

Frequently Asked Questions

Who can apply for a small business loan?

Residents of Nova Scotia who wish to start a small business, and/or companies or co-operatives in the province who intend to grow their business.

Where is this program available?

This program is available across Nova Scotia, through credit unions only.

How do I apply?

Visit East Coast Credit Union to apply today.

What will the Credit Union require from me?

Your credit union will require a business plan that shows the viability of your idea. You may be asked to provide information regarding your net worth, credit history and other documents that are normally required when applying for a loan.

Does my past credit history count?

Credit history is an important piece of your identity. All financial institutions will check credit histories when you apply for credit of any kind. A credit history report however, is not the only criteria used by a credit union to make a lending decision. Those with a less than perfect credit history are still eligible to apply under the Small Business Financial program.

Will I need to give personal security or guarantees to the credit union?

Yes. The credit union will evaluate your loan request by following regular credit lending criteria. This will include an assessment of your personal net worth. If your application does not fit normal lending criteria, but the credit union feels your business has potential for success, the credit union can apply for a loan guarantee to offset this risk. The maximum amount of the loan guarantee in most cases will be 90 percent of the loan value, up to \$500,000.

How much can I borrow?

Under this program, the maximum amount that can be borrowed is \$500,000.

What kind of financing does this program cover?

The program can cover loans that are of a traditional debt nature, for working capital or lines credit.

Are there any restrictions on the type of business eligible?

All types of businesses are eligible except residential and commercial real estate, beverage rooms and taverns. Also, any venture of a questionable ethical or legal nature is ineligible. Each application is evaluated on a case by case basis, and based on the business plan and viability.

What are the terms of the loan?

The terms and conditions of the loan will be negotiated between the client and the credit union. The maximum term under this program is ten years.

What is the interest rate?

The interest rate is negotiated between the client and the credit union.

Is there a fee to access this program?

Clients are required to pay a one (1) per cent administration fee annually, based on the total guarantee outstanding. This one (1) percent is a guarantee fee that is remitted by the credit union to the Provincial Department of Finance.

Are personal loans eligible?

No. The program only applies to business ventures.

Are there any other requirements under this program?

If there are any weaknesses in your business plan, for example, a lack of management expertise, the credit union may request that you have a business mentor as a condition of the loan. Our development agency, the Nova Scotia Co-operative Council, will work with you to find a suitable mentor.

Is there any support available if I need help with putting my business plan and application together?

Yes. Our development agency, the Nova Scotia Co-operative Council, can assist you with accessing the technical assistance you require to strengthen your plan.