



Ready, Steady, Grow with us!

Supporting all SME's

Standard Information
for SME Lending

We stand out from the rest.
We are the leaders not the followers
when it comes to financial services,
as your Credit Union we strive to make
you our number one priority.

For people.
Not profit.

About Us

Not for profit organisation
Owned by our members
Together we make our Credit Union stronger

Whether you need to purchase livestock or machinery, or just need help with the running of your business, we can provide you with a loan that will keep your farm or business in tiptop shape.

We promise you a friendly personal service, a competitive interest rate and an easy loan application process with a 24-48 hour decision turnaround time. That has to be a welcome contrast to completing multi page applications and attending several meetings.

Your loan repayments can be tailored to suit your needs, you can arrange to make monthly, quarterly, half-yearly or annual repayments. You can also arrange to have your farming subsidies paid directly into your Credit Union Account. You will also have free loan protection insurance, which is only one of many Credit Union benefits. There are no arrangement fees or penalties for early repayments.

For more information on our SME or Agri loans drop in and talk to us or call 057 862 2594



Information for Business (SME) Lending

Lending to Small and Medium Enterprises (SME's)

The purpose of this notice is to inform our business members about our SME lending services. It is targeted at:

- (i) Small enterprises which are defined as an enterprise which employs less than 50 persons and with annual turnover and balance sheet total of up to €10 million and;
- (ii) Medium enterprises which are defined as an enterprise which is neither a micro nor small enterprise and which employs fewer than 250 persons and which has an annual turnover not exceeding €50m and/or an annual balance sheet total which does not exceed €43m.

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. It also applies to other members who borrow for a related business purpose and who may be an employee on PAYE. 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.

People First 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.

Points of Contact

If you would like 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 help you out.



(057) 862 2594



peoplefirstcreditunion



info@peoplefirstcu.ie



peoplefirstcu



www.peoplefirstcu.ie



peoplefirstcu

Background to SME regulations

New SME Regulations came into effect on 1st July 2016 to the extent that they apply to regulated entities excluding credit unions.

They came into effect in relation to credit unions from 1st January 2017. The objective of the regulations is to strengthen protections for SMEs, while also facilitating access to credit, by introducing specific requirements that regulated lenders must comply with. These requirements include:

- Giving SME borrowers greater transparency around the application process.
- Providing SME borrowers with reasons for declining credit, in writing, that are 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.

For more information please call to the Credit Union for a copy of our SME Information Booklet or email lending@peoplefirstcu.ie.

Interest Rates

Our loan interest rates are variable.

For our variable loan interest rates, please note the following Warning:

“Warning: The cost of your repayments may increase”.

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

Applying for credit facilities

The principal delivery channel for People First Credit Union is through a face to face meeting with one of our experienced lending officers. Applications can also be made over the phone and online.

We will acknowledge all loan applications submitted within 5 working days of receipt. We are very proud of the efficiency with which we deal with applications. People First Credit Union undertake to revert with our credit decision within 15 working days (or sooner in most cases) of receipt of all documentation required to assess the application, in line with the Regulatory requirement.

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 which should include background of the business, projected profit and loss, balance sheet and cash flow projections
- Your latest Revenue Notice of Assessment.
- Up-to-date Bank statements for at least the last 6 months
- Proof that all taxes are paid up-to-date, either a copy of your Tax Clearance Certificate or a letter from your accountant confirming that your Business & Personal tax affairs are up to date and that no Revenue repayment arrangement is in place.
- If security is required to support the loan application, details of what will be involved.

We shall also conduct a credit check with the new Central Credit Register. Currently a refusal of credit by the Credit Union does not adversely affect your credit rating.

We may need other information depending on the size and purpose of the loan.

If we cannot make a decision within 15 working days of receipt of all documentation required on whether to grant or decline your application, 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 the reason we cannot make a decision within 15 working days is because further information is required, we will outline the information required and the timeframe within which the information should be provided.

Security

We apply a reasonable approach in relation to security based on the level of the credit being sought, the term of the loan as well as the overall risk profile.

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.

Fees

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

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 Electronic Funds Transfer ("EFT") to your bank account and in some instances paid directly to solicitors.



After drawdown

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 amount of repayments 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.

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.





Annual review

All SME borrowers are welcome to have an annual discussion with a member of our lending team. 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
- 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.

If you envisage difficulties in repaying the loan

We know that business and particularly cash flow can be fundamentally uncertain. 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 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. Once you are upfront with us, act honestly and in good faith at all times and bring an honest realism to your commercial decision-making, we will endeavour to reach a mutually agreeable resolution.

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.

Impact of Arrears on your credit rating and ability to access credit in the future

Information with respect to arrears on your credit facility may be shared with a Credit Reference Agency or Central Credit Register (required by law). Your credit rating may be adversely affected. This may impact your ability to avail of additional credit facilities in the future.

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 and 2016 and 2018 (“the SME Regulations”).

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. You can contact us on **057 86 22594** or by email to **lending@peoplefirstcu.ie** in addition, we have posted a link to them on our website **www.peoplefirstcu.ie**

Information for Small and Medium Enterprises (SMEs) in Financial Difficulty

Small businesses are key contributors to the Irish economy and are vital for its growth. At People First Credit Union Limited we are committed to supporting small and medium-sized enterprises (“SMEs”) as they establish, launch and mature. People First Credit Union Limited endeavours at all times to be both clear and transparent in all our member engagements and to comply in full with our legal and regulatory obligations under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium Sized Enterprises) Regulations 2015 and 2016 and 2018 (“the SME Regulations”).

The SME Regulations set out the standards you should expect from the Credit Union and address key aspects of the relationship between the Credit Union and SMEs from credit applications and communications, to dealing with financial difficulties should any problems arise. The SME Regulations apply to all SME lending by regulated entities within the State excluding:

- multi-lender credit;
- credit offered to or granted by special purpose vehicles;
- or credit provided to a regulated financial services provider which is itself authorised to provide credit.

A copy of the SME Regulations are available to download from the Central Bank website at www.centralbank.ie

Financial Difficulties

This Credit Union Information Booklet outlines the Credit Union's procedures when dealing with SMEs in 'financial difficulties' and gives information on the support which will be provided by the Credit Union to SMEs in this situation. The Credit Union recognises that individual SMEs may differ by size and indeed sector and therefore each SME in financial difficulties will be dealt with on a case-by-case basis.

When am I classed as being in financial difficulties and/or arrears?

The SME Regulations defines "financial difficulties" as:

- When your credit facility agreement/alternative arrangement has been in arrears for 3 consecutive months;
- In the case of an overdraft where the approved limit on the overdraft is exceeded by the borrower and remains exceeded for 90 consecutive days;
- Where the Credit Union has determined that the borrower's circumstances are such that the 'financial difficulties' provisions of the SME Regulations should be applied to the borrower.

For the purposes of the SME Regulations, arrears arise where a borrower has not made a full repayment or only makes a partial repayment on a credit facility, as per the terms of the credit facility agreement or alternative arrangement, by the scheduled date or in the case of an overdraft facility, where the borrower has exceeded an overdraft limit for 30 consecutive days.

Communication with the Credit Union

The Credit Union recommends that SMEs who are in **or** facing financial difficulties contact the Credit Union as soon as possible so that a possible solution can be discussed and approved. The SME Regulations set out clear guidance for SMEs who are either in or facing financial difficulties and the Credit Union recommends the following:

Borrowers facing financial difficulties

The Credit Union recommends that SMEs who have concerns about their future ability to repay or discharge their financial commitments to the Credit Union, **contact us on 057 862 2594** as soon as possible to discuss the situation.

Upon making contact with the Credit Union, you will be offered an immediate review meeting to discuss your situation.

When financial difficulties first arise on your account, the Credit Union will contact you within 10 working days in writing to advise of the status of your account; the applicability of the SME Regulations; and the availability of this Information Booklet. The Credit Union will also offer you the option of an immediate review meeting to discuss your situation and any options available to you and will provide you with details of a designated contact point within the Credit Union.

In order to properly assess each case on its own merits, it is vital that you furnish all information requested by the Credit Union immediately so that the Credit Union can assist you in meeting your obligations within a realistic time frame.

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



Credit Union approach to dealing with SMEs in or facing financial difficulties

If your business gets into financial difficulties the Credit Union will assist in developing an appropriate solution. A summary of the key steps that an **SME may consider taking**, when in or facing financial difficulties is outlined below:

STEP 1	Contact the Credit Union as soon as possible regarding 'financial difficulties' which your business is facing, particularly where such difficulties may impact on your ability to meet your financial commitments to the Credit Union.
STEP 2	Inform the Credit Union about any concerns you have in relation to the effect of 'financial difficulties' on your business relationship with the Credit Union.
STEP 3	Engage promptly and fully co-operate with the Credit Union to agree an approach to resolve the 'financial difficulties' situation.
STEP 4	Provide relevant and reliable information as requested by the Credit Union and within the timeframes specified in order to support the assessment of your situation.
STEP 5	Complete any necessary documentation requested as part of the above assessment.
STEP 6	Regularly review your progress with the Credit Union and advise the Credit Union should your situation change.

¹ Credit Union will inform any guarantor, in a durable medium, of the status of the borrower's account within 10 working days of the borrower entering financial difficulties. Without prejudice to any other timeframes prescribed by the SME Regulations, the credit union will respond to all written communications from a borrower regarding financial difficulties or arrears within 10 working days of the date of receipt of those communications.

Non Co-operation

It is very important that if you are in, or are facing financial difficulties that you fully engage and cooperate with the Credit Union. This cooperation includes satisfying information requests within any stipulated timeframes so that a complete and timely assessment of your financial situation can be conducted by the Credit Union.

The Credit Union recommends to consult with your Financial Advisor/ Accountant and/or Legal Advisor to seek assistance and/or review any proposal in advance of meeting with the Credit Union. You may bring your Financial Advisor/Accountant and/or Legal Advisor to the meeting if you so wish.

Under the SME Regulations a borrower may be classified as 'not co-operating' where:

- the borrower has failed to make a full and truthful disclosure to the regulated entity of the information required by the regulated entity to assess the borrower's financial situation, within the timeframe specified by the regulated entity;
- the warning letter, required in accordance with Regulation 20(8), has been issued to the borrower; and
- the borrower has not carried out the action or actions within the timeframes specified in the letter referred to in subparagraph (b) above.

Where the Credit Union considers a borrower to be 'not cooperating', the Credit Union will write to the borrower and any Guarantor, advising that the borrower will be classified as 'not co-operating' if the borrower does not perform specific actions within a designated timeframe as detailed in the correspondence. The implications for borrowers of 'not co-operating' are that:

- the Credit Union will be unable to put in place an alternative arrangement; and
- the Credit Union will have no option other than to commence the process of seeking repayment of all sums outstanding which may lead to the Credit Union eventually enforcing any security held.
- Where security is realised, the borrower will remain liable for any outstanding debt.

Business Information and Case Assessment

Business Information

Prior to or as a result of your review meeting with the Credit Union, certain information is likely to be requested from you so that the Credit Union can complete an assessment of the financial situation of your business. As stated previously, each case will be assessed on its own merits. The type of information requested will differ but is likely to include some or all of the following:

- Up-to-date financials to include annual audited (or draft) and quarterly management accounts;
- Cash flow projections for the next 12 months;
- Up-to-date business plan to include details of your trading performance in the last 12 months plus outlook for the next 12 months;
- Up-to-date aged list of debtors and creditors;
- Estimate or independent report on property valuation (if applicable);
- 6 months current account Bank statements for the business;
- Up-to-date Statement of Affairs for all named borrowers, material shareholders or guarantors as required;
- Confirmation that the tax affairs of the business and named borrowers and/or material shareholders are up-to-date and in order; and
- Any other information the Credit Union feels is pertinent to review as part of your assessment.

Please note this list is not exhaustive and the CU may require independent verification of any information you provide. Based on this information the CU will assess whether an alternative repayment arrangement is a feasible option and the Credit Union will endeavour to work with you in order to develop a solution for your business.

Note: Data relating to your case may be shared with a relevant Credit Reference Agency or Credit Register, where permitted by contract or required by law.

Note: You may employ third party advisers who may accompany you during discussions with the Credit Union whether these discussions are face-to-face or not.

Case Assessment

Following receipt of the requested information, the Credit Union will conduct an assessment of your situation for the purposes of considering whether an alternative arrangement would assist in resolving your financial difficulties.

Some of the more common alternative arrangements may include one or more of the elements below:

Interest Only

you will pay interest on the loan for the agreed period and not capital.

Fixed Repayment

an agreed reduced set repayment for a period which will incorporate some capital element.

Term Extension

increases the length of the loan thereby reducing your repayments.

In order to determine the suitability of any alternative arrangement, the Credit Union assessment will typically consider the following factors, along with other relevant factors pertinent to the particular case:

- The full circumstances of the borrower in 'financial difficulties' including loan repayments, credit history etc.;
- Ability to meet the proposed loan repayments in the context of a borrower's total overall business commitments;
- The related business environment;
- The level of security that may be offered/available; and
- The level of co-operation by borrowers to enable the Credit Union to carry out a complete assessment on the feasibility of an alternative arrangement.

Once the Credit Union reaches a decision on any proposed alternative arrangement, it will respond to you within 15 working days from receipt of all information requested and outline the terms of the arrangement. You will then have 20 working days to decide whether to accept or decline an alternative arrangement offered by the Credit Union.

The Credit Union may decide that an alternative arrangement is not possible. If this is the case it will inform you in writing within 15 working days along with the reasons for the decision.

Alternative Arrangement Appeals Process

To appeal a Credit Union alternative arrangement decision, complete a written appeal stating your account number, specific details about the reason for your appeal, any information you feel we have not taken account of.

With your appeal you should send any documents you feel would be useful in supporting your case. The appeal must be submitted to the Credit Union in writing within 30 working days from the date of notification of the decision.

The Credit Union will acknowledge receipt of your appeal within 5 working days and provide you with a designated point of contact in relation to the appeal.

The appeal will be reviewed by two independent reviewers who will consider the appeal in full.

The Credit Union will issue you with a written decision on the outcome of the appeal within a maximum of 15 working days of receipt of the appeal (unless otherwise advised).

Complaints

The Credit Union is committed to providing the best service to its members at all times. However, in the event the Credit Union falls short of your expected standards or you are unhappy with a decision the Credit Union has made, the Credit Union will endeavour to resolve your complaint quickly and fairly.

To this end the Credit Union encourages you to contact the Credit Union as early as possible either in writing or by calling to our office. A standard complaint form is available on our website. The Credit Union 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 the Credit Union's 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 the Credit Union cannot resolve the complaint within 40 days it will write and explain the reason for the delay and indicate when it might expect to have a resolution. This procedure does not apply where the complaint is resolved to the borrower's satisfaction within 5 working days.

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

**The Financial Services & Pensions Ombudsman,
Lincoln House, Lincoln Place, Dublin 2, D02 VH29
Telephone: +353 1 567 7000
Email: info@fspo.ie
Web: www.fspo.ie**

Fees and Charges

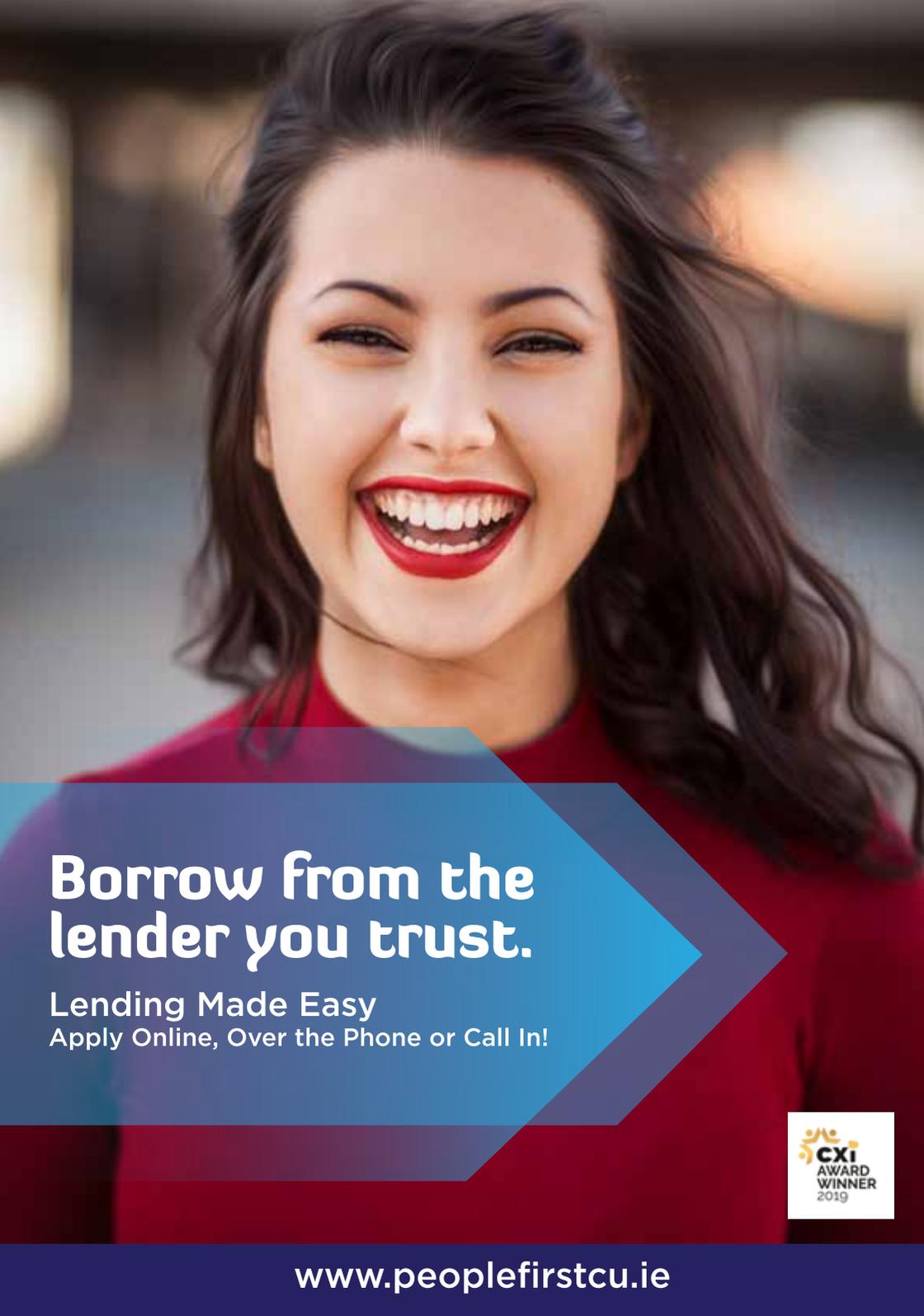
The Credit Union may be entitled to impose additional fees or charges on borrowers in financial difficulties in accordance with the terms and conditions of the credit agreement.

Impact of arrears on other credit products and overall credit rating
It is important to note that if arrears do arise on your credit union account, your credit rating may be adversely affected. This may also have an impact on your ability to avail of additional credit products in the future.

Useful Contact Details

If you are an SME in, or are facing financial difficulties please contact The Credit Control Department at People First Credit Union Limited as soon as possible. Further details are available on our website at **www.peoplefirstcu.ie**

A copy of the SME Regulations for Business Lending to Small and Medium Enterprises is available from the Central Bank of Ireland at **www.centralbank.ie**



Borrow from the lender you trust.

Lending Made Easy
Apply Online, Over the Phone or Call In!



www.peoplefirstcu.ie



➤ **PORTLAOISE**

Head Office,
James Fintan Lalor Avenue
Portlaoise - Co. Laois
R32 XE18

➤ **ABBEYLEIX**

Credit Union House
Main Street
Abbeyleix - Co. Laois
R32 XHHO

➤ **ATHY**

13-14 Emily Square
Athy - Co. Kildare
R14 XV40

➤ **STRADBALLY (SUB OFFICE)**

Main Street
Stradbally - Co. Laois
R32 V065

 (057) 862 2594

 info@peoplefirstcu.ie

 www.peoplefirstcu.ie

 [peoplefirstcreditunion](https://www.facebook.com/peoplefirstcreditunion)

 [peoplefirstcu](https://www.instagram.com/peoplefirstcu)

 [peoplefirstcu](https://www.snapchat.com/add/peoplefirstcu)