



House Crowd Finance Ltd

Loan Facility Agreement Template



Loan agreement

- (1) House Crowd Finance Co Limited
- (2) Borrower

Dated

2016

Between:

- (1) **House Crowd Finance Co Limited** (company number 09893838) whose registered office is situated at 91-95 Hale Road, Hale, WA15 9HW acting as agent for the Lenders (the "**Agent**"); and
- (2) **xxxxxxx** (together the "**Borrower**").

It is agreed as follows:

1. **Definitions and interpretation**

- 1.1 In this agreement, unless the context otherwise requires, the following definitions shall apply:

"Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London.

"Environment" means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

"Environmental Law" means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

"Event of Default" means any event or circumstance specified as such in Clause 8 (*Events of default*).

"Facility" means the term loan facility made available under this agreement.

"Finance Documents" means this agreement, any guarantee entered into pursuant to this agreement, the Security Document and any other document designated as such by the Borrower and the Agent from time to time.

"Insurances" means any contract of insurance required under Clause 7.6 (*Insurances*).

"Interest Payment Date" means the **date hereof**

"Lenders" means persons/ companies who/that lend money through the House Crowd platform who have granted permission for House Crowd Finance Co Limited to act as their agent in providing funds to the Borrower.

"Loan" means the principal amount of each of the loans to be made by each of the Lenders, acting through the Agent, to the Borrower under this agreement or (as the context requires) the principal amount outstanding for the time being of that loan.

"Property" means the freehold property known as xxxxxx.

"Secured Parties" means the Lenders and the Security Agent.

"Security Agent" means House Crowd Finance Co Limited (or such other person as it may appoint from time to time).

"Security Document" means the legal charge granted by the Borrower in favour of the Security Agent (as agent for and on behalf of the Secured Parties) dated on or about the date of this agreement.

"Sterling and £" means the lawful currency of the United Kingdom.

"Total Facility Amount" means the maximum principal amount of the Facility referred to in Clause 2 (*Loan*).

1.2 In this agreement, unless the context otherwise requires:

- (a) words in the singular include the plural and vice versa and words in one gender include any other gender;
- (b) the table of contents and headings are for convenience only and shall not affect the interpretation of this agreement;
- (c) a reference to **"continuing"** in relation to an Event of Default means an Event of Default which has not been waived; and
- (d) a **"Finance Document"** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated from time to time.

1.3 if there are two or more parties comprised in the expression the **"Borrower"** then:

- (a) any reference to the "Borrower" shall where the context permits include all or any one or more of such parties;
- (b) all covenants and agreements herein contained or implied on the part of the Borrower shall be deemed to be joint and several covenants on the part of such parties;
- (c) any demand made under this Agreement shall be deemed to have been duly made if made on any one or more of such parties; and
- (d) if any one or more of such parties is not bound by the provisions of this agreement (whether by reason of its or their lack of capacity or improper execution of this agreement or for any other reason whatsoever) the remaining party or parties shall be and remain bound by the provisions of this agreement as if such other party or parties had never been party hereto.

2. **Loan**

2.1 The Lenders each grant to the Borrower a secured Sterling term loan facility equal to their individual Loan commitments and in aggregate comprising a total principal amount not exceeding xxxxx(xxxxxxxxxx Pounds) on the terms, and subject to the conditions, of:

- (a) this agreement;
- (b) the House Crowd Borrower Terms and Conditions; and
- (c) any other arrangement entered into between the Borrower and the Agent during the Loan approval process.

2.2 The Lenders shall advance their individual Loan commitments which together make up the Loan to the Borrower, acting through the Agent, in an amount equal to the Total Facility Amount on the date of this agreement.

- 2.3 The Borrower undertakes to deliver to the Agent on the date hereof, in each case in form and substance acceptable to the Agent:
- (a) a duly executed copy of the Security Document;
 - (b) evidence that the insurance cover in force in respect of the Property complies with the terms of this Agreement and the necessary premium has been paid;
 - (c) all title documents relating to the relevant Borrower's interests in each Property or an acceptable undertaking to hold the same to the order of the Security Agent;
 - (d) a clear Land Charges Registry search against the Borrower or the results of Land Registry searches in favour of the Security Agent on the appropriate forms against all of the registered titles comprising the Borrower's interests in the Properties and:
 - (i) giving not less than twenty (20) Business Days' priority beyond the date of the relevant Security Document; and
 - (ii) showing no adverse entries;
 - (e) a report on title to the Property addressed to the Security Agent;
 - (f) evidence that all existing security affecting the Borrower's interests in the relevant Properties has been, or will be, discharged by the date of the Loan;
 - (g) all necessary Land Registry application forms in relation to the charging of the Property in favour of the Security Agent;
 - (h) evidence required by the Agent for the purpose of any "know your customer" or similar identification procedures; and
 - (i) a copy of any other authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.

3. **Interest**

- 3.1 The Borrower shall pay to the Agent interest on the Loan at the rate of x% per month
- 3.2 The Borrower shall pay accrued interest on the Loan on the Interest Payment Date in the sum of £x (xxxxxx Pounds)
- 3.3 If the Borrower fails to pay any sum due under the Finance Documents on its due date, the Borrower shall on the written demand of the Agent pay to the Agent a protection fee in relation to such sum at the rate of x% per month from the due date to the date of actual payment (after as well as before judgment) together with a default administration fee of £xxx (xxxxxxxxx Pounds)
- 3.4 Any interest and/or protection fee due under this agreement shall accrue on a day-to-day basis and be calculated according to the number of actual days elapsed in each month and shall be payable on the written demand of the Agent.

4. **Repayment**

- 4.1 The Loan (together with all interest accrued and unpaid on it) and all other amounts due under the Finance Documents shall be repaid to the Agent by the Borrower in full no later than the date falling twelve months from the date of this agreement.
- 4.2 The Borrower may prepay all or part only of the Loan (together with all interest accrued and unpaid on it) at any time.

5. **Payments**

5.1 All payments of interest and principal under the Finance Documents shall be made by the Borrower without set-off or deduction in cleared funds to such account as the Agent may direct.

5.2 If any payment under the Finance Documents becomes due on a day that is not a Business Day, the due date of such payment will be extended to the next succeeding Business Day, or if that Business Day falls in the following calendar month, such due date shall be the immediately preceding Business Day.

6. **Undertakings**

The undertakings in this Clause 6 remain in force from the date of this agreement for so long as any amount is outstanding under the Finance Documents or the Facility is in force.

6.1 **Authorisations**

The Borrower shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any authorisation required under any law or regulation of its jurisdiction of incorporation to:

- (a) enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Finance Document; or
- (b) own its assets and carry on its business as it is being conducted.

6.2 **Compliance with laws**

The Borrower shall comply in all respects with all laws to which it may be subject.

6.3 **Negative pledge**

- (a) The Borrower shall not create or permit to subsist any security over any of its assets.
- (b) The Borrower shall not:
 - (i) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (ii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iii) enter into any other preferential arrangement having a similar effect, in circumstances where the arrangement or transaction is entered into primarily as a method of raising financial indebtedness or of financing the acquisition of an asset.

6.4 **Disposals**

The Borrower shall not enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to dispose of all or any part of any asset.

6.5 **Financial Indebtedness**

The Borrower shall not incur or permit to be outstanding any financial indebtedness.

7. **Property Undertakings**

7.1 **Title**

- (a) The Borrower must exercise its rights and comply in all respects with any covenant, stipulation or obligation (restrictive or otherwise) at any time affecting its Property.
- (b) The Borrower may not agree to any amendment, supplement, waiver, surrender or release of any covenant, stipulation or obligation (restrictive or otherwise) at any time affecting its Property.
- (c) The Borrower must promptly take all such steps as may be necessary or desirable to enable the security created by the Security Documents to be registered, where appropriate, at the applicable Land Registry.

7.2 **Maintenance**

The Borrower must, unless otherwise agreed by the Agent in writing, ensure that all buildings, plant, machinery, fixtures and fittings on its Property are maintained in good and substantial repair and condition and, as appropriate, in good working order.

7.3 **Development**

- (a) The Borrower shall not without the prior consent in writing of the Agent:
 - (i) make or allow to be made any application for planning permission in respect of any part of its Property; or
 - (ii) carry out, or allow to be carried out, any demolition, construction, structural alterations or additions, development or other similar operations in respect of any part of its Property.
- (b) The Borrower must comply in all respects with all planning laws, permissions, agreements and conditions to which its Property may be subject.

7.4 **Investigation of title**

The Borrower must grant the Agent or its lawyers on request all facilities within the power of the Borrower to enable the Agent or its lawyers to:

- (a) carry out investigations of title to any Property; and
- (b) make such enquiries in relation to any part of any Property as a prudent mortgagee might carry out.

7.5 **Power to remedy**

- (a) If the Borrower fails to perform any obligations under the Finance Documents affecting its Property, the Borrower must allow the Agent or its agents and contractors:
 - (i) to enter any part of its Property;
 - (ii) to comply with or object to any notice served on the Borrower in respect of its Property; and
 - (iii) to take any action that the Agent may consider necessary or desirable to prevent or remedy any breach of any such term or to comply with or object to any such notice.
- (b) The Borrower must immediately on request by the Agent pay the costs and expenses of the Agent or its agents and contractors incurred in connection with any action taken by it under this Clause.
- (c) The Agent shall not be obliged to account as mortgagee in possession as a result

of any action taken under this Clause.

7.6 **Insurances**

- (a) The Borrower must ensure that at all times from the date of the Loan Insurances are maintained in full force and effect, which:
- (i) insure the Borrower in respect of its interests in the Property and the plant and machinery on the Property (including fixtures and improvements) for their full replacement cost (being the total cost of entirely rebuilding, reinstating or replacing the relevant asset if it is completely destroyed, together with all related fees and demolition costs) and to:
 - (A) provide cover against loss or damage by fire, storm, tempest, flood, earthquake, lightning, explosion, impact, aircraft and other aerial devices and articles dropped from them, riot, civil commotion and malicious damage, bursting or overflowing of water tanks, apparatus or pipes and all other normally insurable risks of loss or damage;
 - (B) provide cover for site clearance, shoring or propping up, professional fees and value added tax together with adequate allowance for inflation;
 - (C) provide cover against acts of terrorism, including any third party liability arising from such acts; and
 - (ii) include property owners' public liability and third party liability insurance; and
 - (iii) in each case are in an amount, and in form, and with an insurance company or underwriters, acceptable at all times to the Agent.
- (b) The Borrower must procure that the Agent is named as co-insured under each of the Insurances (other than public liability and third party liability insurances) but without liability on the part of the Agent for any premium in relation to those Insurances.
- (c) The Borrower must procure that the Insurances comply with the following requirements:
- (i) each of the Insurances must contain:
 - (A) a non-invalidation and non-vitiation clause under which the Insurances will not be vitiated or avoided as against any insured party as a result of any circumstances beyond the control of that insured party or any misrepresentation, non-disclosure, or breach of any policy term or condition, on the part of any insured party or any agent of any insured party;
 - (B) a waiver of the rights of subrogation of the insurer as against the Borrower, the Agent and any occupants of the Property; and
 - (C) a loss payee clause in such terms as the Agent may reasonably require in respect of insurance claim payments otherwise payable to the Borrower;

- (ii) the insurers must give at least thirty (30) days' notice to the Agent if any insurer proposes to repudiate, rescind or cancel any Insurance, to treat it as avoided in whole or in part, to treat it as expired due to non-payment of premium or otherwise decline any valid claim under it by or on behalf of any insured party and must give the opportunity to rectify any such non-payment of premium within the notice period; and
 - (iii) the Borrower must be free to assign all amounts payable to it under each of its Insurances and all its rights in connection with those amounts in favour of the Agent.
- (d) The Borrower must provide to the Agent the copies of the Insurances, receipts for the payment of premiums for insurance and any information in connection with the insurances and claims under them.
- (e) The Borrower must promptly notify the Agent of:
 - (i) the proposed terms of any future renewal of any of the Insurances;
 - (ii) any amendment, supplement, extension, termination, avoidance or cancellation of any of the Insurances made or, to its knowledge, threatened or pending;
 - (iii) any claim, and any actual or threatened refusal of any claim, under any of the Insurances; and
 - (iv) any event or circumstance which has led or may lead to a breach by the Borrower of any term of this Clause.
- (f) The Borrower must:
 - (i) comply with the terms of the Insurances;
 - (ii) not do or permit anything to be done which may make void or voidable any of the Insurances; and
 - (iii) comply with all reasonable risk improvement requirements of its insurers.
- (g) The Borrower must ensure that:
 - (i) each premium for the Insurances is paid promptly and in any event prior to the commencement of the period of insurance for which that premium is payable; and
 - (ii) all other things necessary are done so as to keep each of the Insurances in force.
- (h) If the Borrower fails to comply with any term of this Clause, the Agent may, at the expense of the Borrower effect any insurance and generally do such things and take such other action as the Agent may reasonably consider necessary or desirable to prevent or remedy any breach of this Clause.
- (i) The Borrower must apply moneys received under any Insurances in respect of a Property towards:
 - (i) to the extent such Insurances so require, replacing, restoring or reinstating the Property; and
 - (ii) in all other circumstances, to prepay all amounts then outstanding under

the Facility.

7.7 Environmental matters

- (a) The Borrower must comply and ensure that any relevant third party complies with all Environmental Law.
- (b) The Borrower indemnifies the Agent against any loss or liability which the Agent incurs as a result of any actual or alleged breach of any Environmental Law by any person and would not have arisen if a Finance Document had not been entered into.

7.8 Occupation

- (a) The Borrower must not occupy the Property during the term of this agreement at any time
- (b) The Borrower must not let the Property without the prior written consent of the Lender whose consent shall not be unreasonably withheld in the case of the grant of an assured shorthold tenancy
- (c) The Borrower warrants that if a deposit is paid pursuant to the terms of any assured shorthold tenancy of the Property granted during the term of this agreement that this will be protected by the government's Tenants Deposit Scheme and evidence of this provided to the Lender at the time of the grant of any assured shorthold tenancy in respect of the Property

8. Events of default

8.1 Each of the events or circumstances set out in this Clause 8 (other than Clause 8.2) is an Event of Default.

- (a) The Borrower fails to pay any sum due under any Finance Document when due.
- (b) The Borrower fails (other than by failing to pay), to comply with any provision of any Finance Document and (if the Agent considers, acting reasonably, that the default is capable of remedy), such default is not remedied within fourteen (14) Business Days of the earlier of:
 - (i) the Agent notifying the Borrower of the default and the remedy required; and
 - (ii) the Borrower becoming aware of the default.
- (c) The Borrower stops or suspends payment of any of its debts, or is unable to, or admits its inability to, pay its debts as they fall due.
- (d) The value of the Borrower's assets is less than its liabilities (taking into account contingent and prospective liabilities).
- (e) A moratorium is declared in respect of any indebtedness of the Borrower.
- (f) Any action, proceedings, procedure or step is taken for:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Borrower; or
 - (ii) the composition, compromise, assignment or arrangement with any

creditor; or

- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, manager, trustee in bankruptcy or other similar officer in respect of the Borrower or any of its assets.
- (g) The Borrower commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its Indebtedness (because of actual or anticipated financial difficulties).
- (h) Any event occurs in relation to the Borrower similar to those in Clause 8.1(c) to Clause 8.1(g) (inclusive) under the laws of any applicable jurisdiction.
- (i) Any provision of any Finance Document is or becomes, for any reason, invalid, unlawful, unenforceable, terminated, disputed or ceases to be effective or to have full force and effect.

8.2 At any time after an Event of Default has occurred which is continuing, the Agent may, by notice to the Borrower:

- (a) cancel all outstanding obligations of the Lenders under this agreement whereupon they shall immediately be cancelled;
- (b) declare that the Loan (and all accrued interest and all other amounts accrued or outstanding under the Finance Documents) is immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (c) declare the Security Document to be enforceable.

9. Notices

9.1 Each notice or other communication required to be given under, or in connection with, the Finance Documents shall be:-

- (a) in writing;
- (b) delivered by hand, by pre-paid first-class post or other next working day delivery service or sent by e-mail; and
- (c) sent to:
 - (i) the Borrower at:
E-mail:
 - (ii) the Agent at: 91-95 Hale Road, Hale, WA15 9HW
Attention: Charlotte Hall
E-mail: charlotte@thehousecrowd.com

or to any other address or e-mail address as is notified in writing by one party to the other from time to time.

9.2 Any notice or other communication that the Agent gives to the Borrower under or in connection with any Finance Document shall be deemed to have been received:

- (a) if delivered by hand, at the time it is left at the relevant address;
- (b) if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and

- (c) if sent by e-mail, when received in legible form.
- 9.3 A notice or other communication given as described in clause 9.2(a) or clause 9.2(c) on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.
- 9.4 Any notice or other communication given to the Agent shall be deemed to have been received only on actual receipt.
10. **Financial Services and Markets Act 2000 (Regulated Activities) Order 2001**
For the purposes of articles 60C and 60O of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 each Borrower makes the following declaration:-
“Declaration for exemption relating to businesses (articles 60C and 60O of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001
I am entering into this agreement wholly or predominantly for the purposes of a business carried on by us or intended to be carried on by us.
I understand that I will not have the benefit of the protection and remedies that would be available to me under the Financial Services and Markets Act 2000 or under the Consumer Credit Act 1974 if this agreement were a regulated agreement under those Acts. I understand that this declaration does not affect the powers of the court to make an order under section 140B of the Consumer Credit Act 1974 in relation to a credit agreement where it determines that the relationship between the lender and the borrower is unfair to the borrower.
I am aware that, if I am in any doubts as to the consequences of the agreement not being regulated by the Financial Services and Markets Act 2000 or the Consumer Credit Act 1974, then I should seek independent legal advice.”
11. **Miscellaneous**
- 11.1 The Borrower shall be responsible for all costs incurred in connection with the preparation and execution of the Finance Documents. The Borrower shall indemnify the Agent on demand for all costs and expenses (including legal fees) and any VAT on them incurred in connection with the enforcement of the Agent’s rights under the Finance Documents.
- 11.2 The Borrower shall pay to the Agent the following facility fees:-
(a) £xxx (Three Thousand Four Hundred Pounds) on the date of this agreement; and
(b) £xxx (One Thousand Nine Hundred and Ninety) upon whichever shall be the earlier of (i) the last date for repayment of the Loan under clause 4.1 of this agreement and (ii) repayment of the Loan.
- 11.3 Neither party to this agreement shall assign or transfer any of its rights and/or obligations under the Finance Documents without the previous written consent of the other party.
- 11.4 No delay or failure to exercise any right on the part of the Agent under the Finance Documents shall operate as a waiver of that right.
- 11.5 The invalidity, unenforceability or illegality of any provision (or part of a provision) of each Finance Document under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions. If any invalid, unenforceable or illegal provision would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with whatever modification as is necessary to give effect to the commercial

intention of the parties.

11.6 Each Finance Document may be executed in any number of counterparts, each of which is an original and which, together, have the same effect as if each party had signed the same document.

11.7 Any amendment to a Finance Document shall be in writing and signed by, or on behalf of, each party to the relevant Finance Document.

11.8 A person who is not a party to a Finance Document cannot enforce, or enjoy the benefit of, any term of that Finance Document under the Contracts (Rights of Third Parties) Act 1999.

12. Governing law and jurisdiction

12.1 Each Finance Document and any dispute, controversy, proceedings, claim or obligation of whatever nature arising out of or in any way relating to it, its subject matter or formation (whether contractual or non-contractual) is governed by and shall be construed in accordance with English law.

12.2 Each of the parties irrevocably agree that the English courts shall have exclusive jurisdiction to settle any dispute, controversy, proceedings, claim or obligation (whether contractual or non- contractual) arising out of or in connection with the Finance Documents, its subject matter or formation.

This agreement has been signed on the date appearing at the head of page 1.

Signatures

Borrower

Signed by)

Agent

Signed by)

authorised signatory)

for and on behalf of)

House Crowd Finance Co Limited)