

# New credit and loan programs

## through the Business Credit Availability Program (BCAP) and Business Development Canada (BDC)

In recent weeks, the federal government has introduced a range of financial relief measures to help businesses negatively impacted by COVID-19. Specifically, with the support of Export Development Canada (EDC) and Business Development Bank of Canada (BDC), the Business Credit Availability Program (BCAP) is providing \$65 billion in direct lending and other financial support to businesses dealing with the impact of COVID-19.

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### What programs are available?

At this point, many businesses are already familiar with the [Canada Emergency Business Account \(CEBA\)](#), which is a BCAP program that's offering partially forgivable loans of up to \$40,000 to small businesses and not-for-profit organizations. Two additional BCAP programs have been introduced and a separate loan program directly from the BDC:

- **BDC Co-Lending Program**, which sees the BDC partnering with other financial institutions to provide incremental credit of up to \$6.25 million to eligible small and mid-sized businesses
- **EDC Loan Guarantee Program**, which is providing loan guarantees of up to \$6.25 million for borrowers with both export business and now expanded to include domestic business as well
- **BDC Working Capital Loan Program**, which is offering a 36-month working capital loan of between \$100,000 and \$2 million to small and mid-sized businesses



To help you navigate these programs, take a look at the table below to see how they work and determine if your business is eligible.

	BCAP Programs		BDC
	BDC Co-Lending Program	EDC Loan Guarantee Program	BDC Working Capital Loan Program
<b>Program details</b>	<p>The BDC and financial institutions will co-lend term loans of up to \$6.25 million to eligible businesses, with the BDC providing 80 percent of each loan and the bank providing the remaining 20 percent.</p> <p>The amount of the loan eligibility will vary depending on a company's revenue thresholds, as follows:</p> <ul style="list-style-type: none"> <li>• Businesses with revenues under \$1 million can receive loans of up to \$312,500</li> <li>• Businesses with revenues between \$1 million and \$50 million can receive loans of up to \$3.125 million</li> <li>• Businesses with revenues over \$50 million can receive loans of up to \$6.25 million</li> </ul> <p>Any money advanced under this program must be used for operational and liquidity needs, which could include interest payments on existing debt.</p>	<p>While the EDC is not advancing loans directly to businesses, it is providing loan guarantees to financial institutions to encourage them to keep lending to eligible small and mid-sized businesses.</p> <p>Any borrowing advanced under this program must be used for operational expenses and not for dividend payouts, shareholder loans, bonuses, stock buybacks, option issuances, increases to executive compensation or the repayment/refinancing of other debt.</p>	<p>The BDC is advancing 36-month working capital loans of between \$100,000 and \$2 million, with flexible terms.</p> <p>Any money advanced under this program must be used for operational expenses and not for dividend payouts, shareholder loans, bonuses, stock buybacks, option issuances, increases to executive compensation or the repayment/refinancing of other debt.</p> <p>This program is available to all small and medium-sized enterprises that have been directly or indirectly impacted by COVID-19, as long as they were financially viable pre-COVID.</p> <p>The amount of the loan will depend on your projected cash requirements. It's available to both new and existing BDC clients, and is being underwritten and disbursed directly by BDC.</p>
<b>Who is eligible?</b>	<p>This program is available to all small and medium-sized enterprises that have been directly or indirectly impacted by COVID-19, as long as they were financially viable pre-COVID.</p>	<p>All Canadian exporting and non-exporting companies are eligible for this program.</p>	<p>This program is available to all small and medium-sized enterprises that have been directly or indirectly impacted by COVID-19, as long as they were financially viable pre-COVID.</p>

	BCAP Programs		BDC
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<b>How does it work?</b>	Prior to advancing funds under this program your financial institution will assess your risk rating and provide its underwriting report to the BDC. While details have not yet been confirmed, it appears that your financial institution will set the loan's terms (including the applicable rate), determine your repayment schedule and indicate what security, if any, you will need to provide to secure the loan.	The EDC will guarantee up to 80 percent of new operating credit or cash flow term loans of up to \$6.25 million. The guarantee will be available for 12 months at a fixed rate percent of the loan amount, with fee payment deferred for the first six months. Additional terms such as interest rates are set by your financial institution, will apply.	The amount of the loan will depend on your projected cash requirements. It's available to both new and existing BDC clients, and is being underwritten and disbursed directly by BDC.
<b>How to apply</b>	In the coming days, your financial institution will outline application details.	This program is now available through various financial institutions and credit unions. To see a list of approved financial partners, visit the <a href="#">EDC website</a> .	To apply for this program, visit the <a href="#">BDC website</a> or contact your local BDC account manager.

## We're here to help

For more information about these programs, or for help completing an application, please reach out to your Grant Thornton advisor. We can guide you through the process and assist with any other business challenges you may be facing at this time.

Grant Thornton LLP wants to caution that these initiatives are still new and continue to evolve as the government continues to re-evaluate the economic impact caused by the COVID-19 pandemic. We may still see changes to these measures—as well as new measures—as the government attempts to address the issues. Therefore, any analysis included herein, reflects our knowledge as of the date and time of this email and may no longer be applicable if changes do occur and you should proceed with caution before making any decisions.

Visit our [COVID-19 Hub](#) for timely information and resources and connect with your [Grant Thornton advisor](#) to learn more.



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