



*Health Services Staffs*  
Credit Union

# Information Booklet for Business Lending Micro and Small Enterprises



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Credit Union

THINKING  
OF  
CHANGING  
YOUR CAR?

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Small  
Business



The purpose of this guide 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**. Please note that **we do not offer business accounts**, but an enterprise can include a wide spectrum of self-employed people e.g., a plumber, electrician etc – in short anyone who is borrowing for the purposes of their trade or profession may then be in scope. It also applies to people who are in receipt of PAYE income but who borrow for a related business purpose. Where the borrower 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 specifically 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 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.

### 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 01 677 8648, email us at [loans@hsscu.ie](mailto:loans@hsscu.ie) or send a request for a call-back through *Contact Us* section of our website, [www.hsscu.ie](http://www.hsscu.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 encourage you to get in touch with us to discuss your options.

***Warning: The cost of your repayments may increase***

***Warning: This new credit facility may take longer to repay than your previous credit facilities. You may pay more than if you pay over a shorter term***



#### 4. Applying for credit facilities

Applications can also be taken online, over the telephone or in person. We will acknowledge all loan applications submitted within 5 working days of receipt. We will revert with our credit decision within 15 working days (or sooner in most cases) of receipt of all documentation required to assess the application. Where loan applications from specific borrower require submission to our Credit Committee or Board, the decision time may be longer.

To assess the loan fully, we will require documents relating to your business. The amount of documents we will ask for will be dependent on the size and complexity of the loan, and we will discuss these requirements with you during the assessment process. We shall also conduct a credit check with the \*Central Credit Register (CCR) and with Vision Net.

Examples of supporting information may include the following:

- Most recent set of business accounts. For larger loan amounts multiple years may be required.
- 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.
- Most recent revenue returns. (Again, larger loan amounts may require multiple years revenue returns.)
- Confirmation of tax position
- Current bank statements, a minimum of 3 months. A longer period may be requested during assessments. We also may require personal bank account statements.
- If security is required to support the loan application, details of same.

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
- our own credit policy/risk tolerance level

It is important that as a borrower, you can demonstrate that you have a solid financial understanding of your business and can explain the purpose of the loan.

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.

***NOTICE: Under the Credit Reporting Act 2013 lenders are required to provide personal and credit information for credit applications and credit agreements of €500 and above to the Central Credit Register. This information will be held on the Central Credit Register and may be used by other lenders when making decisions on your credit applications and credit agreements.***

\*The Central Credit Register is owned and operated by the Central Bank of Ireland. For more information, including on how your data is processed, see [www.centralcreditregister.ie](http://www.centralcreditregister.ie)



## 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. We will provide a written explanation as to why the security is required and the consequences of providing such security.

## 6. Guarantors

We will provide guarantors with an explanation of why the guarantee is required and 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.

***Warning: As a guarantor of any credit, you will have to repay the debt amount(s), any interest, and all associated charges if the borrower(s) do(es) not. Before you sign this guarantee, you should get independent legal advice***

## 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.

***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***

## 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

Currently, a refusal of credit with us is not reported to the CCR. 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

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 the borrower has 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

If you wish to avail of this facility, please contact us to arrange a review meeting. Please note that in order to conduct the review, we will need an up-to-date set of accounts for your business. While conducting review, we may also ask for other information such as:

- bank statements. Period required will be on a case-by-case basis.
- confirmation of tax compliance
- your consent to conduct an updated credit check.

We shall review all such documentation within a reasonable time frame of receiving it and contact you shortly afterwards to discuss the outcome of our assessment. Such discussions can be held in person or by telephone,

### 13. Borrowers in Financial Difficulties

If you encounter difficulty in meeting your repayments, we 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 a commercial borrower is in arrears for 15 working days, we will in that instance contact you to seek to identify the reasons why and with either situation, 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 circumstances.



The provisions of the SME Regulations and this information booklet are without prejudice to our legal and regulatory obligations and legal rights to enforce any agreement including, but not limited to, any security taken in connection with a credit facility agreement.

Please note, as with all borrowers, most options for dealing with borrowers experiencing financial difficulties impacting on their ability to meet their repayments, will have a bearing on future loan applications they may make.

**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

In cases where businesses are of a specialist nature, we may require an independent review of the business by a third-party professional 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.

#### Important Information

The Central Credit Register (CCR) is a national mandatory database of personal and credit information. We are obliged by law to submit information monthly to the CCR on loan performance. We are also obliged to conduct a credit check with the CCR for all loan applications of €2,000 or more. The consent of borrowers is not required to submit information to the CCR or to enquire on the CCR.

You may request your credit report from the CCR free of charge subject to fair usage. It is a factual reporting of your credit information and not a credit score or rating. The CCR is owned and operated by the Central Bank of Ireland. For more information, including on how your data is processed, see [www.centralcreditregister.ie](http://www.centralcreditregister.ie)

Maintaining a good credit history is important because it supports that you are managing your finances within your repayment capacity. It is part of the information that is considered in the lending assessment process by financial institutions.

If you do not keep up repayments on your loan with us, the missed repayments will be reported to the CCR and appear on your credit report. This may affect your ability to borrow in the future and so we would encourage you to contact us as soon as possible so we can work out a resolution with you.



Please note that if you must restructure your loan with us because of financial difficulties, we are required to report the restructuring to the CCR, also.

### Useful Information Sources

[www.enterprise-ireland.com](http://www.enterprise-ireland.com)

[www.localenterprise.ie](http://www.localenterprise.ie)

[www.sfa.ie](http://www.sfa.ie)

[www.isme.ie](http://www.isme.ie)

[www.supportingsmes.ie/BusinessDetails.aspx](http://www.supportingsmes.ie/BusinessDetails.aspx)