



## LENDER TERMS AND CONDITIONS

This version 21<sup>st</sup> June 2017

### PARTIES

- (1) **FUNDING KNIGHT LIMITED** incorporated and registered in England and Wales with company number 07534003 whose registered office is at Belvedere House, Basing View, Basingstoke, RG21 4HG, which is a wholly owned subsidiary company of GLI Finance (“**FundingKnight**” or “**we**”).
- (2) The relevant person lending through FundingKnight (“**you**”).

### RECITALS

- a. These are the terms and conditions that apply to becoming a Lender Member through FundingKnight. These terms and conditions may be amended by us from time to time as set out in clause Q.4.
- b. If you decide to become a Lender Member, you must comply with these terms and conditions. Please read these terms and conditions carefully and make sure that you understand them. These terms and conditions should be read alongside, and are in addition to, our Privacy Policy, website terms and conditions of use and other documents expressly referred to in these terms and conditions.
- c. You should print a copy of these terms and conditions for future reference. By using our website and becoming a Lender Member, you confirm that you have read, understood and agree to be bound by these terms and conditions and the other documents expressly referred to in it (each as amended from time to time). If you do not agree to these terms and conditions, you must cease from placing Offers and stop using our website immediately.
- d. FundingKnight’s role is to connect Borrower Members with Lender Members and to provide a framework within which monies can be paid and collected.
- e. FundingKnight is authorised and regulated by the Financial Conduct Authority. Details can be seen on the Financial Services Register at <http://www.fca.org.uk/>
- f. The contents of this document do not constitute advice relating to legal, taxation or investment matters. If you are in any doubt about the contents of these terms and conditions and/or the Loan Agreement (as defined below) and/or the underlying transaction, you should take independent advice.
- g. Your attention is particularly drawn to clauses N and O, which respectively sets out the warranties you give us and the limitations of our liability to you.

### A. Definitions

1. “**Account**” means a segregated client account held by us with a UK authorised Bank in order to identify monies held by you from time to time.
2. “**Automatic Offers**” means as defined in clause D.7.
3. “**Borrower Member**” means someone who has applied to borrow money from our Lender Members.



4. “**Borrower**” means a Borrower Member who borrows money from Lenders pursuant to the Loan Agreement.
5. “**Effective Offer**” means an Offer which is successfully applied in respect of a Loan Request unless and until:
  - a. all or part of that Offer is superseded by a subsequent Offer in accordance with paragraph D.4; or
  - b. the Offer Period ends and the Loan Request does not become a Loan.
6. “**Fast Track Loans**” are those Loan Requests where a Borrower Member has agreed that the Offer Period will close and the Loan Requests will become Loans as soon as the conditions in clause D.5 are satisfied.
7. “**GLI Finance**” means GLI Finance Limited incorporated and registered in Guernsey with company number 43260 and whose registered office is at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR.
8. “**FundingKnight Loan Request**” means a loan requested by a Borrower Member from us.
9. “**Gross Repayment to Lenders**” means as defined in clause F.1.
10. “**Guest Loan Request**” means a loan requested by a Borrower Member from a third party, not being FundingKnight.
11. “**Lender Members**” means the persons from time to time who have applied to lend money through, and have subsequently been accepted by, FundingKnight.
12. “**Lenders**” means Lender Members who lend money to a Borrower pursuant to the Loan Agreement.
13. “**Loan**” means a Loan Request which is fully funded by the Lender Members and is accepted by the Borrower Member.
14. “**Loan Agreement**” means our standard loan agreement, which incorporates the Loan Terms and Repayment Schedule or any other FundingKnight loan agreement (including but not limited to our standard supplier loan agreement), to be entered into in accordance with clause E.1 by the Lenders and the Borrower in respect of the Loan.
15. “**Loan Request**” means a FundingKnight Loan Request or a Guest Loan Request.
16. “**Loan Terms**” means the terms relating to the Loan Request as displayed on the Loan Details page on the FundingKnight website as at the date on which the Borrower Member accepts, or is deemed to accept, a fully funded Loan Request.
17. “**Loan Unit**” means one £0.00001 unit in relation to a Loan.
18. “**Minimum Balance**” means as defined in clause B.9.
19. “**Novation Agreement**” means a novation agreement in force from time to time.
20. “**Offer**” means an offer which you make in respect of a Loan Request, including an Automatic Offer.



21. “**Offer Period**” means the period during which the Loan Request is open for offers on the FundingKnight website. When a Loan Request is open, the length of the Offer Period and the closing date and time will be displayed on the Loan Details page on the FundingKnight website.
22. “**Privacy Policy**” means the FundingKnight Privacy Policy published on the website from time to time.
23. “**Property Agent**” means the party defined as such in the Loan Terms.
24. “**Property Bridging Loan**” means a Loan Request identified as a Property Bridging Loan in writing by us, whether in the Loan Terms or otherwise.
25. “**Renewables Agent**” means Central Union Partners Ltd incorporated and registered in England and Wales with company number 07374502 whose registered office is at Unit 9, Cirencester Office Park, Tetbury Road, Cirencester, Gloucestershire GL7 6JJ or such other party as we notify you in writing or through our website.
26. “**Renewables Loan**” means a Loan Request identified as a Renewables Loan in writing by us, whether in the Loan Terms or otherwise.
27. “**Repayment Fee**” means the repayment fee set out on the FundingKnight website.
28. “**Repayment Schedule**” means the schedule of the total amounts to be repaid and the dates of those repayments which shall be calculated when a Loan Request becomes a Loan. The Repayment Schedule will be displayed on the Loan Details page on the FundingKnight website.
29. “**Restriction Event**” means as defined in clause G.1.
30. “**Security**” means any security given in respect of a Loan pursuant to clause K.1.
31. “**Security Trustee**” means Funding Knight Services Limited incorporated and registered in England and Wales with company number 08644059 whose registered office is at Belvedere House, Basing View, Basingstoke RG21 4HG, which is a wholly owned subsidiary company of GLI Finance.
32. “**Transfer Fee**” means the transfer fee set out in clause H.1.
33. “**UK**” means England, Scotland, Wales and Northern Ireland (but not the Channel Islands or the Isle of Man).
34. “**You**” means you, the person entering into this agreement with FundingKnight.
35. Any words following the terms **including, include, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

## **B. Becoming a Lender Member**

1. To lend money through FundingKnight you must:
  - a. subject to clause B.2, have capacity as:
    - i. an individual being at least 18 years of age and a permanent resident in the UK;



- ii. a limited liability partnership or limited company registered at Companies House; or
    - iii. a trustee or trustees of a trust or settlement (including but not limited to any pension scheme and small self-administered scheme);
  - b. subject to clause B.5, have a pound sterling bank or building society current account in the UK, including the Channel Islands and the Isle of Man;
  - c. provide us with certain personal and security information as we require; and
  - d. deposit a minimum of £25 in cleared funds in your Account.
2. At our sole discretion, we may allow you to become a Lender Member through FundingKnight if you are not based in the UK subject to your providing us with any information and documentation to enable us to satisfy our money laundering checks and any other requirements we might have.
3. We will conduct identity and fraud checks with a credit reference agency following your application to become a Lender Member with us. We might also request from you additional information such as a copy of your passport, driving licence, utility bill or tax identification document. If you are a limited liability partnership, limited company or trustees of a trust we may conduct an identity and fraud check in respect of some or all of the directors, members, trustees, settlors and/or beneficiaries of any trust (as the case may be) and may also require additional documents from these parties.
4. Notwithstanding your fulfilling the requirements set out in clause B.1 and us conducting the checks and searches detailed in clause B.3 to our satisfaction, we have sole discretion in deciding whether or not to accept you as a Lender Member without being under any obligation to give a reason for a refusal.
5. At our sole discretion we may consider pound sterling bank accounts in other locations and jurisdictions. Where we do accept such an account and the bank charges for transfers are in excess of those charged for normal transfers within the UK banking system, those charges will be the responsibility (and debited to) the Lender Member.
6. You cannot become a Lender Member if you currently have an outstanding loan as a Borrower through FundingKnight. This does not preclude you from becoming a Lender Member, if:
  - a. you are a member of a limited liability partnership; or
  - b. a director of a limited company,which is a Borrower of FundingKnight and you wish to lend money in a personal capacity.
7. If we accept you as a Lender Member we will set up an Account. We will then notify you in writing that you have been accepted as a Lender Member and provide you with details of our bank account. Before you can start lending money through FundingKnight, we must have received from you at least £25 in cleared funds.
8. Any transfer of monies must be to / from your Account. You must obtain our prior agreement if you wish to change your Account.



9. Once you have commenced lending you must maintain a minimum of £25 as follows:
  - a. as cash in your Account; and/or
  - b. as monies which have been committed or applied in respect of Loans,  
**(“Minimum Balance”)**.
10. Whenever you hold monies that have been committed or applied in respect of Loans you may not withdraw monies from your Account which would mean that the Minimum Balance is not maintained, other than upon the termination of your membership in accordance with clause M.
11. Monies held in your Account do not attract interest.
12. You may not disclose the sort code, account number or any other details that would enable a third party, other than FundingKnight, to deposit funds in the Account to any third party.
13. Upon receipt of any monies from you we will allocate these monies to your Account.
14. Any payments you make to us must be made by bank transfer.
15. You may request the withdrawal of any monies which are not committed in respect of Loan Offers, from your Account at any time, subject to maintaining the Minimum Balance.

### **C. Investment Funds**

1. In addition to the requirements in clause B, where you are acting, or come to act, on behalf of investors (**Investors**) whether as an investment fund or otherwise:
  - a. you unconditionally and irrevocably confirm to us that whilst you are a Lender Member you will comply with:
    - i. all regulations relating to all forms of taxation and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and whether of the United Kingdom or any other jurisdiction, and will notify any government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official competent to impose, administer, levy, assess or collect tax in the United Kingdom or elsewhere to the extent that you are required to do so in respect of:
      1. you;
      2. any of your employees, directors, workers, contractors, advisors or any other relevant person;
      3. the Investors; or
      4. us.
    - ii. the Financial Services and Markets Act 2000 as amended or superseded from time to time and any subordinate legislation to the extent that you are required to do so by law;
    - iii. will comply with any request of the Financial Conduct Authority to the extent that you are required to do so by law; and



- iv. the Money Laundering Regulations 2007 as amended or superseded from time to time, to the extent that you are required to do so by law, whether in respect of you and/or an Investor.
    - b. you acknowledge and irrevocably confirm to us that if you are resident in, or operate in the United States of America, you have not offered to sell, or solicited us or any of the Investors to buying, any loans or securities in contravention of the United States Securities Act, any securities legislation of any state of the United States, the United States Foreign Account Tax Compliance Act or any other applicable legislation (together the **Relevant Legislation**).
    - c. you will immediately notify us if you become aware of any arrangement between us being in breach, or being likely to breach:
      - i. any Relevant Legislation; and
      - ii. any other laws or regulations whether in the United States of America or any other jurisdiction applicable to you.
    - d. you will provide us with all documentation and information which we request from you from time to time which we require:
      - i. in accordance with these terms and conditions;
      - ii. pursuant to any order of any court of competent jurisdiction or any competent judicial, governmental or regulatory body; or
      - iii. pursuant to the laws or regulations of any country with jurisdiction over our affairs; and
    - e. you indemnify us against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other professional costs and expenses) suffered or incurred by us arising out of or in connection with any breach by you of any term in this clause C or to the extent that any acknowledgment, confirmation, statement or assurance given by you in this clause C is incorrect, untrue or negligently made causing us to suffer or incur any liability, cost, expense, damage or loss as aforesaid.
  2. You acknowledge and confirm that we have no obligation to check whether or not you have complied with any of the provisions in clause C.1.

**D. Making an Offer**

1. Offers shall be a minimum of £25. Offers may not exceed 20% of the total Loan without the prior agreement of FundingKnight. There are no further restrictions as to the maximum amount of an Offer, other than you may not make an Offer exceeding the available monies held in your Account.
2. Lender Members may place Offers during the Offer Period.
3. If the Loan Request has not been fully funded at the end of the Offer Period, then the Loan Request will fail and the Lender Members will not be committed to loan such monies to the Borrower Member.



4. If a Loan Request becomes fully funded before the Offer Period ends then any subsequent Offer made at a lower annual interest rate, will supersede the earlier Offers with the highest annual interest rate. This is often known as a reverse auction. It is possible for only part of your Offer to apply to a Loan Request if only part of your Offer has been superseded by a subsequent lower Offer.
5. In the case of a Fast Track Loan the Offer Period will end as soon as:
  - a. the loan is fully funded; and
  - b. the Effective Annual Interest Rate offered by the successful Lenders in respect of a Loan Request is no greater than the target interest rate which the Borrower Member has agreed to pay in relation to a Loan Request. The Effective Annual Interest Rate is that interest rate applied to the whole Loan Request that would generate monthly repayments equal to the sum of the individual repayments made to the successful Lenders.
6. Where a Loan Request is a Fast Track Loan this will be displayed on the Loan Details page on the FundingKnight website.
7. FundingKnight provides you with the option to place automatic Offers through an auto-bid system ("**Automatic Offers**"). In using this system, you may specify:
  - a. the annual interest rate you require on an Automatic Offer;
  - b. the maximum amount of each Automatic Offer per Loan Request; and
  - c. the credit rating of a Loan Request as determined by us in accordance with clause I.2, for an Automatic Offer to be made on your behalf.

Once you have chosen to use the auto-bid system, Automatic Offers will continue to be made on your behalf for each new Loan Request until all available funds have been applied to Loans or until you switch off the auto-bid system.

8. We reserve the right to terminate a Loan Request at any time before it is accepted by the Borrower Member or conclude an auction before the end of the applicable Offer Period, in our sole discretion at any time without being under any obligation to give a reason for taking this action.
9. An Offer that is also an Effective Offer is binding and cannot be withdrawn.

#### **E. Loan Agreement**

1. When you attempt to make an Offer on a Loan Request, you will be required to accept the Loan Agreement. By making an Offer you unconditionally and irrevocably agree that you will be bound by the terms of the Loan Agreement in respect of your lending for this Loan Request, if it becomes a Loan and you have an Effective Offer.
2. If you have an Effective Offer at the end of the Offer Period and the Loan Request is accepted by the Borrower Member, then you will automatically enter into the Loan Agreement and the monies equal to the amount of your Effective Offer will be transferred from your Account to the Borrower's Account.
3. A separate Loan Agreement is formed in respect of each Loan Unit between you and the Borrower.



4. Interest on any loan you make to a Borrower will start to accrue once the relevant Loan Agreement has been completed and the relevant monies have been paid to the Borrower.
5. If there is any conflict between these terms and conditions and the Loan Agreement, then the terms of the Loan Agreement will prevail.
6. Each Lender who is a party to the Loan Agreement shall provide an address as "C/O Funding Knight Limited, Belvedere House, Basing View, Basingstoke, RG21 4HG".

**F. Loan Repayment**

1. Upon receipt by us of any monies from a Borrower in respect of the repayment of a Loan (each repayment comprising of a Repayment Fee and a Gross Repayment to Lenders), we will credit your Account with your pro rata entitlement to the Gross Repayment to Lenders by reference to the number of Loan Units you hold in respect of that Loan and the interest rate(s) on those units.
2. It is your responsibility to report any interest you earn in relation to a Loan to HM Revenue & Customs. We will issue you with a statement detailing the interest you have accrued in respect of a Loan in the immediately preceding tax year within three months of the end of each tax year.
3. If your usual place of abode is outside the UK then it is your responsibility to also report any interest you earn to your tax authorities. Where you own Loan Units in a Loan and the original term is greater than 12 months, we may be obliged to deduct UK Basic Rate Income Tax (currently 20%) from any interest earned on those Loan Units from your Account and pay this on your behalf to HM Revenue and Customs.
4. Where a requirement to deduct UK Basic Rate Income Tax applies, it may be overridden by a relevant Double Tax Treaty. For this to apply you must apply to HM Revenue and Customs for the benefit of the relevant treaty. The obligation to deduct remains until you have received authorisation from HM Revenue and Customs to be paid gross.
5. A Borrower who has received the benefit of a Loan will be obliged to repay the loan in accordance with the Repayment Schedule.
6. The Borrower has the right to repay the entire Loan early.

**G. Selling and Purchasing a Loan**

1. You can transfer any number of your Loan Units to another Lender Member using the FundingKnight website, other than where we give notice to you, or you otherwise become aware that:
  - a. the Borrower is 1 to 5 (inclusive) calendar days in arrears in respect of any payment to be made in respect of the Loan; or
  - b. only one further payment is to be made by the Borrower in respect of the Loan and that payment is due within 6 calendar days; or
  - c. after the Loan End date displayed on the Loan Details page on the FundingKnight website; or
  - d. where FundingKnight has decided to suspend trading of a Loan pending investigation of potential problems or because FundingKnight has reason to

believe that such problems will materially impact the chances of the Lenders being repaid,

(each a “**Restriction Event**”).

2. Once you have sold a Loan Unit in accordance with the terms and conditions we will transfer the proceeds of sale from the purchaser Lender’s Account to your Account and then debit the Transfer Fee from your Account.
3. You will only be able to purchase a Loan Unit if you have sufficient monies in your Account. Upon confirming the purchase of a Loan Unit we will transfer the relevant monies from your Account to the seller Lender’s Account.
4. When you purchase a Loan Unit, you are entering into a novation agreement with the selling Lender. When you enter this novation agreement then you unconditionally and irrevocably agree that you will be bound by the terms of the Loan Agreement in respect of the Loan Units being acquired.
5. When you buy or sell a Loan Unit, the price at which the sale is agreed shall be apportioned as follows:
  - a. the capital outstanding on that Loan Unit, calculated in accordance with the interest rate agreed at the outset and the repayments received to date; plus
  - b. the interest earned from:
    - i. the date of the most recent repayment to the date of sale; or
    - ii. the Loan start date where no repayments have been made; plus
  - c. the balancing amount, being any difference between the agreed sale price less the total sum of clauses G.5(a) and G.5(b).
6. A Loan Unit which has been offered up for sale in accordance with this clause G can be withdrawn by the selling Lender at any time prior to the sale being completed in accordance with these terms and conditions.
7. FundingKnight may restrict the prices at which Loans can be sold in accordance with clause G.1. The details of such restrictions can be found on our website.
8. You can transfer any number of your Loan Units otherwise than in accordance with this clause G, where we provide you with prior express written permission for you to do so. In providing this permission, we have absolute discretion as to the terms of any such permission which may include certain conditions which need to be satisfied before the Loan Units can be transferred.

#### **H. Our Fees**

1. If you sell a Loan Unit in accordance with clause G, we will charge a Transfer Fee. Details of the Transfer Fee are published on our website.

#### **I. Our Role**

1. Our role is to connect Borrower Members with Lender Members and to provide a framework within which monies can be paid and collected. In doing this, we perform certain administrative functions on behalf of the Lender Members and the Borrower



Members, including facilitating the parties entering into the Loan Agreement and any related documentation and providing information to both Lender Members and Borrowers Members. We also, as part of this role, provide administrative functions in relation to the operation of the Loan including the collection of payments from the Borrower and corresponding with all parties to the Loan Agreement in relation to the Loan.

2. As part of the administrative function we provide, when we process a FundingKnight Loan Request, we will conduct a credit reference check in respect of any Borrower Member with a credit reference agency. We will usually publish the results of this credit reference check in the following two ways:
  - a. the credit rating provided by the credit reference agency, which is provided unedited by us; and
  - b. our own credit bands, as described on our website.
3. As part of the administrative function we provide, when we process a Guest Loan Request we may at our sole discretion conduct a credit reference check in respect of any Borrower Member with a credit reference agency. If we do conduct a credit reference check we will usually publish the results of this credit reference check from the credit reference agency, which is provided unedited by us.
4. The information provided by us in accordance with clause 1.2(b), is given on the basis of the information and documentation provided to us by the Borrower Member and the results of the credit rating we receive from the credit reference agency and is informative only.
5. You confirm and agree that you understand that we are providing this information for information purposes only, and are not making any warranties or representations about:
  - a. the credit worthiness of a Borrower Member;
  - b. a Borrower Member's ability to make any repayments in respect of a Loan;
  - c. the return you will make in respect of any Loan;
  - d. the accuracy of any information which we provide to you or is otherwise communicated by us, including whether or not such information is up to date; or
  - e. the ability of either you or us to enforce any personal guarantee noted in respect of a Loan.
6. We reserve the right to update or amend any information or documentation in relation to a Borrower Member, including our own credit band as set out in clause 1.2(b).

**J. Property Bridging Loans and Renewables Loans**

1. Where we notify you in writing that a Loan Request is a Property Bridging Loan or a Renewables Loan, whether in the Loan Terms or otherwise, then the provisions of this clause J apply.
2. In respect of a Property Bridging Loan we may use the services of a property bridging finance specialist to assist with our role and the administrative functions which are set out in clause I and this clause J. The property bridging finance specialist which we may use will be the Property Agent.



3. In respect of a Renewables Loan we use the services of a renewables finance specialist to assist with our role and the administrative functions which are set out in clause I and this clause J. The renewables finance specialist which we use is the Renewables Agent.

#### **K. Security**

1. Where the Loan Details page on the FundingKnight website specifies that security is to be given in relation to a Loan, it will comprise of one or more of the following:
  - a. a **Debenture** which will mean that the Borrower will provide a fixed charge over its assets, equipment and goodwill, in some instances a legal mortgage over its property and a floating charge over property, assets and rights of the Borrower not otherwise charged;
  - b. a **Mortgage** which will mean that the Borrower will provide a legal mortgage over certain property;
  - c. a **Deed of Priority** which we and/or the Security Trustee will agree the order of priority in which our security from the Borrower will rank with any other of the Borrower's creditors;
  - d. a **Guarantee** which will mean that a director of the Borrower, a company within the group of the Borrower or some other person is guaranteeing some or all of the obligations of the Borrower in respect of a Loan; and
  - e. an **Assignment of Income** which will mean that the Borrower's right to any designated income stream is assigned to the Security Trustee.
2. You irrevocably agree that where Security is given we may appoint the Security Trustee as holder of and party to the Security on your behalf.
3. You agree that the Security Trustee shall have only those duties, obligations and responsibilities expressly specified in the Security to which the Security Trustee is expressed to be a party (and no others shall be implied).
4. You shall not have any independent power to enforce, or have recourse to, any of the Security or to exercise any rights or powers arising under the Security.
5. The Security Trustee shall have absolute discretion to exercise any right, power, authority or discretion vested in it as Security Trustee in respect of any Security and may take such action in the exercise of any of its powers and duties under the Security as it considers in its discretion to be appropriate.
6. Notwithstanding anything contained in these terms and conditions, the Security Trustee is entitled at all times to act to protect its own position and interests in its personal capacity (including its own personal financial interests) of which the Security Trustee determines to be necessary or appropriate to exercise for the protection of its position and interests in its personal capacity, to the fullest extent that the Security Trustee is permitted by law to do so.
7. Notwithstanding anything to the contrary expressed or implied in the Security, the Security Trustee shall not:



- a. be bound to account to any other party for any sum or the profit element of any sum received by it for its own account, to the fullest extent that the Security Trustee is permitted by law to not account for such profits;
  - b. be bound to disclose to any other person (i) any confidential information or (ii) any other information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty; or
  - c. be required to expend or risk its own funds or otherwise incur any financial liability nor be obliged to do or omit to do any thing including entering into any transaction or incurring any liability if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and/or security against such risk is not assured to it.
8. The Security Trustee shall not accept responsibility or be liable for:
- a. the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security Trustee or any other person in or in connection with any Security;
  - b. the legality, validity, effectiveness, adequacy or enforceability of any Security;
  - c. any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Security unless directly caused by its fraud, dishonesty or recklessness;
  - d. the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Security; or
  - e. any shortfall which arises on the enforcement or realisation of the Security.
9. Subject to clause K.8, any liability of the Security Trustee arising under the Security shall be limited to the amount of actual loss suffered (such loss shall be determined as at the date of default of the Security Trustee or, if later, the date on which the loss arises as a result of such default). In no event shall the Security Trustee be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive or consequential damages whether or not the Security Trustee has been advised of the possibility of such loss or damages.
10. You may not take any proceedings against any officer, employee or agent of the Security Trustee in respect of any claim you might have against the Security Trustee or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Security.
11. The rights, powers and discretions conferred upon the Security Trustee by this Agreement shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Trustee by general law or otherwise.
12. Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Trustee in relation to the trusts constituted by these terms and conditions. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of these terms and conditions, the provisions of these terms and conditions shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of these terms and conditions shall constitute a restriction or exclusion for the purposes of that Act.



13. The Security Trustee may resign and appoint a successor in relation to any Security in respect of which the Security Trustee is appointed as holder of and party to such Security on your behalf by giving notice to you.
14. You agree that the Security Trustee shall be paid out of the proceeds of any monies recovered from the enforcement of the Security and shall (in proportion to your share of the Loan) indemnify the Security Trustee against any cost, loss or liability incurred by the Security Trustee (otherwise than by reason of the Security Trustee's fraud, dishonesty or recklessness) in acting as Security Trustee under the Security (unless the Security Trustee has been reimbursed by a Borrower under the Security), subject to the Security Trustee not being able to recover costs under this indemnity greater than the amount of any monies recovered from the enforcement of the Security (in proportion to your share of the Loan). Any amount due to the Security Trustee pursuant to this clause K.14 shall be paid within three Business Days of demand,
15. The indemnity given by you under clause K.14 is a continuing obligation, independent of your other obligations under or in connection with these terms and conditions, Loan Agreement or any other Security and survives after these terms and conditions, Loan Agreement or any other Security is terminated.
16. You acknowledge that the monies recoverable under the Security may not satisfy all of the obligations of the Borrower in respect of a Loan and in these circumstances the priority of payments from the total monies recovered shall be distributed as follows:
  - a. expenses or costs which are properly chargeable or incurred by the Security Trustee and any other monies owed to the Security Trustee in preserving or realising the total monies recovered from the Borrower in accordance with this clause K;
  - b. all outstanding fees of the Borrower owing to FundingKnight and all other costs of FundingKnight in relation to the administrative functions provided by FundingKnight pursuant to clause I;
  - c. payment to you in proportion for your share of the debt due in respect of the Loan; and
  - d. any costs incurred by any Lender pursuant to their decision to opt out and pursue the recovery of the Loan from the Borrower under clause L.4.
17. To the extent that there are insufficient monies to pay you in full, the monies available for distribution to the Lenders pursuant to clauses K.16(c) and K.16(d) shall be shared between the Lenders participating in the Loan in direct proportion to the amount each Lender is owed.

**L. Borrower's Default**

1. If a payment is not made by a Borrower when due under a Loan Agreement, FundingKnight will take such recovery action as it considers necessary. Such recovery action may include (without limitation):
  - a. contacting the Borrower by letter, telephone and/or email;
  - b. referring the matter to a debt collections agency (the "**Collection Agent**"), who will attempt to collect any amounts due on your behalf. Any fees, expenses or other amounts incurred by the Collection Agent shall be added to the amounts owing from the Borrower; and



- c. instigating formal insolvency proceedings including service of a statutory demand and the presentation of a compulsory winding up petition at the Court.
2. If any amounts outstanding under a Loan Agreement have not been recovered before the date falling 63 days after the date on which they become due (or, at the sole discretion of FundingKnight, such earlier time as FundingKnight shall determine), we will notify you that all outstanding Loan Units will be novated to the Security Trustee.
3. The Security Trustee may then seek professional advice on the amount of debt that is likely to be successfully recovered through the courts. If considered appropriate, the Security Trustee will institute court proceedings to recover the debt or instigate formal insolvency proceedings pursuant to clause L.1.
4. Any funds recovered will be paid back in accordance with the priority of payments set out in clause K.16 above. FundingKnight will notify you of the progress of any recovery action, via the My Money section of the website. You will have a reasonable period (which period we will notify you of) to opt out of this novation if you decide to pursue the Borrower yourself. In the event that you opt out of this novation you will not be entitled to any recovery obtained by FundingKnight or the Security Trustee under this clause L.
5. Where the relevant Loan or Loans are secured, the provisions of clause K above shall apply. In the event that you have opted out of the novation to the Security Trustee in clause L.2 you are required to notify the Security Trustee within 14 days of the following events occurring:
  - a. any costs being incurred by you in relation to the recovery of the Loan from the Borrower; and
  - b. any recoveries made by you of the Loan from the Borrower.
6. Notwithstanding clause L.5, the Security Trustee shall not be under any obligation to recover any monies from the Borrower on your behalf, whether under the Security or otherwise, where you have opted out of the novation to the Security Trustee in clause L.2.

**M. Termination of Membership**

1. If you wish to end your membership with us then, so long as you are not a party to a Loan Agreement under which either you or the Borrower are subject to outstanding obligations, please notify us in writing and we will arrange for your membership to be cancelled.
2. We may in our sole discretion and without limiting our other rights or remedies, terminate your membership with immediate effect if:
  - a. you breach these terms and conditions;
  - b. you breach the Loan Agreement;
  - c. we believe that there is a significantly increased risk that you may not be able to fulfil your duties in line with the Loan Agreement and this includes situations such as insolvency or you going bankrupt or having similar proceedings taken against you, if any of the information you gave us when you applied to become a Lender Member is found or suspected to be untrue or if adverse information is received from credit reference agencies; or

- d. within any 12 month period, there is no lending activity through FundingKnight.
3. Upon your membership coming to an end we will transfer all monies standing in your Account to your bank account, unless we are unable to do so by any order of any court or otherwise by law. Alternatively, at our sole discretion, we may send a cheque to the most recent address you have provided to us.

**N. Your agreements with us**

1. You acknowledge and confirm to us that you understand and accept the following:
  - a. any Offers you make, or offers you make to sell or purchase Loan Units from another Lender Member, (in any case including as to the rate of interest offered) are made entirely at your own risk;
  - b. the decision whether or not to place an Offer in respect of a Loan Request, or to sell or make an offer to purchase Loan Units from another Lender Member, is solely yours;
  - c. any information or documentation which we provide you does not constitute any legal, financial or other advice or recommendation in relation to a Loan Request, and you will conduct your own research and form your own opinion as to whether or not to make an Offer, or sell or purchase Loan Units to or from another Lender Member;
  - d. we provide no guarantee or assurance that:
    - i. any Loan Request will become fully funded; or
    - ii. there will be a sufficient number of Loan Requests to enable you to make a loan on terms that are acceptable to you;
  - e. whilst we recommend any person giving a personal guarantee obtains independent legal advice, the person giving the personal guarantee is under no obligation to do so and the enforceability of these guarantees can be challenged if a third party has placed undue pressure or influence on the individual giving the guarantee;
  - f. if you do not hold a relevant authorisation from the Financial Conduct Authority in regards to consumer credit, you are not lending money in the course of a business or carrying out any type of regulated consumer credit business as defined in the Consumer Credit Act 1974 or the Financial Services and Markets Act 2000 as amended; and
  - g. all information you have provided to us is true and accurate in all respects and that you will notify us if any information you have provided us changes or is no longer accurate.
2. You agree and confirm to us that:
  - a. you have taken all necessary actions and have all requisite power and authority to lend monies pursuant to these terms and conditions and enter into and perform your obligations in relation to these terms and conditions, the Loan Agreement, the Novation Agreement and any and all other documents referred to in these terms and conditions, the Loan Agreement, the Novation Agreement (to which you are a party) in accordance with their respective terms.



- b. these terms and conditions, the Loan Agreement, the Novation Agreement and any and all other documents referred to in them constitute (or shall constitute when entered into) valid, legal and binding obligations on you in accordance with their respective terms.
- c. your agreement to being bound by these terms and conditions, the Loan Agreement, the Novation Agreement and any and all other documents referred to in these terms and conditions, the Loan Agreement, the Novation Agreement (to which you are a party), and compliance with their respective terms shall not breach or constitute a default:
  - i. of your articles of association (to the extent that you are a limited company), your partnership agreement (to the extent that you are a limited liability partnership), or any other trust deed of governing document (to the extent that you are a trust) or any other agreement or instrument to which you are a party or by which you are bound; or
  - ii. any order, judgment, decree or other restriction applicable to you.
- d. you will not contact or communicate with any Borrower Member in respect of a Loan or a Loan Request in any way other than through us.
- e. you will not deal with or seek to deal with any Borrower Member that is, or was within the previous 12 months, a member of FundingKnight or, where you cease to be a member of FundingKnight, any Borrower Member that was a Borrower Member of FundingKnight at any time during the period of 12 months immediately preceding you ceasing to be a member of FundingKnight, other than the restrictions in this clause N.2(e) will not prevent you from:
  - i. subscribing for equity in a Borrower Member;
  - ii. lending monies to a Borrower Member through a third party business operating a peer to peer lending facility; or
  - iii. using the goods or services of a Borrower Member in the ordinary course of business or in the context of a normal supplier / customer relationship.
- f. the times during which the restrictions in clause N.2(e) apply are:
  - i. any time when you are a member of FundingKnight; and
  - ii. for a period of 12 months after you cease to be a member of FundingKnight.

## **O. Our Liability**

- 1. Nothing in these terms and conditions shall limit or exclude our liability for:
  - a. death or personal injury caused by our negligence, or the negligence of our employees, agents or subcontractors; or
  - b. fraud or fraudulent misrepresentation.
- 2. Subject to clause O.1:



- a. we shall under no circumstances whatever be liable to you, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, or any indirect or consequential loss arising:
    - i. in respect of any information or documentation relating to a Borrower Member which we have made available to you, including by reference to our own credit band as set out in clause I.2(b); and/or
    - ii. under or in connection with these terms and conditions and/or the Loan Agreement; and
  - b. our total liability to you in respect of all other losses arising under or in connection with these terms and conditions and/or the Loan Agreement, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall in no circumstances exceed the amount of money you have lent giving rise to a liability.
3. Except as set out in these terms and conditions and/or the Loan Agreement, all warranties, conditions and other terms implied by statute or common law are, to the fullest extent permitted by law, excluded from these terms and conditions, the Loan Agreement and/or the Privacy Policy.
  4. This clause O shall survive termination of these terms and conditions and/or the Loan Agreement.

**P. Your Liability**

1. To the extent that we suffer any loss or damage by reason of your breach of these terms and conditions, the Loan Agreement and/or the Privacy Policy including any fraudulent act then you shall be liable to us without limitation in respect of this loss or damage.

**Q. General**

1. Waiver:
  - a. A waiver of any right under these terms and conditions is only effective if it is in writing and shall not be deemed to be a waiver of any subsequent breach or default. No failure or delay by a party in exercising any right or remedy under these terms and conditions or by law shall constitute a waiver of that or any other right or remedy, nor preclude or restrict its further exercise. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that or any other right or remedy.
  - b. Unless specifically provided otherwise, rights arising under these terms and conditions are cumulative and do not exclude rights provided by law.
2. Severance:
  - a. If a court or any other competent authority finds that any provision of these terms and conditions (or part of any provision) is invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed deleted, and the validity and enforceability of the other provisions of these terms and conditions shall not be affected.
  - b. If any invalid, unenforceable or illegal provision of these terms and conditions would be valid, enforceable and legal if some part of it were deleted, the



provision shall apply with the minimum modification necessary to make it legal, valid and enforceable.

3. No partnership:

Nothing in these terms and conditions and/or Loan Agreement is intended to, or shall be deemed to, constitute a partnership or joint venture of any kind between any of the parties.

4. Variation:

a. We may amend these terms and conditions, the Loan Agreement and Novation Agreement from time to time as set out in clause Q.4(b). Every time you wish to make an Offer, please check these terms and conditions to ensure you understand the terms which will apply at that time. These terms and conditions were most recently updated on the date at the top of these terms and conditions.

b. We may revise these terms and conditions from time to time to:

- i. meet changes in how we accept payment from you; and
- ii. comply with changes in relevant laws and regulatory requirements; and
- iii. meet changes to our business requirements.

c. Every time you make an Offer, the terms and conditions, Loan Agreement and Novation Agreement in force at that time will apply.

d. Whenever we revise these terms and conditions, the Loan Agreement or Novation Agreement, we will give you notice of this by posting any changes on our website so you can view them next time you log in. By continuing to use our website and making Offers you agree to be bound by the terms of any amendments implemented in accordance with this clause Q.4.

e. Except as set out in these terms and conditions, any variation, including the introduction of any additional terms and conditions, to these terms and conditions, the Loan Agreement and/or the Privacy Policy, shall only be binding when agreed by us.

5. Confidentiality

a. You undertake that you shall not at any time whilst you are a party to the Loan Agreement, and for a period of three years after termination of the Loan Agreement, disclose to any person any confidential information concerning the business, affairs, financial information, customers, clients or suppliers of the Borrower Member, except as permitted by clause Q.5(b).

b. You may disclose the Borrower Member's confidential information:

- i. to your employees, officers, representatives or advisers who need to know such information for the purposes of carrying out your obligations under the Loan Agreement. You shall ensure that your employees, officers, representatives or advisers to whom you disclose the Borrower Member's confidential information comply with this clause Q.5; and
- ii. as may be required by law, court order or any governmental or regulatory authority.



- c. You shall not use any Borrower Member's confidential information for any purpose other than to perform your obligations under these terms and conditions and the Loan Agreement.

6. Third Party:

The provisions of the Contracts (Rights of Third Parties) Act 1999 shall not apply to these terms and conditions, except for clause K which is for the benefit of and enforceable by the Security Trustee and any officer, employee or agent of the Security Trustee.

7. Whole Agreement

These terms and conditions, the Loan Agreement and Privacy Policy sets out the entire agreement us in relation to any services provided by us to you and supersede all and any representations, communications and prior agreements (whether written or oral) between us.

8. Governing law and jurisdiction

These terms and conditions, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by, and construed in accordance with, English law, and the parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales.

9. Complaints

If you are dissatisfied with either an individual or our standard of service or any aspect of the delivery of our services please refer to the FundingKnight complaints procedure set out on our website.

10. Acceptance

These terms and conditions have been accepted at the date on which you confirmed acceptance on our website. You can check this date at any time by logging into our website where the acceptance date is provided.