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Startup Loans in Canada: Futurpreneur, BDC and the CSBFP

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Debt or equity: why look at loans before venture capital

A loan lets you keep all of your shares. In return, payments start on schedule whether sales arrive or not, and the founder is usually personally exposed in some way.

Debt fits when the money buys something that pays it back within a few years: equipment, a fit-out, opening inventory, a franchise fee or early working capital. It fits badly when revenue is years away or the plan only works with very fast growth; there, equity or non-repayable funding is the better tool.

Three federal debt routes are open to a Montreal founder:

- **Futurpreneur**, a national non-profit that lends to founders aged 18 to 39, with BDC co-lending and a mandatory mentor;
- the **Business Development Bank of Canada (BDC)**, a federal Crown corporation that lends directly, mostly to businesses with at least a year of operations;
- the **Canada Small Business Financing Program (CSBFP)**, run by Innovation, Science and Economic Development Canada (ISED), under which ordinary banks and credit unions make loans that the federal government partly backs.

Quebec programs (Investissement Québec, PME MTL, local funds) are covered in our guides to [Quebec SME financial aid programs](#) and [Montreal accelerators and Quebec grants](#); this article does not repeat them. It is general information, not financial or legal advice: the loan agreement you sign is what binds you.

Futurpreneur: who qualifies

Futurpreneur's [eligibility page](#) sets these conditions for the applicant:

- you are a Canadian citizen or permanent resident living in Canada (the [FAQ](#) confirms permanent resident status is required);
- you are 18 to 39 when you apply. The [Startup Program page](#) says the full application, including business plan and cash flow, must be submitted before your 40th birthday;
- you can show training or experience related to the business idea;
- you are not an agent or contractor working for an existing business;
- the business will give you full-time employment (the separate Side Hustle program is the exception);
- you consent to a personal credit check (hard inquiry), your taxes are up to date, you are not named in a lawsuit, and any bankruptcy was discharged at least five years ago.

The business must be past the idea stage, with a market-ready product, and either not yet operating or operating full time for 24 months or less. That 24-month test is the formal criterion on the [eligibility page](#), and BDC's [partners page](#) uses the same cut-off ("operating for less than 24 months"). The "less than a year of significant sales" wording on the Startup Program page describes Futurpreneur's "startup" category, not an extra condition. The FAQ defines significant sales as revenue high enough for the founders to pay themselves.

A co-founder who is 40 or older or not a permanent resident does not block you if you own more than 50% of the voting shares, but you alone are then [responsible for the loan](#).

Futurpreneur: amounts, rates and mentorship

The [Startup Program](#) offers up to \$75,000 in total (as of October 2026): up to \$25,000 from Futurpreneur and up to \$50,000 from BDC, which has its own conditions. The [FAQ](#) sets a \$5,000 minimum; the loans are collateral-free, and there are no grants.

Terms listed on the Startup Program page as of October 2026:

	Futurpreneur portion	BDC portion
Maximum	\$25,000	\$50,000
Term	Five years	Five years
Rate	RBC prime + 3% (capped at 9% if prime is above 6%; at prime if prime is above 9%)	BDC floating base rate + 1.65%
First year	Interest only, then principal and interest over the remaining four years	Interest only, from the BDC authorization date
Early repayment	No penalty	Three months' interest on the amount prepaid, except 15% of principal once a year on the anniversary date
Fees	One-time 1% loan management fee at disbursement	\$50 processing fee taken from the first disbursement

The Startup Program page is Futurpreneur's product page, and its five-year term with one interest-only year matches the [FAQ](#) ("repayable over 5 years with interest-only payments required in the first year"), so four years of principal is the schedule. An older [BDC referral landing page](#) still says CIBC prime and "the remaining

3 years"; it contradicts both. The rate gap is nil in practice: CIBC and RBC prime were both 4.45% before this week's increase. BDC does not publish its floating base rate on [bdc.ca](#). Its [glossary](#) only says the base rate plays the role a chartered bank's prime plays, so the number appears in your BDC offer.

The mentor is mandatory: [up to two years of one-on-one mentorship](#), about 3 to 5 hours a month. One application covers both portions, and Futurpreneur says it replies [within 5 to 10 business days](#).

BDC: start-up financing and partner lenders

BDC's start-up product is not for day-one businesses. The [Start-up Financing page](#) offers up to \$150,000 to businesses that have been in operation for at least 12 consecutive months and are generating revenue, with interest-only payments for up to the first 12 months. The [BDC financing FAQ](#) adds that start-ups must be based in Canada with a good track record.

Other points from the FAQ:

- no down payment is required on a BDC business loan, and collateral depends on the type of loan;
- some loans require a personal or corporate guarantee instead of assets;
- the rate is BDC's floating base rate plus a variance based on your personal and business profile, so it differs from client to client;
- the FAQ's general answer asks for 12 to 24 months of revenue-generating operations "depending on the loan type": 12 months is the start-up loan's threshold, 24 months the [Small Business Loan's](#).

BDC's [Small Business Loan](#) (up to \$350,000) targets established firms: for up to \$100,000 it cites \$100,000 in annual revenue, a personal credit score of 600+, profits and 24 months in business.

If your business is younger than that, BDC sends you to its [financing partners](#). For a Montreal founder the relevant ones are Futurpreneur (above); Evol, for Quebec entrepreneurs from under-represented groups (\$20,000 to \$450,000, 5% minimum down payment, amortization up to 8 years); the Federation of African Canadian Economics (FACE), up to \$250,000 for majority Black-owned businesses; and the BDC-guaranteed Business accelerator loan program (\$25,000 to \$500,000 through Desjardins, National Bank, RBC, TD and others, for firms with 12+ months of operation and under \$10 million in revenue). The Réseau des SADC+CAE serves rural areas, not Montreal.

The Canada Small Business Financing Program explained

The CSBFP is not a lender. Under it, your own bank, caisse populaire or credit union lends its own money, and the federal government shares part of the risk.

Key rules from the [ISED FAQ for small businesses](#):

- most start-ups and existing for-profit, not-for-profit and charitable businesses in Canada with gross annual revenues of \$10 million or less are eligible, whether they are corporations, sole proprietors, partnerships or cooperatives;
- farming businesses are excluded and sent to the Canadian Agricultural Loans Act program;

- you apply at the financial institution of your choice. It alone decides, and ISED does not accept or process applications;
- lenders apply the same credit standards as for a conventional loan; if one refuses, try another.

CSBFP limits and eligible uses

Per ISED's [program page](#), as of October 2026:

- **Overall cap:** \$1.15 million per borrower.
- **Term loans:** up to \$1,000,000. Of that, no more than \$500,000 for leasehold improvements and new or used equipment, and within that \$500,000, at most \$150,000 for intangible assets and working capital.
- **Lines of credit:** up to \$150,000, for day-to-day operating expenses.
- **Term:** a term loan, with renewals and amendments, can run at most 15 years from the first principal-and-interest payment, which must fall within one year of the loan. A line of credit is registered for five years, renewable once for five more or convertible into a term loan of up to 10 years ([Canada Small Business Financing Regulations](#), SOR/99-141, s. 10).

The \$1.15 million ceiling is set by section 4 of the [Canada Small Business Financing Act](#).

Term loans can finance commercial land or buildings, equipment, leasehold improvements (renovating space you rent), intangible assets, working capital and the registration fee itself. The [FAQ](#) excludes share purchases and assets acquired by a holding company. Buying the eligible assets of an existing business may qualify. Not every institution offers the line of credit yet.

Interest, fees and the registration fee

The CSBFP sets ceilings on interest. It does not fix the rate, so you can negotiate below them. Under section 12 of the Regulations:

- floating-rate term loan: at most the lender's prime rate + 3%;
- fixed-rate term loan: at most the lender's single-family residential mortgage rate for the term + 3%;
- line of credit: at most the lender's prime rate + 5%.

The **registration fee** is 2% of the amount loaned for a term loan, and 2% of the authorized amount for a line of credit (Regulations, s. 4). It is paid to the lender and can be financed. Lenders may also charge their usual set-up and renewal fees, as for a conventional loan of the same size. Those fees are paid directly and cannot be financed under the program.

Prime moved this week. On October 28, 2026 the [Bank of Canada](#) raised its policy rate by 0.25 points to 2.50%, its first change since October 2025, and [CIBC](#) raised its prime rate from 4.45% to 4.70% effective October 29, 2026. RBC's [posted prime](#) was still 4.45% on October 28; the big banks' prime rates normally move together after a Bank of Canada decision. The examples below use 4.70%. The Bank's next scheduled decision is December 9, 2026.

Illustrative example: what the money costs

Illustrative example. These figures assume prime stays at 4.70% for the whole term. All three rates float, so real payments will move with prime.

A. Futurpreneur \$25,000. Rate: $4.70\% + 3\% = 7.70\%$ (below the 9% cap, which only applies when prime is above 6%).

- Loan management fee at disbursement: 1% = **\$250**
- Year 1, interest only: about \$160.42 a month, **\$1,925** for the year
- Years 2 to 5, principal and interest over 48 months (the "four years" schedule): about **\$606.81 a month**, of which \$4,126.82 is interest
- Total cost over five years: about **\$6,302** (\$250 + \$1,925 + \$4,127)

B. CSBFP \$150,000 term loan for equipment and a fit-out, at the floating-rate ceiling of 7.70%, repaid over 60 months:

- Registration fee: 2% = **\$3,000** (paid or financed)
- Monthly payment: about **\$3,019.97**
- Interest over five years: about **\$31,198**
- Total cost at the ceiling: about **\$34,198**, plus any lender set-up fees

At a negotiated 6.00% instead of the ceiling, the interest would be about \$23,995. That is roughly \$7,200 less, which is why the rate is worth negotiating.

C. CSBFP \$50,000 line of credit at the 9.70% ceiling (prime + 5%): registration fee \$1,000 (2% of the authorized amount). If you carry an average of \$25,000 for a year, interest is about \$2,425.

How the three compare

	Futurpreneur	BDC start-up financing	CSBFP (through your bank)
Who decides	Futurpreneur (and BDC for its portion)	BDC	Your bank, caisse or credit union
Stage	Pre-launch to 24 months of full-time operation	12+ consecutive months, generating revenue	Start-ups and existing businesses with revenue of \$10M or less
Founder conditions	Age 18-39, citizen or PR, relevant experience	Good credit and track record	Lender's usual credit criteria
Maximum	\$25,000 + up to \$50,000 BDC = \$75,000	Up to \$150,000	\$1.15M (\$1M term, \$150K line of credit)
Rate	RBC prime + 3% (capped), BDC base + 1.65%	Base rate + personal variance	Ceilings: prime + 3% (term), prime + 5% (line of credit)
Term	5 years (1 interest-only)	Interest-only up to 12 months	Up to 15 years (term loans)

	Futurpreneur	BDC start-up financing	CSBFP (through your bank)
Fees	1% + \$50 BDC	Not stated in BDC's FAQ	2% registration fee + usual lender fees
Collateral	None on the Futurpreneur loan	Depends on the product; may be a guarantee	Security on financed assets or on business assets; personal guarantee up to 100% of the loan
Extras	Mandatory mentor, up to two years	Advisory services	None

Security and personal guarantees

"Collateral-free" does not mean risk-free: a Futurpreneur loan is still a debt you must repay. Under the CSBFP, ISED's rules require the lender to take security on [the assets financed](#) for real property and equipment. For leasehold improvements, software, intangible assets, working capital and lines of credit, the lender must take security on any business assets. Lenders may also take **unsecured personal guarantees**. For loans made after March 31, 2014, section 19 of the [Regulations](#) caps them, all guarantors combined, at the original amount of the loan plus judgment interest and legal costs. The old 25% cap applies only to loans made before April 2014. On a \$150,000 loan you can therefore be asked to guarantee the full \$150,000. A lower cap is a negotiating point, not a rule.

At BDC, some loans [may require a personal or corporate guarantee](#) instead of assets. If you are incorporated, a personal guarantee makes you personally liable for the company's debt to that lender, whatever the corporation's limited liability. Our article on [what it costs to incorporate in Quebec](#) covers the company side.

How to apply, step by step

1. **Pick the route by stage.** Under 40 and not yet selling or in your first two years: start with Futurpreneur. Twelve months or more of revenue: compare BDC and a CSBFP loan at your own bank. Buying equipment or a fit-out above \$75,000: the CSBFP is usually the natural fit.
2. **Register the business** and open a business account. BDC's [online application](#) asks for registry details, owner information, a void business cheque and photo ID.
3. **Write the business plan.** Futurpreneur requires a [complete business plan and a 24-month cash flow](#) (its FAQ calls it two years of forecasts with a month-by-month breakdown), uploaded in its MyFP portal with government ID (passport or driver's licence). Its free Business Plan Writer and Cash Flow Template produce both.
4. **Build a 24-month cash flow** showing loan payments, including the jump from interest-only to principal-and-interest payments in year 2.
5. **Pull your own credit report** and fix errors; Futurpreneur and BDC both check personal credit.
6. **For the CSBFP, meet two or three lenders** and compare the rate against the ceiling, set-up fees, security and any personal guarantee.
7. **Read the offer** for prepayment terms and guarantee wording.

Quebec complements and stacking

Federal debt can sit alongside Quebec funding; each program sets its own stacking rules, and lenders count every repayment in your cash flow. The provincial options are covered in our [Quebec SME aid guide](#).

Newcomers who are not yet permanent residents, including founders on the path described in our [Start-up Visa guide](#), cannot use Futurpreneur. They should ask a bank about the CSBFP, which has no citizenship condition on ISSED's pages.

Checklist and common reasons for refusal

Before you apply, check that you have:

- ☐ a registered business and a business bank account
- ☐ a business plan with a clear use of funds
- ☐ a 24-month monthly cash flow forecast
- ☐ government photo ID
- ☐ proof of relevant experience
- ☐ financial statements (if the business is already operating)
- ☐ quotes for any equipment or leasehold work

Common refusal reasons follow from the criteria: weak personal credit, too little operating history for BDC, cash flow that cannot carry the payments, no relevant experience (Futurpreneur), unpaid taxes or an open lawsuit, and an ineligible use of funds.

If you need a fixed address for the business registry and loan paperwork, 2727 Coworking offers business addresses and private offices on the Lachine Canal in Griffintown.

Sources

- [Helping small businesses get loans: Canada Small Business Financing Program \(ISED\)](#)
- [Frequently asked questions for small businesses: CSBFP \(ISED\)](#)
- [Startup Program \(Futurpreneur\)](#)
- [Eligibility \(Futurpreneur\)](#)
- [FAQ \(Futurpreneur\)](#)
- [BDC web referral: Startup Program \(Futurpreneur\)](#)
- [Business financing FAQs \(BDC\)](#)
- [Start-up financing \(BDC\)](#)
- [Small Business Loan \(BDC\)](#)
- [Financing partners \(BDC\)](#)
- [Canada Small Business Financing Regulations, SOR/99-141 \(Justice Laws\)](#)
- [Canada Small Business Financing Act, S.C. 1998, c. 36 \(Justice Laws\)](#)
- [Floating-rate loan glossary \(BDC\)](#)
- [Mortgage rates and RBC prime rate \(RBC Royal Bank\)](#)
- [Policy interest rate \(Bank of Canada\)](#)

- CIBC raises prime lending rate, October 28, 2026 (CIBC)

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. <https://futurapreneur.ca/en/eligibility>
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3. <https://futurapreneur.ca/en/offering/core-startup>
4. <https://www.bdc.ca/en/financing/partners>
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15. <https://cibc.mediaroom.com/2026-10-28-CIBC-raises-prime-lending-rate>
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About 2727 Coworking

2727 Coworking is a Montreal workspace and business-address provider. We serve people who need a place to focus, meet, run a small business or establish a professional mailing presence. Our website offers English and French information about workspace options and services, alongside educational resources for operating a business in Canada.

A workspace that fits the day

Our workspace options include private offices, day passes and desks, and a conference room. These formats help individuals and teams compare a dedicated office with more flexible ways to work or hold a meeting. Prospective members can explore the virtual tour, review current pricing and book a visit before choosing a workspace.

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2727 Coworking provides business-address and virtual-mailbox services. Our resources explain the documents and practical questions involved, including guidance for people outside Canada. Service eligibility, included features, availability and access arrangements should be confirmed on the applicable service page or with our team.

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We publish guides, research and planning tools about workspace decisions, business addresses and starting a business in Canada. Our incorporation research includes information for people inside Canada and abroad, with jurisdiction-specific material to help readers identify the next questions to investigate. These educational resources complement our workspace and address services; they are not individualized legal, tax or immigration advice.

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A business address alone does not establish tax residence, immigration status, banking approval or eligibility for a government program.

Website: <https://2727coworking.com>

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