

BEDC MICRO-LOAN PROGRAMME

SCOPE, PROCESS, & PRODUCT DETAILS

About the Micro Loan

BEDC has allocated \$200,000 in funds to be used to facilitate small loans in amounts up to \$20,000. The BEDC will offer a 100% guarantee on the loans to qualified applicants.

The product was developed in response to an identified gap in the lending market. Results from the BEDC's bi-annual stakeholder survey showed that small businesses were in need of financial assistance for small loan amounts that the banks would not typically finance for commercial purposes.

This product will give the small business person access to the often time-sensitive and secured financing they need to purchase goods and/or capital items directly related to generating income for their businesses.

What is the purpose of the BEDC Micro Loan?

The Micro Loan is designed to assist start up and businesses with inventory purchases and/or capital items directly related to increasing sales or services. The details of the loan programme are as follows:

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- Approved loans are 100% guaranteed by the BEDC
- \$50 non-refundable credit check fee
- Repayment terms for inventory and goods up to 9 months
- Repayment terms for capital assets up to 24 months
- Applications are processed by the BEDC Officers
- BEDC Executive Director approves
- Immediate - BEDC processing, approval, and disbursement usually within 15 business days from receipt of complete application
- Unsuccessful applications will be refunded \$50
- Default penalty rate is double the interest rate

Small and Medium-sized Businesses

- 5.0% interest rate
- Application Fee – \$150 or 1.5% of loan whichever is greater

Economic Empowerment Zone Businesses and Island Vendors

- 4.5% interest rate
- Application Fee – \$100 or 1% of loan whichever is greater

Who can apply?

The Micro Loan product is available to all small businesses, island wide; including vendors and those businesses located in a designated Economic Empowerment Zone.

The BEDC defines a small business as Bermudian – owned and managed; operating locally; having an annual gross payroll not exceeding \$500,000 or having annual sales revenues of less than \$1,000,000.

The BEDC defines a medium-sized business as a Bermudian-owned & owner-operated business enterprise with at least three of the following attributes:

- a. Gross annual revenues between \$1 million and \$5 million
- b. Annual payroll between \$500K and \$2.5 million
- c. A minimum of 11 and a maximum of 50 employees



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- d. In operation for a minimum of 10 years
- e. Net Assets of less than \$2.5 million

Although open to all businesses who meet the criteria, the BEDC desires to expose Bermuda's small business to the unique opportunities arising during this active period. As such, small businesses will be given priority.

Application Process

If you are applying for a **Micro Loan** you will be required to provide BEDC with relevant information (i.e. personal information, business plan/profile, financial statements, cash flow projections, etc.).

The following Micro Loan Checklist will be able to guide you on the specific information required.

Checklist:

1st step:

Complete a Micro Loan Application Form and provide a copy of your ID so that we can complete a credit check. **Provide the required application fee** and credit check fee at the time the application is submitted. Business must register with BEDC.

2nd step:

Provide BEDC with a complete business plan/business profile providing information about the history and future of the business, as well as, financials (i.e. income statement, balance sheet showing what assets you own, and 6-month cash flow statement with assumptions). **Templates are available for both items.** Provide any signed contracts and/or agreements to support application.

3rd step:

Complete a BEDC Personal Financial Statement and 2 characters references (professional and personal) prepared by a client, service provider, vendor, or known business associate other than a relative in support of your application. **Templates are available for both of these items.** If an existing business, provide a copy of 3 months of bank statements and 6 months of financial information.

4th step:

Submit documentation to attest to the location of your business (i.e. lease, etc.) and where any permissions or licenses are required, please submit copies. **If you are a vendor, please provide** some confirmation of where you will be vending and a copy of your current vending license.

5th step:

Submit detailed listing of goods to be purchased for business through the loan.

6th step:

Your Officer will meet with you to discuss the details of your application and gain further insight into your business.

7th step:

Your Officer will write a proposal to the Executive Director (ED) recommending approval, refusal, or deferral based on the information provided. **Once the ED approves**, your Officer will arrange to meet with you. **You will be required to sign a BEDC Loan Agreement** as well as a **Standing Order/ACH Agreement** with your bank to ensure payments to BEDC are automatically deducted.

8th step:

Upon approval, the loan funds will be dispersed into your supplied bank account. The loan proceeds **will be disbursed within 2 days after the approval.**



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9th step:

BEDC schedules the first follow up meeting with you to **take place within 2** weeks of the date of dispersed funds. The Officer will check in weekly with you by phone.

Further Details

Additional information can be obtained by contacting the BEDC directly at 292-5570 or by email at info@bedc.bm. Further details are also available on the BEDC website, www.bedc.bm.

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Application Info	General Small and Medium-Sized Businesses	EEZ and Vendor Businesses
Application Scope	All micro, small, and medium-sized business Island-wide	
Type of Applicant	<ul style="list-style-type: none"> Any small or medium-sized business except those located in an EEZ No Vendors 	<ul style="list-style-type: none"> Any small or medium-sized business located in an EEZ Island-wide Vendors
Purpose	For inventory, cost of goods sold, services, or direct costs for capital items that have a direct correlation to meeting a business need arising from consumer demands and also increasing sales or services for the business.	Same
Minimum Loan	\$2,000	Same
Maximum Loan	<ul style="list-style-type: none"> \$20,000 Amounts over \$20,000 can apply for BEDC's Loan Guarantee product. 	Same
Loan Interest Rate	5.0%	4.5%
Application Form	Must be filled out completely, accurately and signed by all owners of the business if more than one owner.	Same
Application and Processing fee	<ul style="list-style-type: none"> Application Fee - \$150 or 1.5% of loan whichever is greater to be paid when application submitted Unsuccessful applications will be refunded \$50 \$50 non-refundable Credit Check Fee per applicant to be paid to BEDC when application submitted 	<ul style="list-style-type: none"> Application Fee - \$100 or 1 % of loan whichever is greater to be paid when application submitted Unsuccessful applications will be refunded \$50 \$50 non-refundable Credit Check Fee per applicant to be paid to BEDC when application submitted
Monthly Repayment Terms: Inventory & Goods	Up to 9 months	Same

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Application Info	General Small and Medium-Sized Businesses	EEZ and Vendor Businesses
Monthly Repayment Terms: Capital Assets	Up to 24 months	Same
Security	100% BEDC Guarantee	Same
Approval Processing Times	<ul style="list-style-type: none"> • 15 business days for BEDC approval from receipt of full application • 2 business days for funds disbursements once approved 	Same
Maximum # of applications	<ul style="list-style-type: none"> • Unlimited. • The prior loan must be paid off before a new application can be made • New applicants take priority over repeat applicants 	Same
Restrictions	<ul style="list-style-type: none"> • Micro-loan product is a needs-based product • It is not to be used by those businesses that have access to liquid assets 	Same
Early Relocation Penalty	None	Early relocation from an EEZ prior to repayment of the loan results in a conversion of the loan to a General Small and Medium-Sized Business Micro-Loan
Default Penalty	Default of payment of the loan as per the terms and conditions will incur a default penalty rate double the loan interest rate.	Same

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Application Info	General Small and Medium-Sized Businesses	EEZ and Vendor Businesses
Approval Process	<ul style="list-style-type: none"> • Officers recommend • ED approves • Acting Executive Director approves in ED's absence 	Same
Loan Contract	Signed by the applicant and BEDC once the loan is approved and the application fee is paid.	Same
Loan Agreement	<ul style="list-style-type: none"> • BEDC will prepare and execute the loan agreement • A standing order or ACH for payments to BEDC will also be set up 	Same
Location of Business	Must submit documentation to attest to location of business and where permission/licenses are required, they are received.	Same
Identification	<ul style="list-style-type: none"> • Demonstrates that the applicant is Bermudian • If non-Bermudian is a partner, the Bermudian must hold the controlling interest and a copy of the partnership agreement must be submitted 	Same
Credit Check	BEDC runs via Bermuda Credit Association	Same
Business Plan or at minimum Business Profile	<ul style="list-style-type: none"> • Providing information about the history and future of the business on a prepared template • Provide any signed contracts and/or agreements to support loan amount 	Same
Estimates/Quotes	Detailed listing of goods to be purchased by client for business through the loan.	Same

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Application Info	General Small and Medium-Sized Businesses	EEZ and Vendor Businesses
Personal Financial Statement	Personal financial details of each owner of the business.	Same
Business and Personal References	1 business and 1 personal reference prepared by a client, service provider, vendor, known business associate	Same
Bank Statements	<ul style="list-style-type: none"> • Client to supply statements • 3 months of bank statements required if an existing business 	Same
Financial Information/Cash Flow Statement	<ul style="list-style-type: none"> • Required to submit at least the last 6 months of financial information if an existing business • Required to submit 6 months of Cash Flow Projections 	Same
Processing	<ul style="list-style-type: none"> • BEDC Officers are responsible for processing general island-wide applications • BEDC Officers check in with client weekly and meet with client twice a month 	Same