

Commercial Distributions

Application Process



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INTRODUCTION TO APPLICANTS

Development West Coast is projected to be able to maintain distribution investments into the West Coast Region of between \$8 and \$10 million per annum, however these distributions are to be invested so that not only present development opportunities are taken up, but that current and future generations will benefit from the establishment of Development West Coast.

Applications must pass through a comprehensive application process, including checks by our Executive, the Advisory Body and Trustees.

The key test is that each application must promote sustainable employment opportunities and generate sustainable economic benefit in the region. This means all proposals must be viable, long term propositions that aim to achieve self-sufficiency and sustainability.

Development West Coast is specifically excluded from investing in local and central government infrastructure, and we cannot provide grants to businesses or to any organisation that may affect our charitable status. Any private benefit conferred to any applicant (other than a charity) can only be incidental to the overriding objects of Development West Coast. We must consider regional strategic development plans and how applications meet and progress these, and we must also consider what other sources of funding or support are available to applicants.

Development West Coast is not a lender of last resort and intends to have a balanced portfolio of good regional investments across different industry sectors and geographical areas, ranging from start-ups to established businesses.

Applicants must have, as an absolute minimum, 10% equity. In most cases greater equity will be required based on risk and security parameters.

The advantages of applying to Development West Coast include:

- Formalising your business and financial planning;
- Gaining professional feedback on your proposal;
- By “buying” your finance on the West Coast, your interest will be ploughed back into the region;
- Development West Coast has a higher risk threshold than many other financial institutions;
- Interest rates are competitive relative to risk;
- Interest concessions and flexible repayment terms can be considered;
- The length of term of investment can be flexible;
- Lower equity ratios are considered;
- All industry sectors are considered;
- Equity involvement is possible;
- Development West Coast can co-ordinate with other lenders and consider allowing security priority to other lenders.

Information for Applicants

1 Qualifying Applications

- 1.1 There are a number of clauses in the Trust Deed with which all applications for assistance from Development West Coast must comply. Failure to comply with these conditions will mean that the Application will not qualify for consideration.
- 1.2 The key conditions of the Deed are that any proposal must:
- **promote sustainable employment opportunities in the West Coast Region, and**
 - **generate sustainable economic benefits for the West Coast Region, and**
 - **support projects which are not the ordinary day to day running, maintenance and upgrade of infrastructure that is normally the responsibility of local authorities or central government.**
- 1.3 The Advisory Body in considering an application, and the Trustees in considering a Recommended Recipient, must have regard to:
- appropriate strategic development plans for the West Coast Region including those of eligible infrastructural organizations and;
 - whether other sources of funding or support are available, including assistance provided through industry or regional development policies and programmes of local authorities or central government.
- 1.4 The Advisory Body shall only recommend proposals where:
- the total amount of distribution to the Recommended Recipient does not exceed 90% of the cost of the proposal and;
 - the proposal aims to achieve self sufficiency and sustainability.
- 1.5 The Trustees have determined that in assessing the applicant's level of contribution to a proposed project, no recognition shall be given to:
- intangible assets; or
 - the applicant's time.

2 Forms of Assistance

- 2.1 The Trustees are prepared to consider applications for assistance in the following forms:
- a) lending money.
 - b) subscribing for shares or other equity in limited liability companies.
 - c) guaranteeing or acting as surety for a defined amount of indebtedness or exposure.
- 2.2 The Trustees are prepared to consider other forms of assistance, but have resolved that they will not approve distributions in the form of:
- grants which have the potential to affect the charitable status of Development West Coast;
 - grants or funding for feasibility, investigation, marketing or planning studies unless such grants are to eligible infrastructural organisations.

Guidance Notes re Eligibility for Infrastructural Organisations

Without obligating Development West Coast or limiting its discretion, eligible organisations

- *may include: industry bodies, education groups, charitable groups, community groups and similar organisations with a widely representative make up.*
- *Will exclude: Businesses, Organisations, Partnerships and Individuals operating for profit.*

3 Employment and Economic Benefits

- 3.1 In assessing the employment and economic impacts, the Advisory Body will consider the extent to which the proposal leads to net additional employment and economic benefits from the perspective of the West Coast Region as a whole.
- 3.2 Whilst recognising the need for healthy competition, Development West Coast will be reluctant to fund activities which simply 'crowd out' or transfer business away from existing West Coast enterprises.
- 3.3 The Advisory Body and the Trustees will be looking for evidence to ensure that there is a causal link between the claimed employment and economic benefits and the assistance requested.
- 3.4 In assessing the merits of a proposal to promote employment, the Advisory Body and the Trustees will give greater weight to those jobs directly generated from the proposal itself, distinguished from indirect jobs with the exception of infrastructural organizations which may have a greater weight placed on indirect job creation and strategic business environmental creation (the upstream and downstream potential multiplier effects). The number of direct jobs should be differentiated according to:
 - whether they are full time or part time jobs.
 - the work force category of these jobs.
- 3.5 The Advisory Body and the Trustees will give greater weight to employment opportunities which occur immediately as a consequence of the assistance provided, as compared to potential employment impacts some way off in the future.
- 3.6 The potential to protect existing jobs will be relevant if there is a real possibility that these jobs will be lost without the intervention of Development West Coast. The Advisory Body and the Trustees will need to be satisfied that the jobs in question are indeed sustainable in the longer term.
- 3.7 Particular attention will be given to the amount of assistance being required in relation to the projected employment growth. The Advisory Body and Trustees may prioritise applications accordingly or may reject applications where the funding requirement is not matched by an adequate level of expected employment growth.

4 Negative Economic, Social or Environmental Benefits

- 4.1 The Trustees have reserved the right to reject applications for assistance where in the opinion of the Trustees, the proposal has negative economic, social or environmental benefits which out-weigh the positive aspects of the application.

5 Financial Viability

- 5.1 In considering applications, the Advisory Body and Trustees will be seeking information on the extent to which the applicant has satisfactorily demonstrated that other forms of funding (such as traditional bank finance and assistance through industry or regional development policies and programmes) have been canvassed. **More specifically, the reason for not using traditional financial sources must be disclosed.**

- 5.2 As a general principle, the Trustees believe that the scarce resources of Development West Coast should not be used as a simple substitute for traditional funding sources which may be readily available to some applicants.
- 5.3 The Advisory Body and the Trustees will have to be satisfied that, from the information supplied by the applicant, that the proposal aims to achieve self-sufficiency and sustainability and that such self-sufficiency and sustainability has a reasonable prospect of being achieved.
- 5.4 The Trustees interpret the requirement to achieve self-sufficiency and sustainability to mean that the applicant will in time be able to operate the business without financial support from Development West Coast and meet fully commercial terms from other funding agencies.

6 Information Requirements

- 6.1 It is the applicant's responsibility to provide sufficient information and analysis for the Advisory Body to make its assessment of the viability of the proposal. It is recommended that, where appropriate, applicants seek the assistance of their private and/or public sector advisors in preparation of their application. Chartered accountants, legal firms and the Economic Development Units of the West Coast District Councils will be capable of providing assistance with the application.
- 6.2 The nature and amount of information may vary according to the size and complexity of the application, but as a generalisation applicants should expect to be providing as a minimum:
 - 6.2.1 A Business Plan.
 - 6.2.2 Formal integrated financial forecasts of profitability, cash flow and balance sheets for the minimum forecasted period necessary to demonstrate both the sustainability of the proposal and the ability of the applicant to meet interest and principal repayment obligations.
 - 6.2.3 Sufficient notes and explanations to the financial forecasts to allow the Advisory Body to appraise the realism of the key drivers of the forecasts. Data may include such information as unit sales and prices, expected increases in staff numbers, staff categories, employment costs, etc.
 - 6.2.4 For existing businesses, a summary of the organisation's performance over the previous three years, covering profitability, cash flow and closing balance sheet.
 - 6.2.5 A clear demonstration of the availability of appropriate business, management and technical skills and experience to ensure the success of the project.
 - 6.2.6 Details of security offered to support Development West Coast lending, including details of personal guarantors and their assets.
 - 6.2.7 Details of any insurance covers available to protect the assets offered as security.
 - 6.2.8 Details of the exit strategy proposed for any equity investment requested from Development West Coast.
 - 6.2.9 A copy of the constitution where an equity investment is being sought.
 - 6.2.10 Comment on relevant legislative compliance issues, such as the Resource Management Act, Building Act and the Health and Safety in Employment Act.
- 6.3 Applications may be required to be supported by references from parties with acknowledged business experience and expertise and (possibly) the formally agreed appointment of an Advisor or Advisors to the organisation to provide those skills.
- 6.4 Existing businesses requiring assistance from Development West Coast maybe required to submit the enterprise to an independent due diligence process (at the cost of the applicant) to satisfy the Advisory Body and the Trustees as to the viability of the business, the existence of assets offered as security and projections for the future.

- 6.5 Applicants will be required in their application to acknowledge the obligation of the Trustees to conduct its affairs in a manner that is transparent and accountable to the people of the West Coast Region and, in particular, the Trust Deed requirement (Clause 22.4) to report annually in respect of each recipient:
- (i) the name of the actual recipient;
 - (ii) the amount of the distribution;
 - (iii) the type of distribution.
- 6.6 Recipients must comply with an individually agreed monitoring and reporting process to ensure accountability and performance of distribution investments.
- 6.7 Recipients must give appropriate acknowledgement of Development West Coast's support in an agreed manner, eg. In promotional information.
- 6.8 An administration fee of 0.5% (half of one per cent) of the distribution value will be payable by all recommended recipients. This amount may be paid directly, or added to the distribution amount requested and paid by deduction.
- 6.9 Recommended recipients are liable for all legal costs in relation to any distribution, including for example, standard loan preparation, documentation, registration, and transaction drawdown costs. This amount may be paid directly, or added to the distribution amount requested and paid by deduction.

7 Limitation on Distributions

- 7.1 The Trust Deed places limitations on the Trustees with respect to the aggregate amount available for distribution to recommended recipients in any financial year.
- 7.2 In accordance with clause 9.4 of the Trust Deed, the Trustees have determined that the minimum amount of the Distribution Fund that can be distributed to a recommended recipient from time to time, shall not be less than \$5,000, in aggregate, for any proposal. It is suggested that applicants whose requirements are less than \$5,000 approach the Economic Development Officer of the relevant West Coast District Council for advice on alternatives available.

8 Letter of Intent

- 8.1 The requirement and cost to submit a Business Plan and formal financial forecasts may be a deterrent to some applicants who cannot afford the risk that the application may not be successful. To minimise the possibility of incurring such expenditure on projects which may be rejected, applicants are recommended to provide a Letter of Intent to Development West Coast, briefly outlining the key aspects of the proposal they intend to submit for assistance from Development West Coast. Whilst Development West Coast has no executive authority to either reject or accept any proposal, it may be possible at that early stage to advise the applicant if the proposal appears to meet the conditions which would qualify the proposal for consideration.
- 8.2 Advice by Development West Coast that the indicative application may meet the conditions cannot in any way be seen as a commitment that the Advisory Body and the Trustees will approve the formal application. Similarly, a negative response from Development West Coast does not prohibit a formal application from being submitted.

9 Form of Application

- 9.1 All applications must be on the form provided by Development West Coast, supported with the information requested in sections 3, 5 and 6 above.
- 9.2 The Trustees require one complete, unbound application to be supplied.

9.3 The form of application may be reviewed from time to time.

DISCLAIMER

No promise or expectation of approval can be made to, or assumed by applicants in advance of a full Development West Coast decision.

The approval process is comprehensive and involves applicant interaction with management and expert advisors, recommendation by the Advisory Body and final decision making by Development West Coast.

The processing of applications and enquiries, by its very nature, requires ongoing communication and dialogue with applicants.

The engagement of applicants in discussion, correspondence, site visits and procurement of additional information, or provision of advice in relation to structure, content of application, planning or operations ***must not be construed as indicating that any form of positive recommendation, approval or consent of an application will be granted.***

Advantages of Gaining Development West Coast Support

- Competitive finance rates
- Lower equity threshold than traditional sources
- Keeps interest income in community and region
- Flexible terms of loans (eg, interest only period / concession periods)
- Longer business loan periods (eg, 10 years)
- We consider taking second priority security
- Gives you a thorough independent check of business case (a bit like a “warrant of fitness”)
- You get “free” advice from Executive, Advisory Body and Trustees
- Link into our mentors and directors pool
- Link into our education and training partners
- Link into Industry New Zealand, Skill New Zealand, BIZ, etc
- Link into Trust’s stakeholders – Councils, Iwi, Community
- Ability to invest equity

Application Process

1. The applicant makes initial contact with Development West Coast, whether it be in person, by telephone, email, fax or letter.
2. A letter of Intent is frequently sent by the applicant to Development West Coast stating what the proposal incorporates.
3. A preliminary review of the letter of intent occurs to see if the application falls within the parameters of the Trust Deed. If so, the applicant is advised to prepare the proposal and submit an application.
4. Once an application is received a letter is sent to the applicant confirming its receipt and advising that it is being reviewed.
5. An application register database is updated to include the new application.
6. A hard copy file is created in the filing system.
7. The application is firstly reviewed by the Business Analyst for content and completeness. The Business Plan is reviewed and a checklist approach is taken.
8. Every applicant is sent an authority form giving permission to Development West Coast to carry out a credit search and referee check if applicable (**Forms AF-2, AF-3, AF-4, AF-5, AF-6**).
9. A credit search can only be carried out when the signed consent from the applicant is received. International credit checks may also be needed for non-nationals.
10. Referee checks enable us to firstly assess the credibility, experience and ability of the applicant and, secondly, ascertain potential sales or service pre-commitments. Development West Coast makes file notes of what referees say and substantiates that material.
11. Discussions take place with various advisors. Some applications are prepared by Chartered Accountants for the applicant. Discussions occur over content and quality of the material, research, projections, etc.
12. Any areas requiring attention are highlighted and the applicant is contacted to clarify, explain or send further information or detail to substantiate the queries or obtain further information for Development West Coast to peruse. A good example is if any applicant wants to operate a tourist venture on Department of Conservation (DOC) land, then they require a concession from DOC to do so. There is no point processing the application any further until DOC formally approves a concession.
13. Often, more detailed analysis is required as some applications provide inadequate information.
14. A draft Executive Summary is prepared by the Business Analyst when all initial queries are answered and the Analyst and applicant are both happy with the application content (**Form AP-2**)
15. The draft Executive Summary is forwarded to the Chief Executive Officer to review.
16. The Chief Executive Officer reviews the draft and adds further comments if necessary. If additional research is required, the CEO or Analyst performs this.

17. The final Executive Summary is mailed out to the Advisory Body, along with the application details, to be reviewed as per the Advisory Body Protocol document.
18. Major applications may be asked to present to the Advisory Body.
19. The Advisory Body then make a recommendation to the Trustees to approve or decline the application. It is forwarded to the Trustees.
20. The Trustees review the Executive Summary and the Final Recommendation Document and make a decision to approve or decline an applicant, or refer it back to the Advisory Body for reconsideration.
21. Unsuccessful applicants are informed by standard letter that their application is unsuccessful.
22. Declined applicants often try to establish why their application was unsuccessful. The current policy is that no comment can be made regarding the discussions that took place about their proposal.
23. Successful applicants are advised in writing with two (2) copies of a letter of offer outlining terms and conditions of approval.
24. If applicants accept the offer, the offer is passed to our solicitors for full legal documentation in conjunction with the applicant's solicitors.
25. Once the applicant's solicitors have completed documentation and provided a letter of confirmation to Development West Coast's solicitors, funds may be drawn down per the agreement.
26. A regular repayment, monitoring and reporting cycle is established as per the letter of offer.

Applicants must NOT seek to –

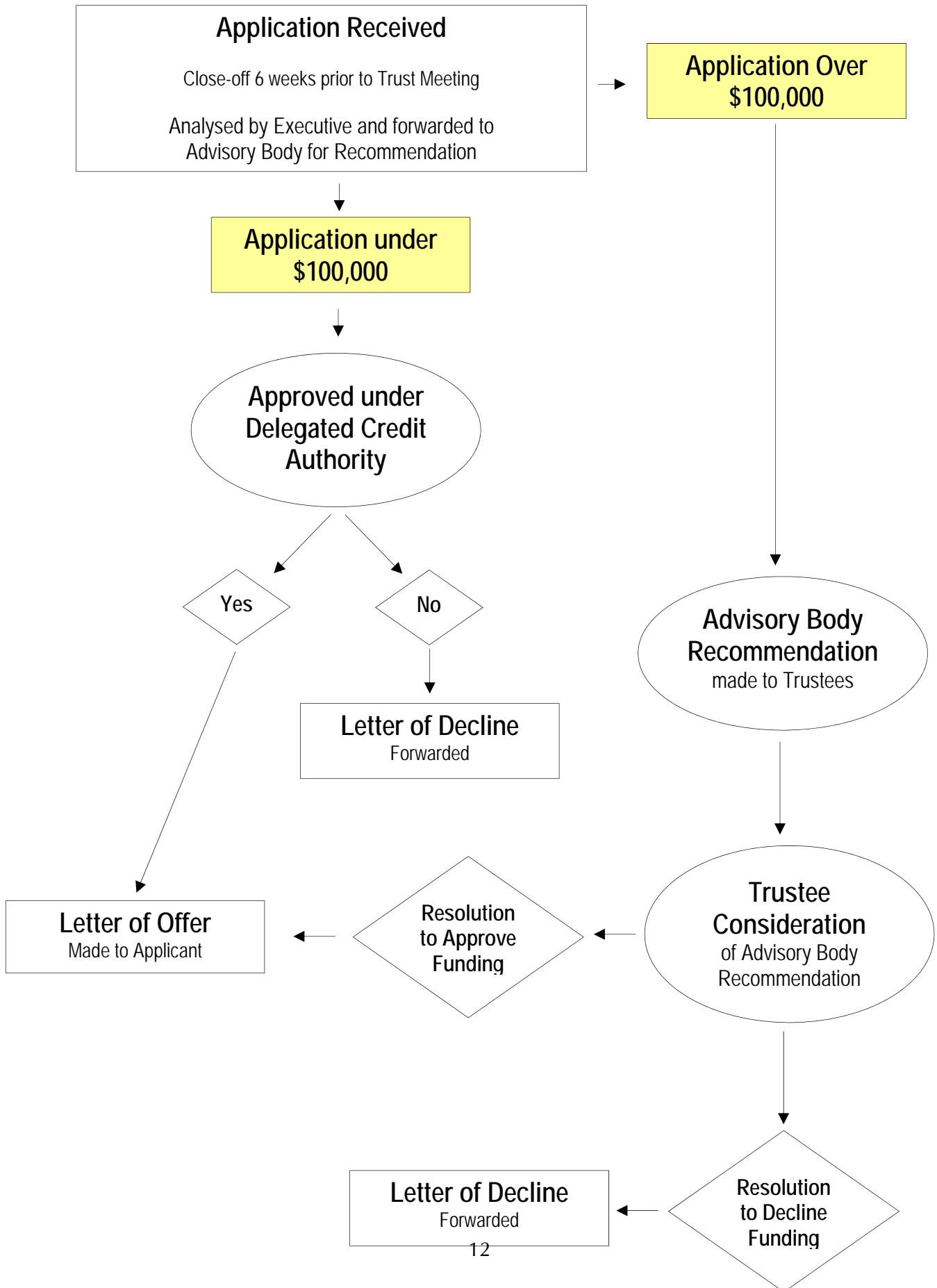
- Make presentations directly to individual Trustees
- Make presentations directly to individual Advisory Body members

Advisory Body and Trustee meetings are held monthly. Cut-off periods are two weeks prior to an Advisory Body meeting, which is held 3 weeks prior to the Trustee meeting.

The minimum response period obtainable is therefore 1 month, if full information and details are provided. A realistic timeframe is 2 months.

Current average approval periods from receipt of application are 2 months.

Board of Directors



Application Executive Summary

1	Full name and address of applicant
2	A summary of the application, including: <ul style="list-style-type: none"> • an outline of the project <ul style="list-style-type: none"> • location of the project • financial data, including cost of project, the timing, type and quantum of any assistance sought • the number of direct jobs anticipated, whether they are full time or part time and the work force category • commentary on key assumptions/business drivers
3	Commentary on compliance with the Deed, with particular reference to: <ul style="list-style-type: none"> • the three legs of the objectives of Development West Coast, with respect to: <ul style="list-style-type: none"> - sustainable employment - sustainable economic benefits - not supporting infrastructure that is normally the responsibility of local authorities or central government • the manner in which the quantum project cost has been determined and the Applicant's share of that project cost.
4	Does the project application information demonstrate a potential for achieving self sufficiency and sustainability?
5	Summary of the evidence that other forms of funding have been canvassed and the reason for not using traditional financial sources.
6	To what extent does the business plan include formally integrated financial forecasts (together with sufficient explanatory notes), and the ability to meet interest and principal repayment obligations.
7	For an existing business, summarise the organisation's three year history.
8	Any issues that need to be explored with respect to business, management and technical skills, with particular reference to the applications ability to implement the project.
9	Outline the security offered, including personal guarantees and the assets of guarantors.
10	Provide details of appropriate insurance covers.
11	For equity investments, comment on any suggested exit strategy.
12	What are the outstanding legislative compliance issues to be resolved?
13	Management's comment on any apparent issues.

Sample Covenants/Conditions

1. Pre-Conditions (Equity)

The monetary amount relating to this equity offer will only be available to the recipient company after share certificates have been issued by the recipient company and received by Development West Coast.

The recipient company must pass a special resolution approving the issuing of new share equity to Development West Coast.

The recipient company must pass a special resolution approving that in the case of any default or breach by the recipient company as determined by Development West Coast, the status of the non-voting share will change to voting convertible preference shares.

2. Pre-Conditions (General)

If, in the opinion of Development West Coast, undue delay occurs in the completion of any documentation then Development West Coast may revoke its offer if this has been advised or terminate the facility.

3. Conditions Precedent

1. Valuation to be re-addressed and forwarded to Development West Coast and be to our satisfaction prior to drawdown.
2. Prior Charge-holders, (name), are to consent to the security arrangements prior to (date).
3. A company is to be formed with ownership held by (name) with this company to be the legal entity for this development.
4. A copy of the Constitution of the Company to be formed is to be provided and found to be acceptable to Development West Coast in all respects.
5. All Resource Management Act Consents are to be held prior to the funding being uplifted.
6. All Conservation and Mining Act Caveats are fulfilled prior to any funds being advanced.
7. A formal Fixed Cost Building Contract is to be documented between the borrower and the building company responsible for the building, with the terms and conditions of this contract to be acceptable to Development West Coast in all respects.
8. The Paid Up Capital of the borrower is to be increased to a minimum (amount) prior to the loan being uplifted.
9. A lease is to be signed for the factory operation, on terms acceptable to Development West Coast
10. Development West Coast maintains the right to appoint a Director to represent Development West Coast
11. The loan to (nominate) is to be repaid prior to drawing down the facility.

12. Where the recipient company is in default of any provision contained in this facility letter or in any security executed by the recipient company in favour of Development West Coast, Development West Coast has the right to terminate the facility.
13. Development West Coast will retain the ability to appoint an Advisor/Mentor to assist the recipient company with the development. The Advisor/Mentor is to be approved by Development West Coast and all costs associated with the Advisor/Mentor are the responsibility of the borrower.

4. Financial Conditions/Covenants

1. The cost price of the stock in trade and debtors to be maintained at a level not less than # times the value of advance made by Development West Coast. For the purposes of this condition, stock in trade shall exclude all stock, which may be recovered by the supplier.
2. Development West Coast requires the total of Shareholders Funds together with Shareholders' Loans and accounts less Revaluation Reserves, Goodwill and Intangible Assets, not to be reduced below \$ and its directors undertake that (name) will not repay any Shareholders' Loans or credit balance in Shareholders' Accounts, if the payment would reduce the balance of these accounts below the specified level, without the prior consent in writing of Development West Coast (for the purpose of this condition shareholder is deemed to include directors who are not shareholders and parties related to directors and shareholders directly or indirectly).
3. Development West Coast will have the right to demand repayment of this facility if the annual accounts of the facility holder are not provided to Development West Coast within 90 days following balance date of the facility holder supported by 12 month budget and cashflow forecasts.
4. Quarterly accounts are to be supplied no later than 60 days after each quarter beginning ## / ## / 20## supported by debtors and creditors list on a named and aged basis.
5. Monthly Financial Reports to be provided within 30 days of months end.
6. The facility may be terminated immediately by Development West Coast if the financial accounts of the company disclose unsatisfactory trading / profitability trend over two consecutive quarters.
7. Earnings before interest, taxation, depreciation and shareholder remuneration to exceed total external interest cost by a minimum of # times for the financial year ending ## / ## / 20##.
8. All directors and shareholders drawings require the prior written consent of Development West Coast. Development West Coast will retain the ability to restrict directors salaries.
9. Development West Coast will be entitled to capitalise interest payable on all moneys uplifted under this facility at any time after the due date for payment of that interest and the amount of interest so capitalised will on such capitalisation be deemed to be part of the principal as defined in the Security Documents for this facility PROVIDED that the capitalisation of unpaid interest will not prejudice Development West Coasts rights and remedies in respect of unpaid interest being a default under any securities held by Development West Coast.
10. In the event that any security executed by the recipient company or any guarantor in favour of Development West Coast is expressed to be collateral to any other security then both of those securities will be read and construed together so that a default under any one of the securities will be deemed to be a default under the other

security and Development West Coast may pursue its remedies and exercise its powers under the securities separately or under more than one of the securities at the same time.

11. In addition to any other rights of Development West Coast in spite of anything expressed or implied in this letter and whether or not the recipient company is in receivership, Development West Coast may at any time without giving notice to the recipient company exercise a right of set-off between money owed or money or property claimed by the recipient company or the guarantor, and any debt or liability of the recipient company or the guarantor to Development West Coast (regardless of how that debt or liability was incurred by the recipient company or guarantor and regardless of whether those liabilities are actual or contingent, primary or collateral, joint or several).
12. If the recipient company fails to pay to Development West Coast any sums payable under the terms of this letter, whether in the nature of interest or principal or otherwise, the recipient company will pay to Development West Coast interest at the penalty interest rate on such moneys as shall remain unpaid (being in the case of interest, the amount payable calculated in accordance with the interest rate), calculated on a daily basis from the date of such default until such sum or sums is or are paid.
13. If the recipient company fails to comply with the conditions contained in this letter and that default continues for 14 days after the date on which compliance was due, then the interest rate will be increased to the penalty interest rate for the period of that default.

5. Special Conditions/Covenants

1. The borrower shall maintain a minimum (number) full time employees throughout the term of the loan. Should the number fall below this figure the borrower undertakes to immediately inform Development West Coast, and Development West Coast may, in its sole discretion, withdraw or amend the facility.
2. The borrower will supply Development West Coast with copies of all financial and other reports, forecasts and other information as Development West Coast may reasonably require in addition to those specifically referred to in this letter.
3. The borrower will not without the prior written consent of Development West Coast undertake any of the following:
 - Further encumber the property, land or chattels or any part of them that are the subject of any security.
 - Obtain additional borrowing or funding.
 - Issue additional shares.
 - Enter into any other external arrangements.
 - Alienate intellectual property.
 - Give personal guarantees.
4. Development West Coast will have the right to demand immediate repayment of this facility if any change is made in the legal or beneficial ownership of the shares or the issue of new share capital or the management structure of the borrower whereby there is a change in the effective management or control of the borrower, such change being made without the prior consent of Development West Coast.
5. Should the borrower repay the principal sum in full within (a period of time) from the date of the advance, the borrower shall be subject to an early repayment penalty, being the amount of the unpaid interest period at the commencement of the loan.

6. The Borrower grants Development West Coast the option to acquire shares at (an agreed value), and the existing director shareholders agree to and a process will be set up to agree the terms and conditions within one month of first draw down.
7. All existing and future intellectual property and patents are to be held by the recipient company.
8. The assets of the recipient company which constitute the subject of Development West Coast's security will be insured against those risks Development West Coast nominates, in the insurance office nominated by the recipient company and approved by Development West Coast for the amount Development West Coast requires.

6. Property/Development Conditions

1. The initial drawdown, sufficient to refinance the existing mortgage on the property, can be accessed once the loan documents are signed and the security documentation is held in a registered form by our solicitors, and the Conditions Precedent have all been met.
2. All subsequent requests for a draw down on the facility are to be supported by a Quantity Surveyors Certificate incorporating progress to date and on a cost to complete basis.
3. Only one draw down request per month will be permitted. Any draw downs for the building development part of the proposal will be advanced subject to the above. Draw downs for the building part of the project will also be made subject to the above, and in no more than three stages, being at the foundations complete, roof on and in a lock up stage, and at the final completion stage upon the issuance of the Code of Compliance Certificate.
4. No sales contract will be entered into for an amount less than that presented to Development West Coast as part of its application, as the minimum value, without the prior written consent of Development West Coast.
5. A minimum deposit of 10% is to be paid by the purchaser of any section. This deposit is to be held in Trust pending settlement occurring.
6. All property sales are to be settled at the earliest possible time. Any delayed settlements over 3 months from issuance of title will require the prior written consent of Development West Coast.
7. All sale proceeds from the sale of sections are to be paid to Development West Coast, less any standard commission and actual legal fees required as part of the sale of the section.
8. A monthly progress and financial report is to be presented to Development West Coast, incorporating separate comment on both the subdivision and building portions of the project. The report must include the following:
 - Detail of the physical progress to date and comparison to the agreed timetable.
 - Sales confirmed/completed/under negotiation.
 - Monthly accounts for the development and building company's including details of the actual income and expenditure to date against forecast.
 - Details of any cost or timing overruns.
 - A revised cash flow estimate.
9. The borrower will not amend any existing sale terms and conditions without the prior approval of Development West Coast.