



Notice to members in respect of SME lending services

The purpose of this notice is to inform you about our SME lending services. It is targeted at enterprises employing less than 50 persons and with annual turnover and balance sheet total of up to €10 million.

In this context an enterprise includes a farmer or a sole trader such as a carpenter who is borrowing for the purposes of their farm, trade or profession. If a farmer or carpenter is borrowing a personal loan for (say) home improvements or a holiday this brochure does not apply. It only applies to loans for the purpose of the business/farm.

Arklow Credit Union is happy to lend to the SME/agri sector. We have specialist staff who have been trained in lending to this sector and all of the regulations which apply.

1. 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:

Hugh O’Keeffe
hokeeffe@arklowcu.ie

Rachael Bailey
rachaelbailey@arklowcu.ie

2. Annual review

All SME borrowers are welcome to have an annual discussion with either of the above officers. We shall endeavour to contact you annually for this purpose however feel free to contact us directly at any time yourself if you prefer.

Such an annual review would cover:

- the performance of the loans currently in place between us,
- the security we hold, if any
- alternative borrowing arrangements that might suit you better than the existing loan.

To conduct the review we will need an up-to-date set of accounts for your business. Whatever is prepared for Revenue purposes will usually suffice. If necessary, and only if it is, we may also ask for

- up-to-date bank statements,
- proof that your taxes are all paid up-to-date and/or
- your consent to conduct an updated credit check.

We shall review all such documentation within 7 business days of receiving it and contact you shortly afterwards to schedule an appointment at a mutually convenient time.

3. Interest rates

Our loan interest rates are generally variable, however if you would prefer a fixed rate just ask. For our variable loan interest rates, please note the following Warning: The cost of your repayments may increase”.

All our loans can be cleared immediately without any notice period or early cancellation penalties.

4. 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 draw it down.

To assess SME loans fully and properly, we will ask you for the information we need to assess your application. This will usually include

- an up-to-date set of accounts for your business,
- a business plan (we can help you prepare this if you like),
- your latest Revenue Notice of Assessment,
- up-to-date bank statements for at least the last 3 months,
- proof that all taxes are paid up-to-date, &
- if security is required to support the loan application, details of what will be involved.

As required by law, we shall also conduct a credit check with the Central Credit Register. We may need other information depending on the size and purpose of the loan.

5. Fees

Unlike banks we generally don't charge fees however if 3rd party expenses are incurred in preparing your loan e.g. legal fees if security needs to be put in place, these will be notified to you before we incur them.

6. If we are not able to approve your loan application

- If this happens, we shall set out in writing:
- the reasons why we were not able to approve it
- details of our internal complaints and/or appeals procedures and information on how to lodge a complaint or appeal;
- information about the role of the Credit Review Office and its contact details;
- a link to the Government's website Supporting SMEs online guide or any other equivalent website available.

7. Drawing down the loan

Once the loan is approved, we shall notify you in writing. If a guarantee or other security is required, we shall need to work together to put this in place. Once it is in place the loan will be available for drawdown. Drawdown itself may be by way of cheque or EFT to your bank account.

8. After that

After drawdown all that happens is that we expect you to meet the repayments set out in the loan agreement. We shall send you an annual statement showing all repayments, all interest charged and your balance.

If it is a variable rate loan and we decide to change the interest rate, we shall tell you the new interest rate and new repayment amount in good time beforehand. Given that you can always repay your loan at any time and without any penalty, you will have the opportunity to clear the loan should you wish to do so.

9. If you envisage difficulties in repaying the loan

We know that business and particularly cashflow can be fundamentally uncertain. We also know that the best laid plans do not always come to fruition exactly as envisaged. Inevitably, some of our SME borrowers will from time to time, have difficulties in making those payments.

If you ever anticipate such difficulties, please let us know as soon as possible. It is always far, far easier to find some flexibility to deal with a future potential problem than for one which has already materialised.

If you do contact us in such circumstances, we shall work closely with you to assess your financial outlook. We have underlined the words “we shall work closely with you” because it is important for you to know that we really mean this. During the aftermath of the crash, it was clear that the banks panicked and prioritised their short-term interests firmly ahead of the long-term interests of their SME borrowers, often making a difficult situation for those borrowers considerably worse. We won't do that, as long as you are upfront with us, act honestly and in good faith at all times and bring an honest realism to your commercial decision-making.

Doctors say that early detection of a medical problem invariably delivers a better outcome. Lending is exactly the same.

If the financial difficulties do materialise to such an extent that we need to amend the loan in some way or take some other action, we shall provide you with our Notice to Borrowers in Financial Difficulties which will ensure that you are fully informed of your rights when working with us to resolve the matter.

10. Credit Review Office

We will always strive to ensure that everything we do is to the highest standards, however things do go wrong from time to time. If you have any misgivings about any aspect of our service, please tell us immediately. If we are unable to rectify matters immediately, we have formal complaints and appeals processes that will ensure that your concerns are given a full and objective hearing by people other than those who were involved in the matters which gave rise to your dissatisfaction.

If that doesn't resolve things to your complete satisfaction you will always have recourse to the Credit Review Office as a last resort.

11. SME Lending Regulations

The information above has been prepared to comply with the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium Sized Enterprises) Regulations 2015.

These regulations were designed to make it easier for SME borrowers to engage with their lenders and ensure that the whole process worked in a fair and transparent manner, particularly if financial difficulties arise.

We will provide you with a full copy of these regulations if you ask us. In addition, we have posted a link to them on our website.