



## Loans Program

### Overview

The Building Opportunities with Business Loan Program seeks to increase the availability of loan capital for establishing, expanding, modernizing and improving small and medium-sized businesses in Vancouver's Inner-city, including the downtown eastside neighbourhood. It does this by encouraging partner financial institutions to make their services available to businesses that are providing community benefits such as employment to local residents, procurement from local business and growth and/or diversification of the business environment in the DTES and Inner-city.

The BOB Loan Program benefits businesses, social enterprises, the lending community and Vancouver residents:

- Businesses and social enterprises gain access to financing that might not otherwise be available to them.
- The lending community can broaden their client base and meet the needs of emerging businesses and generate positive community profile.
- Vancouver residents benefit because the BOB Loan Program helps businesses grow and create jobs for Inner-city residents - and the result is a more dynamic and stable economy in Vancouver's DTES and Inner-city.

The BOB Loan Program is supported by funds from Western Economic Diversification. Furthermore, BOB's financial partners include: Vancity Credit Union and Capital Corporation, Ecotrust Capital, and Renewal Partners.

### Eligibility

Businesses starting up or operating in Vancouver's inner-city are eligible for the BOB Loan or Loan Guarantee if the following conditions are met:

- Business illustrates current market viability including customer contracts, track record of sales and profitability of financial results and/or funding in place for Social Enterprises.
- Business is in good standing including – Business Number/Registered Society or Charity, Better Business Bureau rating (if applicable) and 2 references.
- Management Team has required industry and business expertise and has made a financial and time commitment to the Project being considered for funding.
- All Industries will be considered that contribute positively to the Inner-city community.





## Building Opportunities with Business

- BOB Staff and Board members, and any organization or business associated with them, are ineligible for the Small Business and Loans Programs.
- Investment Funds from the Loan Program must be used to develop or diversify the economy by:
  - Assisting in the creation of new businesses, or
  - In the stabilization or expansion of existing businesses.
- Sole proprietorships, partnerships and incorporated companies and businesses owned and operated by non-profit organizations all qualify;
- The business is committed to providing community benefits within the inner-city, this could include:
  - employment or training opportunities for local residents; and/or
  - responsible business development that results in the provision of essential or affordable products or services to residents or local businesses; and/ or
  - procurement of significant services from other inner-city businesses; and/or
  - social enterprises whose profits help fund the delivery of programs that directly benefit the downtown eastside.

A BOB Loan must be used for business purposes and can include:

- the purchase of leasehold improvements, or improvements to leased property;
- the purchase or improvement of real property and immovables;
- the purchase, improvement or leasing of new or used equipment;
- inventory purchase;
- purchase of ownership shares within the existing management/staff team;
- growth capital for marketing and other operating costs; and,
- other uses to be reviewed on a case by case basis.

The BOB Loans cannot, however, be used for the refinancing of existing debt and will not be provided as forgivable loans.

### **Basic Terms**

The maximum amount a small business can access from the BOB Loan Program is \$125,000. Yet, BOB actively seeks financial partners to leverage this amount. Thus, loan arrangements for significantly more are possible.

Interest rates and other terms of the loans available are especially flexible and designed to ensure that all viable businesses have access to capital. Assistance to businesses can be provided from the BOB Loan Program in the form of loans, loan guarantee or equity participation. The interest rate charged will not be less than prime rate.





Payments may be adapted to a borrower's needs (i.e. blended, seasonal or escalating).

## Application and Approval Procedures

The application and approval process will include BOB and its financial partners such as Vancity, Ecotrust, Renewal Partners, etc. The process may differ with each financial institution, yet, in general, is meant to marry BOB's lending capital with the expertise, loan management capacity and lower risk capital of the Lending Partner. BOB and respective financial partners will make every effort to ensure that WD Loan funds at BOB and at other lenders such as Vancity are not stacked within any one loan agreement that is struck between a client and the Lending Partner.

All clients of the BOB Loan Programs will be subject to legal agreements with the financial partner, not BOB. Therefore, management and enforcement of the Loan Agreements will be the responsibility of the financial partner, including repayment and/or procedures in the case of default.

## Due Diligence

BOB's financial partners will apply the same care and procedures in making a BOB Loan as they would for their conventional loans. Procedures could include, but are not limited to:

- conducting a credit check on the borrower, or;
- obtaining credit references, and;
- completing an assessment of the repayment ability of the borrower.

The financial partners must also ensure that the security is made valid and enforceable when the loan is made. In addition, due diligence will continue throughout the administration and collection of the BOB Loan.

The BOB Loan Review Committee will review the proposed loan arrangement to ensure that BOB's Loan Program's mandated purpose is being met.

For more information please contact:

Randy Clyne  
[loan@bobics.org](mailto:loan@bobics.org)  
604-767-4137

