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## INTEREST FREE IW LOTTERY BUSINESS LOAN APPLICATION TERMS & CONDITIONS

### THE LOAN FUND

The objective is to provide “soft” loan assistance to businesses wishing to start up or grow within the Isle of Wight. It is emphasised that the overriding requirement is that projects must be commercially viable. Only if this requirement is met, will projects deliver long term sustainable jobs and contribute significantly to increased learning, skill and training levels and thus feed into the local economy.

### TERMS OF LOAN

<b>Interest:</b>	No interest will be charged on the Loan.
<b>Administration:</b>	An administration fee of £30 for up to £25K & £50 for over £25K (non-refundable) is required on application. If the application is successful, on signing the agreement, you must subscribe to the IW Lottery & the IW Chamber of Commerce Membership for at least the duration of the loan repayment period. These are mandatory conditions of the Lottery Loan.
<b>Term:</b>	Up to a maximum of 3 years.
<b>Size:</b>	>£5K - <£50K
<b>Repayment:</b>	On the first day of the month by standing order starting one month after receipt of the loan.
<b>Job Creation Factor:</b>	Job creation is a key factor in Lottery applications. This may be setting up as a sole trader or employing others through a company.
<b>Match Funding:</b>	It is preferential but not essential for the applicant to have some match funding for the project. But all applications will be considered on the basis of their own merits.

### ELIGIBILITY

Any type of business will be considered for assistance in line with the following:-

- The Hampshire & Isle of Wight Opportunity Society (HIWOS) reserves the right to refuse an application if it is in competition with another Lottery assisted business.
- Any outstanding county court judgements need to be declared. Failure to do so will render an application ineligible; however a declaration of an outstanding county court judgement will not necessarily exclude an application. This is at the discretion of HIWOS Ltd.
- There is a start up your own business workshop available through the IW Chamber of Commerce Group and it is a requirement that applicants attend this programme, if they are starting up a new business.
- Any companies borrowing money will result in the Directors being held personally liable for the debt should the company stop trading.

- For money laundering purposes proof of identity and residency will need to be provided by all parties subject to the loan agreement.

## APPLICATION

- Applicants should complete a loan application form in full together with all other documents requested.
- All applications should be submitted to The Hampshire & Isle of Wight Opportunity Society Ltd, Mill Court, Furlongs, Newport Isle of Wight PO30 2AA.
- Upon receipt, the application will be screened and credit checked and more information may be requested as appropriate.
- Then the applicant will be invited to attend an interview with the Investment Panel and all paperwork relevant to the application will be circulated to the Panel prior to the interview.
- The Investment Panel is an independent committee of local business people. They will assess the application and decide upon the proposed investment. **Their decision is final.**

## PAYMENT

- Once agreed and ratified by two directors of HIWOS Ltd, a loan agreement will be drawn up which all parties must sign. A standing order mandate for the loan repayment will form part of that agreement.
- The loan will be in the form of a cheque, which will be payable to the person/business named in the application or to suppliers of the new business once all conditions of the loan agreement have been met.
- All lottery loan recipients are required to have a press release and photo as part of our good news success stories for supporting island business and will be featured on our website as a lottery loan recipient and must agree to support future PR & Media campaigns featuring the business for 10 years past the commencement of the loan.
- The loan must be repaid in full within the timescale, and thought must be given to how this will be repaid should the business cease trading.
- Where job creation is over a protracted timescale, the loan may be phased.
- If at any time the business becomes a Limited Company the loan will remain with the borrower(s). So all company Directors must personally guarantee the loan in the event the company is wound up.

## EVENTS OF DEFAULT

Upon the happening of any of the events following:

- If the Borrower makes default for a period of fourteen days in payment of any instalment or part thereof.
- If any execution is issued against the Borrower or any of the Directors or any distress, attachment, sequestration or other process is levied or enforced upon or issued.
- If any incumbent takes possession of or if a receiver is appointed of the property or any part thereof of the Borrower or the Directors.
- If an order is made or resolution passed for the winding up of the Borrower except for the purposes of a solvent reconstruction or amalgamation previously approved in writing by HIWOS or a notice is issued convening a meeting for the purpose of passing such a resolution.

- If any of the Directors shall commit any act of bankruptcy or shall enter into any arrangement or composition for the benefit of creditors.
- If there is any breach of or non-compliance with any obligation covenant or condition in the Agreement or in any deed or document supplemental hereto contained.
- If the Borrower is unable to pay its debts within the meaning of Section 518 of the Companies Act 1985 or any statutory modification or re-enactment thereof or if any director of the Borrower certifies in writing to HIWOS that the Borrower is unable to pay its debts as they fall due.
- If without prior written consent of HIWOS the Borrower becomes a subsidiary of another company.
- If there is a resignation, retirement, removal, dismissal or disqualification of any of the Directors.

Then notwithstanding anything to the contrary contained in this Agreement the Loan shall without prejudice to any other provision of this Agreement or any other remedy available to HIWOS, become immediately repayable on demand. Failure to do so means HIWOS will action their rights to receive payment from the guarantor or will seize the asset for which the money was borrowed.

**All successful applicants must submit annual accounts to HIWOS Ltd. Dependent upon individuals' applications, interim accounting or other financial information may be requested.**

#### **CONDITIONS OF THE LOAN**

- The loan is conditional on the fact that it is used for the purposes as outlined in the application and as agreed by the Investment Panel.
- Any material changes in circumstances of the business, once a loan has been approved, will require a new application.
- In the event of the applicant requiring additional funding, the original loan must be paid off in full before a new application is made. The application cannot be made less than 6 months into the loan.
- If at any time, consideration is given to the cessation of trading, for any reason, HIWOS Ltd must be informed, and any outstanding debt will immediately become repayable.
- Should HIWOS Ltd resort to legal proceedings to recover any outstanding loans, any costs incurred will be added to the final figure to be repaid.

#### **PUBLICITY**

All loans and defaults will be published in the annual accounts of HIWOS Ltd.

The Hampshire & Isle of Wight Opportunity Society Limited reserve the right to include successful applicants in the use of advertising and marketing for the furtherance of fund raising and public awareness. A requirement is that the company has the Isle of Wight Chamber of Commerce & Lottery website and link clearly published for the duration of the loan.

*The Isle of Wight Lottery is promoted by The Hampshire & Isle of Wight Opportunity Society Ltd, Mill Court, Furlongs, Newport, Isle of Wight, PO30 2AA. Tel: 01983 529888.  
Company Reg No: 4101449. Licensed by the Gambling Commission under the Gaming Act 2005.*