



# Your guide to the loan process

Helping you through the next steps

**CAF**  
Bank

## 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. 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 six steps to the loan application process from initial enquiry leading up to you receiving the funds and repayment schedule. These are detailed over the following pages.

# 1

## You make initial enquiry

### You

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

Loans to help  
you thrive



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# 2

## We provide indicative terms

### 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.
- Review your application with colleagues from our Credit Risk Team.
- Provide feedback on your application.
- Provide you with indicative terms to help you plan.
- 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. Our aim is to be a supportive and responsible lender.
- Provide a draft offer letter to you and your solicitor and instruct our solicitors.

### You

- Receive and review our draft offer. This represents our expected terms, subject to any changes arising from the legal processes.
- Work with our solicitors to support your solicitor in providing the required information to finalise the loan. This will include both details of the property being provided as security and your organisation's constitution.



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# 4

## Due diligence and information gathering

### Our solicitors

- Issue to your solicitors our Initial Lender Requirements (ILR) and Conditions Precedent (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. You will need to ensure that you have complied with Charities Act rules such as section 124; and have also met all the requirements of your organisation's governance.



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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.
- Arrangement and solicitor's costs will normally be debited from the funds drawn down and passed to your solicitor.





## 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 Relationship team 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.
Our solicitor's fees	These will vary depending on the complexity of the loan, typically £6,500 + VAT and disbursements (an unconditional undertaking will need to be provided to our solicitors at the outset), for a single property purchase. A specific quotation will be provided.
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. It is important that your solicitor has experience of charities, property and borrowing in order to best advise you. You may wish to consider both existing relationships and specialist charitable solicitors.
Disbursements (searches and Land Registry / Companies House fees)	A specific quotation will be provided.

## How can I help make the process run smoothly?

1	Send all the supporting documentation to us and our solicitors in one batch
2	Ensure the relevant authorised signatories for your organisation are available to approve and sign documentation when we send it to you
3	Be clear about what your organisation needs and what you can afford to pay in monthly repayments
4	Promptly supply your solicitor with funds on account for our costs and to enable them to carry out the searches required
5	Ensure that your solicitor deals with the Initial Lender Requirements (ILR) 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](mailto:clientrelations@cafonline.org) and we will be happy to help.

For more information about CAF Bank, please visit [cafonline.org/caf-bank](http://cafonline.org/caf-bank)

## 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:

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

### The organisations listed below should send:

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

### Evidence of legal form

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

# Flexible loans for charities and social purpose enterprises from **CAF Bank**

CAF Bank loans are non-regulated products.

Loan applications subject to credit assessment. Security will be required.

Charity assets may be at risk if you do not keep up with the repayments for a mortgage, loan or any other debt secured on them.

If you're thinking of consolidating existing borrowing, you should be aware that you may be extending the term of the debt and increasing the total amount you pay.

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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