



Loan Application Process

The Canadian Youth Business Foundation (CYBF) will decide whether to help finance your new business on the basis of a written description of your business idea and yourself. Our aim is to provide assistance to aspiring young entrepreneurs who are between 18 - 34 years old and are most likely to succeed in creating a business and for whom our financial assistance is critical. It is expected that the business will provide sustainable full-time employment for yourself and others. If you have a viable business plan, and agree to work with a mentor for the life of your loan, CYBF will consider your application for a loan. The steps to apply for a loan from CYBF are as follows:

1. Eligibility Criteria

Applicant

- Between 18-34 years old
- Eligible to work in Canada
- Has some training / experience related to their business idea
- Agrees to work with a mentor for the duration of the loan term (three to five years)
- Produces a complete and viable business plan
- Lives or opens the business in the community which is offering the CYBF program
- Has a business that creates or leads to full-time sustainable employment for the applicant

Business

- Loans may be approved for new business only, and may not be approved for growth capital for existing businesses
- Network of multi-level marketing businesses are not eligible
- For a partnership of two, the principal or general partner must meet the age criteria and both are subject to the CYBF application process
- If the business is incorporated, the applicant must be a majority shareholder, having at least 51% of the voting shares, and be involved in the day-to-day management of the business
- If the business is incorporated with more than two shareholders and no one person holds majority shares, the shareholders meeting the age criteria must collectively hold the majority of the voting shares and be involved in the day-to-day management of the business. All applicants are subject to the CYBF application process.

2. Loan Application

You and your partner(s) or other owner(s) involved in the business will each need to complete a loan application that discloses your business and personal financial obligations and authorizes the Canadian Youth Business Foundation to obtain your credit history report. Your credit history will be carefully considered when reviewing your application. Be prepared to discuss your credit history report if required.

The less you borrow, the easier it will be to carry and repay the loan. Personal assets and indebtedness are factors that influence the viability of your business. Therefore, this information is required from all applicants. Loans over \$10,000 will be approved only for exceptionally strong proposals. The maximum loan is \$15,000.

You must include three personal references, with their telephone numbers and e-mail addresses. These may be a teacher, professor or trainer, a person you worked for, or a family friend. You may attach copies of any reference letters that you have. All references will be contacted.

You are asked to supply an estimate of your monthly and annual budget. This is to ensure that your business will provide sufficient income for you to cover your expenses.

3. Business Plan

The Business Plan must be complete and appropriate to your business idea. It is a tool for the owner of the business, not primarily for CYBF to decide on your loan. Remember to include the following.

- Financial projections (3 years) including income statement, balance sheet and cash flow statements
- Market research and competitive analysis
- Marketing plan
- Operating plan, with costs and indicating what the loan will be used for
- Brief summary of plan (executive summary)

When submitting your application, please provide an unbound copy and an e-copy of your business plan.

If you are unsure how to write a business plan, there are many ways to learn. We recommend you visit the **Interactive Business Planner** at the Canada Business Service Center's website: www.cbsc.org/ibp or use the *CYBF Business Plan Guide*.

4. Application Letter

This helps us understand your motivation for starting a business, and decide if our financial help is critical. The letter must include the following.

- state your motivation for starting a business
- briefly describe your personal background and any pertinent training or experience that will help you succeed
- explain what other financial assistance you have attempted to obtain.

5. Business Mentor

If you have someone who will be your mentor, ask him/her to complete the *Mentor Agreement and Registration* online – go to the CYBF website and click on the 'Mentors' button.

Guidelines for *Finding A Mentor* are available on the CYBF website so you may begin to find a mentor as soon as you submit your application.

If you are unable to find a mentor, the CYBF Coordinator will work with you to find a mentor suited to your business.

If your loan application is approved, funds will not be released until your mentor has been accepted by CYBF and the *Entre Nous* online orientation has been completed. See *Entre Nous - A Guide* attached.

6. Interview

An interview, involving you and your partner(s) will take place with two members of the Loan Review Committee. This is required before a final recommendation is made. We will endeavour to inform you of our recommendation within four weeks of submitting your application.

7. Terms and Conditions

Business plans and financing requirements are evaluated on non-traditional lending criteria. Each application is reviewed by a volunteer Loan Review Committee consisting of people from the local business community. Loans are based on a personal guarantee of the young entrepreneur, rather than traditional business security.

Business Account

If your loan is approved, you will need a separate business bank account at a financial institution of your choice.

Loan Terms

- Amortized over 3 years if loan is \$7,500 or less

- Amortized over 5 years for loans over \$7,500
- Interest-only payments in the first year
- Principal repayments are made in equal monthly installments together with interest, over the remaining two to four years, depending on the amount borrowed

Interest Rates

- First year, CIBC prime rate plus 2%
- Second year, conditional on timely payments, CIBC prime rate plus 1%
- Third and subsequent years, conditional on timely payments, CIBC prime rate

Fees

- \$50.00 CYBF Loan Administration Fee
- \$5.00 CYBF monthly administration fee

These fees assist with administrating and maintaining a loan account during the period in which the loan is held with the Canadian Youth Business Foundation. These costs include the establishment of a loan account and any and all reporting and maintenance as required.

Conditions

Loan recipient must work with a mentor for the life of the loan.

Liability

Loan recipient is **personally** liable for repayment of the loan in full.



Finding a Mentor

Research tells us that the best mentoring partnerships develop when the protégé selects his or her own mentor. But you can't just look in the phone book under "mentors". Finding a mentor requires some self-analysis and initiative – much like being an entrepreneur! Following these basic steps will help ensure you select the right mentor for you.

1. Think about what you need in a mentor. List the ways in which you think your mentor might be able to help you.
2. Review the *Mentor Checklist* to gain an understanding of the type of person you are looking for, as well as the expectations the Canadian Youth Business Foundation places on mentors in this program. Remember your mentor has to be someone you respect, because you are going to be asking that person for advice and guidance.
3. Brainstorm a list of people you think might be suitable. Think of people you know through your business and your personal life, as well as others you may have met even once at a conference, social function or sporting event. Ask some of your key contacts to suggest people who might fit the role. Remember: successful mentoring relationships have often been formed between complete strangers so you don't necessarily need to know the person you might approach to be your mentor.
4. Once you have your list of potential mentors, identify your top three choices. Decide how you will approach each of them to request they be your mentor. Will you email, call or go see them in person? However you decide to approach a potential mentor, be honest and enthusiastic, just like in your business.
5. When you are asking someone to mentor you, make sure you explain to them the role and expectations of a CYBF mentor. You might give them a copy of the *Mentor Checklist* to ensure they fully understand what you are asking them to do. If necessary, give them time to think about whether they have time and would be willing to be your mentor.
6. If they say "no", thank them and ask if they know of anyone else who might be suitable as a mentor. Remember, if at first you don't succeed, try again. Babe Ruth struck out 1,300 times but he also hit 714 home runs. Failing is not a worry; not trying is.
7. If your potential mentor says "yes", thank him/her and advise them to complete the online *Mentor Agreement and Registration*. This can be done by going to the CYBF website (www.cybf.ca) and clicking on the 'Mentors' button.
8. The CYBF Coordinator/Partner will then contact your mentor to approve your choice or you may be asked to bring your mentor in to the CYBF office when you come in to sign your loan documents.
9. You and your mentor will be given a Mentor & Entrepreneur Resource Kit to help you plan and manage your mentoring relationship. The *Entre Nous* online orientation must be completed by the entrepreneur and mentor prior to the loan funds being disbursed.

Perseverance pays off!

The first children's book Dr. Seuss wrote was rejected by 23 publishers. Lucky publisher number 24 agreed to print the book, which sold six million copies! In Coca Cola's first year of operation, the company sold only 400 Cokes. And Henry Ford went bankrupt twice in his first three years of business.



Mentor Checklist

An effective CYBF Mentor is:

- Willing to share appropriate knowledge and personal experiences with others
- Strong in interpersonal skills
- Strong in communication skills
- Able to see solutions and opportunities as well as barriers
- Available and accessible, especially in the event of a business crisis or emergency
- Energetic and enthusiastic
- Patient
- Trustworthy

A CYBF Mentor should:

- Share experiences as an entrepreneur, professional or business manager
- Facilitate monthly review and analysis of business' financial performance
- Develop and foster a positive mentoring relationship based on mutual trust and support
- Act as a sounding board or coach
- Make suggestions to guide the entrepreneur, but not make decisions for the entrepreneur
- Challenge the entrepreneur to make his/her own decisions
- Use his/her personal and business network to open additional avenues of support

A CYBF Mentor must:

- Make personal commitment to mentor a young entrepreneur – devoting two to four hours per month
- Respect confidentiality guidelines and complete *Mentor Agreement and Registration* online
- Participate in the online mentor training session with the young entrepreneur
- Maintain regular contact with entrepreneur
- Meet monthly with entrepreneur to review company financial status and make recommendations
- Submit *Mentor Quarterly Report* online to CYBF
- Hold no financial investment in entrepreneur's business
- Advise CYBF immediately if the relationship is not working



Entre Nous - A Guide

What is Entre Nous?

Entre Nous is the face-to-face mentoring program mandatory for all Canadian Youth Business Foundation (CYBF) loan clients. It is facilitated through the Internet however the entrepreneur and mentor meet face-to-face. The Entre Nous mentoring program has four components.

1. Resource Kit Book

The entrepreneur(s) and mentor are supplied this book to be used in conjunction with the orientation.

2. Orientation

The goal of the orientation is to establish the mentoring relationship and therefore it must be completed prior to loan disbursement. The orientation can be re-visited by the entrepreneur(s) and/or mentor after the initial completion.

The orientation must be completed by **both** the entrepreneur(s) and mentor in front of the same computer with Internet access. The orientation takes a couple hours to complete but it doesn't need to be completed in one sitting as it can be stopped and re-started where left off. The CYBF Coordinator receives notification upon orientation completion to proceed with the loan application.

3. Quarterly Reporting

The entrepreneur and mentor submit an online report (due December 31, March 31, June 30 and September 30) allowing CYBF to monitor the progress of the business and mentoring relationship. Email reminders are sent to prompt the entrepreneur/mentor to complete the report.

4. Learning Resources

The learning resources support the young entrepreneur's business and the mentoring relationship. The library provides further information on mentoring (books and websites).

How to Access Entre Nous Online

Entre Nous is password protected and only available to CYBF entrepreneurs and mentors.

1. Obtain your username and password

- Go to www.cybf.ca and click on the "Entre Nous" button.
- Complete the online "Agreement & Registration".
[Mentors](#) – click on "Mentors" then "Agreement & Registration".
[Entrepreneurs](#) – click on "Entrepreneurs" then "Agreement & Registration". In a partnership, each entrepreneur completes a separate "Agreement & Registration".
- A unique username and password will be emailed separately to the entrepreneur(s) and mentor. This will occur once **both** the entrepreneur(s) and mentor have completed the Agreement & Registration **and** the mentor is verified to participate in Entre Nous.

2. Login to Entre Nous and select the Orientation, Quarterly Reports or Learning Resources.

- Go to www.cybf.ca and click on the "Entre Nous" button, click on "Members Only" and login.



Loan Application

Amount of Loan Requested: \$ _____ Date of Application _____

Male Female Aboriginal*: Status Indian Non-Status Indian Métis Inuit

Family Name _____ Given Name _____ Middle Initial _____

Social Insurance Number _____ Date of Birth: (d/m/yr) _____

Address _____ City _____

Province _____ Post Code _____ Length of time at address _____

Previous Address if less than 2 years _____

Email _____ Website _____

Phone: Home _____ New Business _____ Work _____ Fax _____

Marital Status: Married Single Widow(er) Separated Divorced Common Law

Spouse's First Name _____ Spouse's Last Name _____

Next of Kin: 1. Name _____ Phone _____

Address _____

2. Name _____ Phone _____

Address _____

Full Business Legal Name ("the Business") _____

Type of ownership: Sole Proprietorship Partnership Incorporated Company Cooperative

Name of Partner(s): _____

Name of Mentor: _____ Phone _____ Email _____

Have you ever declared bankruptcy in the past 5 years? No Yes – When? _____

Have you ever been party to any claim or lawsuit? No Yes – Explain: _____

Personal Financial Summary					
Assets	Value	Liabilities	Outstanding	Monthly Payment	CYBF Evaluation
Real Estate	\$	Total Mortgage	\$	\$	\$
RRSP & Savings	\$	Bank Loan	\$	\$	\$
Total Personal Bank Deposit Balances – including Cash and Money Market instruments	\$	Line of Credit	\$	\$	\$
		Student Loan	\$	\$	\$
Car less than 5 yrs	\$	Credit Cards	\$	\$	\$
Year: _____ Make: _____		Car Loan	\$	\$	\$
Other: _____	\$	Other: _____	\$	\$	\$
(Not household items)		(e.g. unpaid accumulated taxes)			
Other: _____	\$	Other: _____	\$	\$	\$
Other: _____	\$	Other: _____	\$	\$	\$
Other: _____	\$	Other: _____	\$	\$	\$
TOTAL ASSETS	\$	TOTAL LIABILITIES	\$	\$	\$

Total Personal Net Worth (Total Assets – Total Outstanding Liabilities) \$

References

Note: Acceptable references are Religious leaders, former teachers or principal, former employer, College or University faculty. Do not include references from family members or friends. References will be contacted by CYBF.

1.	Name _____	Relationship _____
	Address _____	Phone _____
2.	Name _____	Relationship _____
	Address _____	Phone _____
3.	Name _____	Relationship _____
	Address _____	Phone _____

Personal Budget

	Monthly	Annual
Projected Drawings / Salary	\$ _____	\$ _____
Other Household Income	\$ _____	\$ _____
TOTAL Projected Household Income	\$ _____	\$ _____
Rent / Mortgage	\$ _____	\$ _____
Property Taxes	\$ _____	\$ _____
Food	\$ _____	\$ _____
Utilities	\$ _____	\$ _____
Daycare	\$ _____	\$ _____
Miscellaneous (e.g. Child Support / Medical)	\$ _____	\$ _____
Total Loan & Debt Payment	\$ _____	\$ _____
Projected CYBF Loan Payment	\$ _____	\$ _____
Projected Payment for Additional Financing	\$ _____	\$ _____
TOTAL Projected Household Expenses	\$ _____	\$ _____
Disposable Income (Income - Expenses)	\$ 	

I certify that all the information in this application is true, complete and correct. I hereby authorize CYBF, from time to time, to give credit and other information about me and the Business, including any information on this application to, or receive such information from: (a) any credit or reporting agency; (b) any company with whom I may have or propose to have financial dealings; and (c) any partner in connection with any dealings that I have or propose to have with CYBF.

Applicant's Signature

Date

The Following Section is for CYBF Use

Community _____	Coordinator's Name _____
Name on Identification _____ (as proven on identification)	Driver's License No. _____ (or other Government documentation with photo ID)

* The Canadian Youth Business Foundation, in a continuing effort to improve our range of services, is collecting data on the number of people of Aboriginal heritage accessing our current services. This information is requested on a voluntary basis and will be aggregated and used exclusively for service improvement purposes.