Buy or expand a business property with help from TD Canada Trust

Talk to us about a Business Mortgage

A TD Canada Trust Business Mortgage is a flexible way to finance a new property, expand existing premises or consolidate your business debts. Choose from a wide range of options that can be customized to suit your business needs and cash flow.

A TD Canada Trust Business Mortgage offers:

- Amounts up to 75% of your business property value[1]
- The flexibility to generate incremental income by using up to 50% of the above-ground area of the mortgaged property for rental purposes
- Your choice of competitive fixed or floating interest rates
- Ability to prepay 100% of the outstanding mortgage balance at any time with floating rate facilities
- Ability to prepay up to 10% of the original mortgage balance per year with fixed rate facilities
- Ability to optimize your cash flow with amortizations of up to 20 years
- Small Business Banking specialists at many branches to help you choose the Business Mortgage options that best suit your needs

Our business is helping your business

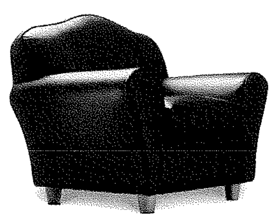
TD Canada Trust is committed to supporting Canadian small businesses like yours. With fast, efficient service and convenient locations and hours of operation, we help you focus on what you do best – running your business. When it comes to small business credit, a TD Canada Trust solution can be as close as your telephone.

EasySwitch Service

We make it easier to move your deposit account to TD Canada Trust with our EasySwitch™ service. We do all the work for you.

Protect what's important

Financing your business? Want to protect your business and those who have a stake in it? Consider Business Credit Life Insurance[2] for yourself, your family, employees and anyone key to your business.



TD Canada Trust

Banking can be this comfortable

[1] Value is determined by the lesser of the appraisal or purchase price of the business property. [2] Business Credit Life Insurance provides group life coverage, underwritten by Sun Life Assurance Company of Canada and accident coverage, underwritten by TD Life Insurance Company. Complete details of benefits, exclusions and limitations are contained in the Certificate of Insurance. ™ Trade-mark of The Canada Trust Company.

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CANADA SMALL BUSINESS FINANCING ACT (CS

(Replaced Small Business Loans Act effective April 1, 1999 - *Changes to SBLA in Italics*)

ELIGIBLE BUSINESS

- Small businesses carried on or about to be carried on in Canada for gain or profit.
- Estimated gross revenue for year in which application made is less than $5 million.

EXCLUDES:

- Farming*, charitable or religious organizations, or any business not operating for gain or profit. (**A non-farm related business operating on a farm is eligible*).

LOAN PURPOSE

Available to finance the acquisition of fixed assets for the establishment, expansion, modernization and improvement of small businesses. Eligible assets include:

- Real property or immovables (land and buildings) [Minimum 50% of property to be used for the business operation]
- Leasehold improvements
- Equipment

Some limitations apply. Refer to information sources below for details.

May **not** be used to finance expenditure(s) or commitment(s) made more than 180 days before the loan is approved, *or assets previously financed by a term loan to the same borrower.*

AMOUNT

- $250,000 maximum per ***Borrower*** for all outstanding CSBF loans and SBL's at any one time.
  (Definition of ***Borrower*** includes ***Related Borrowers***. *Refer to the reverse side for details.*)

INTEREST RATE

Floating rate: Maximum of Prime + 3%

Fixed rate: Maximum of Residential Mortgage rates + 3%

[Refer to Infolink (LNK) for current rates]

The interest rate includes a 1.25% annual administration fee paid to the Receiver General for Canada.

REGISTRATION FEE

- The CSBF loan must be registered within 3 months from the date of first disbursement. A loan registration fee of 2% of the total loan authorized must be paid to the Receiver General for Canada at that time.
- The fee may be included as part of the loan. The $250,000 maximum loan amount includes any loan fee financed.
- The Lender may request a refund of registration and administration fee within one year from the date the CSBF loan is first advanced if the amount disbursed is less than the registered amount of the loan or the loan is determined to be ineligible.
- **Except for the the Registration Fee or security preparation/registration fees typically charged by the bank, NO FEES can be charged by TD.**

AMORTIZATION

Up to 10 years from date of first principal payment.

TERM

Fixed Rate:	1 - 7 years available.
Floating Rate:	Term and amortization

REPAYMENT

At least annual principal payments. First principal payment must be made within 12 months of the first loan advance.

PREPAYMENT

Prepayment charges apply for fixed rate loans.

SECURITY

A government guarantee of 85% of loan balance will apply.

- Loan to be secured by charge on the asset(s) financed. (*For leasehold improvements or computer software, alternate security may be taken on other business assets instead.*)
- Total Personal Guarantees limited to 25% of the original loan amount.
- For Sole Proprietors and Partnerships, documents limiting liability are not required. (Sole Proprietors and Partners are liable for repaying 100% of the loan, however, in the case of default, lenders can only realize on personal assets up to 25% of the amount of the loan plus collection costs.)
- Documentation to include:
  - Copy of loan approval
  - CSBFA Loan Credit Agreement
  - CSBFA Loan Registration Form
  - Evidence to support cost of assets financed (e.g. invoices, purchase and sale agreements, contracts, appraisal, etc.) [*Appraisals required for non-arm's length transactions & purchase of assets of going concern*]
  - Proof of payment (e.g. cancelled

SECURITY cont'd

30-DAY RULE:

If within 30 days before or after a CSBF Loan is first funded, a term loan for an eligible asset is made to the same borrower, then the security taken on the term loan and the CSBF Loan must be shared as security on both loans in equal ranking and in proportion to the total financed. TD Term loans should not be advanced 30 days before or after funding of a CSBF Loan (unless security is meant to be shared.)

DUE DILIGENCE

Lenders are to apply the same care and procedures in making a CSBF loan as they would for non-CSBF loans for similar amounts.

CHANGE IN LOAN TERMS/SECURITY

Loan terms may be revised, and security may be released or substituted if certain conditions are met.

TRANSFERS

Permitted, but require prior approval from Industry Canada.

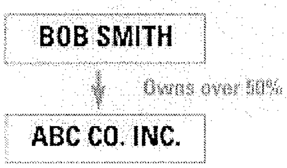
FOR MORE INFORMATION

The above information is a Guide only. Details can be obtained from the CSBF Act, CSBF Regulations, CSBF Guidelines, Main$treet Banking Manual, or Infolink. For assistance, contact your Main$treet Credit Centre or TD Retail Credit Solutions Group.

CANADA SMALL BUSINESS FINANCING ACT (CSI

(Replaced Small Business Loans Act effective April 1, 1999)

A. CONTROL *(a person[1] who controls[2] or is controlled by the borrower)*

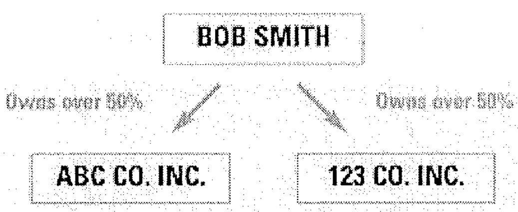


- Bob Smith and ABC Co. Inc. are related.
- ABC Co. Inc. is "controlled" by Bob Smith.

[1]person means a legal entity, including sole proprietors, partners and corporations.
[2]For "control" definition, refer to Example E below.

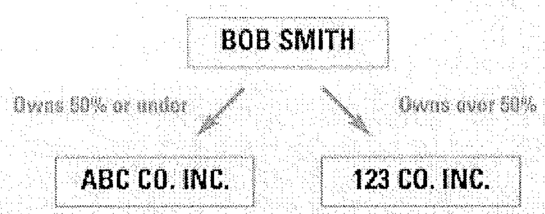
B. SISTER COMPANIES *(corporations that are controlled by the same person who controls the borrower)*

(i)



ABC Co. Inc. and 123 Co. Inc. are related because they are controlled by the same person.

(ii)

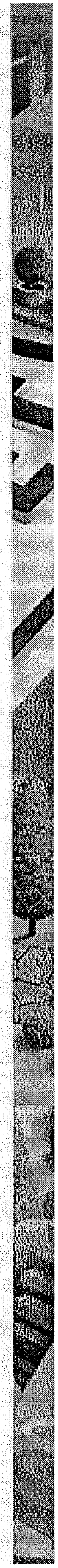


ABC Co. Inc. and 123 Co. Inc. are not related because they are not controlled by the same person (unless they share services - see Example D).

C. IN PARTNERSHIP *(a person who operates, or intends to operate, in partnership with the borrower, the small business in respect of which the loan was made)*

- Day 1 – Tim Lee gets a CSBFL to run a plumbing business.
- Day 2 – Tim Lee and Bob Smith form a partnership – "New Partnership" – to run the plumbing business.
- "New Partnership" or Bob Smith wants a CSBFL for the plumbing business.
- "New Partnership", Bob Smith and Tim Lee are all related borrowers.

DEFINITION OF RELATED BORROWERS



D. SHARING SERVICES

(a person operating a small business, not in partnership with the borrower, but sharing management services, administrative services, facilities (e.g. premises), overhead expenses (e.g. employees) with the borrower for the operation of their small business.)

(i)

BOB SMITH

- Carries on at 456 Main St. selling home renovations
- Not Tim's partner

TIM LEE

- Carries on at 456 Main St. selling lumber
- Not Bob's partner

Are related because they share premises. Cannot be "independent" (see Example F) because they share premises.

(ii)

BOB SMITH

- Carries on at 456 Front St. selling home renovations
- Not Tim's partner

TIM LEE

- Carries on at 123 Main St. selling lumber
- Not Bob's partner

They share employees, warehouse facilities, manager services. Even though they are related because they share services, they would not be "related" if they were "independent" (see example F).

E. CONTROL AND INDIRECT CONTROL

(Control means holding, directly or indirectly, more than 50% of the voting shares of a corporation.)

BOB SMITH

↓ Owns over 50%

ABC CO. INC.

↓ Owns over 50%

123 CO. INC.

- Bob directly controls ABC Co. Inc.
- Bob indirectly controls 123 Co. Inc.

F. INDEPENDENT EXCEPTION

(even if borrowers fall into one of the previous categories, a small business is considered independent of the borrower rather than "related' if it is located at different premises and if neither business derives more than 25% of actual or projected gross revenues from the other)

BOB SMITH

- Carries on at 456 Front St. selling home renovations

TIM LEE

- Carries on at 123 Main St. selling lumber

They share employees, warehouse facilities, management services, BUT neither derives more than 25% of his revenue from the other business. They are NOT related even though