

## Frequently Asked Questions (FAQ) about the Loans facilitation Service

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

Answer:

Highnet Resources' role is as follows:

A. Project Review, Selection of Fund Providers and Loan Structure

Our Firm will work with your team to review the business expansion and advise on optimal funding arrangements, interest/coupon rate, funding duration and select the right fund providers to match your needs. We will also prepare the appropriate Investment information and other documents required to ensure a clear understanding of the project by the selected fund providers.

B. Documentation Requirement:

Our Firm will comprehensively review all the documents to be submitted to the fund providers to ensure that they are in the form and manner acceptable to them. A Checklist of documents required by the fund providers will be submitted to you for your guidance.

C. Follow – up Activities:

Our Firm will actively engage the Fund providers throughout the period of processing of the funding request up to the time of approval and subsequent drawdown.

D. Post-Finance Mentorship and handholding

To provide post finance services such as mentorship, handholding financial advice and encourage borrowers to inculcate best practices to ensure adequate profits for loan repayment or dividend sharing. We also support borrowers to develop synergies and linkages along the value chain

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

Answer: Some of our lending partners give loans solely for working capital to companies with a strong and good track record and market share. Some lenders give loans 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 require 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 worth 150% of the forced sale value (FSV) of the property 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: Do 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 the lender and Management's approval)

9. Question: Are there any other costs apart from interest rate

Answer: Yes. Depending on the type of loan, you may be required to pay the following fees and charges;

- a. Appraisal Fee (non-refundable) – 1% flat
- b. Commitment Fee (non-refundable)– 1% flat
- c. Monitoring Fee – 0.0125% per quarter (on reducing balance)
- d. Insurance charge
- e. Legal Fees
- f. Our consulting fees (to be determined)
- g. You will require other third – party service providers at a separate cost as explained under question 15.

9. Question: Will Highnet Resources charge me a fee?

Answer: Yes, Highnet will charge fees depending on the source and type of funding required by the Client.

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

Answer

- Term Loan: 3 – 7 years
- Working Capital: 1-2 years
- Moratorium - 6 months to 24 months (from date of loan disbursement)

11. Question: Do the Lenders require security?

Answer:

Personal guarantors are acceptable for BOI Loan Amounts less than N10 million consisting 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  $\geq$  (more than) N10 million. The security arrangement is applicable to most Lenders

- All assets debenture/ Legal mortgage in choice locations worth 150% of the forced sale value (FSV) of the property.
  - 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 in the case of BOI.

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. Are there other third-party professional service providers that I need to engage for the loan documentation preparation.

Answer: Yes, based on the nature of your loan request there are other professionals involved which typically include Lawyers, Accountants, Auditors, Estate valuers, and possibly Architects, Environmental impact assessment analysts and others.

Many lenders have a list of accredited service providers who we can also link you up to and monitor the quality and delivery speed of their job. However, this is optional and you can also use your own professionals as long as they are accredited with the financial institutions where the loan is being processed. These professionals will be paid their respective fees which will be determined at the time of their engagement.

16. 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.

17. 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.