

State Small Business CREDIT INITIATIVE



LOAN GUARANTEE PROGRAM

The Loan Guarantee Program enables a small business to obtain term loans and lines of credit to help them grow and expand their business.

GEDA will guarantee loans made by participating lenders to Guam small businesses in the form of a cash deposit not to exceed twenty percent (20%) of the total enrolled loan amount.

- * Guarantee Amount: up to 75% of the loan amount.
- * Maximum Guarantee Amount: \$1,000,000.00.
- * Guarantee Term: First seven (7) years of the loan.
- * Guarantee Fee: 2% of the loan amount.
- * Maximum enrolled loan(s) amount is the aggregate of \$5 million.

PROCESS

GEDA has established a partnership with banks and credit unions to administer loan funds through the Loan Guarantee and Collateral Support programs. Participating banks & credit unions will process loan applications using their individual underwriting process and then enroll these loans into the SSBCI program.

ELIGIBLE BUSINESS PURPOSES

- * Start-up Costs
- * Working Capital
- * Franchise Fees
- * Acquisition of equipment, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services.
- * The purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate purposes.
- * For small businesses with 500 employees or less.

INELIGIBLE BUSINESS PURPOSES

- * Acquiring or holding passive investments in real estate.
- * Purchase of securities.
- * Lobbying activities.

COLLATERAL SUPPORT PROGRAM

The Collateral Support Program is designed to enable financing that might otherwise be unavailable due to a collateral shortfall.

The GEDA pledges cash to cover the collateral shortfall of a loan to enable financing that otherwise might not be available to small businesses which have a strong credit profile except for a collateral shortfall.

The program supplies pledged cash collateral accounts to lending institutions to enhance collateral coverage on individual loans.

The program may be designed to target certain geographies or industries, such as real estate lending, in which a lender may be willing to fund at 75% loan-to-value but a company may not be able to bridge the difference in cash at closing.

The program helps viable businesses that are struggling to get credit because the value of the collateral they hold has fallen and provides banks greater confidence in extending credit to these borrowers.

- * GEDA will pledge cash collateral of up to 49.9% of the loan amount.
- * The program is also expected to assist lenders with construction projects that are financed with an SBA 504 structure.
- * Maximum Guarantee Amount: \$1,000,000.00
- * Guarantee Term: First five (5) years of the loan.
- * Guarantee Fee: 2% of the loan amount.
- * Maximum enrolled loan(s) amount is the aggregate of \$5 million.

PARTICIPATING LENDERS



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