

CAPITAL LEASING REGULATIONS CLAIM FOR LOSS

Note: Please read the attached **INSTRUCTIONS** to fill this form properly.

LESSOR				
1	(A) Name, address and contact name of lessor administering the capital lease (print)	1	(B) If the payment must be forwarded to a different location than 1 (A), indicate the name, address and contact name.	
	Postal Code		Postal Code	
2	Name of contact that must receive an acknowledgment receipt for this form		Fax No.	
3	Industry Canada Identification No.	4	Lessor's Capital Lease Account No.	5
				Industry Canada Capital Lease Registration No.

LESSEE				
6	Lessee's Name and Address (print)		7	If business is a franchise, provide the name and address of the franchisor
	Postal Code			Postal Code
Operating Name of Business (if different)				
8	History of the Business, description of the project related to the capital lease, and details about transfers of the capital lease to other lessees or lessors.			

TOTAL FINANCING AMOUNT				
9		Cost (A)	Amount Not Financed (B)	Total Financing Amount of the Capital Lease (C) = (A) - (B)
	Purchased price of NEW equipment	\$	\$	\$
	Lesser of: purchase price OR fair market value of USED equipment	\$	\$	\$
	Additional costs necessary for the operation of the equipment	\$	\$	\$
	Cost of software necessary for the operation of the equipment	\$	\$	\$
	Non-refundable taxes and custom duties	\$	\$	\$
	Registration fee (if financed)			\$
	TOTAL	\$	\$	\$
10	Date the capital lease was entered into	Year	Month	Day
11	Term of the capital lease (months) ▶			

SECURITY AND GUARANTEES OR SURETYSHIPS

12 Description of security, guarantees or suretyships taken by the lessor

13 Enter in the boxes the two codes best explaining the default of the capital lease and provide explanations for the failure of the small business.

14 (A) Complete the following indicating whether or not security and guarantees or suretyships have been realized. Describe the realization process that took place. Explain the reasons why some security and guarantees or suretyships were not realized. Indicate the potential for additional recovery.

Security Interest in Leased Equipment	Additional Security on Business Assets	Guarantees or Suretyships						Personal Liability of Lessee
		Personal			Corporate			
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

(B) Indicate if any security was taken on the equipment by a prior ranking secured creditor. If so, provide details of the realization.

Securities by Prior Ranking Secured Creditor
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

INFORMATION ON LESSEE AND GUARANTORS

15	Name	Status (Code)	Net Worth (Code)	Judgement Obtained		Date of Judgement			Amount Applicable to Capital Lease	Judgement Interest Rate
				Yes	No	Year	Month	Day		
									\$	%
									\$	%
									\$	%
									\$	%

LOSS INFORMATION

16 Date of Default Year Month Day	17 Compliance Date in Notice of Default Year Month Day	18 Annual imputed rate of interest at the compliance date in the Notice of Default % + % = % <i>Gov. of Canada bonds</i> <i>Cannot exceed 13.25%</i>
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Outstanding balance of the capital lease in relation with the outstanding balance of all registered and unregistered capital leases and loans at the compliance date in the notice of default.

19 Outstanding balance of the capital lease \$	20 Outstanding balance of all capital leases and loans \$	21 % (Line 19 / Line 20) %
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LOSS CALCULATION

22	Amount of any overdue payments					+ \$
		\$	x		=	
		<i>Monthly payment</i>	<i>Number of months</i>			
23	Net present value of all future payments due	\$			%	+ \$
		<i>Monthly payment</i>	<i>Number of months</i>	<i>Discounted rate</i>		
24	The lesser of the present value of A) or B)					
A) \$	<i>Residual value</i>	<i>Number of months</i>	<i>Discounted rate</i>	<i>Present value</i>	=	+ \$
B) \$	<i>Bargain purchase price</i>	<i>Number of months</i>	<i>Discounted rate</i>	<i>Present value</i>	=	
2	OUTSTANDING BALANCE of the capital lease (total of Lines 22,23,and 24)					= \$

2	Amount of interest payable (do not calculate as interest will be calculated by the Administration)				
		Total Cost Amount	Method of Sharing (code)	% of Sharing	
2	Uncollected taxed costs	\$		%	+ \$
2	Legal fees and disbursements	\$		%	+ \$
2	Other costs incurred by the lessor	\$		%	+ \$
3	GROSS LOSS BEFORE DEDUCTIONS (total of Lines 25 to 29)				= \$

31 DETAILED REALIZATIONS

Realization Date Year Month Day	Total Proceed Amount	Realization (code)	Method of Sharing (code)	% of Sharing	Proceeds Applicable to Capital Lease
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$
	\$			%	\$

32	TOTAL PROCEEDS APPLICABLE TO CAPITAL LEASE				- \$
33	AMOUNT OF LOSS BEFORE HOLDBACK - INTERIM CLAIM (Line 30 less 32)				= \$
34	HOLDBACK - INTERIM CLAIM	Category (code) ▶			- \$
35	AMOUNT OF LOSS CLAIMED (Line 33 less 34)				= \$

CHECKLIST

Copies of the following documents must accompany this claim for loss, if applicable:

- | | |
|----|---|
| 1 | <input type="checkbox"/> Administrative documentation substantiating the approval of the capital lease |
| 2 | <input type="checkbox"/> Capital lease registration form, Capital lease cost form, Receipt acknowledgment of the registration |
| 3 | <input type="checkbox"/> Capital lease and all amendments to the capital lease |
| 4 | <input type="checkbox"/> Documentation substantiating the cost of equipment, such as invoices, contracts, purchase and sale agreements, franchise agreements, vendor's declaration or any other evidence |
| 5 | <input type="checkbox"/> Evidence of payment for the equipment financed by the capital lease, such as cancelled cheques, credit card receipts, vendor's receipted invoice or any other evidence |
| 6 | <input type="checkbox"/> Document establishing the fair market value in respect of any used equipment |
| 7 | <input type="checkbox"/> Statement of account with respect to the capital lease |
| 8 | <input type="checkbox"/> Documents substantiating any changes to the lessor's annual imputed rate of interest |
| 9 | <input type="checkbox"/> Documents substantiating the security, guarantees and suretyships |
| 10 | <input type="checkbox"/> Notice of default and demand for repayment |
| 11 | <input type="checkbox"/> Documents supporting the realization of security and guarantees including the new capital lease agreement and the personal liability of the lessee |
| 12 | <input type="checkbox"/> Documents supporting the unrealized security and guarantees or suretyships including the personal liability of the lessee |
| 13 | <input type="checkbox"/> Invoices and receipts supporting uncollected taxed costs, legal fees and disbursements and other costs incurred by the lessor. Detailed solicitor's billing must show work performed, total time spent and hourly rates. |
| 14 | <input type="checkbox"/> Statement of Claim, Judgement and Writ of Execution |
| 15 | <input type="checkbox"/> Documents in relation to the bankruptcy or receivership |
| 16 | <input type="checkbox"/> Approved request for extension of claim submission deadline |

LESSOR'S CERTIFICATION

I, the undersigned responsible officer of the lessor, certify that:

- to the best of our knowledge, the information contained herein is true and accurate;
- the lessor has:
 - acted in accordance with the due diligence requirements of the Canada Small Business Financing (Establishment and Operation of Capital Leasing Pilot Project) Regulations;
 - taken the measures against the lessee as required by the said Regulations to minimize the loss in respect of the capital lease; and
 - complied with all the eligibility requirements of the said Regulations.

Fraudulent activities in respect of capital leases registered under the Capital Leasing Regulations could be subject to sanctions under the Criminal Code.

SIGNATURES

Name and Title of Responsible Officer of the Lessor (print)	Signature	Year	Month	Day

Indicate Contact Name to Obtain Information

Telephone No.	Extension	Fax No.	E-mail Address

Send this form and all of the documentation to:

Capital Leasing Pilot Project
Canada Small Business Financing Program
 235 Queen Street
 Ottawa, Ontario K1A 0H5
 Tel.: (613) 954-5540 Fax: (613) 952-0290
 Email: csbfa-lfpec@ic.gc.ca
 Internet: strategis.gc.ca/csbfa

INSTRUCTIONS

1. (A) Enter the name, address, postal code and the contact name of the lessor administering the capital lease.
(B) If the payment must be forwarded to a different location than 1 (A), indicate the name, address and contact name.
2. Enter the name of the person to whom an acknowledgment for this form must be sent to.
3. Enter the Identification number assigned to the lessor (**8 digits**) by Industry Canada.
4. Enter the account number assigned to the capital lease by the lessor.
5. Enter the capital lease registration number (**7 digits**) assigned to the capital lease by Industry Canada.
6. Enter the lessee's name, address and postal code. Provide the operating name of the business, if different from the lessee's name.
7. Enter the name, address and postal code of the franchisor, if the business is a franchise.
8. Describe the history of the business and the purpose for which the capital lease was made. Enter all transfers of the capital lease to other lessees or lessors.
9. For each cost component of the equipment, enter:
(A) the cost as substantiated by invoices, contract, proof of payment, or fair market value;
(B) the amount of the cost that was not financed by the capital lease;
(C) the amount of the cost that was financed by the capital lease, that is the difference between (A) and (B).
10. Enter the date the capital lease was entered into.
11. Enter the term of the capital lease in months.
12. List the security, guarantees or suretyships relating to the capital lease together with any subsequent amendments.
13. Enter in the boxes the two principal reasons for the capital lease **default** using the **codes** below. Explain in further detail the reasons for the failure of the small business.
 - 1) - Poor management skills
 - 2) - Insufficient equity capital
 - 3) - Adverse developments in the industry or economy
 - 4) - Personal problems of the principal
 - 5) - Unrealistic plans and projections
 - 6) - Difficulties with major suppliers or customers
 - 7) - Loss of key management
 - 8) - Fraudulent business activities
 - 9) - Excessive cash drain
 - 10) - Other
14. (A) Check the boxes to indicate whether the items described were realized or not or were not applicable. Describe the realization process that took place. If applicable, explain and justify the realizations that were not done. Indicate the potential for any additional recovery.
(B) Indicate if any security was taken on the equipment by a prior ranking secured creditor. If so, provide details.
15. Enter the name of the lessee and the guarantors. Using up to two of the following codes, indicate which best describe the **status** of the lessee and guarantors:
 - 1) - Bankrupt
 - 2) - Cannot be located
 - 3) - Compromise settlement
 - 4) - Debt cancelled
 - 5) - Unable to pay
 - 6) - Severe hardship
 - 7) - Non-resident
 - 8) - Recovery not cost effective
 - 9) - Some possibility of recovery
 - 10) - Good possibility of recovery

Indicate the estimated **net worth** of the lessee or guarantors using the following codes:

 - 1) - \$0
 - 2) - \$1 - \$10,000
 - 3) - \$10,001 - \$50,000
 - 4) - \$50,001 - \$100,000
 - 5) - Over \$100,000
 - 6) - Not known

Indicate if a judgment was obtained. If so, indicate the date of the judgment, the amount of the judgment relative to the capital lease, and the interest rate specified in the judgment for the capital lease.
16. Enter the date of default defined as the day on which the lessee failed to comply with any material condition of the capital lease.
17. Enter the date the lessor has given the lessee to comply with, in the notice of default .

INSTRUCTIONS

18. Enter the annual imputed rate of interest effective at the compliance date in the notice of default.
19. Enter the outstanding balance of the current capital lease at the compliance date in the notice of default.
20. Enter the outstanding balance of all registered and unregistered capital leases and loans of the lessee, including the current capital lease, at the compliance date in the notice of default.
21. Divide the current capital lease amount (Line 19) by the total amount of all registered and unregistered capital leases (Line 20).
22. Enter the monthly payment amount and the number of overdue payments, at the compliance date in the notice of default, in order to establish the total amount of overdue payments.
23. Enter the monthly payment amount and the number of all monthly future payments due at the compliance date in the notice of default. Calculate the net present value of the amount of all future payments due using the annual imputed rate of interest effective at the compliance date in the notice of default.
24. Enter the lesser of the present value of (A) or (B). Enter the amount set out in the capital lease and the number of months left in the lease. Calculate the present value of the amount, using the annual imputed rate of interest effective at the compliance date in the notice of default:
(A) residual value of equipment
(B) bargain purchase option price of equipment
25. Add lines 22, 23, and 24 to obtain the outstanding balance of the capital lease.
26. Do not calculate the interest due as per Capital Leasing Regulations. The interest will be calculated by the the Small Business Loans Administration when paying the claim for loss.
27. Enter the uncollected taxed costs incurred and paid in respect of legal proceedings for the capital lease. Deduct any refundable tax or credit. Provide a detailed list if there is more than one single cost.

Enter the appropriate **method of sharing** that best describe the way the cost was applied to the capital lease; if there is more than one method of sharing, provide a detailed list:

- 1 - cost belonging to the capital lease only;
- 2 - cost pro-rated on the basis of the amounts realized for each capital lease or loan;
- 3 - cost pro-rated on the basis of the outstanding balance of each capital lease or loan; or
- 4 - cost pro-rated on the basis of the amount of each capital lease or loan stated in the judgment.

Enter the applicable **percentage of sharing** and apply this percentage to the total cost amount in order to arrive at the cost applicable to the capital lease. If there is more than one percentage of sharing, provide a detailed list.

28. Enter the total legal fees and disbursements incurred and paid by the lessor in realizing or attempting to realize on the capital lease. Deduct any refundable tax or credit. Provide a detailed list if there is more than one single cost.

Enter the appropriate **method of sharing** that best describe the way the cost was applied to the capital lease; if there is more than one method of sharing, provide a detailed list:

- 1 - cost belonging to the capital lease only;
- 2 - cost pro-rated on the basis of the amounts realized for each capital lease or loan;
- 3 - cost pro-rated on the basis of the outstanding balance of each capital lease or loan; or
- 4 - cost pro-rated on the basis of the amount of each capital lease or loan stated in the judgment.

Enter the applicable **percentage of sharing** and apply this percentage to the total cost amount in order to arrive at the cost applicable to the capital lease. If there is more than one percentage of sharing, provide a detailed list.

29. Enter the other costs incurred and paid by the lessor in realizing or attempting to realize on the capital lease. Deduct any refundable tax or credit. Provide a detailed list if there is more than one single cost.

Enter the appropriate **method of sharing** that best describe the way the cost was applied to the capital lease; if there is more than one method of sharing, provide a detailed list:

- 1 - cost belonging to the capital lease only;
- 2 - cost pro-rated on the basis of the amounts realized for each capital lease or loan;
- 3 - cost pro-rated on the basis of the outstanding balance of each capital lease or loan; or
- 4 - cost pro-rated on the basis of the amount of each capital lease or loan stated in the judgment.

Enter the applicable **percentage of sharing** and apply this percentage to the total cost amount in order to arrive at the cost applicable to the capital lease. If there is more than one percentage of sharing, provide a detailed list.

INSTRUCTIONS

30. Add lines 25 to 29 to obtain the amount of gross loss before deductions.
31. Enter the date of realization and the total proceed amount of each realization. Deduct any refundable tax or credit.

Enter the appropriate **realization code**:

- | | |
|---------------------------------|---|
| 1) - Residual value - equipment | 6) - Other assets of the small business of the lessee |
| 2) - Sale - equipment | 7) - Personal guarantees or suretyships |
| 3) - New lease - equipment | 8) - Corporate guarantees or suretyships |
| 4) - Prior ranking - equipment | 9) - Personal liability |
| 5) - Software | 10) - Miscellaneous |

Enter the appropriate **method of sharing** that best describe the way the proceed was applied to the capital lease:

- 1 - proceed belonging to the capital lease only;
- 3 - proceed pro-rated on the basis of the outstanding balance of each capital lease or loan; or
- 4 - proceed pro-rated on the basis of the amount of each capital lease or loan stated in the judgment.

Enter the applicable percentage of sharing and apply this percentage to the total amount of proceed in order to arrive at the proceed applicable to the capital lease.

32. Add all the proceeds applicable to the capital lease.
33. Subtract the total proceeds (Line 32) from the gross loss before deductions (Line 30).
34. If submitting an interim claim for loss, enter the applicable **category code** from the list below. Enter the appropriate holdback amount:
- 1) - Full amount of the personal guarantee or suretyship;
 - 2) - Full amount of the corporate guarantee or suretyship;
 - 3) - Uncollected amount of the compromise settlement with the personal guarantor;
 - 4) - Uncollected amount of the compromise settlement with the corporate guarantor; or
 - 5) - Uncollected amount of the compromise settlement with the lessee.
35. Subtract line 34 (holdback) from line 33 (loss before holdback) to obtain the amount claimed.