

The BDC Loan Application Process

Please see the How to Qualify / Underwriting Criteria section to learn more about how to make a successful loan application.

The BDC borrowing process is borrower driven; meaning, the process will move as fast as the borrower is prepared to move the process. Typically, a successful loan application will move from application to closing in 30-90 days.

There are 5 key components to the typical application process:

1. Loan application/packaging/underwriting (5 – 30 days or more depending on the readiness of the borrower)
2. Loan Review Committee (meets twice monthly for real estate and once monthly for business)
3. Loan Commitment (within 2 days of Loan Review Committee approval)
4. Loan Closing (typically within 30 days of Commitment)
5. Disbursement of loan funds (day of closing or in scheduled disbursement period)

Loan application/packaging/due diligence

Please see the How to Qualify / Underwriting Criteria section to learn more about how to make a successful loan application.

The loan applicant will work with a BDC loan officer to complete a loan application and provide all of the necessary materials for underwriting.

The loan officer will work with management to complete underwriting.

If the loan is underwritten with a positive recommendation, the loan officer will package the completed loan application for presentation at the BDC's Business or Real Estate Loan Review Committees.

Loan Review Committee (LRC)

The LRC's are comprised of local bankers, business consultants, attorneys, contractors, and other experts in loan underwriting and business planning. The LRCs provide underwriting and credit analysis consultation to the BDC to help the BDC make sound credit decisions.

The BDC Business LRC meets once per month and the Real Estate LRC meets twice per month. Business loans (i.e. equipment, working capital, and owner occupied real estate) are presented to the Business LRC. Real Estate loans (i.e. speculative, passive real estate, etc.) are presented to the Real Estate LRC.

The BDC loan officer presents each loan package to the LRC for review and discussion. The LRC will approve, table, or disapprove each loan package. Tabled loan packages go back to step 1 for further due diligence and underwriting. Approved loan packages are approved for loan commitment.

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Loan Commitment

With LRC approval to commit to a loan, the BDC will send a commitment letter outlining the loan commitment and the loan terms (i.e. loan amount, interest rate, loan term, amortization, disbursement, etc.) and conditions of closing and post-closing to the borrower for their execution.

With the executed commitment letter, the BDC and the borrower work toward closing.

Loan Closing

At closing, all of the necessary legal agreements are executed to close the loan and begin disbursing funds. These typically include:

- Loan agreement
- Note agreement
- Security agreement
- Mortgage
- Uniform Commercial Code (UCCs)
- Intercreditor agreement
- Disbursement agreement
- Landlord release of waiver
- Assignment of leases and rents
- Other.

It is important to note that BDC loans typically close with or after all other financing sources are closed.

Disbursement of Loan Funds

The disbursement of funds varies from loan to loan. Sometimes all funds are disbursed at closing, sometimes funds are disbursed with appropriate draw requests (i.e. invoices, AIA statements, construction review by URA engineering and construction staff, etc.), and sometimes funds are disbursed at project completion.

Please note that certain programs have variations to this process; including URA board approval and/or, certified SBA CDC board approval or certified Industrial Development Corporation Board approval.

The Streetface, Cultural District, and Downtown Façade programs have distinct processes separate from the above.