



Bulletin

Vol. 2, No 1

Canada Small Business Financing Program

January 2000

Interim Claim

(Reference: Section 39 of CSBF Regulations (CSBFR); Item 6, S. C of the CSBF Guidelines)

CSBFR allow the Administration to make interim claim payments on loans made as at April 1, 1993. Interim claim can be submitted only after all assets securing the loan have been realized (or if assets abandoned, when not cost effective to realize on them) and only the guarantee, suretyships or personal liability of the sole proprietor or partner remains to be realized.

Lenders are reminded to proceed as follows when submitting an interim claim where:

1) Date of full realization is known: This means that the lender is aware of the date the guarantee, suretyships or liability of sole proprietor or partners will be fully realized. For example, the guarantor cannot pay the guarantee in one lump sum and an agreement is reached between the lender and the guarantor to pay the guarantee in 12 equal monthly installments.

The lender should clearly indicate the date the guarantee will be fully implemented or realized in line 15 of the claim for loss. If this date falls beyond the 36 months deadline claim submission, then the Administration will indicate in the remarks section of the Claim Calculation - Summary the date by which the lender must

submit its final claim (approximately two months from the date indicated in line 15).

2) Date of realization is not known: This means that the lender is unaware of the date the guarantee, suretyships or liability of sole proprietors or partners will be fully realized. For examples, the lender is pursuing action against the guarantor or the lender is still in the negotiation stage with the guarantor.

The lender and the Administration will determine a date by which the lender must either submit its final claim or request an extension to the claim submission date. Confirmation of this date will be found in the remarks section of the Claim Calculation - Summary.

The following applies in 1) and 2) above:

- C Lenders must **enter the amount of the holdback** in line 31 of the claim for loss form. The holdback is either:
- (a) the entire amount of the personal guarantee, suretyships or liability of sole proprietors or partners,
 - (b) the settlement amount, or
 - (c) the amount remaining to be collected in (a).
- It is the **lender's responsibility** to ensure that the final claim or the request for an extension of claim

is submitted before the date specified in the remarks section. The Administration will not accept claims or requests for extensions submitted after the date indicated in the remarks section.

Provisions under the CSBFR allows lenders to chose the interim claim process for loans made under the *Small Business Loans Act*. Lenders have to proceed in the same manner as set out above. **Please note that the interest will be paid as per subsection 38(8) of the CSBFR - that is to say interest will only be paid for a maximum of 24 months.**

Your comments and suggestions regarding our bulletins are much appreciated. We welcome you to submit topics you would like to see in future bulletins.

Small Business Loans Administration

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