



Bahamas Development Bank Quick Guide

Thank you for your interest in the Bahamas Development Bank. Our Management and Staff desire to make your contact with us as pleasant and trouble free as possible. For this reason, we have designed this website and brochure that provide important information concerning the Bank and its lending programs. We hope that the information supplied will help you in determining whether the Bahamas Development Bank is your best choice and how you can speed up the response time for your application. You are encouraged to read the information carefully and thoroughly. Should you have any questions after reading, please review our website or contact us at any of our offices during normal working hours.

WHAT IS THE BAHAMAS DEVELOPMENT BANK?

The Bahamas Development Bank is a Government corporation established to promote economic development through financing viable projects sponsored by Bahamian or Bahamian owned businesses.

FOR WHAT PURPOSES WILL THE BANK LEND?

The Bank lends for a variety of projects in virtually every sector of the economy. However, there are certain items BDB may not fund under current legislation and policy directives. These items are:

- i. The purchase of finished goods inventory for resale
- ii. The purchase of vacant land
- iii. The construction of commercial and/or residential buildings primarily for rental
- iv. The purchase of shares or bonds
- v. The purchase of consumer products for non-business use
- vi. The purchase of air-transport vehicles
- vii. Loan consolidations
- viii. Working Capital (except for incremental or initial Working Capital)

WHAT ARE THE BANK'S LENDING REQUIREMENTS?

It is required that the applicant contributes a minimum of 15% equity to the total cost of the project and that the loan amount is fully secured by marketable assets. The Bank reserves the right to request the borrower to contribute an amount greater than 15% based on its assessment of the risk inherent in the project.

The equity contribution may be in cash or in non-cash assets. In the case of non-cash assets, the borrower must supply evidence of ownership and the Bank may request an independent valuation of the assets being contributed.

As collateral for a loan, the Bank will accept real estate, equipment, vehicles, boats, and/or cash. Normally, the Bank will discount non-cash assets pledged as collateral by 25%-50%. For loans in excess of B\$10,000.00, an independent valuation completed by a qualified professional is required on assets pledged as collateral.

WHAT IF I DO NOT HAVE ADEQUATE COLLATERAL?

The Government has in place a loan guarantee scheme that is designed to assist those citizens who DO NOT HAVE adequate assets to secure a loan. The Bank may apply under this facility for a guarantee on an applicant's behalf if it considers the project feasible and the applicant creditworthy.

HOW DO I APPLY FOR A LOAN?

To apply for a loan it is recommended that you complete our online application form. To ensure maximum use of any appointment time scheduled, it is recommended that you complete and submit a copy of your business plan. This will allow your credit officer to become familiar with your project and provide you with added information that may expedite a decision on your application.

WHAT IS A BUSINESS PLAN?

A business plan contains the details of your business. It tells what your business is about, how it will be financed, who will manage it, how it will attract customers and how it will make sufficient money to pay its operational and debt obligations.

BAIC is the government institution mandated to assist Bahamian entrepreneurs and businessmen with formulating and preparing business plans. This service is free. BAIC has offices located in Freeport and Nassau. In Freeport, the office is situated in the National Insurance Building. Its phone number is 352-1888. In Nassau, BAIC's phone number is 322-3740.

You are also free to have your business plan developed by any professional competent in business plan writing and/or project development, such as accounting firms, business consulting firms, etc.

WHAT SHOULD I BRING WITH ME TO MY APPOINTMENT?

Please bring with you a picture ID, your National Insurance Card, a credit reference from your bank, two character references, pro-forma invoices or bids for the items you are asking the Bank to fund, a copy of the completed Project Profile Summary, and a copy of your business plan (if available). Depending on your particular circumstances, your credit officer may request additional documentation from you.

HOW LONG WILL IT TAKE BEFORE I OBTAIN AN ANSWER TO MY REQUEST?

Section 13 of The Bahamas Development Bank Act requires **ALL** loans to be decided by a credit committee. How fast a decision takes will depend on how frequently the credit committee and/or Board of Directors meet. We expect to be able to give a decision on a loan application within 45 days from the date the Bank has been supplied with all relevant information needed to process the application.

IS THERE AN ADMINISTRATION FEE?

Yes. A fee of \$100.00 or 1½% of the loan amount (whichever is greater) must be paid when a loan applicant decides to accept a loan offer from the Bank.

ARE THERE ANY OTHER COSTS OR CHARGES?

Yes. Legal fees and expenses, taxes and insurances are a part of the closing costs and are usually payable prior to disbursement of loan proceeds. Because the type of collateral impacts the closing costs, each project's closing cost may differ. During your application interview, your officer will provide you with an estimate of what your closing costs would most likely total.

WHAT KIND OF INSURANCE DO I NEED FOR A LOAN?

The borrower is normally asked to provide life insurance in an amount adequate to cover the loan amount. BDB does not provide a credit insurance program. The borrower is required to assign to BDB proceeds of an existing or new life insurance policy. Where assets securing a loan may be insured against loss, the Bank may and often do require that they be insured as well.

In all cases, BDB must be noted as loss payee, and it is the borrower's responsibility to maintain all insurance premium payments for the duration of the loan.

WHAT IS THE BANK'S INTEREST RATE AND IS IT FIXED OR VARIABLE?

The Bank's interest rate is dependent on several factors and do change periodically. We advise you to call to find out the rate at any given point in time. In all instances the Bank reserves the right to increase and/or decrease the rate of interest. However, BDB has tended to treat the rate as a fixed rate during the course of the loan.



Bahamas Development Bank

Our commitment is to work with you, our valued client.

We all understand that customers may encounter financial difficulties that may require our assistance when payments will be late or unable to be made as per your agreement. In order to avoid liquidation of your assets and legal action, it is important that you contact us well in advance, if possible. We have a team of professional Customer Service Delinquency Officers standing-by to meet with you. Depending on your financial situation, we can offer you a solution that may assist you with keeping your account current. For more general information, please contact us at cserv@bahamasdevelopmentbank.com or at 702-5700.

CONTACT INFORMATION

Main Branch and Executive Offices	Freeport Branch Office
Cable Beach	Bank of Bahamas Building
PO Box N - 3034	PO Box F - 42573
Nassau, NP, Bahamas	
Phone Numbers: (242)702-5700	Phone Number: (242)353-9025
(242)327-5780	
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Monday - Friday 9am - 5pm