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Documents Required For Loan Application Large Enterprises /Small & Medium Enterprises

PRE- APPROVAL CHECKLIST

1. Formal Application on Letterhead
2. Duly completed Loan Application Form
3. Photocopy of Certificate of Incorporation
4. Certified true copy of Memorandum and Articles of Association and Forms CAC 2.5 (Allotment of Shares), CAC 2.3 (Particulars of Directors) and CAC 2.1 (Appointment of Company Secretary)
5. Feasibility Study Report to include detailed Profile of the Company with Curriculum Vitae of the key Management Staff and write-up on technology/manufacturing process(s)/ Technical Partners
6. Quotation/Proforma Invoice for the supply of items of Machinery and Equipment
7. Sources and quotations for Raw Materials expressed in quantity and amount
8. Curriculum Vitae of the Directors and Key Management Staff of the Company
9. Eight(8) passport photographs of the Chief Promoter and two (2) Directors of the company
10. Means of identification of two (2) Directors of the company (i.e. photocopy of International Passport/Driver's License and National Identity Card)
11. BVN of the Chief Promoter, and two (2) Directors of the company.
12. Security:
 - (a) If Bank Guarantee, a letter of intent for Bank Guarantee from the Head Office of commercial bank issuing the guarantee, Individual Guarantor etc.)
 - (b) If landed property is being pledged as security, then the following:
 - (i) Photocopy of the title document(s) to the property being pledged. This could be a Certificate of Occupancy, Deed of Sublease or Deed of Assignment/Conveyance
 - (ii) Evidence of payment of Ground Rent up to date
 - (iii) Tax Clearance Certificate (TCC) of the owner of the property obtained from the State where the property is

- located
- (iv) Valuation Report from one of Lender's accredited valuers
 - (v) Four (4) passport photographs and BVN of the property owner.
 - (vi) Means of identification of the property owner.
 - (vii) Letter of Consent signed by the property owner to mortgage property to the Lender
 - (viii) If the property is owned by a limited liability company different from the borrower, then Board Resolution of that company.
13. If operating from a rented premises, lease agreement must have a tenor of at least one year beyond loan tenor.
 14. A copy of the draft Technical, Management, Machinery Supply and/or Joint Venture Agreement (where applicable).
 15. Three years' Audited Financial Accounts and most recent Management Account from the Lender's accredited auditors (for existing business)
 16. Statement of Affairs (for business less than one (1) year)
 17. Company's Bank Statement for a period of one (1) year (for existing business)
 18. Three years' Financial Statement of Accounts for Institutional Investors in the project or another company owned by the Chief Promoter (where applicable)
 19. Declaration of Outstanding Liabilities to other Banks, Lenders and Individuals

POST - APPROVAL CHECKLIST

1. Submission of Letter of Offer duly endorsed by a Director and Company Secretary or two (2) Directors
2. Letter of acceptance of Offer
3. Return of duly executed Loan Agreement
4. Board Resolution authorizing borrowing
5. Photocopy of the filed Annual Returns (up to date) of the Company at Corporate Affairs Commission (CAC)
6. Photocopy of the Current Tax Clearance Certificate of the Company and two of its Directors (if landed property is being pledged as security for the loan)
7. Evidence of filling appointment of Company's Secretary with CAC
8. Security - Original title documents of landed property (Certificate of Occupancy, Deed of Assignment (registered)), Bank Guarantee
9. Individual Guarantors (Where Applicable)
 - (a) Means of identification (i.e. photocopy of International Passport or Driver's License or National Identity Card or Permanent Voter's Card)
 - (b) Four (4) Passport photographs
 - (c) Notarized Statement of Net-Worth (Form will be issued by the Lender)
 - (d) BVN
 - (e) Curriculum Vitae of the Guarantor(s)

10. Submission of Bank Guarantee (if applicable)
11. Evidence of payment of fees (if applicable - appraisal, commitment and legal fees)
12. Letter of Attestation
13. Letter showing specimen signature of the authorized signatory
14. Original proforma invoice(s) for the approved items

LIST OF INFORMATION EXPECTED IN THE FEASIBILITY STUDY

1. Information on the company's activities since incorporation
2. Curriculum Vitae of shareholders with at least 5% holding of the company shares and their percentage shareholding
3. Details of the project cost as well as the proposed financing plan with realistic assessment and evidence of availability of funds from each source
4. Details of cost incurred on the project till date
5. Installed capacity and a detailed analysis of the annual cost of production and cash flow and balance sheet projections for at least the first five years with relevant assumptions
6. Detailed technical information covering technology, production process etc.
7. Information on Technical Partners, if any
8. Comprehensive list of machinery required, giving detailed specifications, source(s) and prices
9. Details of utility requirements and availability of essential services such as water, power, and transport around the project site
10. Detailed information on raw material requirements, their sources and unit cost
11. Comprehensive list of manpower requirements broken down into categories and salaries
12. List of existing management and staff including qualification, designation and annual remuneration (for expansion projects only)
13. Detailed market study report, covering the following areas:
 - (a) Supply analysis with information on names, location and installed capacities of existing and known potential competitors, import data for the product(s), trend of future supply (local + import)
 - (b) Demand analysis comprising factors influencing demand, estimate

of domestic demand, export potentials - all based on current and future trend

- (c) Market prospects with information on existing planned marketing arrangements, distribution strategies, current and proposed selling prices vis-a-vis competitors, prices (local and import prices)
14. For on-going projects, provide the existing, Expansion/Diversification and Consolidated projections covering Profit and Loss Accounts, Cash Flow Analysis and Balance Sheets for a period of five (5) years. Also provide the detailed information/data and assumptions used in the above projections

Frequently Asked Questions (FAQ)

1. Question: What is the role of Highnet Resources in assisting me to get a Loan?

Answer:

Highnet Resources' role is as follows:

- Collaboration with various Lenders to identify credible SMEs and large enterprises that require finance
- Our role is to assist with bankable business plans/Feasibility studies and proposals towards facilitating and accessing finance from various Lenders
- Collaboration with various Lenders to conduct periodic post-finance monitoring of the borrowers as required
- To provide post finance services such as mentorship, handholding financial advice and encourage borrowers to inculcate best practices
- Supporting borrowers to develop synergies and linkages with SMEs, large enterprises, industrial suppliers along the value chain

2. Question: Can I get a loan for working capital alone?

Answer: Most of our lending partners do not give loan for working capital on its own but can give loan for equipment project and working capital combined or for purchase of equipment only

3. Question: Will the Lenders disburse or release the loan money directly to my account?

Answer: No, the Lenders do not disburse loan directly to a borrower's account instead the loan is released directly to the suppliers of the equipment and raw materials as applicable.

4. Question: Do the Lenders require collateral for their loans?

Answer: Yes, Lenders requires collateral but it varies based on the loan amount. For some loans below 10million, some Lenders such as BOI can accept a guarantee from two personal guarantors based on certain criteria. However, for any loan above 10million most Lenders will ask for security in the form of landed properties or bank guarantees.

5. Question: Why do Lenders want me to submit my bank account as part of my loan documentation?

Answer: All your sales turnover are expected to go to your bank account as proof of sales turnover to the Lenders

6. Question: If I want to use my land property as security, what property title is accepted to the Lenders?

Answer: Acceptable title accounts include: Certificate of Occupancy (CofO), Deed of Conveyance, Deed of Sublease, Deed of Transfer, Deed of Assignment, Deed of

Assent.

7. Question: Does Lenders require a registered business to apply for a loan?

Answer: Yes. Lenders require that your business be registered with Corporate Affairs Commission (CAC) before you can access any loan

8. Question: What is the pricing of loans?

Answer: Interest rate: Maximum of 10% per annum, Structured Working Capital: 12% – 15% per annum (subject to Management's approval)

9. Question: Are there any other payment asides interest rate

Answer:

- Yes. Depending on the type of loan, you may be required to pay the following fees and charges;
- Appraisal Fee (non-refundable) – 1% flat
- Commitment Fee (non-refundable)– 1% flat
- Monitoring Fee – 0.0125% per quarter (on reducing balance)
- Insurance charge
- Legal Fees

10. Question: what is the tenor for repayment/payback?

Answer

- Term Loan: 3 – 5 years
- Working Capital: 2 years
- Moratorium
- 6 months – 12 months (from date of loan disbursement)

11. Question: Do the Lenders require security?

Answer:

Loan Amount ≤ N10 million. This security Arrangement is only applicable to Bank of Industry (BOI).

A combination of;

- Irrevocable Personal Guarantee of the Chief Promoter of the company
- Two (2) external Guarantors acceptable to the Lender who must belong to any of the following categories:
 - ✓ Senior Civil Servant (Level 12 and above) who should not be more than 53 years old or not more than 28 years in service (whichever comes first.
 - ✓ Bankers (not below the level of Assistant Manager) and must have been confirmed by current employer.
 - ✓ Professionals i.e. Medical Doctors, Lawyers, Accountants, Engineers, etc.
 - ✓ Senior Staff (not less than a manager) of reputable quoted Companies, International Oil Companies, Telecommunications Companies (GSM providers)
- The guarantees must be supported by duly Notarized Statement of Net worth acceptable to BOI

- Payment of 10% security deposit into designated BOI account; in addition to lien over the equipment (present and future)
- Asset and Credit Life Insurance of the Chief Promoter

Loan Amount \geq N10 million. The security arrangement is applicable to most Lenders

- All assets debenture/ Legal mortgage in choice locations.
- Irrevocable Personal Guarantee of the Chief Promoter of the company.
- Asset and Credit Life Insurance of the Chief Promoter.
- OR
- Bank Guarantee from a Commercial Bank

12. Question: Do the Lenders finance imported equipment/machineries?

Answer: Yes, all lenders finance machineries or equipment imported from other countries; and some Lenders also fund locally manufactured machineries.

13. Question: How long does it take to process a loan?

Answer: It takes within 30 to 40 working days to process and obtain Management's approval after submission of all requirement documents. While it takes about 15 working days for disbursement, once all criteria have been met.

14. Question: What is the loan application process?

Answer:

- The loan application process effectively begins when all required documents have been received and admitted by the Lender.
- The documents are reviewed and processed accordingly.
- The loan application is approved, if it meets the Lender's minimum risk acceptable criteria.
- An offer letter is issued by the Lender to the loan applicant. The offer letter contains the features, terms and conditions of the loan, including the pre-disbursement conditions required prior to the disbursement of the loan amount.
- Subject to meeting all pre-disbursement conditions, including payment of all required fees and charges, the loan sum is disbursed to the equipment suppliers and/or other beneficiaries as approved.

15. Question: Is there a list of accredited valuers for the valuation of assets?

Answer: Yes, all our Lenders have their own list of accredited valuers registered by them. This list will be disclosed to the loan applicant when required.

16. Question: Is there a list of approved auditors for the audit of company's financial statements?

Answer: Yes, all our Lenders have their own list of accredited auditors registered by them. This list will be disclosed to the loan applicant when required.