

YOUR GUIDE TO THE LOAN PROCESS

Helping you through the next steps

Your loan from CAF Bank - what happens next ?

The process of borrowing from CAF Bank is not unlike taking out a residential mortgage. There are several stages to the process and various parties will be involved along the way. We hope that this leaflet will help you to understand the process, provide information on both your obligations and ours, and give you an idea of how long it will be before the loan finance arrives.

How long will it take?

Approval for a loan can be a quick process as long as all the relevant information is provided at the outset. Once agreed, the process is typically about 12 weeks, although this is on the condition that your solicitors are prompt at providing our solicitors with all of the documentation requested, and in the format that it is required. A specimen of the Initial Lender Requirements (ILR) and Conditions Precedent (CP) checklist will be provided at an early stage to help you prepare.

What are the next steps?

There are seven steps to the loan application process, which typically takes 12 weeks from your initial enquiry (step one) through to you receiving the funds and repayment schedule (step seven).

Steps three to seven are carried out following our agreement to provide you with the loan (this is also called 'Post Sanction').

1

You make initial enquiry

You contact us to discuss your charity's plans and potential funding requirements, in confidence.



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2

We approve loan in principle

YOU

Provide financial documentation.

Agree a time for us to undertake a site visit.

Agree the cost of the valuation and legal fees.

WE

Carry out initial assessment and site visit.

Take your application to our weekly credit meeting.

Approve (or decline) the application.

Instruct a valuation (if applicable).



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3

Approvals

WE

Seek approval from our Head of Credit Risk or Sanctions Committee with a full report. They may approve, decline or defer, seeking further information.

Provide a draft offer letter to you and your solicitor and instruct our solicitors.

YOU

Accept our draft offer and pay the arrangement fee.

Work with our solicitors to satisfy the terms of the loan.



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4

Due diligence and information gathering

OUR SOLICITORS

Issue to your solicitors our Initial Lender Requirements and CP checklist setting out our requirements for legal due diligence of the loan.

Review legal due diligence and highlight any additional or missing documentation required to proceed to drawdown.

WE

Carry out anti-money laundering (AML) checks on Trustees and other legal obligations.

YOU AND YOUR SOLICITORS

Collate the information requested by our solicitors, promptly provide them in the format required, including all replies to ILR, all items on the CP checklist, signed security documentation and all documentation dealing with pre and post completion formalities.



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5

You accept loan agreement terms

WE

Will provide the final offer document.

YOU

Will receive a final offer valid for 30 days. It is at this point whether you decide to sign and proceed with the loan.



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6

You instruct drawdown of funds

YOU

You submit a request to draw down the funds during the availability period. This is signed in accordance with your instructions.

WE

Ask you for seven working days' notice so we can complete all the final checks.



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You receive funds

WE

Release the funds.

YOU

Receive funds and repayment schedule, and commence repayments.



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How much will it cost?

There are various upfront fees when you take out a loan. Some lenders don't charge as much upfront but charge a higher interest rate, or they add the fees on to the loan repayments which means it could cost your organisation more over the lifetime of the loan.

We would rather you pay upfront for the administration of the loan which means we can charge you a lower interest rate, and then you pay less over the term of the loan. Our experienced client relations managers will help you work out the upfront costs and typical monthly payments before you proceed.

Typical costs

Arrangement fee	Between 1-2%, depending upon the size and complexity of the project.
Solicitor's fees	Typically £2,650 + VAT for each loan plus disbursements (an unconditional undertaking will need to be provided to our solicitors at the outset), for a single property.
Valuations	These vary but there will be a valuation per property regardless if you are only taking out one loan to cover various properties.
Your solicitor's fees	These will vary depending on the complexity of the loan. We suggest you request a fixed cost price.
Disbursements (searches and Land Registry / Companies House fees)	Typically around £1,500.

How can I help make the process run smoothly?

- Send all the supporting documentation to us and our solicitors in one batch.
- Ensure the relevant authorised signatories for your organisation are available to approve and sign documentation when we send it to you.
- Be clear about what your organisation needs and what you can afford to pay in monthly repayments.
- Promptly supply your solicitor with funds on account for our costs and to enable them to carry out the searches required.
- Ensure that your solicitor deals with the Initial Lender Requirements and Conditions Precedent (CP) checklist promptly and collates the information using the bundle index supplied.

Legal Due Diligence

Details of our requirements are set out in the Initial Lender Requirements and Conditions Precedent checklist supplied to your solicitor. This will include a full investigation of the property to be offered as security, including replies to enquiries, full searches and copies of all other relevant title documentation and (in the case of a purchase) copies of all draft documents.

If you have any further questions or concerns at any stage of this process, please contact our Client Relations team on **03000 123 444** or email clientrelations@cafonline.org and we will be happy to help.

For more information about CAF Bank, please visit www.cafonline.org/banking

What sort of information do I need to provide?

We take our responsibilities towards lending very seriously which is why we may ask to see a lot of information about your organisation. You can help us get the process off to a quick start by compiling the following information and sending it to us.

You don't need to send originals; photocopies or scans will suffice:

- Last 3 years' audited, or other, accounts.
- Financial projections for the current and next financial year.
- Copies of bank/building society statements for the last three months for all accounts held.
- Management accounts for the financial year to date.
- Short CVs of key personnel, all trustees, all directors and senior managers, to include the length of current service and skills/experience.
- Valuation of property including full postal address and property type (if available).

The organisations listed below should send:

- Charitable Trusts**
A copy of trust declaration/deed, in its most recent format as certified by your Chief Executive.
- Industrial and Provident Societies**
Registration or equivalent with Registrar of Friendly Societies, and a copy of your letter to HMRC acknowledging charitable status.
- Housing Associations**
Verification of registration with the appropriate body such as the Regulator of Social Housing.

Evidence of legal form

- Limited companies by share capital:** copies of your memorandum and articles of association, and certificate of incorporation, in their most recent format as certified by your company secretary.
- Local action/voluntary group, unincorporated societies/associations:** copy of membership rules and constitution.

Flexible loans for charities and not-for-profit organisations from **CAF Bank**.

Telephone calls may be monitored or recorded for security/training purposes.
Lines are open Monday to Friday 9am - 5pm (excluding bank holidays).

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