

HARVESTER ENTERPRISE LOAN PROGRAM



Program Description

The Harvester Enterprise Loan Program supports the development of the province's independent fish harvesting industry by making loans offered by financial institutions more accessible and affordable. Support provided by the program includes loan guarantees, patient low-interest loans for down payments, and cash rebates to lower interest rates for the first five years of the loan.

Benefits

- **Loan Guarantee**
The program offers loan guarantees of up to \$2 million for license acquisition, \$3 million for vessel-only related items, and \$4 million for combining of enterprises. Guaranteed loans are 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.

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. A 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.
- 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.
- **Down Payment Loan**
Eligible applicants may apply for down payment loans from the Government of Newfoundland and Labrador's Innovation and Business Investment Corporation in order to assist with their down payments with the below terms:

Interest Rate: Bank of Canada Policy rate at time of application.

Down Payment Loan Available: 10-15 per cent of the project cost as determined by financed activity noted above, to a maximum of \$450,000.

Term: 10-20 years with no interest or payment for the first five years.

● Interest Rebate

For the first five years of their guaranteed loan with the financial institution, eligible participants can receive an annual rebate equal to the difference between their negotiated interest rate with their lending institution and the Bank Prime interest rate.

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. Applicants must remain in good standing with the Government of Newfoundland and Labrador and their financial institution to be eligible for programming.

Eligible Activities

Eligible activities include:

- i. vessel related items such as construction, purchase and/or refit;
- ii. combining of enterprises;
- iii. license acquisitions; and
- iv. refinancing of loans owed to fish processors or chartered banks for fixed assets and/or license acquisitions and/or acquisition of enterprises.

The following minimum down payments are required to avail of the loan guarantee:

- Vessel Purchase or Construction: 10 per cent
- License Acquisition: 15 per cent
- Combining / Acquisition of Enterprises: 15 per cent
- Refinancing: Loans obtained from fish processors or commercial banks for fixed assets and/or fish license acquisitions may be refinanced at 85 per cent of the market value of the assets.

How to Apply

Application forms are available at financial institutions or on the Provincial Government website (gov.nl.ca/jgrd).

Formal application is made directly to the financial institution, which in turn will request the guarantee with optional down payment loan and/or interest rebate from the Provincial Government.



Contact us for more information
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gov.nl.ca/jgrd/funding/harvester-enterprise-loan-program/

