

10 Step Guarantee Process



While not a bank, the BEDC will consider acting as a guarantor for a portion of a bank loan for small or medium sized businesses that appear viable and where the credit worthiness of the borrower is sound. As **guarantor of last resort**, the BEDC can guarantee up to 50% of the agreed loan. The maximum guarantee amount is \$200,000.

Any small or medium sized business that has no other means of collateral (cash, real estate, equipment, vehicle chattel, inventory, etc.) may contact the BEDC and apply for a guarantee. If you are applying to the BEDC for a loan guarantee you will be required to provide relevant information (i.e. personal information, business plan, financial statements, cashflow projections, etc). The BEDC will provide In Principle Approval on applications that meet the required criteria.

The following 10 step guide will provide an overview of the general process of applying for a BEDC loan guarantee.

- 1st step:**
Provide BEDC with a complete business plan and cash flow statement with assumptions. If an existing business, provide financial statements for at least 2 years. BEDC will work with you to ensure that your plan is complete, prior to you meeting with the Bank.
Action: _____

- 2nd step:**
Get confirmation from the bank that they will support the loan request with the understanding that you will be seeking guarantee assistance from BEDC.
- 3rd step:**
Bank should forward a copy of their terms to BEDC. This will include the Bank's terms and conditions of the loan (i.e. the interest rate, length of time and what additional security they will accept).
- 4th step:**
Complete a Guarantee Application form and provide a copy of your ID so that we can complete a credit check.
- *5th step:**
Your Officer will write a proposal to the Credit Committee to be reviewed by Executive Director (ED)
- 6th step:**
Once the ED approves, Officer forwards proposal and supporting documents to the Credit Committee who will then approve or deny the request.
- 7th step:**
Your Officer will follow up with you and the banking loan officer to advise of the Credit Committee's decision.
- 8th step:**
If approved 1% - 2.75% of the Guarantee amount is payable to BEDC prior to receiving the Guarantee Approval Letter.
- 9th step:**
Applicant to sign a Guarantee Approval Letter of which a copy will be sent to the Bank. The Guarantee Certificate will be forwarded to the Bank once we have received the Bank's final draft of their Facility Letter and all other conditions as stipulated in the Guarantee Letter have been met.
- 10th step:**
The Bank disburses the funds to you and BEDC will follow up to schedule the first meeting.

*Once the Officer receives all documentation from the applicant and the Bank, it can take up to 15 business days to get a response from the BEDC Credit Committee, but every effort will be made to advise you of a decision as soon as possible.

