
KHULA CREDIT GUARANTEE SCHEME

Khula Credit Guarantee provides a range of guarantee products to registered commercial banks and other financial institutions in the private sector, whereby Khula assumes a portion of the risk associated with lending in the SME sector.

INDIVIDUAL GUARANTEES SCHEME

The purpose of this guarantee is to enable an entrepreneur to access funding from a participating bank or other financial institutions for the establishment, expansion or acquisition of a new or existing business. The funds may be used to finance fixed assets and/or working capital.

The Standard Scheme will guarantee 80% of the facility to a maximum of R1 000 000.

The guarantee may not be applied to cover existing debt. Khula guarantee can only be used when a potential borrower fails to secure a bank loan due to insufficient collateral security (the guarantee does not address viability issues.) In other words an applicant should first satisfy the bank's basic criteria of lending.

QUALIFYING FOR AN INDIVIDUAL GUARANTEE

Prior to approaching a participating bank or other financial institutions for a facility in order to access a guarantee, it is essential for the applicant to comply with the following criteria:

- The applicant must be a South African citizen,
- the applicant must be the owner/manager of the business

- the business must be located within the borders of the Republic of South Africa,
- the business must be economically viable and have a profit motive,
- the applicant must have sufficient level of skills and experience directly related to the business or must have access to such skill.
- a minimum of 10% own contribution, either in cash or assets is recommended.

BANKS CRITERIA

Such criteria tend to differ slightly from bank to bank, but the following norms/criteria generally apply

- A sound business plan which demonstrates clearly, among other things, the viability of the business,
- and other credit-related criteria that different banks would apply according to their different credit policies.

HOW TO APPLY

All applications must be made through any commercial bank or other financial institutions participating in the programme. The applicant must contact one of the participating banks or other financial institutions and apply for a facility for a credit guarantee through Khula.

Applications may also be made to any Thuso Mentorship office. A list of contact details is overleaf.

KHULA ENTERPRISE FINANCE LTD.

Head Office:

Khula Enterprise Finance Ltd.
PO Box 4197, Rivonia, 2128
www.khula.org.za
Tel: (011) 807 8464
Fax: (011) 807-9023 or 807-8477
Email: helpline@khula.org.za
Tollfree helpline: 0800-118815

Bloemfontein:

Tel: (051) 430 0275/3203
Fax: (051) 430 0949
Email: khulabfn@cscope.co.za

Cape Town:

Tel: (021) 686 3130/2
Fax: (021) 686 3137

Durban:

Tel: (031) 301 1916/7
Fax: (031) 301 1922
Email: khula@mweb.co.za

East London:

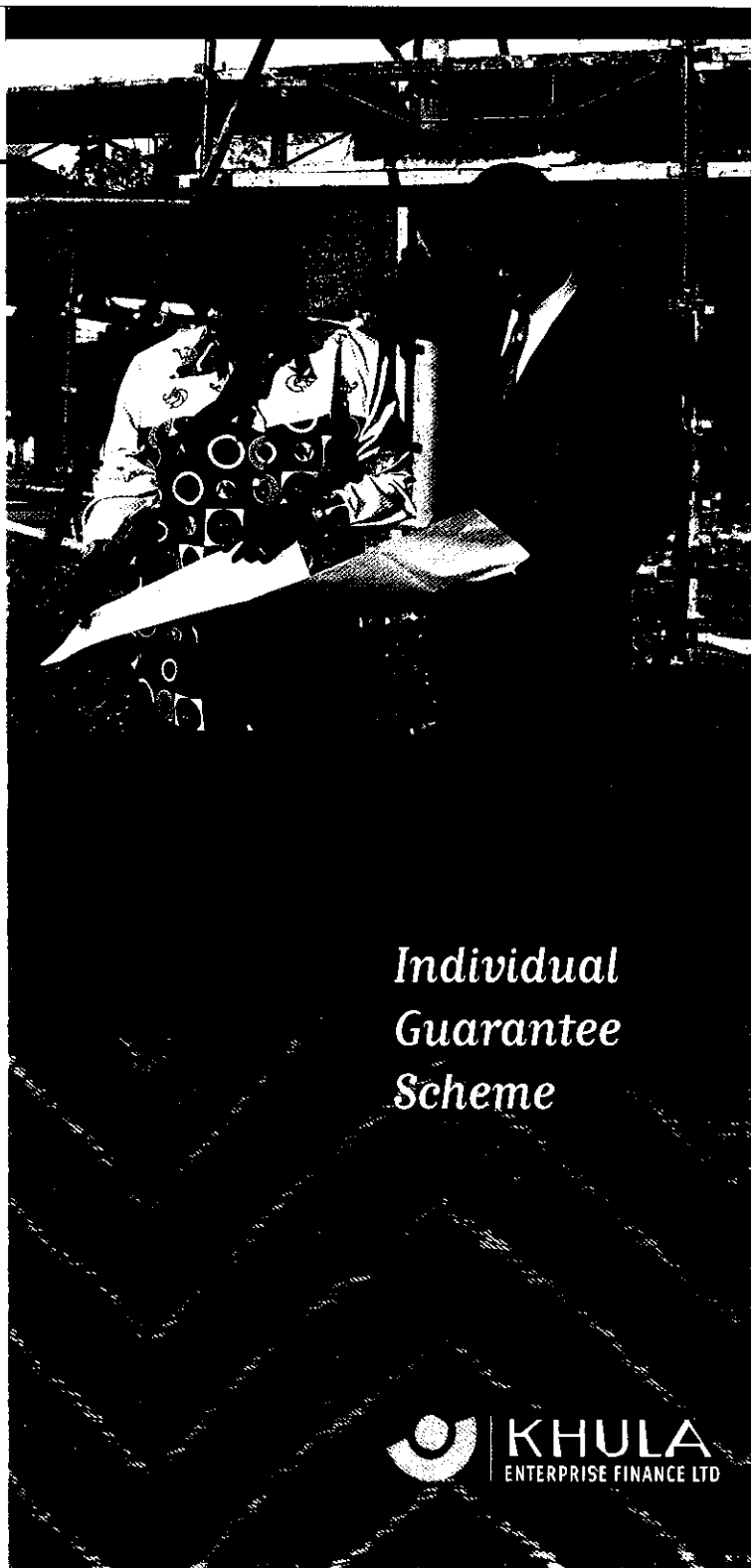
Tel: (043) 721 0437/0442
Fax: (043) 721 0445
Email: zibid@iafrica.com

Midrand:

Tel: (011) 315 0036/7
Fax: (011) 315 7436
Email: khulamid@iafrica.com

Port Elizabeth:

Tel: (041) 363 2570
Fax: (041) 363 2570
Email: khula_pe@epweb.co.za



*Individual
Guarantee
Scheme*