When Stephanie Holmes-Winton’s clients tell her they want to get a bank loan, the first question she asks is what they plan to do with the money. “It’s important to determine whether it’s in the client’s best financial interest to borrow,” said Holmes-Winton, the CEO of The Money Finder, a Dartmouth, N.S.-based financial services training company. “If their plan is important enough to put a loan in place then we explore the options.”

Holmes-Winton offers these borrowing-savvy tips:

- **Use a line of credit wisely.** Home improvements can boost resale value, but only if you don’t borrow more than you think you will get back from the reno. “Don’t treat a home equity line of credit like a credit card,” Holmes-Winton said. “And ask if it shows up on your credit score because it could skew the score.” Find out the interest rate and check to see if there are penalties for paying it off early.

- **Look beyond monthly payments.** To buy a new car, you can get a loan through a bank or the dealership. When hammering out financing with the dealer, don’t get suckered by a low sticker price. “We get sold on low monthly payments, but they can be stretched out to eight years,” Holmes-Winton said. At that point, you would still be paying the loan while your wheels might need major repairs. Ask about monthly cost add-ons such as life insurance and extended warranty.

- **Proper planning is the key.** Starting your own business is never as easy as it seems and the better prepared you are going in, the better chance of success you have, says Lee Helkie, a Toronto financial adviser with Advocis, The Financial Advisors Association of Canada. “Proper planning — financial, operational, marketing, and managerial — is the key to turning the idea into a reality, according to the Canadian Bankers Association (CBA). A business plan is critical.

Here are tips to get you started:

- Keep your emotions in check. Whatever this is, you have to make money. “It’s a business — treat it that way,” Helkie said.
- Speak to someone in the business so you understand profitability factors and day-to-day logistics (for example, if you want to open a bake shop, bakers have to get up at 3 a.m.)
- Be clear about capital and cash flow needs. “You don’t have to plan to every penny … but you need to have a guide.”
- The best financing scenario is that you use your own money, Helkie said. “There’s also lots of financing support including government grants for small business … you just have to be wily about seeking it out.”

Visit the following link from the Canadian Business Network for more (canadabusiness.ca/eng/program/search/).

- **Speak to your bank.** But be sure that your credit history is accurate, the CBA says. Before a loan is approved, financial institutions check your credit rating and the credit capacity of your business through a credit reporting agency.
- If you have to borrow, be reasonable in terms of credit and collateral. “For example, don’t get into a situation where you could lose your house,” Helkie says.

**Borrow these tips for securing a loan**

**Don’t beg for more**

- When it comes to borrowing money, Stephanie Holmes-Winton, the CEO of The Money Finder, cautions against falling prey to what she calls the “Oliver Twist syndrome.” Instead, get adequate information about the loan before deciding whether to sign on the dotted line.

- “That means don’t ask the lender for more money than you need,” she said. Instead, get adequate information about the loan before deciding whether to sign on the dotted line.

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- When shopping for a mortgage, for example, know what to ask beyond the interest rate, term and amortization. Inquire how much you will owe when it comes up for renewal, if you can put extra payments on it if you want to pay it off faster and if there is a penalty for doing so, and whether there is a penalty for paying off the mortgage before the end of the term.

**Small business. A plan is critical**

Ylva van Buuren for Metro

Starting your own business is never as easy as it seems and the better prepared you are going in, the better chance of success you have, says Lee Helkie, a Toronto financial adviser with Advocis, The Financial Advisors Association of Canada. We often see someone who wants to start a business because they have a great idea or a passion for something that is important, Helkie said. “But make sure there’s a viable business there that can make money.”

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