

## Questions?

Official agents are encouraged to contact Elections Nova Scotia with any questions or concerns related to any areas of Electoral Finance.

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This guide provides high level information regarding fundraising activities. It is not intended as a substitute for the legislation governing this topic. Official agents should refer to the *Elections Act* for exact legal content.

**Website:** [electionsnovascotia.ca](http://electionsnovascotia.ca)



# 3 Loans

GUIDE FOR THE OFFICIAL  
AGENT OF A CANDIDATE



# Guide for the Official Agent of a Candidate

## Loans

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This guide is focused on providing summary information to the official agents of individual candidates running in a provincial election.

Sections 215 to 219 of the *Elections Act* provide detailed information regarding this topic. In addition, the *Handbook for the Official Agent of a Registered Candidate*, June 2013, Chapter 13 provides more guidance in this area. Official agents should refer to these documents for more information. In addition, official agents can contact Elections Nova Scotia for more guidance.

Candidates may wish to borrow money to assist in the financing of their campaign. In most circumstances, financial institutions will only make loans to individuals. The loan requirements apply to loans that are made directly to candidates as individuals as well as loans that are made to the campaign.

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## Reporting Requirements

The reporting requirements for loans are complex. Below is a summary of those requirements.

1. There must be a loan agreement in writing which sets out the amount of the loan, the term of the loan, the interest rate associated with the loan, the name and addresses of the lender and the name and address of any guarantor.
2. The maximum term of the loan is two years including any renewal or refinancing. This loan term does not apply if the lender is a financial institution, candidate's registered party or the candidate's electoral district association.
3. Form 2-3D (Loan or Line of Credit) must be submitted when filing the financial election return. All loan related information must be included in the return such as loan agreements, guarantor agreements, etc.
4. If the loan remains outstanding after filing Form 2-6 (Disposal of Excess Contributions), Form 2-3D must be filed with the Chief Electoral Officer each year and provide details related to the outstanding balance and any changes to the loan agreement.

## Restrictions on Loans

Candidates can not lend campaign funds or money received as a contribution. No individual can lend money to a registered party, electoral district association or candidate that exceeds the maximum allowable contribution to a single party in a calendar year. In addition, this restriction also applies to individuals who agree to guarantee loans.

Candidates may only receive transfers from their electoral district association or registered party. A transfer is not considered a loan and it does not include interest or formal repayment agreement.

## When Must the Loan be Repaid?

Loans must be repaid within two years of the date of the loan.

## Can Contributions Arise from a Loan?

There are three circumstances in which a loan can result in a political contribution.

1. Loan provided at discounted rate of interest
2. Loan repaid by an individual other than the borrower
3. Loan that is not repaid (default)

## Loan Interest Benefit

If a candidate borrows money at an interest rate less than the bank prime rate, the difference between the interest rate and the bank prime rate results in a political contribution attributable to the lender. If the loan interest benefit is less than \$50, no additional disclosure is required on form 2-3D. If the loan interest benefit exceeds \$200, this information must be recorded and disclosed on form 2-3B (Statement of Donations in Kind.)

## Loan Repaid by Another Individual

If an individual other than the candidate makes a payment on the loan or pays the loan in full, the individual has made a political contribution which counts towards the thresholds related to the disclosure and the maximum annual contribution limit (see guide on Monetary Contributions for more information.)

## Loan Default

If the loan is not repaid within the time period stipulated in the loan agreement, the borrower has defaulted on the loan. The Elections Act also states that if a loan payment is more than six months past due, the loan is considered to be in default. The lender is deemed to have made a political contribution and a report must be filed.

## Deemed Date of Contribution

When the loan payment by an individual other than the candidate or the default occurs in a calendar year other than the year in which the loan was made, the resulting political contribution is deemed to be a contribution at the time the loan was made and treated as though the contribution was made on that date.

## Reporting Requirements

If the Deemed Date of Contribution requirement is met, the official agent must refile form 2-3B Donations in Kind with Elections Nova Scotia. This revised form will be posted on the website. Official agents should be aware of the implications of a potential over contribution in this situation.