



Cashbuddy Business Loan Program: Comprehensive Guide

In partnership with VGG

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1. Executive Summary

At Cashbuddy, in strategic partnership with VGG, a regulated financial institution, we are dedicated to empowering Nigerian businesses by providing swift, flexible, and dependable access to essential funding. Our commitment is to support your business's growth, whether you require capital for inventory acquisition, equipment upgrades, or working capital optimization. We offer a robust lending framework characterized by transparent terms, competitive pricing, and dedicated business support. Our program is designed to facilitate your access to the necessary financial resources, ensuring clarity and reliability throughout the loan lifecycle.

2. Eligibility Criteria

To qualify for the Cashbuddy Business Loan Program, applicants must satisfy the following stringent criteria:

- **Business Registration:** The business must be duly registered with the Corporate Affairs Commission (CAC) of Nigeria, either as a Limited Liability Company or a Registered Business Name.
- **Operational History:** A minimum of twelve (12) months of continuous business operation is required.
- **Banking Relationship:** The business must maintain an active corporate bank account demonstrating consistent and verifiable cash flow.
- **KYC/KYB Compliance:** All Know Your Customer (KYC) and Know Your Business (KYB) data provided by the applicant must successfully pass pre-qualification and compliance checks conducted by both Cashbuddy and VGG.

- **Cashbuddy Platform Engagement:** Applicants must demonstrate active transaction history on the Cashbuddy platform for a minimum of six (6) months prior to the loan application.

3. Required Documentation

To ensure a comprehensive and efficient loan application process, all applicants are required to submit the following documentation. Additional documents may be requested based on the loan category and specific business circumstances.

3.1. Mandatory Documents for All Applicants:

- **Bank Statements:** Twelve (12) months of recent bank statements in PDF format from the primary business account(s).
- **Business Registration Documents:** Certified True Copy (CTC) of the Certificate of Incorporation/Business Name Registration and other relevant registration documents from the CAC.
- **Director/Owner Identification:** Valid government-issued identification for all directors and primary business owners (e.g., National Identification Number (NIN) slip/card, Driver's License, International Passport).
- **Utility Bills:** Recent utility bills (electricity, water, waste disposal) for both the business premises and the personal residence of the principal owner(s), not older than three (3) months.
- **Proof of Business Address:** Documentation verifying the physical address of the business operation (e.g., tenancy agreement, property deed).
- **Bank Verification Number (BVN):** BVN of all principal business owners/directors.
- **Credit Bureau Report:** Consent to obtain and a satisfactory credit bureau report from a recognized credit reference agency.
- **Direct Debit Mandate:** Duly executed direct debit mandate form authorizing debits from both the business account and the personal account of the principal owner(s).
- **Guarantor Details:** Comprehensive details of a credible guarantor. Post-dated cheques may be required at the discretion of VGG.

3.2. Documents Required Where Applicable:

- **Sales Invoices/Purchase Orders:** Copies of past invoices or purchase orders relevant to the financing request.

- **Financial Statements:** Audited financial statements or management accounts for the last two (2) financial years.
- **Business Licenses/Regulatory Approvals:** Copies of all relevant business licenses, permits, and regulatory approvals.
- **Contract/Order to be Financed:** Specific contract or order documentation if the loan is for a project or specific order financing.
- **Collateral Documentation:** All relevant legal and valuation documents pertaining to any proposed collateral (refer to Section 5.0 for details).

4. Types of Loans We Fund

Cashbuddy, in partnership with VGG, provides tailored financing solutions to meet diverse business operational and growth requirements. Our key financing categories include:

4.1. Inventory Financing

Definition: This type of loan is specifically designed to help businesses purchase and manage their inventory. It provides the capital needed to acquire raw materials, work-in-progress, or finished goods, ensuring businesses can meet customer demand and optimize their supply chain without tying up significant working capital. The inventory itself can often serve as collateral for the loan.

Examples:

- A retail store needing to stock up on seasonal goods before peak sales periods (e.g., Christmas, Eid).
- A manufacturer requiring funds to purchase a large quantity of raw materials to fulfill a significant order.
- A distributor aiming to increase the volume of products available for immediate sale to capitalize on market opportunities.

4.2. Asset Financing

Definition: Asset financing is a loan facility used to acquire tangible assets that are essential for business operations or expansion. These assets typically include machinery, equipment, vehicles, or technology, and the asset being purchased often serves as collateral for the loan.

This allows businesses to invest in necessary tools and infrastructure without depleting their cash reserves.

Examples:

- A logistics company purchasing new delivery vans to expand its fleet.
- A manufacturing plant investing in new, more efficient production machinery.
- A construction firm acquiring heavy equipment like excavators or concrete mixers for new projects.
- A printing business upgrading to a high-volume digital printing press.

4.3. Operations and Capital Financing (Working Capital)

Definition: This category encompasses general purpose loans designed to support a business's day-to-day operational expenses and strategic capital needs. It provides flexible funds for managing cash flow fluctuations, covering overheads, bridging gaps between receivables and payables, or funding general business expansion initiatives that do not fall under specific inventory or asset acquisition. This type of financing is crucial for maintaining liquidity and ensuring smooth business continuity.

Examples:

- Paying staff salaries and rent during a slow business period.
- Bridging the gap between the completion of a project and the receipt of payment from clients.
- Funding marketing campaigns to attract new customers.
- Covering utility bills, administrative expenses, or unforeseen operational costs.
- Providing seed capital for a new business expansion initiative (e.g., opening a new branch, launching a new product line).

5. Loan Categories and Terms

Cashbuddy, in partnership with VGG, offers two primary loan categories tailored to different business needs and risk profiles.

5.1. Non-Collateral Loans

- **Loan Amount Range:** ₦100,000 to ₦999,999.
- **Collateral Requirement:** No physical collateral is required for this category.
- **Underwriting Basis:** Loan approval is primarily based on the business's operational activity, demonstrated cash flow, and comprehensive documentation review.
- **Guaranty:** Requires a personal guarantee from the principal business owner(s) and a verifiable active repayment history on previous financial obligations.
- **Loan Tenure:** Flexible repayment periods ranging from thirty (30) to ninety (90) days.
- **Repayment Structure:** Monthly repayment of both principal and interest.
- **Interest Rate:** A flat interest rate of 6% per month.

- **Fees:**
 - **Processing Fee:** A one-time fee of 0.5% of the approved loan amount.
 - **Insurance Fee:** A one-time fee of 0.8% of the approved loan amount.

5.2. Collateralized Loans

- **Loan Amount Range:** ₦1,000,000 to ₦20,000,000 and above.
- **Collateral Requirement:** Requires tangible collateral. This may include a minimum of 30% cash-backed security or verifiable physical assets such as vehicles, real estate, or business inventory.
- **Additional Requirements:** May necessitate the provision of post-dated cheques and/or third-party guarantors, depending on the loan amount and risk assessment.
- **Loan Tenure:** Flexible repayment periods ranging from thirty (30) to ninety (90) days.
- **Repayment Structure:** Monthly repayment of both principal and interest.
- **Interest Rate:** A flat interest rate of 6% per month.
- **Fees:**
 - **Processing Fee:** A one-time fee of 0.5% of the approved loan amount.
 - **Insurance Fee:** A one-time fee of 0.8% of the approved loan amount.
 - **Default Penalty:** A penalty of 5% per month applied to any overdue amount.

6. Collateral Guidelines

Acceptable forms of collateral for Collateralized Loans include, but are not limited to:

- **Business Inventory:** Verified business inventory supported by professional valuation reports.
- **Vehicle Documents:** Original Vehicle Registration Certificate (RC) and valid insurance documents.
- **Land/Property Title Documents:** Duly perfected land or property title documents (e.g., Certificate of Occupancy, Deed of Assignment).
- **Equipment Invoices:** Original invoices for business equipment that can serve as collateral.
- **Cash-Backed Security:** A minimum of 30% of the loan amount held as cash-backed security in a designated account.
- **Post-Dated Cheques:** A series of post-dated cheques covering the principal and interest repayments.
- **Guarantor's Documents:** Comprehensive legal and financial documents of the guarantor(s).

Important Note: Disbursement of loan amounts exceeding ₦1,000,000 without the provision of acceptable collateral is strictly not permitted.

7. Loan Disbursement Process

Cashbuddy employs a structured and secure disbursement process to ensure funds are utilized effectively for their intended purpose.

7.1. Vendor Pay (Default for Asset/Inventory Loans)

For loans specifically intended for asset acquisition or inventory purchases, funds will be directly disbursed to a verified vendor or supplier. This is contingent upon the successful confirmation and validation of the relevant invoice(s) by Cashbuddy & VGG.

7.2. Business Account Disbursement (Working Capital Loans)

For working capital loans, funds will be credited directly to the applicant's registered business account. This disbursement is subject to final approval, thorough justification of the funds' intended use, and a comprehensive compliance review by Cashbuddy & VGG.

8. Repayment Process

Our repayment process is designed for convenience and clarity, with robust measures in place to ensure timely repayment.

- **Monthly Repayment:** Borrowers are required to make monthly repayments comprising both the principal amount and accrued interest.
- **Direct Debit Mandate:** A direct debit mandate will be established on both the business account and the personal account of the principal owner(s) to facilitate automated repayment.
- **Repayment Reminders:** Automated reminders will be sent to borrowers seven (7), five (5), and one (1) day prior to the due date.
- **Escalation:** In the event of a missed repayment, the escalation process will commence within one (1) to fourteen (14) days from the due date.

9. Default Process

In the unfortunate event of a loan default, a defined process will be initiated to facilitate recovery.

- **Immediate Notification:** Both Cashbuddy and the borrower will be immediately notified upon the occurrence of a default.
- **First Demand Letter:** A formal first demand letter will be issued to the borrower seven (7) days past the due date.
- **Final Demand Letter:** A final demand letter will be issued by the fourteenth (14th) day past the due date if repayment has not been received.

- **Legal Recovery:** Should the loan remain unpaid after fourteen (14) days from the due date, legal recovery proceedings will be initiated.
- **Collateral Activation/Legal Action:** At this stage, VGG reserves the right to call in and realize any provided collateral and/or pursue further legal action to recover the outstanding debt.

10. Important Terms and Conditions

Applicants and borrowers should be aware of the following critical terms:

- **Multiple Loans:** Concurrent multiple loans are generally not permitted. Any exceptions require prior approval and are contingent on the outstanding loan demonstrating excellent repayment performance.
- **Right to Decline:** Cashbuddy and VGG reserve the absolute right to decline any loan application that does not fully meet our stringent underwriting criteria, without prejudice.
- **Funding Pause:** VGG reserves the right to temporarily suspend or pause further funding disbursements if its overall portfolio default rate exceeds 1%.

11. Why Choose Cashbuddy?

Partnering with Cashbuddy for your business financing needs offers distinct advantages:

- **Transparent Pricing:** Our pricing structure is clear and upfront, with no hidden fees or undisclosed charges.
- **Rapid Disbursement:** We ensure quick loan disbursement, typically within 24 to 72 hours following final approval.
- **Professional Support:** Benefit from dedicated professional support and expert business advisory services to aid your growth.
- **Regulated Partnership:** Leverage the security and credibility of a strong partnership with VGG, a fully regulated and licensed financial institution.
- **Proven Track Record:** Join over 3,000 Nigerian businesses that have successfully grown with financial support from Cashbuddy and VGG.

12. Contact Information

For inquiries, support, or to initiate your loan application, please contact us through the following channels:

- **Email:** support@cashbuddy.ng
- **Phone:** +234 802 929 2877
- **Online Application:** Visit www.mycashbuddy.com to apply online.