



CMF eases requirements to access FOGAPE-guaranteed loans

- *The provisions ease conditions to grant FOGAPE-guaranteed financing and ensure adequate credit risk management of institutions that make use of such guarantees.*
- *They apply to future bids made by the fund manager (BancoEstado).*

February 25, 2022 — The Board of the Financial Market Commission (CMF) approved an update to the management regulations of the Guarantee Fund for Small and Medium-Sized Entrepreneurs (FOGAPE). By virtue of the powers granted to it according to Article 1 of Decree Law No. 3,472, the Commission's objective is to permanently incorporate several of the flexibilities created "FOGAPE Reactivación" Program at the beginning of the Covid-19 pandemic — and which were in force until December 31, 2021 — into the traditional FOGAPE Program. The main features include:

- Easing the way to measure annual sales of companies eligible to access the fund's guarantees, as well as the allowing the fund manager (BancoEstado) to establish measurement criteria for companies with no activity or less than 12 months of activity as part of the bidding conditions.
- Titles representing financing must contain a statement by borrowers indicating the way such funds will be used and responsibilities assumed if false information is submitted in the application, or the funds are used for different purposes.
- Establishes the responsibility of financial institutions regarding criteria to both grant FOGAPE-guaranteed loans and the debtor's subsequent follow-up while the contract is in force.
- Easing the conditions for financial institutions to demand payment of the fund's guarantees should debtors incur in default of their obligations. This includes extending the timeframe for a FOGAPE complaint from 425 to 500 days, and the possibility of requesting such payments as soon as the judicial collection for amounts below UF 400 starts after filing the collection claim with the competent court.
- Incorporates a transitory provision extending timeframes to collect the fund's guarantees for entities unable to notify debtors during a constitutional state of exception due to catastrophe, or due to public

calamity declared by Supreme Decree No. 104 of March 18, 2020, issued by the Ministry of the Interior and Public Security, plus any subsequent extensions.

Any adjustments made to the regulations in question are limited to issues within the scope of the Commission's competencies and apply to all future bids made by BancoEstado in its role as fund manager. As well as easing the conditions to grant FOGAPE-guaranteed loans, they ensure adequate credit risk management of institutions that make use of such guarantees.

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