



**Information Booklet
- Lending to Small and
Medium Enterprises**

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Introduction

SMEs (small & medium-sized enterprises) make up the majority of businesses operating in Ireland. These businesses are key contributors to the Irish Economy, and we wish to support their growth if they wish to enter or expand in the residential mortgage market.

We aim to provide clear, comprehensive guidance to ensure our products are easily accessible and build strong customer relationships.

The SME Regulations apply to “micro, small or medium-sized enterprises” in the state. These are further defined as:

- “micro and small enterprise” means an enterprise which employs fewer than 50 persons and which has an annual turnover and annual balance sheet total which does not exceed €10 million.
- “micro, small and medium-sized enterprise” means an enterprise which employs fewer than 250 persons and which has an annual turnover not exceeding €50 million and an annual balance sheet total not exceeding €43 million.

Background

The Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-sized Enterprises) Regulations 2015 (“SME Regulations”) came into effect on July 1st, 2016. As per the Banking & Payments Federation Ireland, the regulations set out the treatment of SMEs by lenders in relation to various aspects of business lending including the provision of pre-contract and post-sale information, the credit application process, requirements regarding security or collateral, credit refusals/withdrawals, handling complaints, and managing arrears and financial difficulties. If you wish to view a copy of the SME regulations, please refer to www.centralbank.ie

The purpose of this booklet is to assist you with a greater understanding of the key SME regulation and provide guidance on the various aspects of SME lending.

Guide for Applications for Credit

Proposed Application for Credit:

You are entitled to request a meeting with ICS Mortgages to discuss a proposed application for credit.

Our customer service team are always ready to answer any queries you may have. All you need to do is either call us on 0818 542 542, email us at customerservice@icsmortgages.ie or request a call-back and one of our qualified advisers will be delighted to assist you.

Our offices are open Monday to Friday 9.00 am to 5.30 pm.

Postal address: ICS Mortgages, PO Box 1077, Maynooth, Co. Kildare, Ireland.

Application for Credit:

A comprehensive review of the credit history for each applicant will be undertaken, which will include a credit search on all applicants. We will acknowledge receipt of your application within 5 working days. The timelines which apply to the assessment of an application for credit is 15 working days. If we are unable to form a decision with 15 working days, we will write to you explaining the reasons why it is taking longer than 15 working days and confirmation of when the assessment will be completed.

Borrower Supporting Documentation:

ICS Mortgages will lend to trading companies for the purpose of SME lending. We will not accept applications where the property is being purchased or refinanced through, or where the applicant is in any way connected to, a property investment club or syndicate.

There are a number of documents required for a Buy-to-Let (BTL) mortgage application. It is wise to start gathering these at an early stage in order, for the application process move smoothly and efficiently.

Documents required for SME applications:

- Passport or Drivers License or National Identity Card
- Proof of address
- Application Form and ICS Declaration Form
- Evidence of balance of funds
- Certified copy of Certificate of Incorporation
- Certified copy of Memorandum and Articles of Association or Constitution
- Statement of Affairs for Company
- Last 2 Years Audited Accounts and Tax Returns
- Tax Clearance Cert/Letter from Accountant confirming tax affairs are up to date
- Last 6 months Company account statements

Documents required for Directors/Shareholders (Equal to OR >25% shareholding)

- Tax clearance cert/letter from accountant confirming tax affairs are up to date
- Last 2 years revenue declared income
- Last 6 months Business Current account statements

Submission of a Business Plan:

In certain instances, we may require submission of a business plan in support of an application for credit.

Contents of a Business Plan:

Information that may be required in a business plan includes; -

- Outline of business activities and structure
- Funds under management
- Turnover
- Regulatory Status
- Ownership Structure, split into Directorship, Position, % Shareholding

Sources of Information:

There are some good sources of information such as -

- Banking & Payments Federation Ireland - www.bpfi.ie
- Citizens Information - www.citizensinformation.ie
- Department of Enterprise, Trade & Employment - www.enterprise.gov.ie
- Government supports for your business - www.supportingsmes.gov.ie
- Central Bank of Ireland - www.centralbank.ie

Refusal of Application for Credit:

We may provide data about the performance of your loan to the Central Credit Register or any other credit reference agency or Central Credit Register, where permitted by contract or required by law. This could impact your credit rating and your ability to access credit in the future.

Policy on Security:

We will take a first legal charge over the proposed security and will normally consider most types of traditionally constructed residential property in Ireland. Minimum property valuation: €100,000 and located in urban centers with population >5,000 people

A security assessment and independent valuation report will be obtained to determine the suitability and value of the property for mortgage purposes. Only valuations from valuers who have been instructed and pre-approved by ICS Mortgages will be considered.

All borrowers are invited to contact ICS Mortgages to arrange an annual review meeting.

Guide for ICS Mortgages SME Borrowers in Financial Difficulties

ICS Mortgages is committed to offering support to SME Borrowers who are finding it difficult to meet their financial obligations

This section of the booklet deals specifically with loans issued to small and medium enterprises ('SMEs'), as defined under the Regulations on Lending to Small and Medium-sized Enterprises (SME Regulations).

If you receive a letter or telephone call from ICS Mortgages regarding arrears on your account, please do not ignore it. ICS Mortgages is committed to helping customers who find themselves in financial difficulty and will assess your situation and determine whether there are any options available to your business taking into account your financial circumstances.

We may provide data about the performance of your loan to Central Credit Register or any other credit reference agency, where permitted by contract or required by law. In the event that your account has been, is or goes into arrears or we have to repossess your property this may affect your Credit Rating which may limit your access to credit from us or from other financial institutions in the future. If you enter into an alternative repayment arrangement with us, this too may affect your credit rating. If your Credit Rating is affected, it may also limit your access to any credit related purchases, for example, mobile phone contract or car loan.

The Central Bank of Ireland has introduced regulations to ensure a fair and consistent approach to borrowers who find themselves in financial difficulties.

Regulations for Lending to Small & Medium Enterprises 2015

The revised "Regulations for Lending to Small & Medium Enterprises 2015" came into effect on 1st July 2016. The SME Regulations sets out the requirements that institutions must take when dealing with SMEs in or facing financial difficulties. ICS Mortgages has prepared this detailed booklet for our SME customers.

We recommend that all SME borrowers read this information booklet carefully and contact us as soon as possible if they are in or facing financial difficulties.

ICS Mortgages understands that many of our Small and Medium Enterprise (SME) Borrowers are either facing or already experiencing a period of financial difficulty. If this is the case you should contact us on 0818 542 542. We will carry out a full assessment of your overall financial position. It is in your interest to engage with ICS Mortgages about arrears or financial difficulties.

A summary of the process that ICS Mortgages follows is provided below:

Step 1: Communication

Communication is the most important step for you and your business. If your business is already in arrears, or you are worried that it may soon be, please contact us on below:

Call: 0818 542 542 (Mon-Fri 9am to 5.30pm, excluding bank holidays)

Email: customerservices@icsmortgages.ie

It would be beneficial if you could have your account details to hand when contacting us.

Once you get in touch, we can work with you to explore the different options available to your business to address your arrears. We may offer you an alternative arrangement to assist with your financial difficulties.

It is important that you engage fully and co-operate with us throughout this process. Failure to engage may result in you being classified as not co-operating as defined below:

“Not co-operating” means a situation in which –

- (a) The borrower has failed to make a full and truthful disclosure to the regulated entity to assess the borrower’s financial situation, within the timeframe specified by the regulated entity.
- (b) The warning letter, required in accordance with Regulation 20(8), has been issued to the borrower regarding non-cooperating
- (c) The borrower has not carried out the action or actions within the timeframe specified in the letter referred to in subparagraph (b)

If you are classed as not co-operating, we have no alternative but to take the necessary steps to recover the loan which may include:

1. The appointment of a Receiver to take possession over the property
2. Commencement of legal proceedings to recover the full amounts due

Any charges or fees that we are entitled to impose due to financial difficulties will be outlined in full.

Step 2: Financial Information

Once you get in touch, we can work with you to explore the different options available to your business to address your arrears. It is important that you engage fully and co-operate with us throughout this process. Failure to engage may result in you being classified as not co-operating as discussed in the information booklet.

1. Financial information/projections, including:
 - Most recent audited/certified accounts as appropriate
 - Current management accounts
 - Up to date list of debtors/creditors
 - Financial and cash flow projections for the next 12 months and underlying assumptions

2. Tax information, including:

- Tax Clearance Certificate (where appropriate)
- Form 11/Tax return

3. Details of the security held over your loan(s)

4. Current Account statements

This list is not exhaustive and depending on the type and size of your business, other information may be necessary, e.g., a Business Plan or Statement of Affairs. The information you provide should be comprehensive, up to date and should demonstrate an in-depth knowledge of your business, the environment in which your business operates and the reason for the financial difficulty.

The required information will be requested from you once there has been a request for a review. ICS Mortgages recommends that you seek independent advice from a financial adviser or accountant.

Step 3: Assessment

We will examine the information provided by you to assess your situation and determine whether there are any available alternative repayment arrangements (ARA) on your mortgage repayments taking into account your financial circumstances.

The criteria used to assess your financial difficulties may include:

- Your repayment history and future repayment capacity,
- The viability of your business
- The total indebtedness of all relevant parties
- Any other relevant information

We will communicate to you in writing details of the outcome of our assessment, based on the information provided by you, within 15 working days of receiving all the required information.

If we are unable to form a decision with 15 working days, we will write to you explaining the reasons why it is taking longer than 15 working days and confirmation of when the assessment will be completed.

In order for us to help you develop a long-term solution for your mortgage repayments it is important throughout the assessment process that you:

- Keep us informed of any developments that will impact your business or your financial situation
- Always make honest and full disclosures
- Consider any third-party recommendations (You can employ third party advisers who may accompany you during any discussions)

Step 4: Resolution

Having completed our assessment, ICS Mortgages will then determine whether a particular ARA would be suitable based on your financial circumstances.

It is important that you are fully aware of the implications of any ARA before you commit to it, and we recommend you seek independent legal/financial advice in this regard. It is also important that you adhere to the terms of the agreed arrangement and advise us immediately of any change to your financial situation.

Where we decline a request for an ARA, we will advise you of the reason for the decline and where

possible we will continue to make every effort to work with you to put a solution in place for your mortgage.

Appeals

At ICS mortgages we have an internal appeals procedure allowing a borrower to make an appeal on one of the following:

1. The refusal of a mortgage application
2. A special term or condition on your Loan Offer to grant credit
3. The withdrawal or reduction of a credit facility
4. Special term or condition which is required to provide an ARA
5. The refusal to offer an ARA
6. The classification of a borrower as not co-operating

You must submit your appeal in writing within 20 working days of receipt of our decision. We will acknowledge your appeal within 5 working days of receipt of the appeal. If we cannot make a decision on the appeal within 15 working days following the submission of an appeal, we will inform you how long it will take to reach a decision and the reasons why it will take longer than 15 working days. Within 5 days of completion of the appeal we will notify you of the decision of the appeal and the reasons behind that decision.

The appeals panel is comprised of at least 2 decision makers who have:

- (a) Not been involved in the borrower's case previously
- (b) Sufficient knowledge to conduct the appeal

The appeals form can be found at: www.icsmortgages.ie

The appeals form should be sent to:

ICS Mortgages Appeals Board

ICS Mortgages, PO Box 1077, Maynooth, Co. Kildare, Ireland.

Complaints

At ICS we have established, maintained, and adhered to our written complaint's procedures. We make all reasonable efforts to resolve any complaints made by a borrower.

Within 5 working days of a complaint being received we will issue you a letter confirming our acknowledgement of this complaint. We will issue you with a point of contact in relation to the complaint until the complaint is resolved or cannot be progress any further. A regular update will be provided on the progress of the investigation, no longer than 20 working days. We will attempt to investigate and resolved a complaint within 40 working days of having received the complaint. Where the 40 days have elapsed and the complaint has not been resolved, we will inform you the anticipated timeframe. On completion of the investigation, we will inform you on the outcome of the investigation within 5 working days.

There are a number of ways to contact us with a complaint:

Call us: 0818 542 542

Email us: customerservice@icsmortgages.ie

Write to us: ICS Mortgages, PO Box 1077, Maynooth, Co. Kildare.

If you decide to make a complaint in writing, please state your mortgage account number and your phone number so we can contact you directly.

If you remain dissatisfied with this response and we cannot resolve the matter to your satisfaction, you may refer your complaint to the Financial Services and Pensions Ombudsman. The contact details are listed below:

The Financial Services & Pensions Ombudsman

Lincoln House,
Lincoln Place,
Dublin 2
D02 VH29

Email: info@fspo.ie

Website: www.fspo.ie

Tel: 01 5677000

WARNINGS:

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.

WARNING: THIS NEW CREDIT FACILITY MAY TAKE LONGER TO REPAY THAN YOUR PREVIOUS CREDIT FACILITIES. YOU MAY PAY MORE THAN IF YOU PAID OVER A SHORTER TERM.

WARNING: YOUR PROPERTY IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

WARNING: IF YOU DO NOT KEEP UP YOUR REPAYMENTS YOU MAY LOSE YOUR PROPERTY.

**WARNING:
YOU MAY HAVE TO PAY CHARGES IF YOU PAY OFF A FIXED-RATE LOAN EARLY.**

**WARNING: THE COST OF YOUR MONTHLY REPAYMENTS MAY INCREASE.
(VARIABLE RATE LOANS)**

WARNING: IF YOU HAVE AN INTEREST-ONLY MORTGAGE, THE ENTIRE AMOUNT THAT YOU HAVE BORROWED WILL STILL BE OUTSTANDING AT THE END OF THE INTEREST-ONLY PERIOD.

