

Business Consortium Fund (BCF)



Ronald V. Williams
Northeast Regional Director, BCF

BCF provides capital access to MBE's, helping to fund over 700 minority firms nationwide. Ronald V. Williams is the Northeast Regional Director for the BCF. Ronald Williams, Executive V.P. of RCI is the point of contact and can be reached at (860) 871-1783 for more information and/or assistance.

BCF Loans and Services

BCF loan programs and business support services are available only to ethnic minority-owned businesses certified by a National Minority Supplier Development Council (NMSDC) affiliated Regional Council that have a vendor or supplier relationship with a NMSDC Corporate member, or a Corporate member of an affiliated Regional Council. If you meet these criteria, your company is eligible for consideration of BCF financing.

BCF Loan Guaranty/Participation Program (LGPP)

The LGPP is BCF's core loan program that enables eligible minority-owned firms to obtain financing when funds are not available through conventional channels on reasonable terms. The following types of loans and credit facilities are accessible through the LGPP:

- Lines of Credit
- Contract Financing
- Intermediate Term Loans
- Working Capital Loans
- Equipment Financing

All LGPP loans are made by BCF Certified Bank Lenders. The lenders risk is reduced as a result of the BCF guaranteeing or participating in a major portion of LGPP loans. As a result of the BCF's credit enhancement, lenders are able to provide financing that would otherwise be denied based on the lender's normal underwriting standards.

Borrower Eligibility

The BCF loan program is limited to ethnic/racial minority business enterprises that have been certified by a National Minority Supplier Development Council (NMSDC) affiliated Regional Council and have a supplier/vendor relationship with a corporate member of the NMSDC or an affiliate Regional Council of the NMSDC.

The BCF LGPP - How It Works

The BCF does not make direct loans. Credit decisions and loans in the LGPP are made by participating lenders contingent upon the BCF's guarantee or loan participation and final loan approval. If approved, the BCF participates in the loan or guarantees up to 75% of the loan amount subject to maximum levels of retained risk on the part of the BCF.

Loan Amounts

The total amount of the LGPP loan facility is determined by the participating lender; however the BCF's maximum exposure may not exceed \$1,125,000 in a participation loan, or 75% guarantee loan on \$1,500,000. In each case, the participating lender must retain a minimum of 25% of the amount of loan facility.

Loan Terms and Conditions

The length of time for repayment depends on the type of loan, use of proceeds, and the ability of the business to repay; however the term of any given loan may not exceed four (4) years. Single borrowers may remain in the program for up to four (4) years from the date of the initial loan. Maximum interest rates may not exceed 3% over prime.

FAQ's

Does the BCF make direct loans? No. The BCF does not make direct loans. It provides credit enhancement via loan guarantees and loan participations . All loans under the BCF Loan Guaranty /Participation Program are made by participating lenders contingent upon the BCF's guaranty or participation and final credit approval.

Do I need a bank in order to get a BCF loan? Yes. A commercial lender is required for all loans under the BCF Loan Guaranty/Participation Program. The prospective borrower's bank or lender is the ideal place to start when applying for a BCF loan. If the borrower's bank is not a BCF Certified Lender (Webster Bank or HEDCO) they can contact RCI at (860) 871-1783 to learn how to become one. The process is quite simple.

I would like to use my bank, however they are not a BCF Certified Lender and aren't familiar with the BCF and its program. How can I use my bank as the lender? The prospective borrower's bank or lender is the ideal place to start when applying for a BCF loan. If the borrower's bank is not a BCF Certified Lender they can contact RCI at (860) 871-1783 to learn about the BCF and obtain the necessary information to become a Certified Lender. If you provide the contact name at your bank we'll be glad to call him/her to start the process.

Do I need a contract or purchase order from a NMSDC corporate member or a member of a NMSDC affiliated Regional Council? No. At one time a firm contract or PO was required. However, all that is required now is a working relationship with a NMSDC Corporate member or a Corporate member of a NMSDC affiliated Regional Council which must be a customer of yours.

Do you have other types of financing if my business isn't able to get a bank loan? BCGF Loan Guaranty /Participation Program.

Does the BCF guaranty or participate in any of the specialized financings provided by its Alliance Partners? The BCF generally does not guarantee or participate in loans and financing made through its Alliance Partners, although it will consider such enhancement on a case by case basis.

Does the BCF finance non-profit organizations and/or give grants? The BCF does not provide financing to non-profits or give grants. The BCF provides commercial loans and guarantees to ethnic minority-owned for profit businesses and expects loan payments to come from internally generated working capital, cash flow, and earnings.

How long will it take to get my loan approved? BCF loans are made through participating lenders. The time it takes the lender to approve a loan will vary depending upon a number of factors including the lenders underwriting process and preparedness of the borrower. The BCF's decision to participate in or guaranty the loan is generally made within (5) five business days following approval by the bank.

What information do I need to apply for a BCF loan? At a minimum, the borrower needs to provide the lender with the following information when requesting a loan:

1. Purpose of loan and source of repayment
2. History of the business
3. Financial statements for the most recent three years (existing business)
Schedule of term debts
4. Aging of accounts receivables and payables (existing business)
5. Projection of income, expenses and cash flow together with assumptions used
6. Signed personal and corporate income tax returns for the most recent two years. The lender may require additional information.