



CHECKLIST FOR MARGIN LOANS - *Individuals*

- Loan Application Form (Form 113 – pg.2)
- Authorization to Hold Funds (Form 113 – pg.3)
- Loan Agreement (Form 114)
- Power of Attorney to Sell & Transfer Securities (Form 126)

Date:	<input type="text"/>
Amount Requested:	<input type="text" value="B\$"/>
	<input type="text"/>
	MATURITY DATE
Other Facilities:	<input type="text" value="B\$"/>
	<input type="text"/>
	MATURITY DATE

Please notify RF of any changes.

APPROVALS:

COMMENTS:

Relationship Manager

ExCom Member

ExCom Member [if in excess of \$100,000]



LOAN APPLICATION FORM

includes authorization to hold funds, loan agreement and margin loan facility agreement

Account Number:

--	--	--	--	--	--	--	--	--	--

1

PRIMARY BORROWER INFORMATION:

NAME (title, first, middle, last)	
STREET ADDRESS	POSTAL ADDRESS
CITY	COUNTRY
HOME PHONE	BUSINESS PHONE
TELEFAX	E-MAIL

JOINT BORROWER INFORMATION [Optional]:

NAME OF JOINT HOLDER, IF APPLICABLE (title, first, middle, last)	
ADDRESS	POSTAL ADDRESS
CITY	COUNTRY
HOME PHONE	BUSINESS PHONE
TELEFAX	E-MAIL

2

LOAN INFORMATION:

AMOUNT REQUESTED	FACILITY FEES [1% MIN. \$200.00]
SECURITY	
VALUE OF SECURITY (STATEMENT ATTACHED)	

Short term borrowing

PURPOSE OF FACILITY	
1 Year	
TERM OF FACILITY (UP TO 1 YEAR)	RATE OF INTEREST
Margin	
TYPE OF LOAN (MARGIN OR CASH SECURED)	



3

AUTHORIZATION TO HOLD FUNDS:

In consideration of RF Bank and Trust Limited (hereinafter called "RF") from time to time making payments to persons or other entities on behalf of the undersigned, the undersigned agrees as follows:

The undersigned hereby irrevocably directs and authorizes RF to charge any such payments or advance or the unpaid balance thereof to **Account Number** _____ (the "Account") and without prejudice to any other right or remedy, to debit such payment to the Account or to liquidate securities or other assets in the Account for the satisfaction of any such indebtedness without notice to the undersigned at any time.

It is understood that, if RF permits the undersigned to withdraw funds in the ordinary course at any time, such permission shall be without prejudice to the right hereby conferred upon RF to hold the balances in the Account as security as aforesaid or to charge the same with such bills or advances and is not to be considered as a waiver by RF of such right.

The undersigned shall indemnify RF and keep RF indemnified against all demands, claims, liabilities, losses, costs and expenses whatsoever (including all legal and other costs, charges, and expenses RF may incur in connection with the Account or any instructions for payments received from the undersigned or in enforcing or attempting to enforce, RF rights hereunder) arising in relation to or out of the Account or any instructions for payments made pursuant hereto. The undersigned shall pay and reimburse such sums on demand together with interest thereon (as well after as before judgment), from the date when they were first paid or incurred by RF until payment in full at the rate of 6.25% per annum. In the event the principal and interest exceed the agreed upon limits the Borrower shall pay interest on the outstanding principal hereunder from the date of default to the date the agreed limits are no longer exceeded at the rate of Bahamas prime plus 8.75% - per annum. RF may from time to time by 30 days notice in writing to the Undersigned, vary the said rate of interest to be applied to the principal and in such event the undersigned shall increase or reduce the monthly payment to reflect such variation in the rate of interest. The undersigned hereby irrevocably authorizes RF, without prejudice, to any other right or remedy, to debit such payment or reimbursement to the Account.

Where the undersigned is a partner or otherwise consists of more than one person, the liability of the undersigned hereunder shall be deemed to be the joint and several liability of the partners or otherwise and any demand for payment made by RF to any one or more of the persons so jointly and severally liable shall be deemed to be a demand on all such persons. RF may release or discharge any one or more such persons from liability hereunder or compound with, accept compositions from or make any arrangements with any such persons without thereby releasing or affecting its rights and remedies against any such other party.

Dated at Nassau, Bahamas this _____ day of _____, _____.

X
Applicant's Signature

Joint Applicant's Signature (if applicable)

Signed, Sealed and
Delivered in the presence of

Witness



Amount: \$

Lender: RF Bank & Trust Limited

Borrower:

Evidence of Debt: Loan Agreement

Purpose of Facility:

Term of Facility: Subject to adequate security, the facility will be available for 1 YEAR

Rate of Interest: At the rate of _____

Interest after Default: At the rate of PRIME + 8.75%

Fees:

Security: Account number: _____ held with RF Bank & Trust Limited

Conditions/Covenants: At no time will the existing loan amount be allowed to exceed the amount noted above, or an amount equivalent to **50%** of the market value of the equities and other assets and funds being held as security against this facility. Should the amount of the loan exceed these limits, and should such excess not be repaid within a period of 14 days immediately after having been advised in writing that such excess has occurred, RF will sell such shares as it deems appropriate, at its sole discretion and at the cost of the borrower, to bring the loan within the agreed upon limits.

This Agreement is governed by and construed in accordance with the Laws of the Bahamas whose courts shall have exclusive jurisdiction with respect to any dispute arising from this agreement.

I/We hereby agree to the terms and conditions of the margin loan facility agreement, and the conditions and covenants of the loan agreement.

Borrower's Signature(s): X _____

Date: _____

Lender's Signature (s): _____

Date: _____

Witness Signature (s): _____

Date: _____



MARGIN LOAN FACILITY AGREEMENT– TERMS & CONDITIONS

FORM 114A

Purchasing securities on margin involves borrowing money to leverage or magnify your potential profit or loss. Margin purchasing is a risky strategy and you should be an experienced investor able to fully assess and afford the inherent risks. We agree to extend credit to you in accordance with the terms of this Margin Agreement. Before entering a margin order you warrant that you have read the RF's Brokerage Account Agreement and to take full responsibility for the consequences of your investment decisions.

The Margin Loan facilities offered by RF Bank & Trust Limited (hereinafter called "RF") are offered under the following terms and conditions:

- a) You must have a brokerage account;
- b) Upon the completion of the transfer of your securities into your brokerage account, you immediately become eligible to borrow up to an agreed percentage of the market value of the securities in your account in the form of a Margin Loan;
- c) Marginable securities include most securities traded on the Bahamas International Stock Exchange (BISX) and those traded over-the-counter.
- d) Market value is calculated based on the BISX closing price for listed securities and the average bid price of the recognized pricing sources for unlisted securities.
- e) For the purposes of determining the maximum loan amount on a securities portfolio the following criteria will be used:
 - Where 1 company represents 50% or more of the portfolio the market value of the portfolio will be discounted by 25%;
 - Where 2 companies represent 50% or more of the portfolio the market value of the portfolio will be discounted by 10%;
 - No discount applies where the market value of 3 or more equities represents 50% or more of the market value of the portfolio.
- f) Limits on the maximum amount to be advanced under a Margin Loan will be set by RF from time to time.
- g) The following documentation is required to be completed to establish a Margin Loan facility:
 - A Margin Loan application form,
 - A Margin Loan agreement stating the terms and conditions of the loan, and;
 - Hypothecation form over the securities held in your brokerage account, if applicable.
- h) There are no fixed terms of repayment. The Margin Loan facility is issued for a period of one year and is automatically renewable, at the option of the Bank, for further periods of one year. The loan is however repayable on demand;
- i) A fee of 1% of the amount of the total loan is payable at the inception of the loan, subject to a minimum fee of \$100. This fee is payable annually in advance with respect to the Margin Loan facility. Should you wish to increase your Margin Loan facility during the year, a new Margin Loan facility for the new loan amount is created and a 1% fee immediately becomes payable on the full amount of the new Margin Loan facility which will then run for a year from that new date;
- j) Interest on your average daily net debit balance will be calculated using a base rate determined by RF, which is influenced by market conditions, loan demand and /or prime rate. Interest will be posted or compounded monthly and is calculated on a 365 day year. We reserve the right, to vary the rate of interest to be applied, by thirty (30) days notice in writing or upon default.
- k) In the event that you wish to acquire additional securities using your Margin Loan Facility, you can borrow up to 90% of the discounted market value of your current security holdings, under the proviso that drawdowns against the Margin Loan Facility are only for the purchase of additional securities (i.e. the total loan amount can never initially exceed the 45% limit);
- l) You agree to maintain your account at the minimum equity requirements set by RF's internal maintenance policies and discretion. These maintenance requirements may change without prior notice. Should the market value of your securities decline to a level where the loan exceeds 50% of the value of your securities, you are required to deposit sufficient funds to regularize the account. In some situations such as (but not limited to) concentrated positions, low priced stocks or volatile stocks we may require substantially greater collateral than normal initial or maintenance levels. You are responsible for acting immediately on any buy in or sell out notice given verbally or in writing. Your failure to promptly

deposit additional money or securities in response to a margin call may result in the liquidation of part or all of the securities in your account. Although we will generally attempt to notify you of a margin call and give you an opportunity to deposit additional equity to secure the account, we reserve the right to institute immediate discretionary liquidation of any and all securities without prior notice and without giving you the opportunity to deposit additional equity. This discretion applies regardless of any historical pattern of delivering verbal/written notices or of any current verbal or written representations by RF that indicates a different dollar amount, liquidation time, or suggests additional time based on the due date. It is your responsibility to monitor and liquidate positions to minimize your losses before we are forced to liquidate on your behalf to protect our interest as a creditor.

- m) It should be noted that from time to time, given the liquidity in the market and/or the financial position of certain companies, RF may not be prepared to include the value of these companies in its assessment of the value of collateral used for the purposes of calculating the maximum margin loan amount. RF reserves the right, at any time, to determine those companies that it chooses to exclude and to adjust the limit on your margin facility accordingly. As with the revaluation of collateral associated with price declines, this may result in you needing to pay additional funds to reduce the loan amount or bring in additional equity to support the amount of the margin facility. The excluded companies may be added back to the margin valuation process from time to time should any significant change occurs with regards to the market liquidity and/or financial position of those companies.
- n) A loan account that is in excess of the agreed Margin Loan facility and/or that exceeds 50% of the value of the securities will be charged interest at the rate of 8.75% over B\$ prime until such time as the account is regularized. Should such loan remain in excess of the agreed Margin Loan facility at the renewal date, and the Bank elects to renew the facility, the standard renewal fee will be charged on the agreed facility and a penalty fee of 5% will be charged on the amount in excess of the agreed facility;
- o) Where there is sufficient value in your security holdings to support a higher margin limit, should a loan account remain in excess of the agreed upon limit for more than fourteen days after being provided with notice to this effect, the facility limit will automatically be increased to the new loan amount and a new facility fee will be charged on such higher amount at such time and this facility will thereafter remain in place for a year subsequent to the effective date of such increase.
- p) RF may loan, pledge, hypothecate, or rehypothecate all securities held in your margin account either separately or together with securities of other customers. The values received may be greater than the amount you owe us. Any losses, gains or compensation resulting from these activities will not accrue to your brokerage account. RF is obligated to retain in our possession and control all fully paid for securities. Securities used as collateral for a margin balance are not fully paid for and therefore are not subject to the same obligation.



MARGIN LOAN FACILITY – DISCLOSURE STATEMENT

FORM 114B

RF is furnishing you this statement, before trading on a margin account. Please review this statement and our Margin Loan Facility Agreement carefully and contact RF regarding any questions you may have with your Margin Loan facility.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from RF. If you choose to borrow funds from RF, you will need to open a Margin Loan facility. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan. As a result, RF may take action, such as issuing a margin call and/or selling securities in your account, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include, but are not limited to, the following:

You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to RF to avoid the forced sale of those securities or other securities in your account.

RF can force the sale of securities in your account.

If the equity in your account falls below the maintenance margin requirements required by RF, RF can sell the securities in your account to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.

RF can sell your securities without contacting you.

Some investors mistakenly believe that RF must contact them for a margin call to be valid and that RF cannot liquidate securities in their accounts to meet calls unless RF has contacted them first. This is not the case. RF will attempt to notify you of margin calls, but is not required as stated in our margin agreement. Even if RF has contacted a customer and provided a specific date by which the customer can meet a margin call, RF can still take the necessary steps to protect its financial interests, including immediately selling any securities without notice to the customer.

You are not entitled to choose which security in your margin account is liquidated or sold to meet a margin call.

Because the securities are collateral for the margin loan, RF has the right to decide which security to sell in order to protect its interest.

RF can increase its “house” maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes at RF can take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause RF to liquidate or sell securities in your account.

You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension