



## Guide for borrowers

Transition Salt Spring Enterprise Cooperative (the Co-op) is a members' cooperative, established in 2011 to help Transition Enterprises on Salt Spring Island. **A Transition Enterprise is a financially viable business or project that fills a community need, delivers social benefits, and has beneficial environmental impacts.**

*If your project fits the Transition Enterprise criteria we encourage you to apply for a Co-op loan.*

### Before you start—Does your project address any of these Transition Enterprise criteria?

1. **Energy** — Does your project result in reduced fossil fuel use and/or a reduced carbon footprint? What energy saving strategies do you or will you employ? Will you use local and recycled materials?
2. **Community Health** — Does your project contribute to the health and well-being of those it serves and of the island's ecosystems? For example if your project uses water, what is your water supply, how will you conserve water and how will you treat wastewater?
3. **Localization** — Does your project provide local goods or services to local people? Will it consider local sourcing and distribution networks? Does your enterprise work towards building community, complementing and cooperating with other local enterprises?
4. **Business Principles** — Is your project financially viable? Does it support green and fair trade objectives such as affordable, sustainable products and services and good livelihoods for employees?

### Step 1—Contact Us

If your project addresses two or more of the above criteria, please contact us using the enquiry form on our website [www.transitionsaltspringenterprise.cooperative.com](http://www.transitionsaltspringenterprise.cooperative.com) or email [tssenterprisecoop@gmail.com](mailto:tssenterprisecoop@gmail.com). One of our directors will meet with you in person or by phone to discuss your project. If the project is eligible you will be invited to submit a Letter of Interest.

### Step 2—Submit a Letter of Interest

The Letter of Interest should include the following:

- Your name and contact information
- Name of organization, business or individual applying for financing
- Name of project
- Brief description of project including how it addresses Transition Enterprise criteria
- Amount of financing requested from the Enterprise Co-op and proposed use of funds
- Date when funds are required and length of time the funds are needed



### **Step 3—Meet with the Co-op Loan Officer(s)**

This meeting is your opportunity to explain the project in more detail and learn how the Co-op financing works. It also allows the Loan Officer(s) to ask questions about the project. If there is a mutual interest in proceeding you will be asked to supply the following to allow us to fully evaluate your proposal.

- A biographical note outline the skills, training, and experience that you, your partners and/or prospective employees have that will enable you to operate and manage the project.
- For an existing business, the last two years financial statements and balance sheet. For a sole proprietorship a personal net worth statement.
- A short business plan including a cash flow projection that demonstrates financial viability and ability to repay the loan.
- A list of permits, licenses, leases and agreements needed to undertake your business and the steps taken to obtain them.
- A copy of your recent credit report.
- Three references, two personal and one business.

The Co-op reserves the right to request further information and to seek additional references. A mentor will be assigned to help you if necessary. A Confidentiality Agreement will be signed regarding the sharing of financial and other private information.

### **Step 4—Project Approval**

This step is completed after you have supplied all information requested by the Co-op. If your project meets the Co-op due diligence criteria, it is brought to the Board for review. If your project is approved, the Co-op will negotiate the terms of the loan with you (interest rate, administration fee, repayment schedule, security etc.).

### **Step 5—TSSEC Member investment**

When the financial terms are agreed, Co-op members will be invited to consider participating in the project. This step may take up to two weeks or longer depending on the nature of the project and amount of funding requested. You will be notified when the funding target is met or if only a lesser amount has been secured. In that case, you have the option of accepting the lesser amount or withdrawing from the process.

### **Step 6—Legal agreements and other matters**

This is the final step before the Co-op issues a loan. You will need to become a member of the Co-op at this point, if you are not already. The Co-op will draw up standard loan documents for signature, and depending on the nature of the project, there may be other documents to sign.

### **Step 7—Funds issued**

When all the paperwork is completed the Co-op will provide you with a cheque. Great! Your project is financed but do not forget about us. We want to hear how things are going. Are things going according to plan? Or if not, are there things that can be done to improve the situation? Let us know.

### **Step 8—Project monitoring and follow up**

The requirements for regular reporting to the Co-op during the term of the loan will be specified in the loan documents.

The Co-op is your project partner and our primary interest is in helping your project succeed—to benefit you, and our community.

