



ACCESS
CREDIT UNION

BANDON | SCHULL | SKIBBEREEN

Information Booklet for SME Lending



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Access Credit Union is happy to support our members with their business needs. The purpose of this guide then is to inform and assist our members with the steps involved with a business finance application. It is targeted at micro and small enterprises employing fewer than 50 persons and with annual turnover and balance sheet total which does not exceed €10 million.

In this context, an enterprise can include a wide spectrum of self-employed people e.g. a farmer, a plumber, electrician etc – in short anyone who is borrowing for the purposes of their farm, trade or profession. It also applies to people who are in receipt of PAYE income but who borrow for a related business purpose. If a person in the category mentioned above is borrowing for personal reasons e.g. a holiday, then this guide does not apply.

1. Background to SME regulations

The objective of the regulations is to strengthen and support business interests by enhancing the existing protections in place for SMEs. The regulations introduced specific requirements for regulated lenders, including:

- Giving SME borrowers greater transparency around the application process
- Providing SME borrowers with reasons in writing for declining credit, the reasons which will be specific to their application.
- Providing greater protections for guarantors.
- Contacting SME borrowers who have been in arrears for 15 working days.
- Warning SME borrowers if they are in danger of being classified as 'not co-operating'.*
- Expanding the grounds for appeal and setting up an internal appeals panel.

*Classification as 'not co-operating' follows a process where a borrower in financial difficulties has not been forthcoming in disclosures and/or has failed to furnish documentation necessary for an assessment. A warning letter is issued to a borrower in advance of the classification which will set out what is required to remedy the situation. It is only when these steps have been exhausted will the classification apply.

2. Points of contact

If you want to contact us about applying for such a loan or have an existing SME loan and wish to talk to us, please contact a member of our lending team who will be happy to discuss your options with you. You can telephone us at 028 21883, email us at info@accesscu.ie or send a request for a call-back through the Contact Us section of our website, www.accesscu.ie

3. Interest rates

Our loan interest rates are variable. **There are no penalty fees for early repayment.**

If we decide to change the interest rate, we will inform you of the new interest rate and the revised repayment details. If you encounter or expect to encounter difficulties in meeting these new repayments, we would encourage you to get in touch with us to discuss your options.

Warning: The cost of your repayments may increase

4. Applying for credit facilities

Timelines:

Applications can be taken online, over the telephone or in person. We will acknowledge all loan applications submitted within 5 working days of receipt. The Regulations allow up to 15 working days from receipt of a completed credit application for a credit decision to be made. We will endeavour to complete the assessment ahead of this timeframe. If we cannot decide on your application within 15 working days of receipt of all documentation required, we will inform you in writing why the application will take longer than 15 working days and the expected timeframe within which a decision will be made. If further information is required, we will outline the information required and the timeframe within which the information should be provided.

Supporting documentation:

To assess loans properly, we will typically require the following:

- Income Verification
- Most recent set of business accounts
- A comprehensive business plan which should include description of the business, current market position, financial projections including key assumptions, profit and loss accounts, balance sheet and cash flow projections for the next 3 years;
- Current bank statements for at least the last 3 months (this may be extended to personal accounts if necessary)
- Confirmation of Tax Compliance
- Any other documentation required to verify balance of the funds required
- If security is required to support the loan application, details of same.
- We will also require identity and address verification documentation, as applicable, in order for compliance with the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, as amended.

We shall conduct a credit check with the Irish Credit Bureau and the Central Credit Register. We may need other information depending on the size and complexity of the loan and nature of the business. We will discuss such requirements during the assessment process.

Assessment:

Assessment of loans will consider the following, the list of which is not exhaustive:

- current and future repayment capacity
- previous repayment history
- other indebtedness and any difficulties in repaying an existing debt
- viability of the business

The length of the process is subject to the complexity of the proposal and more complex proposals may take longer to assess.

5. Security

Where we require security (including a guarantee) in support of an application for credit, we will ensure that any security sought is reasonable and proportionate, having regard to both the security offered and the value of the credit offered. For example, security may take the form of shares held by the member as collateral against the loan. Where a guarantor is in place, it can also extend to the shares held by the guarantor also. These are examples to illustrate what may be asked of as security. Security is not limited to these examples.

We will provide a written explanation as to why the security is required and the consequences of providing such security. Security required under the terms of the loan must be executed by the borrower and any guarantor prior to the release of funds. In ordinary circumstances, when the loan and any connected borrowings have been repaid in full, we will release the security. If the loan falls into arrears, we may then seek to enforce the security in order to reduce the balance of the loan.

6. Guarantors

We will provide guarantors with an explanation of the potential consequences for the guarantor of providing the guarantee. We will keep guarantors informed at crucial times during the lending relationship e.g. where the borrower is in financial difficulties.

7. Pre-contract information

At the time of or shortly after applying for any loan, we will give you a written statement of the terms and conditions of the loan if it is approved and you choose to proceed. It will set out the credit facilities, the terms and conditions including those regarding default, together with relevant details of fees, charges and interest rates. You should read this document carefully and alert us to any inaccuracies or concerns as soon as possible so that we can address same.

8. Loan Approval

Where a new application for credit is approved, we will provide you with confirmation of approval. We will outline to you the next steps to be completed to facilitate drawdown.

9. Annual Statement & Fees

We will provide you with an annual statement regarding the performance of your loan. We will notify you in writing of any increases in fees (if these should apply) and when they will apply.

10. If we withdraw or refuse your loan application

If we decide to withdraw or refuse credit, you will be notified in writing, which will include the following:

- the reasons why we were not able to approve it, which will be specific to you;
- details of our internal appeals procedures and information on how to lodge an appeal;
- a link to the Government's website 'Supporting SMEs' online guide or any other equivalent website available.
- information about your right to make a complaint under our Complaints Procedure and the process involved.

Where you are refused an application for credit, there may be an adverse impact on your credit rating.

The enhanced protections offered under these Regulations do not prevent us from acting with all necessary speed to withdraw credit where there is a reasonable suspicion of fraud, money laundering, terrorist connections and/or misrepresentation.

11. Expanded grounds for Appeal

The regulations expanded the grounds for appeal. As well as appealing a decision to withdraw or refuse credit application, you will be entitled to appeal:

- a special term or condition imposed on the granting of credit or an alternative arrangement;
- the withdrawal or reduction of a credit facility;
- the refusal to offer an alternative arrangement; and
- where you have been classified as 'not co-operating*'.

12. Annual review

We will offer on an annual basis to meet with you to discuss the following:

- the loans currently in place between us;
- the security we hold, if any and if relevant,
- alternative borrowing arrangements that may be more appropriate based on your circumstances

To conduct the review, we will need an up-to-date set of accounts for your business. In the course of conducting the review, we may also ask for other information such as:

- bank statements for the last 6 months;
- credit card statements;
- confirmation of tax compliance;
- your consent to conduct an updated credit check.

We shall review all such documentation within 7 working days of receiving it and contact you shortly afterwards to schedule an appointment to discuss the outcome of our assessment. Such discussions can be held in person or by telephone, if more convenient.

13. Borrowers in Financial Difficulties

If you encounter difficulty in meeting your repayments, we would encourage you to contact us as soon possible. We will offer you the option of an immediate review meeting to discuss your circumstances. Similarly, if you are in arrears for 10 working days, we will in that instance contact you to seek to identify the reasons why. In either situation described above, we will work with you to assess whether the circumstances are such that the requirements placed on credit unions for dealing with borrowers in financial difficulties applies.

A key objective of our policy is to assist borrowers to resolve their financial difficulties. We will provide our Information Booklet to SME Borrowers in Financial Difficulties which will ensure that you are fully informed of your rights when working with us to resolve the matter. We will work with you in identifying the options available to address arrears or financial difficulties, having regard to your particular circumstances.

Warning: If you do not meet the repayments on your credit facility agreement, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.

14. Appointment of Third Parties

Sometimes e.g. in cases where businesses are of a specialist nature, we may require an independent review of the business by a third-party professional in order to assess the future viability of the business. In such cases, we will write to you in advance to

- (a) explain the reasons for the review;
- (b) the scope of the review;
- (c) name of the third party conducting the review and
- (d) information on any costs to be borne by you

Please note that where a borrower bears any cost for the independent review, the cost of the review must be proportionate to the amount of credit provided, size and complexity of the business.

Where there is a guarantee in place, we will inform the guarantor where we require an independent review.

Following the independent review, we will promptly provide you with a copy of any report provided.

15. Making a Complaint

If you have a complaint, you can either contact us directly by telephone on 028 21883 or write to us, addressing your correspondence to:

Complaints Officer
Access Credit Union
13 Main Street
Skibbereen

We will acknowledge your complaint in writing within 5 working days and advise you of the name of the person dealing with your complaint. It is our intention, where possible, to investigate and resolve the complaint within 40 working days and you will receive regular updates on progress every 20 working days. If we cannot resolve the complaint within 40 days, we will write and explain the reason for the delay and indicate when we might expect to have a resolution. This procedure does not apply where the complaint is resolved to your satisfaction within 5 working days.

If an agreement cannot be reached, we will set out our position in a 'final response letter'. If, at this point you remain unsatisfied, you may have the right to appeal in writing to:

The Financial Services Ombudsman, 3rd Floor, Lincoln House, Lincoln Place, Dublin 2

Telephone: 1890 88 20 90

Email: enquiries@financialombudsman.ie **Web:** www.financialombudsman.ie

Useful Information Sources

<https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/>

<http://www.businessregulation.ie/>

www.localenterprise.ie

www.enterprise-ireland.com

www.intertradeireland.com

www.supportingsmes.ie

www.sfa.ie

www.chambers.ie

www.isme.ie

www.teagasc.ie

www.agriculture.gov.ie

Access Credit Union is regulated by The Central Bank of Ireland.

Skibbereen Branch

13 Main Street, Skibbereen

Bandon Branch

26/27 South Main St., Bandon

Schull Branch

East End, Schull

Call: 028 21883

Email: info@accesscu.ie

Web: www.accesscu.ie

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