

# Credit Union Terms & Conditions for Business Loans under the Covid-19 Credit Guarantee Scheme 2020 (“the Scheme”)



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 booklet will then apply to all business lending.

## 1) Purpose and Status of Borrower

- The loan is to be used for the purpose set out in the letter of approval, which must be a purpose specified by the Scheme. The Borrower must be a qualifying Micro/ SME under the Scheme.

## 2) Repayment.

- It is understood that a loan will be repaid [capital, interest & premium] 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.
- If the due date for a repayment falls on a non-business day, then the repayment may be paid on the next working day. Additional interest may accrue in such cases.

- 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.
- The Credit Union has the right to make a demand for payment when specific event occurs, examples are outlined in Section 8.
- 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 An early repayment is treated as a permanent reduction and cannot be withdrawn.
- Any residual balance outstanding at the end of the repayment period, will immediately become payable and will continue to attract interest at the prevailing rate of interest.

## 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 applied will be net of the Pricing Discount applied in accordance with the Scheme.
- This 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 daily [after adjustment is made for transactions] for 365 days per annum.
- Details of current interest rates are always available 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 considering 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 sanction relates to one or more existing facilities, some of the figures outlined in the description of the relevant facilities in the letter of sanction 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 this 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 for loans greater than €250,000.
- 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 90 working days from the 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.

#### 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. 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 for loans amounts greater than €250,000, such security will require to be executed prior to the loan draw down. This security will be restricted to a Letter of Guarantee for 20% of the Loan amount. The Credit Union must notify the terms of the facility, along with any changes to the guarantor.
- Security will extend to cover all the present and future obligations of the borrower, as outlined within the approval letter[s]
- The borrower will be responsible for all fees, if applicable, 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 (to include non-repayment of Premium) 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, particularly regarding eligibility of the borrower for the Scheme, 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 this 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.
- 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 will be provided, free of charge.

#### 10) 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 as well as the Strategic Banking Corporation of Ireland, the Minister for Enterprise Trade and Employment and/or the EU Commission. 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.

#### Credit Union Terms & Conditions for Business Loans under the Covid-19 Credit Guarantee Scheme 2020 ("the Scheme")

- 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.