



Bank of St. Helena Ltd.

[www.sainthelenabank.com](http://www.sainthelenabank.com)

# **Business Loan Application Sole Traders and Partnerships**

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# TERMS AND CONDITIONS

## Updated August 2016

### 1 General

1.1 These Terms & Conditions apply to all facilities, except where explicitly defined otherwise.

In these Terms & Conditions:

- 'Applicant' and 'Borrower' shall be construed in the plural in the case of joint applications.
- 'Facility' shall be construed as any form of financial assistance applied for, whether it is a loan, overdraft or any new products introduced.
- 'St. Helena' includes the entire jurisdiction of St. Helena, including Ascension Island.

1.2 These terms and conditions form part of the contract between the bank and the borrower.

### 2 Eligibility

2.1 Any business that meets the following criteria is eligible to apply for financial assistance:

- Is currently operating or plans to operate a business on St Helena
- Is registered by the Companies Registrar of St. Helena if the businesses legal form is that of a company
- Is a St. Helena-based voluntary organisation (e.g. clubs, societies and charities) whose legislation/ordinance allows them to borrow money from the Bank
- Is registered with the Commissioner of Income Tax
- Has a current business account with the Bank of St. Helena Ltd

2.2 Applications from inward investors will be considered, providing that the request is for working capital only.

2.3 The applicant must also provide proof that if the funds are for the purchase of assets, the assets will be for use within St Helena and Ascension Island only.

### 3 Application

3.1 Every application must be made on the Bank's standard application form, which must be completed in full and signed by the applicant or an authorised signatory, in which Power of Attorney forms will need to be submitted.

3.2 The purpose of the facility must be clearly stated within the application form.

3.3 All applications must be supported by a business plan, a minimum of three years cash flow forecasts and projected financial statements for the same period. An existing business will be expected to include copies of their previous financial statements.

### 4 Qualification

4.1 The borrower agrees that the Bank may take whatever steps it considers necessary to satisfy itself as to the creditworthiness of the applicant, and the applicant agrees to provide the Bank with whatever additional information it considers necessary in order to assess the application. The borrower may withdraw this consent at any time before an application is approved, whereupon the application will be deemed to have been withdrawn.

4.2 The Bank reserves the right to decline applications at its sole discretion, without the requirement to provide a reason for doing so.

4.3 Applicants should not assume that meeting the requirements laid out in these Terms and Conditions automatically means approval of their application. Further analysis of the supporting data will be carried out to ensure the creditworthiness of the business and its ability to afford the loan repayments throughout the term of the loan.

### 5 Conditions of approval

5.1 Approval of a facility will be communicated by way of letter, email or telephone. Any additional or varied conditions will be clearly stated in a formal letter.

5.2 To accept the facility offer the applicant must sign and have witnessed in duplicate the facility letter.

5.3 Joint borrowers and guarantors are all responsible for ensuring that loan repayments are made and all conditions of the facility letter are met without default.

5.4 The borrower undertakes not to borrow further sums from any other source without the consent of the Bank whilst any amount of the facility remains outstanding.

5.5 The applicant will be required to prove ownership of any asset which is to be provided to the Bank as collateral.

5.6 The applicant will be expected to sign (where applicable) an acceptance form/schedule giving the Bank permission to inform the Licencing Officers at the Customer Service Centre and/or the Insurance Office of their interest in the asset being held as security for the duration of the proposed facility.

5.7 If the facility is not utilised within six months of the approval date it will become void.

### 6 Facility period

6.1 All facilities will be for a specified period of time which:

- will not exceed the estimated useful life of the collateral taken by the Bank as security.
- will be the repayment period determined by the bank.

### 7 Interest rates

7.1 Interest will be calculated using either the Bank's Base Rate or 12 month GBP LIBOR Rate, plus a margin that is set by the Bank depending on the type of facility, loan amount and repayment period.

7.2 By accepting the facility the borrower authorises the Bank to vary the interest rate, whether occasioned by a change to the Base Rate or for other published reasons.

### 8 Repayments

8.1 All repayments will be automatically debited from an agreed BoSH Business Account on the same date each month, commencing one month from the date of signing the facility letter except in the case of deferred loans.



- 8.2 In the case of Deferred Business Loans, monthly repayments will not commence from the nominated business account until the agreed deferral period is complete. The deferred interest calculated as part of the approved loan amount will be debited on a monthly basis. Once the deferral period is complete, monthly repayments will automatically be debited from the agreed account on the same date each month of which the Facility Letter was signed.
- 8.3 The borrower must ensure that sufficient funds exist in the account to meet the scheduled monthly repayments.
- 8.4 Should there be insufficient funds in the Business Account, the repayment will still be made and an unauthorised overdraft will be created. The bank will then attempt to contact the borrower to advise of this unauthorised overdraft and request that it is cleared immediately. The account holder will be unable to draw cash or make payments from the Business Account until this overdraft has been cleared. Unauthorised overdrafts are deemed an event of default and will attract additional charges and/or interest at a higher rate.
- 8.5 We reserve the right of set-off, i.e. we may move money from other accounts held by you, jointly or personally, without notice, to repay an unauthorised overdraft and the overdraft interest thereon.
- 8.6 All repayments will be for a specific amount as calculated by the Bank in order to fully repay the facility, plus interest, by the agreed completion date.
- 8.7 Lump sum repayments are permitted but must be confirmed by the borrower in writing. By making lump sum payments this reduces the term of the facility. Lump sum repayments are applied to the facility at the next repayment date.
- 9 Disbursement Loans**
- 9.1 Where facilities are for the purchase of specific items (capital assets/materials/labour) all disbursements under the facility letter will be made directly to the supplier.
- 9.2 All requests to disburse funds under a facility letter must be supported by a sales invoice.
- Overdrafts**
- 9.3 Upon approval of an overdraft facility the bank will notify the borrower. Once the facility letter has been signed, the agreed overdraft limit will be placed on the borrower's account. The borrower need not supply documentation for the purchases made, but must demonstrate that all business transactions are operated through this designated account.
- 10 Events of Default**
- 10.1 The events that would cause a facility to be considered 'In Default' will be notified to the borrower in the facility letter.
- 10.2 In the case of an event of default, action (which may include legal action) will be taken to obtain payment and/or to take ownership of the assets held as security.
- 10.3 Any event of default will affect your credit rating with the Bank and subsequent loan applications.

**11 Insurance**

- 11.1 Appropriate insurance must be maintained over any assets held as security by the Bank for the period of the facility. Such insurance is to be evidenced by the submission of an annual insurance certificate to the BOSH.
- 11.2 Non submission of appropriate and up-to-date insurance certification is deemed an event of default and will attract additional charges.

**12 Fees**

- 12.1 Applicants will be subject to the following fees:
- Application fee – Payable upon submission of your application form
  - Administration fee – Payable on the date of signing your Facility letter
- 12.2 Applicants can be subjected to the following additional fees:
- Valuation fee – If a valuation of the asset being offered as security is necessary, a valuation fee will be charged
  - Reminder Letter fees – in the event of default, a reminder letter will be sent and the applicable fee will automatically be debited from your Bank Account.

**13 Other conditions**

- 13.1 The borrower is required to maintain proper books of accounts of the business, (to include a Trading, Profit & Loss Account and/or Income Expenditure Account, a Balance Sheet and Depreciation Schedule) Accounts must be audited where applicable and made available to the Bank for review annually and on demand.
- 13.2 The applicant may use the services of third parties to assist in completing the application forms and required supporting data. However, the accuracy and completeness of the application remains the sole responsibility of the applicant.
- 13.3 If the asset/s held by the Bank as security is sold, the Bank must be informed of the sale and the borrower must either:
- settle the outstanding loan balance immediately: or
  - provide alternative security of a value sufficient to secure the outstanding loan balance
- If neither option is feasible, the Bank will seize the asset from the new owner and sell it.

**14 Amendment**

- 14.1 The bank reserves the right to revise these terms and conditions at its sole discretion, at any time, without notice. Revisions will apply to new and existing borrowers. Existing borrowers will be informed of any material changes.

**General Advice to Borrowers**

**Bank of St. Helena attempts to establish that facilities it makes are affordable to the borrower. However, the bank recognises that circumstances may change unexpectedly. In the event that a borrower is likely to be unable to meet the repayments on a loan s/he should contact the bank as soon as possible to discuss the situation, preferably before any payments are missed, so that a satisfactory solution can be agreed.**

# A GUIDE FOR APPLICANTS

## Updated August 2016

Bank of St. Helena has a flexible package of loans available for businesses.

Appropriate borrowing can allow a business to seize opportunities and grow, but inappropriate borrowing can cause a business to fail. When assessing an application for a loan the bank aims to ensure that the business does not take on debt that it cannot manage to repay and that all documentation provided demonstrates methodical preparation and realistic targets. The information required allows the bank to form its judgement on whether this is the case.

**Any event of default, including your account becoming overdrawn due to insufficient funds being left to cover your loan repayments, will affect your credit rating with the Bank and subsequent loan applications.**

### 1 Application Format

All applications for business-related lending must be made in writing, on the appropriate Bank of St Helena Ltd Business Loan Application form. An application and supporting documents can be faxed or emailed but must be signed by authorised signatories appropriate to the legal form of the borrower.

Please note that these requirements apply for all types of loan, including overdrafts.

### 2 Business Plan Requirements

The purpose of the business plan is to enable the bank to determine the scope and nature of the business to which it is being asked to lend, and also for it to satisfy itself that the applicant has a good understanding of the risks that may befall the business.

The plan must cover a three year period from the date the loan will be drawn. The bank does not impose a set format for a business plan. However, to be acceptable for the purposes of business lending the business plan must provide details of:

- the structure of the business,
- the product or service,
- how the loan will be utilised within the business and the expected benefits
- the targeted customer
- the growth potential of the business
- the offered collateral on which the loan will be secured
- existing borrowings by the business and the business owners<sup>1</sup>

It is strongly recommended that the business plan also includes the following information in as much detail as is appropriate to give the bank a good understanding of the business:

- Information on how the business will operate in relation to its customers and competitors; this could include market research and competitor analysis.
- Information on the owner(s) and key staff of the business and their relevant experience; this could include CVs and information on completed and planned training.

### 3 Financial Forecast Requirements

Financial forecasts will allow the bank to assess the businesses ability to repay the loan and must include:

- A Cash Flow Forecast for a minimum of three years<sup>2</sup>, however if a positive net cash position is not obtained within this period, an extended cash flow will be required until such time that it does
- A projected Trading, Profit & Loss Account and/or Income & Expenditure Account for the same period as the cash flow forecast
- Information on all assumptions used in compiling the forecasts
- For existing businesses, the accounts of the business for at least the previous completed financial year<sup>3</sup>, and management reports for any completed quarters since. The accounts should include: A Balance Sheet, Depreciation Schedule, Trading, Profit & Loss Account and/or Income & Expenditure Account.

### 4 Obtaining Assistance

Applicants may require assistance in preparing some or all of the documentation specified above.

The bank can provide some help to applicants, mostly in terms of identifying areas of the application that are of concern to it and suggesting how these areas might be better researched. Note however, that the bank cannot give advice on the actual underlying business planning.

There are a number of potential sources who provide such assistance, however Bank of St. Helena does not formally recommend any particular provider. Many of these have previous experience of helping clients prepare information for loan applications.

Applicants using a third-party provider should note that the third-party is the applicant's agent. The business loan proposal and, if approved, the facility letter are between the bank and the applicant. In the event of any difficulties the bank will hold the applicant responsible for the data provided, irrespective of whether any third parties have been involved in its preparation.

<sup>1</sup> Details of borrowing by business owners is not required for limited companies

<sup>2</sup> An example cash flow forecast is available from the bank and can be downloaded from the bank's website

<sup>3</sup> Audited, where required



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# **APPLICATION FORM**

## **Sole Traders and Partnerships - Business**

**SECTION 1 DO YOU HAVE THE RIGHT FORM?**

This form should be used when a Sole Trader or Partnership business wishes to apply for a loan or an overdraft. Businesses of other types and personal loan applicants should use a different form.

**SECTION 2 BUSINESS DETAILS**

1. Name of business: .....
2. Full name of applicant: (1) .....DOB: .....
3. Full name of applicant: (2) .....DOB: .....
4. Phone no: (Home)..... (Work)..... (Mobile).....
5. Email Address: .....

**If the business has more than two owners, please provide further details on a separate sheet.**

6. What is your business type?      Sole-trader       Partnership

7. Present Home Address:  
.....

8. Previous Home Address: (if at current address less than three years)  
.....

9. Business Address: (if different from 7)  
.....

10. Applicant 1: Employer.....      Applicant 2: Employer.....

11. Position Held:.....      Position Held:.....  
Please circle whether full time or part time      Please circle whether full time or part time

12. If working on contract, what is the remaining term?.....      If working on contract, what is the remaining term? .....

13. Bank of St Helena Account No:      Bank of St Helena Account No:  
.....

**SECTION 3 DETAILS OF LOAN REQUEST**

1. Type of loan required:

- Ordinary Repayment Loan (Secured)       Ordinary Repayment Loan (Unsecured)   
 Overdraft (Secured)       Overdraft (Unsecured)   
 Deferred Repayment Loan

If applying for a Deferred Repayment Loan, please specify deferral period: ..... months

2. Purpose of loan/overdraft: (choose the applicable)

- Vehicle Purchase     Boat Purchase     Purchase of Premises   
 New Construction     Extension/Alteration     Other

If other, please specify.....

3. Amount of loan/overdraft required: £.....

4. Security Offered: (if applicable).....

**Additional Questions if application is for assistance in conjunction with the construction or alteration of a building**

1. Cost of the following:

- Labour            £.....  
 Transport        £.....  
 Materials        £.....

2. Address of Property to be purchased/or where work is to be carried out:

.....

- On Freehold       Government Lease       Other Lease

Parcel No:.....Registration Section:.....

3. If outright purchase:

- Cost of property                    £.....  
 Applicants Contribution            £.....  
 Amount of Loan Required            £.....





\*Specify other creditors hereunder, together with confirmation of amount still outstanding.

Name of Creditor	Amount Outstanding (£)

Further information applicants may consider of relevance:

.....  
 .....  
 .....  
 .....  
 .....

**Declaration**

I/We certify that the information provided above is correct and confirm that:

1. I/We have read and accepted the applicable Terms & Conditions for this loan, and will utilise the loan in accordance with these Terms & Conditions as set by Bank of St Helena
2. I/We will promptly notify the bank of an changes in the above details

Signature applicant 1 ...../Date.....

Signature applicant 2 ...../Date.....

**OFFICE USE ONLY**

Application fee £20.00

**Authority to Disclose Information:**

I/We....., hereby give consent for the Bank of St Helena to disclose information to Enterprise St. Helena, such as any or all outstanding balances arising from loan commitments as well as any other information with them that aids joint progression of this application.

Signature applicant 1 .....Date: .....

Signature applicant 2 .....Date: .....

If the business has more than two owners, please provide further details on a separate sheet.