



THE FISHERIES LOAN GUARANTEE PROGRAM

PURPOSE

The Fisheries Loan Guarantee Program supports the development of the province's independent fish harvesting industry by making available a government guarantee on loans offered by financial institutions, including banks and credit unions, for such things as:

- i) vessel related items such as construction, purchase and/or refit;
- ii) combining of enterprises and license acquisitions;
- iii) refinancing of loans owed to fish processors for fixed assets and/or license acquisitions; and
- iv) refinancing of loans previously obtained from chartered banks for vessel related purposes and fish license acquisitions (concurrent with combining of enterprises).

AMOUNT OF FUNDING

The program offers loan guarantees of up to \$2 million for vessel-only related items; \$3 million for combining of enterprises; and \$1.5 million for license acquisition only. The province's guarantee can provide up to 100 per cent of an outstanding loan.

INTEREST RATES

Guaranteed loans are offered at the financial institution prime rate, as negotiated between the harvester and the lender, to a maximum of prime plus 2 per cent or 2.5 per cent, depending on the term of the loan. A harvester may choose a fixed or floating interest rate and a floating rate may be converted to a fixed rate at any time.

TERMS OF THE LOAN/REPAYMENT OPTIONS

The terms of the loan and repayment options are to be determined as negotiated between the harvester and the lender, based on the following:

20-year term – a maximum of 20 years is provided for vessels, depending on life expectancy, for construction, purchase and upgrades. Maximum of 20 years is also offered for the combined purchase of vessel, equipment and licenses.

15-year term – a maximum of 15 years is provided for license acquisition only.

Flexible loan repayment options are available, including annual principal payments, assignment of catch and/or a percentage of gross revenue.





DOWNPAYMENT

Vessel Purchase/Construction

A downpayment of 10 per cent of total costs is normally required for vessel construction or purchase only.

Vessel Refit

A downpayment of 15 per cent of total costs is normally required for engines, equipment and rebuilding/repairs.

Combining of Enterprises/License Acquisition

A downpayment of 15 per cent of total costs is normally required for combining of enterprises and license acquisitions. However, under certain circumstances, the downpayment may be reduced (see your financial institution for details).

Refinancing

Loans obtained from fish processors for fixed assets and/or fish license acquisitions may be refinanced at 85 per cent of the market value of the assets.

Concurrent with the combining of fishing enterprises, loans previously obtained from chartered banks for vessel related costs and/or fish license purchases are eligible for refinancing.

Refinancing of loans to Crown corporations and agencies does not apply.

SECURITY

Borrowers will also be required to provide adequate security. This may include a promissory note, mortgages or security agreements that capture vessel, equipment and fishing licenses.

ELIGIBLE APPLICANTS

Entities, individuals or groups are eligible to apply. An applicant (including incorporated bodies) must be a Canadian citizen/entity and a resident of Newfoundland and Labrador. Harvesters must be registered full time as certified by the Professional Fish Harvesters Certification Board and eligible to hold a commercial fishing license. Applicants are required to have a favourable credit record and demonstrate commercial viability, including the ability to repay the loan.

HOW TO APPLY

Application forms are available at financial institutions or on the Provincial Government website.

www.gov.nl.ca/iet

Please note, formal application is made directly to the financial institution, which in turn will request the guarantee from the Provincial Government.

For more information, please call (709) 729-6123 or email at IET@gov.nl.ca