

PRODUCT GUIDELINE: UNIGRO - LANDBANK

PRODUCTION LOAN

EQUIVALENT TO SUMMER AND WINTER SEASONAL, INPUT INSURANCE PRODUCTION LOAN & SUNDRY INSURANCE; IRRIGATION CROP PRODUCTION LOAN ;CARRYOVER ACCOUNTS; SUGARCANE CESSION & BRIDGING FINANCE.

LOAN CONDITIONS	Product Description	Purpose
	A production loan is a short-term credit facility that is used to finance the purchase of direct input costs or farming necessities for crops and livestock enterprises.	
	Term	
	The maximum term is 5 years but is repaid annually in line with the production season income cycle. It is reviewed annually.	
	Repayments	
	Payments in full annually and client applies to re-draw. Strictly no repayment, no renewal.	
	Other	
	Disbursements are linked to drawdown schedules as per client requirements. There are no store cards; the client is free to make purchases at the supplier of choice.	

REVOLVING CREDIT FACILITY (RCF)

EQUIVALENT TO REVOLVING CREDIT FACILITY & TOBACCO SEASONAL ACCOUNT
&/OR CARRYOVER LOANS?

LOAN CONDITIONS	Description	Purpose
	A revolving credit facility is a short-term loan that allows clients to obtain funds at their disposal, which can be utilized as needed.	A source of loan funds, drawn as needed and used to support clients' working capital and general financing needs. The loan amount can be used, repaid and re-used according to agreed set of terms. The loan can only be used to finance short term working capital requirements
	Term	Repayments
	Up to 5 years (reviewed annually). The loan is renewed at the end of the term. Other Land Bank is not a deposit taking institution therefore does not pay interest on positive balances.	The loan is repayable in line with income stream/s and cash flow cycles of the business.

INSTALMENT SALE FINANCE (ISF)

EQUIVALENT TO LEASE /HIRE PURCHASE CONTRACTS.

LOAN CONDITIONS

Description

ISF is a product used for the purchase of new and used movable assets.

Term

Asset type	Minimum term (years)			
	New	Used	Contractors	
			New	Used
Vehicles & Double cabs	5	4	4	3
Trucks & Trailers	10	5	7	5
Tractors, Graders & bulldozers	8	5	5	4
Combined harvesters	12	8	8	5
Machinery & equipment	6	5	4	3
Irrigation equipment	10	5		
Milking equipment	10	5		
Motor cycles , Quad bikes & scramblers	4	2		
Light aeroplanes & helicopters	12	8		
Movable chicken/dairy feeder	8	3		
Movable tobacco drying units	8	3		
Cellar equipment	10	n/a		
Specialised equipment including aqua culture	Addressed per loan			

*This is for guidance purposes only; terms and conditions will be advised by the Bank.

Purpose

Purchase of new or used movable assets that are In-line with the extent of their farming enterprise.

Examples

Vehicles; Tractors; Agricultural equipment and other identifiable movable assets that are agriculturally justified.

Deposit Criteria

Asset	Minimum Deposit
Rebuild assets	20%
Reposessed assets	
Previously financed assets (residual)	
Private transactions	
Second-hand assets	20%
Quad bikes	30%
Contractors (new assets)	30%
Specialised vehicles & implements	30%
Used assets for contractors	35%
New assets	0%

Repayment

Annual/Quarterly/Monthly instalments including capital and interest linked to seasonality of business income / cash flow cycle.

MEDIUM-TERM LOAN (GENERAL PURPOSE)

EQUIVALENT TO LIMING TERM LOANS &/or CARRYOVER TERM LOANS

LOAN CONDITIONS	Description		Purpose
	Medium-term loan (General Purpose) is a loan repayable in equal instalments over a fixed period of time for medium-term agricultural financing requirements including, but not limited to purchase and installation of irrigation equipment, structural improvements (chicken houses, greenhouses etc.) and general infrastructure improvements.		Purchase and installation of irrigation equipment (above ground); Purchase of other movable assets; Structural improvements (Chicken houses, Greenhouses, etc.); Liming; Used assets; De-bushing for establishment of crop lands; other general infrastructure improvements; equipment and assets for aquaculture and fisheries not catered for under other product specs) and other perennial crops (e.g. Tea, Flowers, Lucerne, etc.)
	Term		Repayments
	Purpose	Maximum terms (Years)	Annual/Quarterly/Monthly instalments including capital and interest linked to seasonality of business income / cash flow cycle.
	Purchase & installation of irrigation equipment (aboveground)	10	
	Purchase of other movable assets	10 (depending on condition & lifespan)	Other This product will cater for irrigation refurbishment which was covered under the Resources Improvement at Obaro (refer to purpose).
	Structural improvements (chicken houses, greenhouses etc.)	10	
	Liming cost	3	
	Used assets	3 (depending on condition & lifespan)	
	De-bushing for establishment of crop lands	5	

MEDIUM TERM ESTABLISHMENT LOAN

EQUIVALENT TO LONG TERM CROP LOANS

LOAN CONDITIONS

Description

Establishment finance is finance used for the establishment of perennial crops repayable in instalments over a given period of time.

Term

Commodity	Term (years)
Sugarcane	8
Orchards (Deciduous, citrus and sub-tropical)	10
Orchards (all nuts)	15
Vineyards (table & wine grapes)	10
Other perennial crops	5
Timber (adjusted for the production cycle of the trees and the status of the replanting cycle)	15

The maximum term for this type of finance is reflected in the table above, but the client may reduce the term based on repayment ability or preference

Purpose

Establishment finance is used for the establishment of perennial crops:

Sugarcane; Orchards (deciduous fruit; citrus and sub-tropical fruit) and tree nuts.

Repayments

Annual/Quarterly/bi-annual instalments including capital and interest linked to seasonality of business income / cash flow cycle.

Optional Payment Holidays

Purpose	Maximum (years)
Sugarcane	Up to 2 years
Orchards (deciduous fruit, citrus, sub-tropical fruit), tree nuts (macadamia, pecan, almonds)	Up to 3 years
Vineyards (table and wine grapes)	Up to 2 years
Other perennial crops (e.g. tea, flowers, Lucerne, etc.)	1 year
Timber	Up to 3 years

NB: **Holiday periods** are applicable to new established crops, where the cash flow does not support loan repayment in the first 2 or 3 years. For existing crops in production, the holiday allocated must be aligned to the income/cash flow (interest, or capital payments required)

MORTGAGE LOAN

EQUIVALENT TO TERM LOANS

LOAN CONDITIONS

Description		Purpose
A property finance loan advanced against the security of a first covering or surety bond (or subsequent covering or surety bonds if the bank is the holder of the first bond) repayable in equal instalments over a fixed period of time.		Financing of agricultural related capital expenditure. * Please refer to detailed information under the Term below.
Term		
No	Purpose	Maximum Term (years)
1.	a) Purchase of agricultural land b) Refinance of farm property purchased through another source. c) Where a client has purchased land for cash, the Bank may refund d) Shortfall in deceased estate (bequest price)	25
2.	a) Purchase of agricultural land for estate planning purposes b) Purchase of water rights, purchase of wine quota c) Purchase of wine cellar fixed equipment	20
3.	a) Fixed improvements to infrastructure b) Repayment of commercial Bank overdrafts/Coop debt, used for fixtures on agricultural land and irrigation equipment (underground) c) Repayment of secured debt (excluding 4 (c & d) below and production loans) d) Purchase and installation of below ground irrigation equipment	15
4.	a) Repayment of other unsecured debt used for farming purposes b) Purchase of land for estate planning purposes where the existing Land Bank account is in arrears (see 1 above) c) Repayment of Land Bank debt/arrears d) Repayment of commercial bank overdraft or co-op debt (used for purposes other than mentioned above) e) Purchase and installation of agricultural and game fencing f) Financing of prepaid lease g) De-bushing for improvement of grazing capacity	10
5.	a) Repayment of finance for movable assets	8 (depending on the condition and lifespan of item)
6	a) Purchase of game farm where the client has other income streams to support it. (A longer term can be negotiated where there is justification e.g., where the client has more reliable income streams.)	15
Repayments		
Annual/Quarterly/Monthly instalments including capital and interest linked to seasonality of business income / cash flow cycle.		

FORCED STOCK SALES (FSS)* DEPOSITS

PRODUCT FEATURES	Description	Purpose
	Forced Stock Sale Deposit is program that grants farmers in disaster declared areas exemption from income tax for livestock sold as a result of drought disasters. The exemption is limited to the proceeds of Stock Sales.	This product assists farmers who have to sell their livestock due to drought with a facility where they can deposit the proceeds from the sale for a minimum of six months. The farmers in disaster declared areas are granted exemption from income tax for livestock sold as a result of the drought disasters.
	Term	Deposit Specific criteria
	The minimum period for the deposit is (6) six months to (6) six years. No funds will be withdrawn before the expiration of period of six months. Should funds be withdrawn in the initial 6month period, the client will forfeit any tax exemption on the amount withdrawn and the amount withdrawn in this period will be deemed gross income on the date of disposal of the livestock.	- Funds deposited under this facility must come from the proceeds of livestock sale sold as a result of drought disasters. - Deposit should be made within three months of drought triggered livestock. - Client to submit Invoices of livestock sold for verification purposes. - No funds will be withdrawn before the expiration of period of six months. Should funds be withdrawn in the initial 6month period, the client will forfeit any tax exemption on the amount withdrawn and the amount withdrawn in this period will be deemed gross income on the date of disposal of the livestock. - After the initial six-month period, a client may withdraw any amount at any time as long as funds are available on the deposit account - Withdrawals must be requested in writing to enable the bank to verify signatures.

Other

- All payments by Land bank are made electronically
- Deposits can remain with the bank and will qualify for the tax benefit for a period of six years.
- Interest earned is paid directly into the client's bank account.
- Interest earned cannot be re-invested. (it is not stock sales anymore)

**This is not a lending product, but a deposit facility solely available to Land bank clients.*

PLEASE NOTE:

Land Bank products are reviewed periodically; loan conditions, pricing and product features are subject to change. Terms and conditions apply.