British Business Bank

Annex 1 - Recovery Loan Scheme: Expression of Interest to become an accredited RLS lender

Applicants are requested to submit a response (not more than 5 pages) following the format set out below.

Lender details

Applicant Details	
Applicant Name:	
Details of Ownership:	
Contact Address:	
Principal Contact(s) (Name(s) and Role(s)):	
Phone - Direct Line: Phone - Mobile:	
E-mail:	

Requested Information

General information	
1	Please provide a brief background of the applicant organisation, including its principal lending activity.
2	What are the main lending products provided to UK businesses, and what are the key terms of these? What is the strategy for UK business lending going forward?
3	What are your key items of collateral normally considered for a commercial lending application?
4	Please indicate for which type of lending you intend to use RLS: a) Term lending ☐ b) Revolving facilities ☐ c) Invoice Finance ☐ d) Asset Finance ☐ If the type of lending is not listed above or if the type of lending is a hybrid or non-standard product, it is unlikely to be suitable for using with RLS.
5	a) What are the key statutes and regulatory requirements with which you must comply? b) Are you in full compliance with the above? Please explain any areas of non-compliance, and how and when you intend to address these areas.
6	Who would be responsible for the management of RLS in the applicant organisation?

Information on how you meet the RLS accreditation criteria	
A	**Criterion A**: Lending to businesses trading in the UK. Please provide high level evidence of your track record in the provision of lending to the UK business market (by type of lending if applicable, such as term, revolving, invoice finance, asset finance and whether secured or unsecured), including default rates and performance against target. Please confirm whether you are active in issuing secured lending or unsecured lending (or both) to businesses, and in which types of lending products together with a detailed description of the lending products.
B	**Criterion B:** Critical Mass. Please provide us with a forecast on how much RLS-backed lending you think you might originate per year, both in terms of number of deals and average deal size; and compared to your commercial lending. Please provide some background on how you have come up with this forecast. BBB generally aim to work with lenders who will be able to originate a minimum of £5,000,000 of lending that is RLS-backed during the Scheme Period and be able to demonstrate value for money through supporting a minimum 20 SMEs. In exceptional circumstances where the applicant is a Responsible Finance Provider, Regional Funds or Social Enterprise Lender we may consider accrediting lenders who forecast being able to originate minimum £3,000,000 during the Scheme Period**.**
C	**Criterion C**: Interest and Fees: Please complete the Pricing Table in Annex 2 with details of your pricing for RLS borrowers, demonstrating how it will take into account the full net economic benefit provided by the RLS guarantee.
D	**Criterion D**: Availability of Capital. Please demonstrate that you have sufficient committed capital available to meet your lending forecast, covering business lending both with and without RLS support. Please highlight at this stage if some of your sources of capital come with conditions that may restrict the ability for RLS-backed lending. Note that the guarantee and RLS facilities are not assignable without BBB consent. Third party funders and investors should be made aware of this as it may restrict the availability of capital to fund the RLS facilities.
E	**Criterion E**: Financial Status, Operations, Management Team and Track Record. Please set out <u>at a high level (and without supporting documentation) your financial status and</u> details of your robust and tested systems and processes that are in place for making and managing RLS-supported lending facilities. This requirement includes but is not limited to origination processes, risk management and underwriting capabilities and processes, loan documentation, back-office systems, monitoring and compliance and governance arrangements and management information reporting. Please demonstrate at a high level the size, competency and expertise of the team to deliver the proposed strategy for RLS-backed lending. BBB will test all of these requirements in more detail during Stage 2.
F	**Criterion F**: Regulation and Tax Domicile. Please set out where you are domiciled for tax purposes and confirm that you hold the necessary regulatory approvals.
G	**Criterion G:** Legal Structure. Please complete the Funding Structure Questionnaire in Annex 3 to outline your legal structure, including a group structure diagram together with details of shareholders/ownership and with sources of funding clearly indicated. Please provide in the Funding Structure Questionnaire the name of the lender of record, the servicer of the loans (if different from the lender of record) and the originating entity (again, if different from the lender of record).

Please provide us with your answers here:

Certification and Authority to Submit

I confirm that I am duly authorised to submit this information on behalf of the applicant organisation(s).

I confirm that, to the best of my knowledge, this information provides an accurate representation of the current performance and future intentions of the applicant organisation(s).

I understand that accreditation as an RLS lender is discretionary and that submission of this information does not convey any particular status or entitlement upon the applicant organisation(s).

Name (Please print in block capitals)	
Title / Role (Please print in block capitals)	
Signature	
Date	

Additional Guarantee Benefit and Pricing Assessment

It is a requirement of RLS that the lender passes through the full economic benefit of the government guarantee to the borrower via a reduction in overall pricing. Failure to do so would mean that you (or your funders/investors) would be receiving a subsidy rather than the borrower, which would contravene subsidy control requirements. Should this happen, your organisation would be liable to repay any subsidy it has received.

It is therefore important that, as part of your application for accreditation, you demonstrate how you will satisfy this requirement. Without this, your application will not progress further.

You will find a guidance note below which explains how applicants can demonstrate this guarantee benefit pass through and the resultant impact on the organisation's pricing of facilities to borrowers. Two worked examples – one for a bank and one for a non-bank lender – are included. Please read the guidance carefully and then complete Templates 1 and 2 below for each RLS product (term loan, asset finance, etc.) you wish to use. Two versions of Template 1 are provided – one for a non-bank applicant and one for a bank applicant. Please select the version appropriate for you.

Template 1: Calculating Economic Benefit of the RLS Guarantee & General Impact on Pricing

(i) FOR NON- BANK LENDERS ONLY

Please specify the applicable variant for the following pricing information [Select Variant]

Pricing Component	(i) Pricing pre COVID-19	(ii) COVID-19 Pricing pre-COVID Scheme Guarantee	(iii) COVID-19 Pricing post RLS Guarantee	(iv) Marginal Impact of RLS (iii) - (ii)
Annual Probability of Default (PD)				
Loss Given Default (LGD)				
(A) Expected Loss (PD)*(LGD)				
(B) RLS Scheme Lender Fee				
(C) Operational Costs				
(D) Cost of Funding				
(E) Lender's Profit Margin				
(F) Other *Please specify in the assumptions below*				
Total Lender Costs (A+B+C+D+E+F)				
(G) Lender Interest Rate				
(H) Annualised Lender Fees *(incl. upfront fees/costs but excl. (J) for the Invoice Finance Variant)*				
(I) Annualised Lender Charges[1] (G + H) (*Note: must not be greater than 14.99%)*				
(J) ***For IF Variant only:*** **Annual Administration and/or Service charges** *(which should be subject to VAT)*				
(K) Total Annual Charges (I + J) *(Note: must equal Total Lender Costs)*				
(L) Upfront Fees/Costs *(Not annualised and must not be greater than 5%)*				
(M) Default Interest Rate *(annualised)*				

[1]For the purposes of the Invoice Finance Variant, the Annualised Lender Charges should not include any fee/charges subject to VAT. Please provide any such charges in (J) (if applicable)

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(ii) FOR BANKS ONLY

Please specify the applicable variant for the following pricing information [Select Variant]

Pricing Component		**(i) Pricing pre COVID-19**	**(ii) COVID-19 Pricing pre-COVID Scheme Guarantee**	**(iii) COVID-19 Pricing post RLS Guarantee**	**(iv) Marginal Impact of RLS (iii) - (ii)**
Annual Probability of Default (PD)					
Loss Given Default (LGD)					
(A) Expected Loss (PD)*(LGD)					
(B) RLS Scheme Lender Fee					
(C) Operational Costs					
(D) Cost of Funding					
(E) Lender's Return *(expressed as Income on Facility Balance)*					
(F) Other *Please specify in the assumptions below*					
Total Lender Costs (A+B+C+D+E+F)					
(G) Lender Interest Rate					
(H) Annualised Lender Fees *(incl. upfront fees/costs but excl. (J) for the Invoice Finance Variant)*					
(I) Annualised Lender Charges[2] (G + H) *(Note: must not be greater than 14.99%)*					
(J) ***<u>For IF Variant only:</u>*** **Annual Administration and/or Service charges** *(which should be subject to VAT)*					
(K) Total Annual Charges (I + J) *(Note: must equal Total Lender Costs)*					
(L) Upfront Fees/Costs *(Not annualised and must not be greater than 5%)*					
(M) Default Interest Rate *(annualised)*					
(N) Please also provide:	*(i) Average RWA % (density)*				
	(ii) Return on RWAs				

[2]For the purposes of the Invoice Finance Variant, the Annualised Lender Charges should not include any fee/charges subject to VAT. Please provide any such charges in (J) (if applicable)

For both banks and non-bank lenders, please note: You are required to complete template 1 for each variant you are accredited for.

Where you charge the borrower up-front fees such as an arrangement fee, broker fee, documentation fee, valuation fee, external advisor fees and/or legal fees, this should be specified in (L) on a best estimate basis. (L) should be an absolute maximum of 5% of the facility amount.

To calculate (H), the figure in (L) should be added to all other known lender fees over the term of the facility (e.g. exit fees, non-utilisation fees (based on typical usage), monitoring and administration fees), and annualised as described in *Guidance to Applicants on How to Complete Template 1*.

The figure in (I) should be an absolute maximum of 14.99%. (I) plus (M) (if charged) should also be an absolute maximum of 14.99% p.a. (both annualised across the term of the facility and on a rolling 12-month basis from the point of commencing charging default interest).

All applicants - for each of the rows in Template 1, please provide your assumptions for the representative loan case, and a brief explanation of the assumptions underlying your answers.

Representative Loan Case Assumptions:

Initial Loan Principal	**£**	
Type of repayment profile (Amortising, Bullet, Retained, Other)		
Loan Term (Years)		
Security type (e.g. Commercial Property or Unsecured)		
Weighted average life (Years) - ***defined as the sum of the proportion of principal repaid in each year multiplied by the number of years until that repayment is made.***		
Lifetime PD	Pre-COVID-19	
	COVID-19	
Utilisation rate (%)		

Explanation of Assumptions:

- What has driven changes in your forecast PD and LGD figures?
- Please elaborate on the components of operating costs and the drivers of any changes post-RLS.
- For non-bank lenders, if your cost of funding remains unchanged post application of the RLS guarantee, please explain why that is. The RLS guarantee is expected to significantly reduce the risk of loss for your funders/investors and hence it is reasonable to expect return to funders/investors to also reduce, otherwise the economic benefit of RLS guarantee would pass to your funders/investors rather than to the borrower
- For non-bank lenders, if your profit margin increases post application of the RLS

guarantee, please explain why that is. We would not ordinarily expect an increase in profit margin as this would imply a benefit from the guarantee.

- Please provide us with a breakdown of your annualised lender fees
- Across the total annual charges post application of the RLS guarantee, we expect to see that the total marginal impact of the RLS Guarantee has been passed through in full to the borrower by way of a reduction in pricing under the RLS product. If this has not happened, please explain why that is.

Please provide us with explanations of the assumptions here:

Template 2: Demonstrating Pass Through of the Guarantee Benefit across your Total RLS Portfolio

Having calculated the economic benefit of the RLS guarantee and pass through via reduced pricing for your proposed RLS portfolio in Template 1, we next ask that you demonstrate to us how you will apply this economic benefit for risk bands within your portfolio, using Template 2 below.

Template 2, to be completed by you for each variant you are accredited for:

Risk Bands	Lending by Value (%)	Annual Probability of Default (%)		Interest Rate Charged to Borrower (low – high %)			Fees (%)		
		Pre-Covid-19	Post Covid-19	Pre Covid-19	Post Covid-19	Post Covid-19 + RLS Guarantee	Upfront	Per Annum (incl. Upfront)	Other (specify)
1									
2									
3									
4									
5									

Please provide an explanation on the following :

- Risk Banding: how your proposed RLS portfolio will be categorised according to your internal risk bandings. Some lenders use risk bands 1-5 or A-E, or some other system to describe differing risk bands.
- The expected split of lending by value (%) of your total proposed RLS portfolio by your different risk bands.
- The probability of default range you expect for each risk banding, both before COVID-19 and under COVID-19. Please provide the lower and upper limit PD for each band
- For each of your risk bands, the pricing range (i.e. the range of interest rates) you charge to borrowers (lower and upper limit %) – before COVID-19 and under COVID-19. For under COVID-19, *without* the benefit of the RLS guarantee and *with* the benefit of the RLS guarantee
- A breakdown of the fees you charge to the borrower, by risk banding – pre Covid-19, under COVID-19 without the COVID scheme guarantee and post COVID-19 with the RLS guarantee

Please provide us with your explanations here:

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Guidance to Applicants on How to Complete Template 1

A RLS accredited lender must be able to demonstrate that the economic benefit of the RLS guarantee is being passed on in FULL to the borrower. Where a lender commences RLS-supported lending, there will be a resultant change in many of the above components – some leading to a reduction in cost for the lender and some leading, potentially, to an increase in costs.

Reducing a lender's costs: The 80% RLS guarantee will always result in a reduction in the lender's Expected Loss. It should also reduce the lender's own cost of capital/funding as a result of the reduction in potential unexpected losses. For a bank, the RLS guarantee should also lead to a reduction in regulatory capital costs.

Increasing a lender's costs: Partially off-setting the above cost reductions will be an increase in costs due to the fee being paid by a lender to participate in the RLS scheme. A lender may also wish to adjust their normal market PD and LGD assumptions to reflect the impact of Covid-19 and, where applicable, that personal guarantees can no longer be taken as security. A change in running costs due to introducing RLS-supported lending may sometimes occur.

To calculate the economic benefit created from the RLS guarantee and to demonstrate the extent to which this is being passed through to the borrower, all of the above positive and negative influences on cost need to be netted off, so the marginal benefit of the RLS guarantee is clear to see. This marginal impact of RLS guarantee can then be compared to the average interest rate and fees the lender will charge to the borrower. The lender should show a full pass through of the marginal impact of the RLS guarantee by way of reduced interest rate/fees to the borrower.

The following guidance notes should be taken into account when completing the demonstration:

- The pricing matrix should be filled in from the perspective of the applicant business, i.e. reflecting its profitability rather than that of any intermediary, underlying fund, SPV or sub participant. It should reflect a representative loan case, which is typical of the proposed portfolio, e.g. a median loan or most common risk band.
- All assumptions should be consistent with the representative loan case assumed, including, inter alia, utilisation rates and amortisation profiles. If it is not possible to provide a single representative loan case please provide a pricing matrix for the best fit or most significant component but note that this is the case on the form. The lifetime and amortisation profile of the representative facility should be consistent with the weighted average life provided in the assumptions.
- Annualised lender charges include interest and fees, which should both reflect the representative loan case chosen. Annualisation should reflect a constant rate of return, taking into account the repayment profile of the representative case, e.g. charges spread across the weighted average life of the proposed lending. For convenience this may be approximated, e.g. via the sum of digits methodology.
- The probability of default 'PD' should be forward looking over the life of the representative loan and be the mean probability of a default occurring in any 12-month period during that life. It should not be based on a through the cycle view but should specifically reflect either the conditions prior to Covid-19 or present conditions depending on the column.
- The loss given default 'LGD' should not incorporate any direct impact of the guarantee or any counterparty risk related to HM government, i.e. it is the gross loss. The loss given default should factor in all impacts on expected loss other than the probability of default and amongst other items should reflect what the exposure is expected to be at default.
- Expected Loss 'EL' should represent forward looking 12-month loss rates and capture all credit losses, not just those retained by the applicant. The expected loss under the guarantee should be 20% of the expected loss pre-guarantee.

- For all RLS-supported facilities, there will also be a Scheme Lender Fee, which, for SME lending (excluding invoice finance facilities and any lending by Community Development Finance Institutions (CDFIs)), and non-SME lending with a tenor of up to 3 years is an annual fee of 150bps. For invoice finance facilities and CDFI lenders, a discount of 50bps applies (i.e. there will be a Scheme Lender Fee of 100bps). For facilities to large enterprises[3] with a tenor >3 years, an annual scheme lender fee of 200 bps would apply.
  <u>Note</u>*: The Scheme Lender Fee shall accrue on a daily basis on the facility amount of each scheme facility, be aggregated for all scheme facilities and shall be payable on a quarterly basis in arrears.*
- Operational costs should be as specific as possible to RLS lending but can be loaded for reasonable joint overheads.
- Costs of funding should exclude losses absorbed by funders and otherwise capture all amounts paid to funding sources.
- For Banks, the lenders return as a % of the facility amount should be equal to (N)(i) multiplied by (N)(ii) (i.e. Return on Assets = Return on RWAs * RWA %).
- Other components not captured by the abovementioned rows in template 1 (e.g. third-party costs) (H) & (J) upfront fees should include any third-party charges to the borrower. As above, the related costs should also be captured in "(F) Other" and explained in the assumptions.

Two worked examples follow, using Template 1.

[3] The definition of large enterprises is consistent with that for CBILS.

Example 1: Non-Bank Lender

- Average estimated annual Probability of Default RLS Lending: 5% (up from 2.5% pre COVID-19)
- Average estimated Loss Given Default RLS lending: 75% (up from 50% pre COVID-19)
- Average estimated Expected Loss (PD*LGD): 3.75% (up from 1.25% pre COVID)
- Post guarantee the Expected loss reduces by 80%.
- Funding cost 3.75% from a bank to an SPV
- Scheme lender fee: 150bps
- Expected profit margin is 3%

Pricing Component	(i) Pricing pre COVID-19	(ii) COVID-19 Pricing pre-COVID Scheme Guarantee	(iii) COVID-19 Pricing post RLS Guarantee	(iv) Marginal Impact of RLS (iii) - (ii)
Annual Probability of Default (PD)	2.5%	5%	5%	
Loss Given Default (LGD)	50%	75%	75%	
(A) Expected Loss (PD)*(LGD)	2.5% x 50% = 1.25%	5% x 75% = 3.75%	3.75% x 20% = 0.75%	3.75%- 0.75% = -3.0%
(B) RLS Scheme Lender Fee			1.5%	1.5%
(C) Operational Costs	1.00%	1.00%	1.00%	
(D) Cost of Funding	3.75%	3.75%	2.75%	-1.0%
(E) Lender's Profit Margin	3.0%	3.0%	3.0%	
(F) Other	0.5%	0.5%	0.5%	
Total Lender Costs (A+B+C+D+E+F)	**9.5%**	**12.0%**	**9.5%**	**-2.5%**
(G) Lender Interest Rate	8.5%	10.5%	8.5%	-2.0%
(H) Annualised Lender Fees *(incl. upfront fees/costs but excl. (J)for the Invoice Finance Variant)*	1.0%	1.5%	1.0%	-0.5%
(I) Annualised Lender Charges (G + H) (*Note: must not be greater than 14.99%)*	**9.5%**	**12.0%**	**9.5%**	**-2.5%**
(J) *For IF Variant only:* Annual Administration and/or Service charges *(which should be subject to VAT)*	N/A	N/A	N/A	
(K) Total Annual Charges (I + J) *(Note: must equal Total Lender Costs)*	**9.5%**	**12.0%**	**9.5%**	**-2.5%**
(L) Upfront Fees/Costs *(Not annualised and must not be greater than 5%)*	3.00%	3.00%	2.0%	-1.0%
(M) Default Interest Rate *(annualised)*	2.0%	2.5%	2.0%	-0.5%

In the above example, it can be seen that:

- PD has doubled from pre COVID-19 to post COVID-19 but is unaffected by application of the RLS guarantee. Applicants will need to explain the rationale for any uplift in PD rating they apply.
- LGD also increases pre versus post COVID-19 to reflect an expected fall in asset values
- Expected Loss consequently increases pre- and post-COVID-19 but is reduced by 80% when the RLS guarantee is applied, so the lender's expected loss under RLS is only 20% of what it would otherwise have been
- A Scheme Lender Fee of *150bps* applies as the lender wishes to use RLS to support 5-year term loans to SMEs. This is an added cost for the lender.
- Operational costs are unchanged and hence have a neutral impact under RLS
- The funding cost is reduced by 1% under RLS because the RLS guarantee reduces potential losses for funders. If funding costs are not reduced post application of the RLS guarantee, a full explanation as to why that is will be required.
- The applicant expects a profit margin of 3% and this is unchanged post COVID-19 and the application of the RLS guarantee.
- Other costs remain unchanged at 50bps
- The marginal impact of RLS is 2.5% and this economic benefit of the RLS guarantee is being passed through in full to the borrower by way of an average 2.5% reduction in pricing (across interest rate and fees).

Example 2: Bank

A bank will have a regulatory capital benefit from RLS. Banks normally require a minimum return on risk weighted assets (RoRWA) as a proxy for return on equity. This amount typically ranges from 1.0% to 3%. Assuming that, for example, a bank uses 1.5% as a hurdle rate for RoRWAs and the risk weighting of the facilities is on average 66.67%, then the bank's return (expressed as Income on RWAs) is 66.67%*1.5% = 1.0%.

The RLS guarantee provides a reduction in RWAs of circa 75%, so the reduction in the example below in terms of cost of RWAs is 75%*1.0% = 0.75%.

Taking the data from Example 1:

- Average estimated annual Probability of Default RLS Lending: 5% (up from 2.5% pre COVID-19)
- Average estimated Loss Given Default RLS lending: 75% (up from 50% pre COVID-19)
- Average estimated Expected Loss (PD*LGD): 0.75% (up from 1.25% pre COVID)
- Funding cost 3.00% (deposits etc.)
- Scheme lender fee: 150bps

Pricing Component	(i) Pricing pre COVID-19	(ii) COVID-19 Pricing pre-COVID Scheme Guarantee	(iii) COVID-19 Pricing post RLS Guarantee	(iv) Marginal Impact of RLS (iii) - (ii)
Annual Probability of Default (PD)	2.5%	5%	5%	
Loss Given Default (LGD)	50%	75%	75%	
(A) Expected Loss (PD)*(LGD)	1.25%	3.75%	0.75% (3.75%*20%)	-3.0%
(B) RLS Scheme Lender Fee			1.5%	1.5%
(C) Operational Costs	0.75%	0.75%	0.75%	
(D) Cost of Funding	3.00%	3.00%	3.00%	
(E) Lender's Return *(expressed as Income on Facility Balance)*	1.0%	1.0%	1% * (1 - 75%) = 0.25%	-0.75%
(F) Other	0.5%	0.5%	0.5%	
Total Lender Costs (A+B+C+D+E+F)	**6.5%**	**9.0%**	**6.75%**	**-2.25%**
(G) Lender Interest Rate	6.0%	8.25%	6.25%	-2.0%
(H) Annualised Lender Fees *(incl. upfront fees/costs but excl. (J) for the Invoice Finance Variant)*	0.5%	0.75%	0.5%	-0.25%
(I) Annualised Lender Charges (G + H) *(Note: must not be greater than 14.99%)*	**6.5%**	**9.0%**	**6.75%**	**-2.25%**
(J) *For IF Variant only:* Annual Administration and/or Service charges *(which should be subject to VAT)*	N/A	N/A	N/A	
(K) Total Annual Charges (I + J) *(Note: must equal Total Lender Costs)*	**6.5%**	**9.0%**	**6.75%**	**-2.25%**
(L) Upfront Fees/Costs *(Not annualised and must not be greater than 5%)*	2.0%	3.0%	2.0%	-1.0%
(M) Default Interest Rate *(annualised)*	2.0%	2.0%	1.5%	-0.5%
(N) Please also provide: *(i) Average RWA % (density)*	66.7%	66.7%	66.7% * (1 – 75%) = 16.7%	-50%
(N) Please also provide: *(ii) Return on RWAs*	1.5%	1.5%	1.5%	

The marginal impact of the RLS guarantee (i.e. the economic benefit of the RLS guarantee) in this example is 2.25% and this is being passed on in full by a price reduction to the borrower.

RLS - Section D:
Funding Structure Questionnaire

The questions below are intended to assist the British Business Bank in understanding the structure that you propose to use in relation to RLS lending and (subject to the British Business Bank's absolute discretion) any waivers or additional provisions that may be required in relation to the Guarantee Agreement as a result of this.

Lender(s) of record

1.	Please list the names of all entities that are expected, at any time, to be a lender of record under a RLS loan (including where more than one entity may originate loans and where loans may be transferred after origination, including on enforcement of any security arrangement):	
2.	If more than one entity is listed above, please explain how that entity will come to be a lender of record (e.g. originating the loan itself, or through a transfer from another entity or following enforcement of a security arrangement):	
3.	Are you proposing to use a limited recourse special purpose vehicle as part of your structure for RLS? If so, will the Guarantor need to agree to be subject to the limited recourse provisions in relation to this SPV? Please provide details, including details of any other recourse that the Guarantor will have in respect of payments owed to it under the guarantee.	

4. Please identify the principal entity from a credit perspective, against which the Guarantor will have recourse. This may not necessarily be the lender of record.	

Servicing

5. Who will be responsible for servicing the RLS loans?	
6. Has a backup servicer been appointed? If so, please specify who.	

Confidentiality

7. Are there any parties other than the lender(s) of record and servicer(s) above to whom you need to disclose information about the RLS loans and/or guarantee?	

Consents

8.	Does the entry by the lender(s) of record and/or servicer(s) above into the guarantee agreement and/or RLS loans require the consent of any other party? If so, please provide details.	

Financing

9.	How will the lender(s) of record finance the RLS loans? If a lender of record is financing the RLS loans by transferring its interests in the loans and/ or guarantee rights to a purchaser, please explain how that purchaser is financing the applicable purchase price (and any arrangements with external funders).	

Security

10.	Will any of the lender(s) of record be granting security over the RLS loans and/or the benefit of the guarantee? If so, please specify details and who this security is given in favour of (e.g. a lender/investor, security trustee).	

Skin in the Game

11.	What proportion of the credit exposure, generated by the proposed lending, will be retained at risk to the equity holders of the applicant, after all credit risk mitigation except the scheme guarantee? *Please provide a numeric value in percentage.*	

Structure

12. Please provide a brief summary of the structure that you propose to use for origination and servicing of RLS loans. Please include a description of: (i) the entities that originate loans (including RLS loans); (ii) the entities responsible for servicing; (iii) anyone who may receive a transfer of the loans and/or guarantee rights and the nature of the proposed transfer (e.g. equitable assignment, declaration of trust, security); (iv) any financing arrangements with third parties; and (v) any security arrangements over the loans or the guarantee rights.

    Please enclose a structure diagram with your form if necessary.