



Division of Finance and Enterprise Development  
Business Development Unit

Victor E. Bruce Financial Complex  
# 6-10 Post Office Street, Scarborough 900212, Tobago  
Tel. # 639-4412 Ext. 3136 Fax. 639-4412 Ext. 6700

## LOAN SECURITY

The form of collateral attached to the loan is determined on a case-by-case basis. A minimum of 30% of the loan principal must be acquired; however, investments with higher risk may require more collateral. All loans must be secured with valid collateral. All non-cash items held as security must be valued by an authorized valuator who shall have no connection/relationship with the applicant.

### Acceptable Forms of Loan Security and Applicable Rules

#### Financial Instruments

##### Shares held in Credit Unions and/or publicly traded companies

- Obtain a recent official statement from the Credit Union from the client
- Upon approval of loan, a letter signed by the client is issued to the Credit Union to have the interest of the Division noted
- In the case of publicly traded companies, a Trinidad and Tobago Central Depository Limited (T.T.C.L.) Pledge Form is acquired from the stockbrokers. This form is signed by the client authorizing the company to hold shares on the behalf of the Assembly. This form is then forwarded to the T.T.C.L. for approval before the loan is disbursed.

##### Units in the Unit Trust Corporation or other similar savings instruments

- Obtain a recent official Unit Trust Statement from client.
- Upon approval of loan, client must sign Hypothecation Form. The value of units to be hypothecated is limited to 75% of total value held on the Growth & Income Fund (First Unit Scheme). The full value (100%) of units held on the Money Market Fund (Second Unit Scheme) can be hypothecated.
- The Hypothecation Form is to be endorsed by the Unit Trust Corporation before the loan is disbursed.

#### Fixed Deposits

- Obtain original Fixed Deposit Certificate from client. A copy of the certificate together with a covering letter must be sent to the Bank to have the Division's interest noted.

Upon receipt of confirmation that interest was noted, funds may then be disbursed.

## Stocks/Bonds

- Client must submit original stock certificate or statement from Central Depository confirming shares held on account. Value of the particular stock must be confirmed by the West Indies Stock Brokers.
- Client must fill out prescribed pledge forms in triplicate, (blank copies on Disbursement file), and forms must be signed by The Administrator.
- Client must pay \$15.00 to the Account of the Central Depository and submit a copy of the deposit slip.
- Stock Certificate (if owned) must be copied and the original must be forwarded with pledge forms and bank deposit slip to the Central Depository c/o West Indies Stock Brokers, to register the interest of the Tobago House of Assembly. The Brokers will return the registered pledge forms to the Unit.

## Cash Surrender Value of Life Insurance Policies

- Obtain original Life Insurance Policy
- Obtain a status report confirming: The active status of the policy; the Cash Surrender Value and that the policy has no prior assignments.
- Complete the necessary assignment forms for interest to be noted by the Insurance Company (The Tobago House of Assembly (EAF) must be assigned as First Beneficiary to the policy).
- Upon official confirmation that the Insurance Company has duly noted the assignment, the loan can be disbursed.
- The Unit will not accept Insurance Policies where the principal beneficiary is a minor, or insurance policies of guarantors. Only policies of the Principal Borrower will be accepted

## Property (Land and Buildings)

- Clients must produce a Certified Copy of the deed.
- A recent valuation report (not older than six months) must be obtained on the property. This valuation is to be undertaken from any member of our list of approved valuers. See Appendix 1 for Approved list of valuers.
- Up to date land and building tax receipts must be submitted.
- If the property is tenanted (other buildings) by persons other than client, written permission must be obtained from tenants. This should be witnessed by an Officer of the Business Development Unit.
- Clearance certificate from WASA is required.
- A search must be undertaken to determine whether the property is free of encumbrances.
- Once the search is deemed clear, a First Demand Mortgage is to be executed.
- If the borrower does not own the property, written permission must be obtained from the owner.

## Equipment and Machinery (Used equipment not more than 5 yrs. old)

- Obtain **original receipt** of purchase to verify ownership
- Site visit must be conducted to verify the existence of items and verification of model numbers and serial numbers
- Preliminary analysis of physical condition of items to be done
- Determine present value of items
- Upon approval of loan, register Mortgage Bill of Sale

**Note:** Equipment and Machinery owned by the client or purchased through proceeds from the EAF and offered as security, may be accepted for the loan period, at fifty (50%) percent of the value of the Equipment and Machinery. Additionally, the client will be required to provide some liquid financial instrument valued at ten (10%) percent of the loan amount.

## Assignment of Proceeds/Receivables

- An irrevocable letter signed by the client is sent to the debtor (source of funds) to remit funds to the Enterprise Assistance Fund on a predetermined date.
- Acknowledgement must then be received from the debtor confirming acceptance of the instructions.

## Personal Assets – Vehicle

- Vehicles may be accepted as security, no older than five (5) years, and unencumbered
- Fifty (50%) percent of the current value will be accepted as security over the loan period
- Client must produce a recent certified copy of ownership.
- Vehicle must be viewed and Chassis and Engine Numbers verified
- A valuation must be done to determine the condition of the vehicle and an estimated value assigned
- A search is to be undertaken to determine whether the vehicle is free of encumbrances.
- Upon approval of the loan a Mortgage Bill of Sale is to be signed before the disbursement of the loan.
- Vehicle must be insured with full comprehensive coverage for the duration of the loan, and the Policy assigned to the Tobago House of Assembly by the Insurance Company.