

# SMALL BUSINESS LOANS

## SMALL BUSINESS LOANS ASSOCIATION PROGRAM



Photo: Uniquity Photography

*Celest Sherwin, Denise Yont and Patti Zerr started Creekside Market in Langenburg with the help of an SBLA loan.*

### PURPOSE

The Small Business Loans Association (SBLA) Program encourages diversification of the Saskatchewan economy and supports community economic development by making funding available, through community-run organizations, to entrepreneurs. The SBLA program is only available to Saskatchewan businesses. Thousands of small businesses have been assisted, and hundreds of Small Business Loans Associations have been formed, since the program was introduced in 1989.

### BENEFITS

Retention and growth of businesses in a community is critical in retaining the population and tax base of the community. A stable population is key to retaining schools and hospitals.

### WHO CAN BORROW FROM AN SBLA?

Each individual business is eligible for the maximum \$15,000 SBLA loan under the program, including any entrepreneur who has experienced difficulty in obtaining financing through traditional means. In making loans, an SBLA generally judges businesses on their ability to create jobs and to add services to communities. The ability of businesses to access traditional bank or credit union financing is also considered, as the intent of the program is to provide help to entrepreneurs who otherwise might not get started.

Businesses not eligible for assistance are those engaged in direct farming, exploration (e.g. mining and oil extraction), residential real estate and multi-level marketing. Charitable organizations do not qualify for assistance.

### WHAT ARE THE TERMS OF AN SBLA LOAN?

Businesses can use SBLA loans to purchase assets, such as equipment. Monies cannot be used for operating expenses or for repayment of existing debt.

Loans are granted at competitive interest rates, which vary with each association, up to a maximum of 10 per cent per year. Businesses have up to five years to repay their loans. It is preferred that a client obtains all his/her loans from only one SBLA.

The principal repaid on a loan is returned by the SBLA to the Department of Regional Economic and Co-operative Development (RECD).

The SBLA retains the interest to cover its administrative costs or contributes to worthwhile projects in the community.

## HOW DO WE APPLY?

To borrow from an SBLA, contact your local association for program information and application forms. If you do not know the SBLA in your area, contact the SBLA Program Office (see below) for referral to the association nearest you. You will be required to provide the association with a completed application, a business plan and a signed demand promissory note and general security agreement along with an administration fee. The SBLA will then review and approve or decline your loan.

## WHAT IS AN SBLA?

Community-based interest groups, co-operatives, corporations, Rural Development Corporations and Regional Economic Development Authorities can form SBLAs. Under *The Business Corporations Act* or *The Co-operatives Act*, the SBLA can incorporate as either “for profit” or “non-profit.”

Once approved and incorporated, an SBLA may access an interest-free revolving line of credit of up to \$200,000 from RECD. The SBLA, in turn, uses this line of credit to make loans of up to \$15,000 to new and existing businesses.

To establish a Small Business Loans Association in your area, contact the SBLA Program Office for information and preliminary review. Once you have completed your application form and incorporated your association, the department will review your application and, if it is successful, provide your association an offer of credit at an appropriate level.

## FOR MORE INFORMATION, CONTACT:

Small Business Loans Association Program  
Department of Regional Economic and  
Co-operative Development  
200 -3085 Albert St.  
REGINA SK S4P 3V7  
Phone: (306) 787-7154  
Fax: (306) 787-3872  
E-mail: [lwelk@rd.gov.sk.ca](mailto:lwelk@rd.gov.sk.ca)



**Saskatchewan  
Regional Economic  
and Co-operative  
Development**

## WHAT SBLA CLIENTS HAD TO SAY:

“After being turned down by two banks, frustration settled in. We then contacted Cornerstone Regional Economic Development Authority (CREDA) and applied for a small business loan. CREDA believed in us and our dream and lent us \$10,000 that spring. CREDA is the reason why we have a successful business today.”

**Charlotte Roettger**  
Roettger Poultry and Meats  
Osage

“With the SBLA loan, we have been able to generate \$1.5 million in sales in seven years of business. We couldn’t have done it without them.”

**Lincoln Dobson**  
Last Mountain Timber Wrihting  
and Recycling  
Buena Vista, SK

“The Redvers District Development Corporation has helped me out many times over the last few years, whether it was to purchase needed tools or large orders of furniture polish. It has been a useful management tool.”

**Dwaine McNeil**  
McNeil Oak Barrel Art  
Redvers