



GPI POLICY - PITCAIRN ISLAND LOAN SCHEME

This Document was approved by Pitcairn Island Council on 15 July 2020 and replaces all previous Loan Documentation.

The object of the Pitcairn Islands Loan Scheme is to meet the needs of the Pitcairn community by providing funding for home loans, home improvements, and facilitating the development of private enterprise.

The principal criteria on which requests shall be assessed is the purpose of the loan and the ability of the borrower to repay.

There can be only one loan outstanding per household at any one time under the Pitcairn Island Loan Scheme. Personal Loans are permitted in addition, one per household.

Terms and Conditions:

Section 1; Advance of Funds.

1. The borrower/s must have Pitcairn permanent resident status, and hold clear title to the land upon which the property is built or upon which it is intended to build or for the development of land or property for private enterprise if applicable.
2. The borrower shall submit their request on the GPI loan application form with relevant plans and background information in adequate detail to the Division Manager of Finance & Economics for assessment by the credit committee. The credit committee will comprise DM F & E, the GT and the Administrator, in consultation with Financial Controller. The credit committee will recommend approval/disapproval of the loan based on the assessment of the facts given the purpose of the loan, the ability to repay, and agreement of the borrower/s to the security and obligations of the borrower contained in Section 2 of this Loan Document.
3. The provisional amount of the loan to be granted shall be the estimated cost of materials for construction or renovation or improvements and related items. The facility once allocated can be drawn down in multiples as required. Payment for building and construction services is allowed under this facility
4. The maximum amount advanced shall not exceed NZ\$60,000. The goods shipped within the terms of this agreement shall be shipped freight free. The facility is a revolving credit facility and can be redrawn once payments are made within the overall quantum of the allocated facility, subject to the approval of the credit committee. In some instances, the approved loan shall be less than the maximum facility depending on requirements and circumstances. The credit committee's decision in this regard shall be final.
5. The borrower shall obtain a preliminary valuation of materials required and advise PIO accordingly. Any orders for materials and supply more than the approved amount must be paid by the borrower prior to the goods being shipped to Pitcairn.

Date Policy last reviewed: 12th October 2021
Date Policy due for next review: October 2023



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6. The amount of the loan granted shall not be paid out in cash to the borrower. PIO, as trustee for the borrower, will make payment for materials as invoices are presented and arrange shipping to Pitcairn Island.

7. GPI shall monitor the accumulated costs paid on behalf of the borrower and keep the borrower informed of the balance of the loan moneys available via the GT office monthly.

8. It is the responsibility of the Borrower to ensure that all deliveries are as per the order placed with PIO.

Section 2; Terms and Conditions; Security and Obligations of the Borrower/s

9. The total sum of all progress payments of loan monies in payment of the cost of construction materials and labour within the maximum limit of \$ 60,000 shall be the amount of the loan hereinafter called "the principal sum".

10. The joint and several personal guarantees of all borrowers is a mandatory requirement and all signatories to the loan document are jointly and severally liable for the full amount of the GPI Loan.

11. The term of the loan shall be ten (10) years from the first day of the month of the first payment by GPI on behalf of the borrower for the building materials.

12. The borrower shall repay not less than one tenth of the principal sum in each year of the term. The borrower shall not be required to pay interest on the principal sum outstanding in any of the first six (6) years of the term.

13. The borrower must pay interest on the principal sum outstanding in each of the following four (4) years or until the loan has been repaid in full. Interest will be charged at the lowest two-year fixed rate published by Westpac, ANZ or BNZ. Monies paid by the borrower in any year shall be first credited to the amount due for interest, if any, on the balance of the principal sum outstanding at the beginning of that year.

14. The first payment to GPI shall be made in the twelfth month after the commencement date of the loan, or made monthly as agreed on the GPI Repayment form, until the full repayment of the principal sum and the prescribed interest thereon. Alternatively, the borrower can repay the annual amount due in instalments via the GT or PIO. There will be no penalty for early repayment of the loan.

15. If the borrower leaves the Island for an extended period repayment must continue under the terms and conditions stated in this agreement. If the borrower leaves the Island for medical treatment repayments may be deferred on application.

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16. If at the end of the twelfth month or any succeeding twelfth month of the term the borrower has failed to pay the whole sum due to the GPI being the minimum payment of capital and interest, if any, as provided by this agreement, the whole balance of the loan outstanding together with interest calculated in accordance with this agreement for the remainder of the interest-bearing years of the whole term shall become immediately due and payable to the GPI. A formal demand may be made and/or other remedies as deemed appropriate by the GPI.

17. In the event of a default as defined above and no agreement on a repayment plan acceptable to GPI can be reached, GPI shall then be entitled to register or cause to be registered the transfer of the borrower's interest in the land by submitting the same for acceptance by the Lands Court and seeking the registration of the transfer in favour of the GPI in the Land Register for house land.

18. GPI reserves the right to thereafter take all available steps to realise the value of the asset against which funding has been provided by whatever means are appropriate and to the best Government of Pitcairn Islands

advantage and shall apply the proceeds thereof first in payment of all outstanding capital and interest due to the Home Improvement Loans account of the GPI and any balance thereafter to the account of the former borrower and at the same time to call on the joint and several personal guarantees of the borrower/s and Guarantors.

19. GPI acknowledges its responsibility to use its best endeavours to maximise any proceeds if a property or other assets are sold under this clause.

Section 3 Signatures

- 1) Attach Land title documents and any relevant documents.
- 2) Attach the signed Personal Guarantees of the Borrower/s.
- 3) Attach any signed special conditions.
- 4) Attach names of borrowers/guarantors for signature and witness.

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