

# Standard Terms & Conditions for Business Loans



Smart Business Finance, Made Simple

Please read and retain this document for future reference, as this booklet contains the general terms & conditions applicable to business lending. This document is to be reviewed in tandem with the letter of approval or other written agreement, which may have terms & conditions that are also applicable. The Credit Union may from time to time change the terms and conditions and the updated terms and conditions will then apply to all business lending.

## 1) Purpose

- The loan is to be used for the purpose set out in the letter of approval.

## 2) Repayment

- It is understood that a loan will be repaid [both capital and interest] as set out in the letter of approval.
- The borrower is to ensure there are adequate arrangements in place to meet all of the payments.
- Repayments/direct debits will continue to be presented until the full amount of the loan, and any other amounts due have been repaid, notwithstanding an intervening expiry date.
- Any residual balance outstanding at the end of the repayment period, will immediately become payable [unless otherwise agreed by the Credit Union] and will continue to attract interest at the prevailing rate of interest.
- A borrower may repay the loan or any part thereof early at any time, when a variable interest rate applies, without any charge for early repayment. An early repayment is treated as a permanent reduction and cannot be withdrawn.
- If the borrower wishes to round up or increase the loan repayment amount as set out letter of approval this should be discussed with the credit union in advance of signing the direct debit mandate and where practicable will be accommodated by the credit union. Rounding up on the direct debit mandate will accelerate the repayment of the loan and as a result the figures on the amortisation table will change. This may also result in the loan being repaid earlier.
- Repayments made before the loan payment date will reduce the interest charged. Payments made after the loan payment date will result in a higher than scheduled interest amount charged, although there are no direct charges for late or missed payments.
- If the due date for a repayment falls on a non-business day, such as a weekend or bank holiday then the repayment may be paid on the next working day. Additional interest may accrue in such cases. This could cause the total amount payable by you to increase.
- Other factors such as the exact day of drawdown, rounding in calculation, a change in regular repayment date or an additional day in leap years can also impact the number of loan repayments or the total amount you pay under this credit agreement.
- The Credit Union has the right to make a demand for payment when specific events occur, examples are outlined in Section 8.

## 3) Interest

- The Credit Union will determine the interest rate applicable to a loan, aligned with the Credit Union Act 1997 as amended, which states, the underlying principle is that the rate of interest charged on any class of loans granted at a particular time shall be the same for all loans of the class.
- The rate of interest will be outlined in the letter of approval, and post drawdown it will be contained within the loan account statement.
- Interest is calculated on the outstanding closing loan balance on a daily basis [after adjustment is made for transactions].
- Details of current interest rates are available at all times on request to the Credit Union and on the website.
- Interest rates are variable and the interest rate may vary during the period of the loan in light of local market conditions or to reflect the cost to the Credit Union of funding the loan. This may cause the borrower's repayment amount or term to change. The Credit Union will notify the borrower in writing, by letter to their current advised address, if the interest rate changes, at the earliest opportunity. The borrower is free to dissolve the contract immediately in the event of an interest rate change, subject to discharging the principal and interest due then outstanding.
- If the letter of approval relates to one or more existing facilities, some of the figures outlined in the description of the relevant facilities in the letter of approval may change before the borrower has drawn down or availed of the facilities.

## 4) Drawdown

- When the borrower has accepted the letter of approval, along with complying with the terms & conditions, security and pre-draw down conditions, then the loan may be drawn down. By accepting the letter of approval, the borrower is entering into a binding agreement to repay the loan.
- The borrower may be required to complete drawdown instructions and a direct debit mandate. If a borrower wishes to draw down parts of the loan on different dates, this can be requested.
- If the borrower draws down or avails of the loan in part or in full, this will comprise acceptance of the terms & conditions of the loan approval. The loan must be availed of within 120 days from the date of letter of approval.
- The borrower has the right to withdraw from the credit agreement within 10 calendar days from the Acceptance Date. Alternatively, the borrower can waive their right to withdraw.
- If any costs have been incurred to a 3rd party prior to the withdrawal the borrower will be liable for same. The borrower will also be required to repay all sums drawn, plus accrued interest in full.

## 5) Joint & Several Liability

- Where any loan is granted to two or more persons the liability & obligation to the Credit Union shall be joint and several.

## 6) Review

- All business borrowers are offered the option of an annual review meeting in relation to all facilities including security and alternate arrangements. Borrowers should contact their Credit Union officer to arrange said meeting.
- The Credit Union can conduct a review at any time it deems appropriate.

## 7) Security

- Where there is security outlined in the letter of approval, such security will require to be executed prior to the loan draw down.
- In the event of a legal charge/mortgage being the proposed security, the Credit Union will take a first charge over the said property, with a clear report and certificate of good marketable title attached. Additionally, the borrower will have insurance cover over all property charged to the Credit Union as security, for the term of the loan[s]. The borrower will ensure that all premiums are paid on time if the borrower does not do so the Credit Union may pay the premium and debit the cost to the borrower.
- If an Assignment over a Life Policy or Key Person Cover is required as security, the borrower will ensure that all premiums are paid on time, if the borrower does not do so the Credit Union may pay the premium and debit the cost to the borrower.
- Security will extend to cover all the present and future obligations of the borrower, as outlined within the letter[s] of approval.
- The Credit Union may dispose of any property held as security or take legal proceedings to recover what the borrower owes, along with any legal fees & expenses.
- When an independent professional valuation is requested, this will be at the borrower's expense, and in place prior to loan draw down.
- If the security includes a letter of guarantee, the Credit Union must notify the terms of the facility, along with any changes to the guarantor.
- The borrower will be responsible for all fees in connection with the obtainment, perfection, enforcement & release/ return of security.

## 8) Cancellation/ Events of Default

- Prior to loan draw down a Credit Union may cancel a facility, or refuse any further drawdown and demand that the loan & any interest is repaid in full where it becomes aware that there is a: i] material change to the borrower and/or guarantor, ii] non repayment on a due date, iii] breach to any of the terms & conditions, including purpose of the loan, iv] security becomes unenforceable, v] false & misleading information was supplied, vi] borrower threatening to cease business, vii] bankruptcy, viii] death or ix] contractual incapacity of the borrower.

- A Credit Union has the right to refer the outstanding debt and borrower file to a third party/debt collection agency for the purpose of obtaining repayment.
- A borrower can cancel an agreement, by repaying the loan, plus accrued interest in full.

## 9) Set-Off

- The Credit Union may set-off any sum held by the member on shares, deposits, dividends and interest in or towards the payment of a debt owing.

## 10) Electronic and Digital Banking

- The Credit Union may offer loans on line, on the phone and in the premises. They may store documents electronically and both the Credit Union and borrower may sign documents electronically, or executed in writing on separate counterparts, which when taken together, although executed separately, shall constitute and be as effective as a single copy of the Credit Agreement. The borrower may ask for a copy of the letter of approval at any time and this will be provided, free of charge.

## 11) Data Protection

- To process your application, we will share your data with third parties who perform important functions for us. We are also required to cooperate by law with Irish regulatory or enforcement bodies. The details provided in connection with an application will be retained by the Credit Union in accordance with our Privacy Notice which is available on the Credit Union's website or in branch.

## 12) Fees and charges.

- The borrower must pay any fees & charges that the Credit Union may charge in relation to a facility, or security. These fees & charges shall be stated in the letter of approval.
- The borrower must pay any fees, charges or expenses incurred by the Credit Union relating to collection of loans, or disposal of security.
- The Credit Union shall inform a borrower of any change in fees or charges in a durable medium before the change comes into effect.

## 13) Appeals / Complaints

- The Credit Union has a process for appeals and complaints. The borrower is to submit a written appeal outlining the basis of their appeal for example, a special condition, a lending decision or classifying a borrower as not co-operating. The borrower must submit an appeal in writing within 21 working days of the notification of a decision to the Credit Union, who will review and aim to resolve the appeal. The Credit Union will make all reasonable efforts to resolve a complaint received. Additionally, a borrower may be able to make a complaint to the Financial Services and Pensions Ombudsman if the complaint has not been resolved to the borrower's satisfaction.