrower or enterprise is \$15,000. Members of a co-operative or partnership may receive guarantees as a group to a maximum based on the following formula: \$15,000 for the first borrower, plus \$10,000 for each additional borrower to a maximum of \$45,000. The O.C.C.L.F. will not pledge more than 10% of its assets to any one single enterprise.

The maximum term that a loan will be amortized over is four years. Generally, terms should be set to reflect the amount and purpose of the loan and a reasonable repayment schedule.

Types of Loans:

Besides straight term loans, various other types of lending will be considered including, but not limited to the following:

Stage Draw Loans: If appropriate, some loans will be disbursed in stages as the business grows and develops the need for additional funds.

This limits the risk (the loan fund's exposure) as the business becomes operational and discourages frivolous overspending at the outset.

The disbursements may be tied to various milestones such as first contracts, etc. and will match cash outlay requirement which are indicated on the cash flow forecast (ie. advertising dollar which are needed in month three will not be disbursed until month three).

Step Loans: Step loans are formulated to encourage positive repayment performance and allow clients to proceed into business at a manageable pace. The amount of principal loaned may be increased in steps given that the client has met certain requirements (such as a positive record of repayment).

In effect, the client graduates to a higher level of loan as he/she develops a track record with the financial institution and the Loan Fund.

Peer Lending: The O.C. Community Loan Fund will implement a peer lending system for some clients where it is deemed appropriate. This

methodology will be appropriate for clients who are in need of smaller loans (ie. \$500 - \$3,000) to get started. Client's may subsequently graduate to regular individual loans when and if their needs exceed these limits.

Peer lending has proved to be very effective in appropriate situations. The procedure is to form a group of individuals who collectively take responsibility for loan repayment and disbursement. Only one or two members of the group may have outstanding loans at one given time. When loans are paid back, the client may graduate to the next level and borrow more money.

Peer lending is usually appropriate for micro-enterprises in the service sector and results in a minimal supplement to the client's self-sufficiency at first. It allows the client to "step" into the world of being self employed at a comfortable and manageable pace.

Deferred Payments: The Loan Review Committee may provide for deferred principal (only) payments for a period of up to four months. There will be no deferral on interest payments.

This scenario will not be encouraged as the norm, but will be suggested when the situation makes it appropriate for the success of the business. Any principle payments missed will be made up over the remaining term of the loan. Principle payment deferral will only be considered once during the term of a loan.

Fees and Service Charges:

Guarantee Fee

The Ottawa-Carleton Community Loan Fund will charge a guarantee fee of 3% of the loan principal to the appropriate financial institution. Payments will be made on a monthly basis by the financial institution to the loan fund on the average balance of principle outstanding over the term of the loan.

The client will ultimately bear the cost of the guarantee fee and it will be included in their "interest rate" which is payable to the bank on a monthly basis.

Application Fee

The Board of Directors may set an "application fee" and amend it from time to time as they see fit. This fee should not create any additional barriers to the client and will serve to assist in the operational costs of the loan fund.

Financial Institution Fees & Charges

Any direct fees that the financial institution charges to the clients will also be capitalized into the loan. The Loan Fund will, however, attempt to negotiate with the financial institutions to waive or minimize any application fees.

Interest Rates

The minimum rate of interest charged on all loans will be "prime + 5 percentage points". Interest rates and all other fees charged by the financial institution will be established by negotiations between the Board of Directors of the Loan Fund and the financial institution.

Security and Other Requirements

The Loan Fund will make every effort to ensure that the financial institution makes appropriate arrangements for loan security and collateral.

Any loans which are made for the purpose of making capital purchases will require that those capital purchases be taken as security on the loan (ie. equipment).

When loans are made for the purpose of working capital or other intangible purchases and expenditures, a General Security Agreement will be taken on all business assets and a Personal Guarantee will be required by the applicant.

The Loan Review Committee may request that invoices be produced for all use of loan proceeds above a certain amount before releasing the necessary funds. Such an arrangement will be administered by the financial institution on instructions of the Loan Review Committee.

In situations where the business is incorporated, a Personal Guarantee will be required by the applicant to ensure that a personal commitment is made.

Applicants will be required to provide proof of insurance of all business assets (which are used as security), and may be required to purchase life and liability insurance on their loans.

Loans made to eligible borrowers are not transferable and will be called in the event that the business for which the loan was made ceases to operate. Once a loan has been called, all outstanding interest and principle charges will be due and payable immediately.

Aftercare & Monitoring

Loan payments will be monitored on a monthly basis by the Financial Institution. A

report will be issued to the Loan Fund staff indicating performance on outstanding loans. Both the Financial Institution and Loan Fund staff will review each loan's performance and maintain personal contact with loan recipients to monitor business developments.

Loan fund staff and Board Members will be available for assistance when needed, over and above the Technical Assistance plan which is agreed upon by the client and the Loan Fund.

Loan Fund staff will be in bi-weekly contact with loan clients over the first six months of the loan term, and monthly thereafter.

Peer lending participants will be in further contact with Loan Fund staff through bi-weekly meetings and other technical assistance requirements as outlined in the Technical Assistance Plan.

A close monitoring system will be implemented to assist in the management of delinquencies and defaults. The Loan Fund staff will establish:

- a) a general monitoring system that will apply to all outstanding loans;
- b) where the Loan Review Committee deems it necessary, a customized monitoring system will be applied to specific loans.

Delinquencies and Defaults

A loan will be considered delinquent if a scheduled monthly payment is not made on the due date. All efforts will be made to ensure the borrower makes up the late payment and/or a revised payment schedule is established in consultation with the financial institution.

A loan will be in default if any of the following exist:

- . A payment has not been received in the 45 days following a missed scheduled payment.
- . The borrower, or the new business, has failed to meet any of the terms or conditions of the lending agreement with the financial institution.
- . Any information given in the loan application or the lending agreement is false or misleading in any way.
- . The borrower, or the new business, becomes insolvent, files a proposal for bankruptcy, consents to bankruptcy, or is declared bankrupt.

In the event of default, the O.C.C.L.F. will provide all the assistance it can to the lending institution in an attempt to realize on any security on the loan. The O.C.C.L.F. will not forgive any borrower obligations for any reason. All claims of \$500 or more will be reasonably pursued to the extent that the law allows.

In the Event of Delinquent or Defaulted Loans

The basic steps in the "workout" process for loans that are delinquent or risk defaulting is as follows.

1. The financial institution will advise the Loan Fund staff within 24 hours of a scheduled payment being missed or not made in its entirety.
2. Loan Fund staff will make the initial contact with the borrower by telephone and determine why the scheduled payment was not received. If possible, arrangements will be made to correct the situation immediately. Loan fund staff will follow up with staff from the financial institution.
3. If the problem is serious, or if no payment has been received within the next five days, loan fund staff, the borrower, and a representative from the financial institution will meet to establish the borrowers financial situation and potential cash flow. A decision will be made on a course of action that is mutually agreeable to all parties.
4. If it is established that no payment is possible, or if no payment has been received for 45 days, then the loan fund staff will begin procedures for default (e.g. the loan will be called, all security will be exercised upon, legal action, etc).
5. Further action as required.

FUND MANAGEMENT PLAN

Assets:

The total assets to be generated by the sale of class A notes to investors should approximate \$350,000 which will be raised during the offering period. These funds will form the investment portfolio against which loans guarantees will be made to eligible borrowers.

Eligible Investments:

In order to minimize the investment risk associated with the investment portfolio, all funds will be invested in one or more of the following investment vehicles as prescribed in the C.E.D. Act, Sections 19 & 20 and Regulations 20 & 21.

- Demand deposits (Cash) in banks, loan and trust corporations, credit unions, or caisse populaires;
- Treasury bills (T-bills) of Canada, or a province of Canada;
- Banker's acceptances (B.A.) with a remaining term to maturity of one year or less;
- Term deposits (T.D.), bearer deposit notes, and similar instruments issued by banks, loan and trust corporations, credit unions, or caisse populaires;
- Bonds, debentures, or other evidences of indebtedness that are issued or guaranteed by, or in respect of which the debt service is fully guaranteed by Canada, a Province of Canada, or an Ontario municipality.

The investment portfolio will be managed by the Loan Fund Administrator under the direction of the Board of Directors of the Ottawa-Carleton Community Loan Fund. The directors may from time to time change the asset mix, and/or the proportion of the portfolio invested in any one asset, as they see fit.

Safe Reserve Policy:

In order to maximize the number of loan guarantees that can be made against the funds in the investment portfolio, it is the policy of the Ottawa-Carleton Community Loan Fund to set the Safe Reserve Ratio at 20% of the total value of the investment portfolio (the minimum required under the C.E.D. Act), whenever default rates in the loan portfolio (the portfolio of loan guarantees outstanding), is at or below an annual rate of 5%. If the default rate in the loan portfolio should rise above 5% on an annual basis, the Board of Directors may voluntarily increase the safe reserve ratio to a minimum of 25%.

Assuming that the investment portfolio is \$350,000, the minimum safe reserve ratio of 20% would account for \$70,000. This safe reserve amount will be invested in an account separate from the remainder on the investment portfolio to facilitate the overall management of the funds in the portfolio, and will not form part of the assets used to provide loan guarantees.

Investment Policy:

It is the policy of the Ottawa-Carleton Community Loan Fund that all funds be invested in eligible vehicles offering the greatest returns (as a non-profit corporation, the OCCLF does not need to worry about income tax concerns), at the least cost (trading and monitoring). Within the range of eligible investments, the funds will be diversified across as many different investments as is reasonable to minimize the effects of unfavourable changes in interest rates (interest rate risk) and capital gains (in other words to protect, as much as possible, any interest and capital gain profits).

Assets will be chosen based on their expected return as well as on their term to maturity, with a view to matching the asset's size and term with the same or similar size and term of a liability (class A note). This is known as the matching principal and is a useful technique in portfolio management for ensuring that cash needs are always met by maturing assets. Liabilities with very close terms to maturity can be grouped together and an appropriate asset chosen to offset the group, thus reducing trading fees and management time.

Liquidity Policy:

All interest from investments will be returned to the investment portfolio to provide for permanent capital, the returns (if any) to be paid to investors, as well as to cover any investment fees. All loan application fees and a percentage of the premium interest charged on outstanding loans will be deposited by the Loan Fund Administrator to the OCCLF's current account. The Loan Fund Administrator will monitor the cash position of the loan fund and will advise the Board of Directors whenever the balance in the current account falls below \$1,000.

In such a case, the board will authorize the Loan Fund Administrator to cash a

\$2,000 term deposit from the investment portfolio with the proceeds to be deposited in the current account. Other asset changes in the investment portfolio may need to be made as a result in order to maintain the returns expected from the portfolio. While the current account maintains a balance of at least \$1,000, there will always be, in the investment portfolio, a \$2,000 cashable term deposit of 1 month maturity with an automatic roll-over feature to meet unforeseen cash shortfalls in the current account.

If the balance of the current account should exceed \$3,000, the Board of Directors may instruct the Loan Fund Administrator to purchase an eligible investment to be added to the investment portfolio.

Identification of Accounts:

The Ottawa-Carleton Community Loan Fund will maintain the following accounts at a bank, loan or trust corporation, credit union, caisse populaire, or combination of these, as the Board of Directors may from time to time choose.

- Current Account: on which cheques of the corporation can be drawn to meet operating expenses.
- Investment Account #1: in which short term (less than 3 months) eligible investments can be maintained for the repayment of investors and to meet unforeseen cash shortfalls in the current account.
- Investment Account #2: in which long term (greater than 3 months) eligible investments can be maintained for the repayment of investors and on which a higher rate of return will be sought.
- Safe Reserve Account: a segregated account in which the safe reserve will be held (long term) to facilitate accounting and trading functions and on which a higher rate of return will be sought.

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TECHNICAL ASSISTANCE DELIVERY PLAN

Summary of Client Technical Assistance Needs

Technical Assistance will be an important segment in the overall formula of success for clients of the Loan Fund. As a supplementary service to accessing credit, technical assistance will attempt to provide the necessary skills and information for long term success and ultimate self-sufficiency of the business.

Clients who access the services of the Ottawa-Carleton Community Loan Fund will have varying backgrounds and degrees of education. Clients will also have many different needs with respect to technical assistance depending on the type of venture they will be operating and the particular skills that they have. It will therefore be imperative that the technical assistance delivery system be flexible and able to meet the individual needs of each client.

The following is a summary of the technical assistance needs that clients may encounter throughout the various phases of business development.

Intake & Screening

Throughout this phase, clients may need assistance in determining their suitability for self employment, assessing their business idea and developing an individual plan for further technical assistance. The following is a list of services which should be available to clients when they first approach the Loan Fund:

- . Availability of resource material to use (on-site) to gain a better understanding of entrepreneurship;
- . Availability of resource material about the role of the Loan Fund and the services which may be provided;
- . Availability of a list of various other business development organizations to assist clients in receiving the services that they require;
- . A one-on-one interview with Loan Fund staff to determine the needs of the client and assess their suitability for the services of the Loan Fund;
- . A one-on-one interview with Loan Fund staff to discuss the business concept and to determine stage of business "readiness", including an evaluation of entrepreneurial knowledge and skills;

- . An assessment of barriers other than access to funding which may be impeding the clients progress.

Introduction to Small Business

Clients may need to explore various areas of self employment or community business in order to determine their appropriateness for this type of employment option. Some clients (or potential clients) may be at the introductory stage of the decision making process and should have access to assistance in making the appropriate conclusions.

Whether individually or in groups, clients will need to learn about the following topics:

- . Self Employment as an employment alternative - the advantages and disadvantages of this decision;
- . Self Assessment - Am I the right type of person to be self-employed, do I have what it takes?
- . The realities of running a small business - suspending the myths;
- . The various types of business organization - ie. worker cooperatives, sole proprietorships, etc.;
- . The key steps in starting a business - where do we go from here?;
- . What services are available in the community to assist me in reaching my goals?;
- . The importance of on-going technical assistance and management development.

Feasibility Study and Business Plan Development

The initial steps in any business venture are to first assess the feasibility of the concept and to then develop a plan for implementation. All Loan Fund clients will need to satisfy the Loan Fund staff that they have completed this stage before they submit an application as, without these fundamental exercises, the business should not proceed to subsequent stages of development.

Information on the following topics and services will need to be provided to assist clients throughout this important stage:

- . Market Research Techniques
- . Consumer Surveys

- . Analyzing the competition
- . Assessing the industry
- . Determining the costs/requirements of start-up
- . Estimating sales
- . Marketing (The 4 P's)
- . Business Operations
- . Cash Flow Forecasting
- . Financial Statements Forecasting
- . Financial Management
- . Management Profile/Personnel Plan
- . Business Regulations
- . Developing an Action Plan for implementation

Business Management & Personal Development

Loan Fund clients (after approval of a loan guarantee), will require on-going technical assistance in the areas of managing the business and personal development. Each client will have individual needs and may only require assistance in certain topic areas depending on their background and the type of venture that they are operating.

Therefore, when the loan guarantee is approved, the client will develop an individualized training plan with the Loan Fund staff and sign an agreement which illustrates their commitment to on-going development. The following topic areas should be available:

- . Assertiveness Training
- . Time Management
- . Stress Management
- . Presentation Skills
- . Selling Techniques
- . Bookkeeping (Accounts payable/receivable)
- . Customer Service
- . Personnel Management
- . Promotion & Advertising
- . Management Control
- . Cash Flow Management
- . Inventory Control
- . Banking

On-going Mentoring

In most cases, clients will need individual assistance on an on-going basis to handle everyday business situations. Each client will be assigned to an individual consultant from among the local business development groups, contract consultants, local volunteers, loan

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fund staff and board members, and will have access to individualized assistance on a monthly basis. This will help to ensure that each client's individual needs are being met and that any potential problems can be avoided or resolved quickly. The role of a consultant will also involve assisting the client in developing solid business skills that they can apply in the long term success of their business.

Technical Services Delivery System

The above services should be available for any client who may need to access them. The Loan Fund will strive to make use of existing community business development organizations in order to keep costs at a minimum (e.g. consultants may be employees of a jobsOntario Training program who continue to monitor their clients after the completion of a business plan). Also, the Loan Fund will endeavour not to duplicate existing services but rather to fill the gaps which may exist.

At every annual general meeting of the members, the O.C.C.L.F. will recognize, or accredit, two or three local business development groups as organizations which deliver quality entrepreneurship training programs, as well as follow technical assistance. Clients from these organizations will likely be ready to submit a loan application immediately after completing their training courses. The accredited organization will be required to provide on-going technical assistance to its clients based on agreements to be negotiated with the O.C.C.L.F.

The following organizations are involved in providing business development services to the prospective client group that the Loan Fund will be servicing:

<u>Organization</u>	<u>Target Group(s)</u>
Community Enterprise Center (Ottawa-Carleton) The YM/YWCA Enterprise Centre (Ottawa-Carleton) Le groupe des entreprises VERSO	Long-Term unemployed, U.I. Exhaustees/Ineligible, GWA/FBA Recipients.
Ottawa-Carleton Economic Development Corporation Self-Help Centres (MEDT)	Open
University of Ottawa/Carleton University - Small Business Centers	Open (University students)
West End Community Ventures	Low income/unemployed

Services Provided

Intro to Small Business
Feasibility Study
Business Plan Development
Business Management
Personal Development
On-going Mentoring

System for Delivery of Technical Assistance

The delivery of technical assistance for clients (and potential clients) of the Ottawa-Carleton Community Loan Fund will be flexible and designed to meet the individual needs of each client. When possible, the Loan Fund will refer clients to other business development organizations who provide the services that the client is in need of.

The following process will be used with respect to the delivery of technical assistance:

1. Loan Fund staff will provide general information to the public (both individually or in groups) about becoming self-employed and the services for entrepreneurs that are offered in the community. This general information will include the topics listed in both the Intake and Screening stage and the Introduction to Small Business stage listed above. Resource materials will be provided at the office along with general information material on the Loan Fund.
2. Once the individual has decided to proceed, the Loan Fund staff will assess the potential client's needs for technical assistance. The Loan Fund staff will also review the client's eligibility for other business development programs which may meet the individual needs of the client. If the client is in need of (and is eligible for) existing services in the community, the Loan Fund staff will refer the individual to the appropriate agency.
3. If the client's needs cannot be met through the services of existing organizations, Loan Fund staff may provide some limited assistance with the preliminary steps of the application process (ie. guidance for feasibility studies, business plan development, etc.). It is important to remember that this assistance will not be the "norm", as other organizations should be able to provide the individual with this type of assistance. The Loan Fund will not pay a fee for any technical assistance until the individual is actually a Loan Fund client (ie. they have received a loan guarantee).
4. When the client is "business ready" (as determined by the Loan Fund staff) they may consider submitting an application for financing through the Loan Fund.
5. Only when a client is approved for a loan guarantee will the Loan Fund provide for continued technical assistance. At the time of approval, the Loan Fund staff will

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approve an individual training plan which will become a condition of the loan. Some training may be required before disbursement, and other training may be an on-going requirement.

The client's needs may or may not be accommodated through an existing business development organization; however, they will be met through a combination of services of the Loan Fund and other programs and services.

Services Provided By The Loan Fund:

- . Referral to other services which are available in the community;
- . Assessment of client's needs and development of a training plan to meet those needs;
- . Individual monitoring and counselling (on a limited basis) as least monthly;
- . Group seminars and workshops for peer lending clients;
- . Group seminars and workshops on various topics as required by clients.
- . Possible establishment of a volunteer mentoring system and matching of suitable mentors to each client (see appendix A.).

Services Provided By Other Organizations:

- . Individual monitoring and business consulting;
- . Group workshops and seminars on various business management and personal development topics

At all times, the provision of technical assistance will be sought from business development organizations. When client's are otherwise eligible for existing programs, they will be referred to such programs. However, when a client cannot access the needed services through existing delivery organizations (ie. they do not fit eligibility or program criteria), an arrangement may be made with the appropriate organization to provide the needed services for a fee.

Agreements with Delivery Organizations

Providers of technical assistance will be made aware of the Loan Fund and its services and will be a primary source of referral for clients. The Loan Fund will also refer potential clients to these organizations when appropriate.

It will be the responsibility of the Loan Fund to make the arrangements for technical assistance for the client. It will also be the responsibility of the Loan Fund to ensure that the client is receiving suitable technical assistance which meets their individual needs.

The Loan Fund will enter into an agreement with various business development organizations for them to provide services to Loan Fund clients on a fee-for-service basis (see appendix B for an example of a possible agreement). The fee will vary depending on the services which are required. For example, one client may only need to attend one or two workshops where another may need much more extensive assistance. The proposed fee structure is outlined in Appendix C. At no time will the average fee per client exceed the maximum of \$450 which will be provided by the Province.

Monitoring and Evaluation Plan

Monitoring of Loan Fund clients will be taken very seriously. Most clients will be monitored by two separate parties (e.g. Loan Fund staff, financial institution staff). Some clients may be in need of more assistance than others but all clients will be contacted by Loan Fund staff (preferably in person) at least once per month.

Appendix A outlines a potential plan for a volunteer mentoring system. If this proves feasible to implement, these volunteer resources would be used as much as possible to reduce costs. Where appropriate, services from an existing business development organization may be used (whether or not on a fee-for-service basis).

Individual monitoring and counselling will be intended to accomplish the following functions:

- . Monitor performance of business to ensure stability and loan repayment;
- . Assist client with day-to-day business management and refer to other sources when appropriate;
- . Monitor performance measures (ie. job creation) used to indicate success of the Loan Fund objectives.

Loan Fund staff will be responsible for monitoring the completion of technical assistance requirements by other organizations as well as the quality of such assistance. Quality will be measured by questionnaires to clients and random participation in workshops and individual consultations by Loan Fund staff.

Appendix A - Potential Volunteer Mentoring System

Overview of System

A volunteer mentoring program would be intended to have local professionals assist aspiring entrepreneurs in the development of their business and to help them gain experience in order to become self-sufficient. Mentors will work on a volunteer basis to help nurture the clients through the important start-up stages of self employment.

Mentors would be experienced business people who have particular expertise and knowledge they would be willing to share with Loan Fund clients. These mentors would have a sincere interest in helping local people and in community economic development.

The primary benefit of a mentoring program would be to expand the breadth and depth of experience that the organization can offer without adding additional overhead expenses to its operating costs. It would also foster a greater sense of community by getting local business people involved in the economic growth of the community.

Mentors would be divided into two categories, advisory (e.g. have hands-on business experience) and technical (e.g. legal, accounting, marketing, etc.). Client needs could then be matched with the specific skills and experiences of the mentors.

The volunteer mentoring program could be promoted as one more way that local residents can assist in the development of the local economy. Details of the mentoring program would be outlined in pamphlets and other promotional material.

The following steps should be taken in the development of the mentoring program, should it be feasible to implement in Ottawa-Carleton:

1. Assessment of clients needs
 - a) types of needs
 - b) frequency of needs
 - c) level of needs
2. Identification of potential consultants
 - a) qualification - what is required ?
 - b) identify sources - Chamber of Commerce
- Professional organizations
3. Recruitment & Training of consultants
 - a) communicate the organizational mission
ensure they understand and "buy-in"
 - b) communicate the roles, responsibilities &
expectations clearly to the consultants

- c) establish a commitment (including a reasonable expectation of time commitment)

4. Tracking & Monitoring of System

- a) Conduct match making according to skills & needs
- b) Establish monitoring system (ie. consultant should fill in summary of meeting form, etc.)
- c) Ensure consistency through on-going training of consultants and quality control measures
- d) Have mentors place a dollar value on volunteer time to give an indication of "in-kind" contribution values

5. Maintaining Involvement of Mentors - Do's & Don't's

- a) **Do** be sensitive to mentors' constraints
- b) **Do** publicly acknowledge contribution to the organization
- c) **Do** be clear about expectations
- d) **Do** meet with mentors periodically and keep them informed of happenings
- e) **Don't** recruit "self-marketers", ie. insurance, etc.
- f) **Don't** give clients direct access (ie. always maintain control of the process by playing intermediary)
- g) **Don't** overuse the volunteers

Appendix B - Sample Agreement Form for Technical Assistance Providers

January 00, 1995

Business Development Organization

Ottawa, Ontario

Dear (contact Person):

This letter confirms our understanding of the terms of engagement of your services by the Ottawa-Carleton Community Loan Fund Corporation for our client (client's name).

A) You have agreed to perform the following services

Participation for (client's name) in the following workshops:

Customer Service	January 10, 1995
Bookkeeping	January 25, 1995
Cash Flow Management	February 20, 1995

On-going consultation at a minimum of one hour per month during the length of this contract.

B) You will commence work with (client's name) on _____,
and complete it no later or earlier than _____.

C) Your charges for these services will be as follows:

Workshop Fee (\$40) x 3 Workshops	=	\$120
Consultation Fee (\$40/month) x 6 months	=	\$240
Total Fees		\$360

If the above accords with your understanding of the terms of your engagement, please accept this letter as your authority to commence work. payment will be made on receipt by our office of detailed invoices bearing client's signature as proof of attendance.

Any variation of the above terms requires our written consent. Thank you for your cooperation and assistance.

Sincerely,

Administrator
Ottawa-Carleton Community Loan Fund

Appendix C - Fee Structure

The following fee structure will be observed for payment to technical assistance organizations:

Workshop/Seminar Fees	\$35 - \$100
Consultation Fees	\$25 - \$50/hour

Fees will be assessed depending on the nature of the technical assistance. For example, a three day workshop may require a lower hourly fee than a two hour workshop.

At all times, Loan Fund staff will attempt to negotiate the best quality assistance for the most economical price.

At no time will the average cost per loan client exceed \$450.