

APPROVED RESIDENTIAL SCHEME KICKSTART PROGRAMME

BORROWER'S REQUIREMENT FOR FINANCIAL INSTITUTIONS

1. The following steps **must** be taken by the Borrower:
 - a. The prospective Borrower applies for bank financing through the Participating Bank of their choice;
 - b. The Participating Bank processes the loan application following its standard loan application procedures and credit underwriting policies;
 - c. If approved, the offer to the Borrower will be conditional upon receipt of an acceptable Government Guarantee and confirmation from the Government of Bermuda that it has financial capacity to issue the proposed guarantee with such supporting documentation as may be required from time to time by any Participating Bank.
 - d. The Borrower will confirm and acknowledge in writing that (i) the loan arrangement is between the Participating Bank and themselves, (ii) the Government is not involved in any decision made by the Participating Bank, and (iii) information about the loan including the Borrower's financial statements and other information provided to the Participating Bank may be shared with the Government; and
 - e. Once approved the Participating Bank will notify the Government that all documentation has been obtained, and the Government Guarantee will be issued to the Participating Bank by executing a guarantee certificate
2. A business plan(s) **highly recommended** that includes the following:
 - a. CVs of the Borrower and management team to substantiate their expertise, track record (i.e. has the developer completed a similar project, on budget, on time?) and experience.
 - i. Sponsor/Borrower
 - ii. Design
 - iii. Legal
 - iv. Construction
 - v. Leasing
 - vi. Property Management

- vii. Sales
 - viii. Financial control
 - b. Financial statement for the Borrower to substantiate financial strength and liquidity.
 - i. Balance sheet for the past three fiscal year end
 - ii. Profit and Loss for the past three fiscal years
 - iii. Cash flow statement for the past three fiscal years
 - c. Details of the property/site to be acquired and/or developed
 - i. Size, shape and topography
 - ii. Ingress/egress
 - iii. Accessibility of utilities
 - iv. Soil quality (may not be applicable)
 - v. Zoning
 - vi. Easements and restrictions
 - vii. Environmental impacts (if any)
 - d. Construction budget and development project plan/timeline
 - i. Borrower equity contribution
 - 1. Cash Amount
 - 2. Land & Building Amount
 - 3. Timing of contribution
 - ii. Cost
 - 1. Construction contracts (i.e. type, details of tender status of the project and whether a contractor has been selected)
 - 2. Quantity Survey (QS) fees [Note: Bank will contract a QS to monitor the progress of the development. These fees are for the Borrower's account]
 - 3. Tenant finish
 - 4. Furniture/Fixtures
 - 5. Other improvements
 - 6. Contingencies
 - iii. Fees
 - 1. Architectural Fees
 - 2. Legal Fees

3. Other Professional fees
 4. Taxes
 5. Insurance
 6. Leasing commission
 7. Sales commission
- iv. Development's GANTT chart
 - v. Timeline of cash expense outflows, equity contribution, debt draw down, unit sales and/or unit rental cash inflows
- e. Property appraisal on 'as is' and 'upon completion'
 - f. Feasibility study for proposed project, including any sensitivity and risk analysis
 - g. Details of the Planning consent applicable to property/site
 - h. Commentary on whether any adjoining owners will be affected by the development and the proposed actions to overcome these
 - i. Proposed exit strategies for repayment/refinance of the facility
 - i. Scheme for sale (i.e. marketing particulars of the site, other background data, local demand/sales achieved)
 - ii. Scheme for rent (background on local demand/rental levels/demographics of renters/details of competing projects)
 - j. Summary of any existing property portfolio, and indebtedness, owned by the Borrower/Sponsor, and whether the properties are to be subject to cross-collateralisation
 - i. List each property's address
 - ii. List each property's acquisition costs
 - iii. List each property's fair market value, date of valuation and valuation firm
 - iv. List each property outstanding loan/mortgage balance
 - k. **IMPORTANT INFORMATION** - Key Risks in business plan(s) **must** be highlighted that includes:
 - i. Delayed construction leading to cost overruns
 - ii. Changes in market conditions affecting project viability
 - iii. Developer insolvency before project completion