FOLK 2 FOLK

BORROWER TERMS AND CONDITIONS

NOTES:

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Version: 1

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1 DEFINITIONS AND INTERPRETATION

1.1 Terms defined in the Offer Letter shall bear the same meaning where used in these Borrower Terms and Conditions unless defined herein.

1.2 In addition, reference in these Borrower Terms and Conditions to the following terms shall bear the following meaning:

"**Additional Management Fee**"	means, in respect of each Loan, the amount specified in the Fee Schedule from time to time payable in monthly instalments (not pro-rated) and paid in advance to cover additional administration costs of managing late payments by the Borrower
"**Agent**"	means Folk2Folk acting as duly appointed agent for and on behalf of each Investor and the Security Trustee
"**Annual Arrangement Fee**"	means, in respect of each Loan, the amount specified as the relevant Annual Arrangement Fee in respect of that Loan set out in the relevant Offer Letter payable in monthly instalments (pro-rated monthly) and paid in advance to cover administration costs payable by the Borrower
"**Authorised Agent**"	means registered agents, brokers and/or independent financial advisers acting for and on behalf of a Borrower
"**Borrower**"	means a borrower under a Loan Contract
"**Borrower Acceptance**"	means acceptance in writing by the Borrower of the Offer Letter
"**Borrower Terms and Conditions**"	means these terms and conditions applicable to Borrowers in relation to Loans introduced by Folk2Folk as set out on the Platform from time to time
"**Business Day**"	means a day other than a Saturday, Sunday or a public holiday in England when banks in London are open for business
"Closed Loans"	means loan products that are no longer offered to Borrowers as New Loans, being the Fixed 3, 4 or 5 Year Loan or the Rolling Loan

"**Collection Fee**"	means an administration fee for the work of Folk2Folk in coordinating the collection of a missed payment in respect of each Loan and being in the amount specified in the Fee Schedule from time to time
"**Commercial Loan**"	means a loan for any business purpose which is not a Development & Construction Loan and where the term of which is selected by the Borrower upon application with a minimum term of six months and a maximum term of five years
"**Commitment Fee**"	means a fee in the amount equal to the Reduced Interest Rate that would be payable on drawdown of each Loan
"**Completion**" or "**Completed**"	means the date upon which the Conditions Precedent to Drawing under the Loan Agreement have been satisfied and the Loan Advance has been released to the Borrower
"**Conditions Precedent to Drawing**"	means the documentation and/or evidence that must be provided to the Agent prior to the Loan Advance being made available for the Borrower to draw down and as set out in Part B of Schedule 1 to these Borrower Terms and Conditions
"**Conditions Precedent to the Loan Agreement Completion Date**"	means the documentation and/or evidence that must be provided to the Agent prior to the Loan Agreement Completion Date as set out in Part A of Schedule 1 to these Borrower Terms and Conditions
"**Conditions Subsequent**"	means the documentation and/or evidence that must be provided to the Agent after the Loan Agreement Completion Date as set out in the Offer Letter

"**Confidential Information**"	means all information relating to a Participant, (if relevant) a Participant's group, any Third Party Provider, the Finance Documents or a Loan of which the Agent becomes aware of in its capacity as arranger of Loans through the Platform or a Participant becomes aware in its capacity, or for the purpose of becoming, a Participant or which is received by a Participant (or its advisers) in relation to, or for the purpose of becoming a Participant, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information
"**Debt Service Designated Account**"	means a Borrower's bank account where Folk2Folk benefit from a charge over that bank account and where Folk2Folk has placed the Debt Service Loan with the intention of it being used to fund future amounts payable under a Loan
"**Debt Service Loan**"	means the proportion of the Loan Advance which has been allocated by Folk2Folk to provide debt service cover
"**Delegate**"	means any delegate, agent, attorney or co-trustee appointed by the Security Trustee
"**Development & Construction Loan**"	means a loan for property developments and construction projects and the term of which is selected by the Borrower upon application with a minimum term of six months and a maximum term of five years
"**Disbursements**"	means the disbursements incurred by the Agent including but not limited to the disbursements set out in the Fee Schedule from time to time
"**Event of Default**"	means each of the events set out in Condition 12
"**Fee Schedule**"	means the schedule of fees and charges as set out on the Platform from time to time

"**Final Repayment Date**"	means the earlier to occur of: (a) the Scheduled Repayment Date; and (b) the date specified by a Prepayment Notice as the relevant redemption date for a Loan on prepayment; and (c) the date on which repayment of a Loan is validly demanded prior to the Scheduled Repayment Date
"**Financial Statement**"	means the letter provided to the Borrower by Folk2Folk detailing the net balance payable to the Borrower from the Loan Advance after deducting various fees and Disbursements
"**Finance Documents**"	means, each of: (a) the Offer Letter; (b) the Terms and Conditions (as incorporated into the relevant Offer Letter); (c) the Loan Agreement Completion Notice; (d) the Guarantee (if required); (e) each Security Document; and (f) any other required documentation or any other document designated as a "Finance Document" by Folk2Folk and the Borrower
"**Finance Party**"	means Folk2Folk, the Agent, the Security Trustee and the Investor
"**Fixed 3, 4 or 5 Year Loan**"	means a longer-term loan on fixed terms and the term of which is selected by the Borrower upon application with a maximum term of five years

"**Folk2Folk**"	means Folk2Folk Limited (company number 08178576 and Financial Conduct Authority registration number FRN 720867) whose registered office is at Number One Business Centre, Western Road, Launceston, Cornwall PL15 7FJ
"**Further Advance**"	means any further advance we make to the Borrower under the Loan Agreement in excess of the initial Loan Advance
"Group Company"	in relation to a company, that company, any subsidiary or any holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company. Each company in a group is a Group Company
"**Guarantee**"	means a guarantee and indemnity in a form prepared by, and acceptable to, Folk2Folk from time to time
"**Impairment**"	means the circumstance whereby a Loan becomes distressed as a result of the occurrence of an Event of Default (and **"Impaired"** shall be interpreted accordingly)
"**Initial Arrangement Fee**"	means, in respect of each loan, the amount specified as the relevant Initial Arrangement Fee in respect of that Loan as set out in the relevant Offer Letter
"**Interest Due Date**"	has the meaning given in the Offer Letter or Loan Agreement Completion Notice (as applicable)
"**Interest Payment Date**"	has the meaning given in the Offer Letter or Loan Agreement Completion Notice (as applicable)
"**Interest Rate**"	means the interest rate as set out in the Offer Letter

"**Investor**"	means each investor, person or persons who, either alone, investing jointly or as part of an Investor Pool, wishes to lend money to the Borrower, has been accepted and approved by Folk2Folk as an Investor and has been recorded as Investor of record by Folk2Folk in relation to a Loan. The term "Investor" shall include its successors and assigns whether immediate or derivative and, where appropriate, the survivors or survivor of them and where either party comprises two or more persons include any one or more of those persons
"**Investor Pool**"	means the group of Investors providing a Loan to the same Borrower who have the same term lengths for the availability of their money
"**Investor Terms and Conditions**"	means the terms and conditions applicable to Investors in relation to Loans introduced by Folk2Folk as set out on the Platform from time to time
"**Late Redemption Fee**"	means the fee payable by the Borrower for non-compliance with Condition 4.4 in the amount specified in the Fee Schedule from time to time
"**Legal Fees**"	means the fees of the Panel Firm of Solicitors being in the amount specified by Folk2Folk from time to time
"**Lender**"	means Investor
"**Loan**"	means a loan made or to be made available by an Investor or Investors to the Borrower pursuant a Loan Agreement or the principal amount outstanding for the time being of that loan
"**Loan Advance**"	means the aggregate amount advanced by the Investor(s) to the Borrower pursuant to the relevant Offer Letter

"**Loan Agreement**"	means, each of: (a) the Offer Letter; (b) the Terms and Conditions (as incorporated into the relevant Offer Letter); and (c) the Loan Agreement Completion Notice.
"Loan Agreement Completion Date"	means the date (as set out in the Loan Agreement Completion Notice) on which the Loan Agreement is to take effect and upon which the Terms and Conditions become binding on the Borrower and each Investor
"**Loan Agreement Completion Notice**"	means the letter from Folk2Folk to the Borrower and each Investor which confirms, amongst other things, the effective date for the Loan Agreement
"**Loan Contract**"	means the bilateral agreement between an Investor and the Borrower, the terms of which are reflected in the Loan Agreement
"**Loan Request**"	means the request made by the Borrower to borrow monies, such request being made either through the Platform or in a hard copy application to Folk2Folk
"Minimum Amount"	means the amount designated by the Agent and notified to the Investors from time to time as the minimum amount into which a Loan may be divided for transfer
"Monies on Account"	has the meaning given in Condition 24.1
"New Loans"	means the loan products being offered by Folk2Folk from time to time
"**Non-Refundable Costs**"	means all costs, Disbursements and/or expenses incurred by Folk2Folk in connection with a Loan and specified in the Fee Schedule from time to time
"**Offer Letter**"	means, in each case, the offer letter from Folk2Folk as arranger and administrator of the Loan to the Borrower setting out the type and commercial terms of each Loan

"**Outstanding Loan Amount**"	means the amount outstanding from the Borrower from time to time in connection with the Loan Agreement
"**Panel Firm of Solicitors**"	means such firm of solicitors appointed by Folk2Folk from time to time to carry out the tasks as set out in the Terms and Conditions. Each Panel Firm of Solicitors appointed by Folk2Folk shall act as solicitors for Folk2Folk, the Agent and the Security Trustee and shall have no client relationship with nor duty of care to any other person
"**Participant**"	means a person who has satisfied all necessary or desirable on-boarding requirements of Folk2Folk for the purposes of using the Platform (to the satisfaction of Folk2Folk in its absolute discretion) as a Borrower (including, for the avoidance of doubt, acting by its Authorised Agent) or an Investor
"**Past Maturity Default Interest Rate**"	means the interest rate which is specified in the Fee Schedule from time to time
"**Past Maturity Management Fee**"	means in respect of each Loan, the amount specified in the Fee Schedule from time to time payable in monthly instalments (not pro-rated) and paid in advance to cover additional administration costs of managing loans which have not redeemed in accordance with their terms
"**Platform**"	means the website operated at www.folk2folk.com, and any Investor portal, app, programme or branch
"**Potential Event of Default**"	means any event or circumstance which (with the expiry or any grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) is reasonably likely (in the opinion of Folk2Folk) to be an Event of Default
"**Potential Impairment**"	means any event which might reasonably be expected to result in the Impairment of a Loan

"**Prepayment Fee**"	means the amount specified on the Fee Schedule from time to time as a percentage of the amount being repaid which will be paid to Folk2Folk and who will apportion it between the Investors and Folk2Folk in accordance with the Prepayment Fee Split
"**Prepayment Fee Split**"	means payment to the Investor of an amount equivalent to 1 months' interest on the amount being repaid with the balance to be retained by Folk2Folk
"**Prepayment Notice**"	means any notice by the Borrower in respect of its intention to permanently repay all or part of the Loan, setting out (i) the proposed Final Repayment Date (being no earlier than the date that is 6 months' after the Loan Agreement Completion Date) and (ii) the amount being prepaid, and shall be irrevocable once served
"**Process Document**"	means the documents stored on the Platform which describes the processes and procedures deployed by Folk2Folk in servicing relationships with each of the Borrowers and Investors
"**Privacy Policy**"	means the privacy policy of Folk2Folk from time to time as set out at https://folk2folk.com/legal/privacy-policy/
"**Property**"	means the heritable, freehold or long leasehold property or properties owned by the Borrower or Third-Party Provider located in England, Wales, Scotland or Northern Ireland to be offered as collateral in respect of the Loans, details of which are set out in the Offer Letter
"**Receiver**"	means any receiver, receiver and manager or administrative receiver of the whole or any part of the Property charged pursuant to the Security Document
"**Reduced Interest Rate**"	means the reduced interest rate for the Loan as defined in the relevant Offer Letter
"**Rolling Loan**"	means a flexible loan without a fixed term with a minimum term of six months and a maximum term of five years

"**Scheduled Repayment Date**"	means the date for the Loan to mature as defined in the relevant Offer Letter
"**Security Document**"	means: (a) debenture to be granted by the Borrower in favour of the Security Trustee, (b) in relation to a Property situated in England or Wales or Northern Ireland, the legal charge to be granted by the Borrower or the Third Party Provider in favour of the Security Trustee over the respective Property owned by such person; (c) in relation to a Property situated in Scotland, the standard security to be given by the Borrower or the Third Party Provider in favour of the Security Trustee; (d) the charge over account in respect of the Debt Service Designated Account granted by the Borrower in favour of the Security Trustee, (e) any other document evidencing or creating a security interest over any asset to secure any obligation of any Borrower under the Finance Documents; or (f) any other document designated as such by the Security Trustee
"**Security Trustee**"	means Folk Nominee Limited (company number: 09939972) in its capacity as security trustee for itself and for and on behalf of the Finance Parties

"**Standby Servicer**"	means any person appointed by Folk2Folk from time to time to provide Wind Down Services in the circumstances described in the Terms and Conditions
"**Substitute**"	means an alternative (or substitute) Investor to be brought into replace an outgoing Investor
"Tax"	means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same)
"**Tax Deduction**"	means a deduction or withholding for or on account of Tax from a payment under a Finance Document
"**Terms and Conditions**"	means the Borrower Terms and Conditions and Investor Terms and Conditions together with the Process Document, the Privacy Policy and the Fee Schedule
"**Third Party Provider**"	means, if relevant, the person whose name is set out against such term in the Offer Letter
"**Valuation Fee**"	means the fee payable by the Borrower for the Valuer carrying out a valuation of the Property as required by the Agent being in the amount specified by Folk2Folk from time to time
"**Valuer**"	means the person appointed by Folk2Folk from time to time to carry out the function of Property valuer.

"VAT"	means: (a) any value added tax imposed by the Value Added Tax Act 1994 (b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) and any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) or (b) above, or imposed elsewhere
"**Wind Down Services**"	means the services provided by or on behalf of a Standby Servicer, including the supply of loan management and administration services, debt collection services, loan servicing services and the performance of the Security Trustee function

1.3 Unless the contrary intention appears, references in these Borrower Terms and Conditions to:

(a) the words "**include(s)**", "**including**" and "**in particular**" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;

(b) the "**Investor**", "**Agent**", "**Security Trustee"**, "**Folk2Folk**", "**Finance Party**", "**Standby Servicer**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(c) any reference to **"Lender"** or **"Lender Pool"** in any Finance Document shall be deemed to refer to Investor or Investor Pool (as applicable);

(d) any reference to **"Loan Terms and Conditions"** or "**General Terms and Conditions**" in any Finance Document shall be deemed to refer to the Terms and Conditions;

(e) the words "**other**" and "**otherwise**" shall not be construed as the same with any preceding words where a wider construction is possible;

(f) a "**person**" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) of two or more of the foregoing;

(g) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self regulatory- or other authority or organisation;

(h) words importing the singular shall include the plural and vice versa, and reference to any gender includes the other genders;

(i) references to "**Conditions**" and "**Schedules**" are to conditions or sub conditions and schedules of the Terms and Conditions;

(j) a provision of law is a reference to that provision as amended or re-enacted-; and

(k) a time of day is a reference to London time.

1.4 Condition and Schedule headings are for ease of reference only.

1.5 A Loan Agreement represents one or more bilateral Loan Contracts between each Investor and the Borrower. References to the "Loan Agreement" refers to the aggregate of such Loan Contract(s).

1.6 In the event of any conflict between the Offer Letter and the Terms and Conditions, the Offer Letter shall prevail.

1.7 Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not). After 4pm on a Business Day, Folk2Folk may treat this as a cut off time for the receipt of payments and/or completion of a loan and should payments be received and/or completion of a loan takes place after this time, Folk2Folk will, at its discretion, be entitled to treat the payment as having been received during the following Business Day.

1.8 **Contracts (Rights of Third Parties) Act 1999**

Each Participant, Folk2Folk, the Agent, the Security Trustee and its Delegates (if any), any Standby Servicer and each of their respective officers, employees and agents and any Valuer appointed by the Agent and / or the Security Trustee in respect of a Property may enforce any term of the Terms and Conditions, each Loan Agreement and any Finance Document which purports to confer a benefit on such person or on behalf of any Investor, but no other person who is not a party to the Terms and Conditions, each Loan Agreement and any Finance Document has any right under the Contracts (Rights of Third

Parties) Act 1999 to enforce or to enjoy the benefit of any term of the Terms and Conditions, each Loan Agreement and any Finance Document.

1.9 Distance Marketing

The Terms and Conditions, together with the Finance Documents, are a credit agreement secured on land as such the terms of The Financial Services (Distance Marketing) Regulations 2004, and in particular the concepts of "a client's rights to cancel during a cooling off period" do not apply to the Terms and Conditions or the Finance Documents.

2 TERMS AND CONDITIONS

2.1 These Borrower Terms and Conditions together with the Process Document, Privacy Policy and Fee Schedule set out how:

(a) a Borrower may make use of the Platform, whether as a guest or as a registered user;

(b) Folk2Folk operates and regulates the use of the Platform and other services provided by Folk2Folk; and

(c) the Agent and Security Trustee operate.

2.2 It is important that you read the Process Document, Privacy Policy, Fee Schedule and these Borrower Terms and Conditions carefully before starting to use the Platform and print a copy for future reference. If there is anything you do not understand, please contact us.

2.3 By its use of the Platform and the services provided by Folk2Folk, each Borrower agrees to and acknowledges the terms of the Process Document, Privacy Policy, Fee Schedule and these Borrower Terms and Conditions (each as amended from time to time) and agrees to be bound by them.

2.4 Where an Authorised Agent is acting on behalf of another person or entity, such Authorised Agent further confirms that it has the authority to act as agent and therefore to bind such person or entity on whose behalf it is acting and that the Borrower agrees to the Process Document, Privacy Policy, Fee Schedule and these Borrower Terms and Conditions (each as amended from time to time). Folk2Folk shall be entitled to assume an Authorised Agent's authority to act in such capacity.

2.5 If the Borrower does not agree to the Process Document, Privacy Policy, Fee Schedule and these Borrower Terms and Conditions, it must not proceed with any dealings with Folk2Folk and accordingly must refrain from using the Platform.

2.6 By its use of the Platform, the Borrower:

(a) acknowledges that using the Platform does not in any way constitute an obligation on Folk2Folk to procure funding for the Borrower or constitute a warranty by Folk2Folk that funding will be available; and

(b) grants Folk2Folk the right to publish information it gathers on the Borrower and the Property on the 'Investor Portal' for approved Investors to access in connection with any Loan Request or when Folk2Folk is trying to find a Substitute or for any other purpose relating to a Loan, including but not limited to information discovered during any due diligence process including the processes specified in the Terms and Conditions; and

(c) acknowledges and agrees that if Folk2Folk becomes aware of new or additional information which Folk2Folk reasonably believes would materially impact on the decision of an Investor to participate in the Loan or which would have resulted in a different outcome under Folk2Folk's internal guidelines and policies when assessing the Borrower's application, then Folk2Folk reserves the right to remove that loan opportunity from the Platform or to otherwise cease to process its loan application at all or any further.

2.7 Breach of the Terms and Conditions by the Borrower will constitute an Event of Default under any Loan Agreement to which it is a party.

2.8 Folk2Folk no longer introduce Closed Loans to Borrowers for new borrowing.

3 AGREEMENT TO LEND

3.1 **Purpose**

(a) The Borrower shall apply all amounts borrowed by it under the Finance Documents in accordance with the Loan Purpose (as specified in the relevant Offer Letter).

(b) Neither any Investor, the Security Trustee nor Folk2Folk is bound to monitor the application of any amount borrowed pursuant to the Finance Documents. Notwithstanding the terms of this Condition 3.1(b), the Borrower must provide, promptly on request, all reasonable information requested by Folk2Folk to evidence that all amounts borrowed by it under the Finance Documents have been applied towards the Loan Purpose (as specified in the relevant Offer Letter).

(c) For the avoidance of doubt, where a Debt Service Loan has been made available to the Borrower (whether requested by a Borrower or not) the Loan Purpose shall be deemed to include that Debt Service Loan. The Agent is irrevocably authorised by the Borrower to deal with the Monies on Account in accordance with condition 24 (*Monies on Account*) and to deduct (or procure the deduction)

of amounts from the Debt Service Designated Account or designated client account (as applicable) in accordance with condition 24 (*Monies on Account*) to be applied in satisfaction of any interest payment that is due and payable.

3.2 **Conditions precedent and Conditions Subsequent**

(a) The Loan Agreement Completion Date shall only come into effect once the Agent has confirmed that the Conditions Precedent to the Loan Agreement Completion Date have been satisfied to its satisfaction.

(b) No drawing may be made under the Loan Agreement until the Agent receives the documents and evidence required to satisfy the Conditions Precedent to Drawing.

(c) Any Conditions Subsequent must be complied with in accordance with the terms of the Offer Letter and failure to do will be an Event of Default as described in Condition 12.1(b) and a daily fee will be payable as specified in the Fee Schedule from time to time.

3.3 **Initial advance**

Subject to Condition 3.2(b) and provided that no breach of any of the representations and warranties set out in Condition 10 of these Borrower Terms and Conditions has occurred or is outstanding, each Investor agrees to make available to the Borrower:

(a) a Loan in the amount agreed between Folk2Folk and each Investor, the aggregate amount of such Loans being the amount of the Loan Advance; and

(b) subject to Condition 3.4 (*Further advances*) any Further Advance as may be made by such Investor to the Borrower,

on the condition that repayment of the Loan Advance and any Further Advance together with interest is secured by a Security Document.

3.4 **Further advances**

(a) Folk2Folk may obtain an updated valuation prior to a Further Advance. Any Valuation Fee will be payable by the Borrower before the valuation is carried out. Folk2Folk will not need to obtain the consent of any Investor in the Investor Pool prior to the making of any offer of a Further Advance.

(b) Subject to Condition 3.2(b) and the requirements in this Condition 3.4, the Investor may make a Further Advance provided the Borrower has:

(i) signed and delivered to Folk2Folk an Offer Letter in respect of the Further Advance setting out the amount and terms of the Further Advance;

(ii) received confirmation from Folk2Folk that the security constituted by the Security Documents has been further reviewed and passed as satisfactory to support the Further Advance and that further funds may be drawn down;

(iii) paid all interest previously falling due under the terms of the relevant Loan Agreement on the due date for payment (unless otherwise waived by Folk2Folk), and

(iv) otherwise in all respects and at all times observed and performed its obligations under the Finance Documents.

3.5 **Utilisation**

(a) If the Loan Agreement Completion Date is not simultaneous with Completion, the Borrower shall give one (1) Business Days' notice to the Agent of its intention to drawdown the Loans.

(b) Unless otherwise specified in the Offer Letter, each Loan shall be available for drawing in full following satisfaction of the Conditions Precedent to Drawing. If a Loan is provided in connection with the development of a Property or otherwise provides for drawdown in more than one amount, each drawing shall be conditional upon the relevant milestones (as set out in the Offer Letter) having been met prior to a request for drawing being made.

4 REPAYMENT

4.1 Unless due earlier, all monies owing by the Borrower under the Finance Documents will become due and payable on the Final Repayment Date.

4.2 Each Loan must be repaid in full by the Final Repayment Date.

4.3 The Borrower should note that any Property that is the subject of a Security Document could be repossessed if it does not keep up with repayments or redeem the Loans at the end of any fixed period.

4.4 If the Borrower fails to repay the full Outstanding Loan Amount on the Final Repayment Date then it is in breach of the Loan Agreement, and such failure to pay such amounts shall be an Event of Default for the purpose of the Loan Agreement. The Borrower will become liable to pay the Late Redemption Fee upon subsequent redemption.

4.5 If at any time the Borrower believes that it may not be able to make one or more payments under a Loan Agreement, it should notify Folk2Folk immediately.

4.6 If the Borrower misses a payment or only partially pays the amount due the Loan will immediately become Impaired.

4.7 Notwithstanding any other Condition of the Terms and Conditions, if the Borrower fails to repay the Loan on the Final Repayment Date, the following shall be enforced:

(a) on and from the Final Repayment Date up to the date that is three months after the Final Repayment Date:

(i) the Borrower shall pay to Folk2Folk an Additional Management Fee on the Outstanding Loan Amount for its administration of the late payment and shall continue to pay the Annual Arrangement Fee until termination of the Loan, together with any other additional fees payable to Folk2Folk in accordance with the Terms and Conditions; and

(ii) the Reduced Interest Rate will no longer be applied and interest will accrue at the Interest Rate.

(b) on and from the date that is three months after the Final Repayment Date:

(i) the Borrower shall pay to Folk2Folk an Additional Management Fee on the Outstanding Loan Amount for its administration of the late payment and shall continue to pay the Annual Arrangement Fee until termination of the Loan, together with any other additional fees payable to Folk2Folk in accordance with the Terms and Conditions;

(ii) the Interest Rate will no longer be applied and interest will accrue at the Past Maturity Default Interest Rate; and

(iii) the Borrower shall pay to Folk2Folk the Past Maturity Management Fee on the Outstanding Loan Amount.

4.8 In relation to any repayment on the Final Repayment Date, the Borrower shall make the requisite repayment to clear the Outstanding Loan Amount, together with any other amounts due and payable to any Finance Party. Following such payment being irrevocably received in full by the Finance Parties, the Borrower may request Folk2Folk to liaise with the Security Trustee to release the Security Document and any Guarantee.

5 PREPAYMENT

5.1 Prepayment of a Loan in whole or in part (but if in part, by an amount that reduces the Loan by a minimum amount of £40,000 and does not leave an amount outstanding of

less than the Minimum Amount under any Loan Contract) shall be subject to a Prepayment Fee which shall be due and payable on such prepayment.

5.2 Consent to partial repayment of a Loan shall be subject to the absolute discretion of the Agent. The Agent may obtain an updated valuation prior to a partial prepayment or in connection with a Prepayment Notice. Any Valuation Fee will be payable by the Borrower before the valuation is carried out.

5.3 If the Agent accepts a request from the Borrower to partially prepay a Loan, Folk2Folk may, in its sole discretion, not apply such amounts pari passu between Loans to proportionately reduce the individual Loans of each member of the Investor Pool and may apply such amounts to reduce and/or repay specific individual Loans only.

5.4 The Borrower may prepay a Loan earlier than the Scheduled Repayment Date, but not before the date 6 months after the Loan Agreement Completion Date, provided it provides to the Agent a Prepayment Notice and pays the Prepayment Fee and any other fees, costs and expenses referred to in the Terms and Conditions.

6 INTEREST

6.1 Following Completion, the monthly payments of interest, at the agreed interest rate, together with the Interest Payment Dates in respect of a Loan will be set out in the Offer Letter or Loan Agreement Completion Notice (as applicable) and become payable.

6.2 Subject to Condition 6.4, the Borrower shall pay interest (in arrears) on each Loan Advance or Further Advance to the Agent at the Reduced Interest Rate by equal monthly payments on each Interest Payment Date by direct debit (unless otherwise agreed) to such account of the Agent as notified to the Borrower by the Agent from time to time. Any such payments not made by direct debit will attract a fee as specified in the Fee Schedule from time to time.

6.3 Interest shall continue to be payable before and after any judgement or decree, or the administration or liquidation or, as appropriate, bankruptcy, sequestration, death or insanity of the Borrower.

6.4 Without prejudice to Condition 4.7 of the Terms and Conditions:

(a) if the Borrower (i) fails to pay any amount payable by it under a Finance Document or (ii) fails to observe and perform its obligations under the Finance Documents, interest shall accrue on the overdue amount from day 15 after the due date up to the date of actual payment (both before and after judgment) at the Interest Rate;

(b) if, following an Event of Default, the Agent declares that interest is payable on all or part of the Loans interest shall accrue on such amounts from the date of such

declaration until the date of payment in full of the Loans (or relevant part of them) or such date as the Agent declares that such Event of Default has been remedied or waived) at the Interest Rate.

6.5 In the case where redemption or transfer of a Loan takes place part way through the year, or in the event that a 'part year' accrual is required for any other reason, the amount due shall be calculated by the Agent (using the loan management system in place from time to time) and a certificate provided by the Agent stating such amount due as determined by the Agent shall be, in the absence of manifest error, conclusive.

6.6 All sums of interest received by the Agent in respect of a Loan Agreement shall be applied pro rata across all Loans (taking into account the amount outstanding to each Investor under each Loan Contract and proportionate to the aggregate Outstanding Loan Amount).

6.7 The Interest Payment Dates for the Borrower shall be four (4) days before the Interest Due Date on which an Investor is to receive the payment in order to ensure that funds are received in sufficient time for Folk2Folk to distribute to that Investor. If an Interest Due Date would otherwise end on a day which is not a Business Day, that Interest Due Date shall, instead, be the day that is two (2) Business Days later (to allow Folk2Folk time to process payments).

6.8 If the payment is not made within three (3) Business Days of the original due date, the Borrower's account will be treated as an overdue account and the Borrower may be charged additional fees for work carried out by the Agent in relation to such investigation. The Agent will continue to attempt to collect the funds throughout the investigation period.

6.9 In certain circumstances, the Agent will take additional action as it sees fit to pursue missed payments or Loans in default where the Agent considers this to be in the best interests of the Investors, including but not limited to referring the missed payment to a Panel Firm of Solicitors, who will attempt to collect the money on an Investor's behalf and each Investor authorises the Agent to use a Panel Firm of Solicitors on their behalf. Such costs are payable by the Borrower. The Agent will deduct its reasonable costs from any amount recovered from the Borrower or from any enforcement action taken, including the sale of the Property.

6.10 If payment has still not been made seven (7) days from the Interest Due Date, Folk2Folk may charge the Collection Fee. The Panel Firm of Solicitors may also charge other fees to cover tracing charges, field agents' costs and litigation costs and expenses.

6.11 In the event of any Impairment other than as contemplated in Condition 4.7 of the Terms and Conditions, the Reduced Interest Rate payable will, from day 15 after the Interest Due Date, revert to the Interest Rate until any Events of Default, which are continuing,

have been waived, at which time the interest shall once again be charged at the Reduced Interest Rate.

6.12 In accordance with Conditions 6.8 and 6.10 in the event of any missed payment, Folk2Folk will charge the Borrower:

(a) a Collection Fee which shall be immediately due and payable and is in addition to the sums due under the Loan Agreement; and

(b) any associated Legal Fees and Disbursements.

6.13 Folk2Folk will recover such amounts from the Borrower by deducting the relevant amount from the repayment of the Loans.

6.14 For the avoidance of doubt, Folk2Folk is not obliged to pay to the Borrower accrued interest (if any) in respect of amounts held in the client account of Folk2Folk or a Panel Firm of Solicitors in respect of a Loan.

7 FEES

7.1 The fees and costs in respect of a Loan are set out in detail in the Fee Schedule on the Platform and are not negotiable. Folk2Folk may choose to amend, waive or reduce the Borrower fees from time to time and in its absolute discretion. Annual Arrangement Fees, Additional Management Fees and Past Maturity Management Fees shall be paid by direct debit unless otherwise agreed by Folk2Folk.

7.2 Upon the Loan Agreement Completion Date:

(a) the following fees become immediately due and payable:

(i) the Legal Fees;

(ii) the Disbursements;

(iii) the first month's instalment of the Annual Arrangement Fee; and

(iv) the Initial Arrangement Fee (plus any additional fee charged by the broker directly to the Borrower and where Folk2Folk are asked to incorporate such fee into the Loan Agreement),

and the Borrower irrevocably authorises the Agent to deduct these fees from the Loan Advance in accordance with the Financial Statement.

(b) The Borrower shall pay to the Agent the Annual Arrangement Fee from the date of Completion until the later of the Final Repayment Date and termination of the Loan. The Annual Arrangement Fee is an annualised fee and as such is payable by direct debit (unless otherwise agreed) in equal monthly instalments in advance

on the Interest Payment Dates. Any such payments not made by direct debit will attract a fee as specified in the Fee Schedule from time to time.

(c) For the avoidance of doubt, if a Loan is terminated mid-month, the Annual Arrangement Fee for that month is not pro rated and the Annual Arrangement Fee in respect of the whole of the month in which the relevant Loan terminates is payable.

(d) To the extent that the Loan Agreement Completion Date and Completion are not simultaneous, the Borrower shall pay to the Agent the Commitment Fee in lieu of interest with effect from the Loan Agreement Completion Date until Completion.

8 COSTS AND EXPENSES

8.1 Non-Refundable Costs

Non-Refundable Costs will be charged to the Borrower where it has accepted a loan offer, but then not proceeded to Completion (other than due to a fault on the part of Folk2Folk or a proposed Investor). These Non-Refundable Costs will be payable by the Borrower within 14 days of Folk2Folk becoming aware that the Loans will not or cannot proceed to Completion.

8.2 Transaction expenses

The Borrower shall, promptly on demand, pay Folk2Folk and/or the Security Trustee the amount of all costs and expenses (including Legal Fees and Disbursements) reasonably incurred by any of them (and, in the case of the Security Trustee, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution and perfection of:

(a) the Loan Agreement and any other documents referred to in the Loan Agreement and the Security Documents; and

(b) any other Finance Documents executed after the date of the Offer Letter,

and (where applicable) the Borrower irrevocably authorises Folk2Folk to deduct these fees from the Loan Advance.

8.3 Amendment costs

If the Borrower requests an amendment, waiver or consent (to prepayment or otherwise), the Borrower shall, promptly on demand, pay Folk2Folk and/or the Security Trustee the amount of all costs and expenses (including Legal Fees) reasonably incurred by any of them in responding to, evaluating, negotiating or complying with that request or

requirement, including any Valuation Fee in connection with obtaining an updated valuation.

8.4 Release costs

The Borrower shall, promptly on demand, pay Folk2Folk and/or the Security Trustee the amount of all costs and expenses (including Legal Fees and any security release fees as specified in the Fee Schedule from time to time) reasonably incurred by any of them in relation to the discharge and release of the security interests created by the Security Documents and any Guarantee.

8.5 **Enforcement costs**

The Borrower shall, promptly on demand, pay Folk2Folk and/or the Security Trustee the amount of all costs and expenses (including Legal Fees) incurred by any of them (and, in the case of the Security Trustee, by any Receiver or Delegate) in connection with the enforcement of or the protection or preservation of any rights under any Finance Document.

9 TAX GROSS UP AND INDEMNITIES

9.1 **Tax gross-up**

(a) The Borrower and any surety shall make all payments required from it under the Finance Documents without any Tax Deduction unless a Tax Deduction is required by law.

(b) If the Borrower becomes aware that it or any surety must make a Tax Deduction or that there is any change in the rate or the basis of a Tax Deduction, then the Borrower must notify the Agent promptly. Similarly, the Agent will notify the Borrower if it becomes aware such a Tax Deduction is required.

(c) If a Tax Deduction is required by law to be made by the Borrower or any surety:

(i) the Borrower must ensure the amount of the payment due is increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required; and

(ii) the Borrower must ensure that the surety makes that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(d) The Borrower must deliver to the Agent (within 30 days of a Tax Deduction being made or any payment required in connection with that Tax Deduction) evidence

reasonably satisfactory to the Agent that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

9.2 **Stamp taxes**

The Borrower must pay and, within three Business Days of demand, indemnify the Agent against any cost, loss or liability the Agent and / or the Security Trustee incurs in relation to all stamp duty, stamp duty land tax, land and buildings transaction tax, registration and other similar Tax payable in respect of any Finance Document.

9.3 **Value added tax**

(a) All amounts payable under a Finance Document by the Borrower to the Agent shall be deemed to be exclusive of any applicable VAT, and, accordingly, if VAT is chargeable, the Borrower must pay to the Agent (in addition to and at the same time as paying the relevant amount) an amount equal to the amount of the VAT.

(b) Where a Finance Document requires the Borrower to reimburse or indemnify the Agent for any cost or expense, the Borrower shall reimburse or indemnify (as the case may be) the Agent for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that the Agent reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(c) Any reference in this Condition 9.3 to any party shall, at any time when such party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term "representative member" to have the same meaning as in the Value Added Tax Act 1994).

9.4 **Indemnities**

(a) The Borrower shall, within 3 Business Days of demand, indemnify Folk2Folk, the Security Trustee (and any Receiver or Delegate) and each Investor against any cost, loss or liability incurred by any of them as a result of:

(i) the occurrence of any Event of Default;

(ii) investigating any event which it reasonably believes is a Potential Event of Default;

(iii) a failure by the Borrower or any surety to comply with any of its obligations under a Finance Document;

(iv) funding, or making arrangements to fund, a Loan requested by the Borrower but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of wilful default or gross negligence by Folk2Folk, the Security Trustee or an Investor);

(v) a Loan (or part of a Loan) not being prepaid in accordance with any notice given by the Borrower; and

(vi) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

(b)

(i) Each Investor shall, in proportion to its participation in a Loan, immediately indemnify the Agent, the Security Trustee, every Receiver and every Delegate within 3 Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Agent's, the Security Trustee's Receiver's or Delegate's gross negligence or wilful misconduct) in acting as the Agent, the Security Trustee, a Receiver or a Delegate in connection with a Loan, unless the Agent, the Security Trustee, a Receiver or a Delegate has been reimbursed by a Borrower, guarantor or Third Party Provider under the relevant Finance Document.

(ii) The Borrower shall immediately on demand reimburse any Investor for any payment that Investor makes to the Agent or the Security Trustee pursuant to Condition 9.4(b)(i) above.

(c) For the avoidance of doubt, the Agent or the Security Trustee, may refrain from exercising any rights under any Finance Document until it has received any indemnification and/or security that it may in its discretion require (which may include payment in advance) for any cost, loss or liability which it may incur in carrying out its duties or exercising its rights.

10 BORROWER REPRESENTATIONS AND WARRANTIES

Upon the date of Borrower Acceptance, any drawdown of a Loan and each day that any amounts are outstanding under the Finance Documents, whether of principal or otherwise, the Borrower represents and warrants and is deemed to represent and warrant to each Finance Party that:

10.1 it is an individual (borrowing for a business purpose), sole trader, partnership, a Limited Liability Partnership (LLP), limited company, personal or company pension fund, charity, trust, or public body;

10.2 it is resident for tax purposes in the UK;

10.3 if it is a company, be incorporated and registered and have a permanent place of business in England and Wales, Scotland or Northern Ireland and be registered with Companies House (or equivalent);

10.4 if an individual, it is permanently resident in the UK (excluding the Channel Islands and the Isle of Man) and over 18 years old;

10.5 if a public body, be registered or formed with the relevant authority in the UK (excluding the Channel Islands and Isle of Man);

10.6 is not an Investor with Folk2Folk whose participations in any Loan are still outstanding;

10.7 it maintains adequate insurance over any Property provided as security which is in full force and effect and the payment of all premiums in respect of this is up to date. The level of such insurance is at least the value of the Property or the Loan Advance (whichever is greater);

10.8 it is not a lending business and is not seeking a Loan through Folk2Folk for the purpose of lending to others, or otherwise 'accepting deposits' within the meaning of Article 5 of the Financial Services and Markets Act (Regulated Activities Order) 2001;

10.9 in relation to any Borrower:

(a) no investigations, litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to result in a material adverse change to its financial condition, business or assets (to the best of the Borrower's knowledge and belief (having made due and careful enquiries)) been started or threatened against it (including in relation to fraud and / or money laundering activities);

(b) no judgment or order of a court, arbitral body or agency which is reasonably likely to result in a material adverse change to its financial condition, business or assets (to the best of its knowledge and belief (having made due and careful enquiries)) been made against it (including in relation to fraud and / or money laundering activities);

10.10 in relation to any Borrower who is an individual:

(a) there is no law, decree or similar enactment binding the Borrower and no provision in any document, mortgage, indenture, trust deed, contract or agreement binding on the Borrower or affecting its property which would conflict with or prevent the Borrower from borrowing on the terms and conditions set out

in the Borrower Terms and Conditions or which would prevent the Borrower from observing any of its obligations contained in the Loan Agreement;

(b) the Borrower is not in breach of any of the limits or restrictions or obligations imposed by any other agreement or instrument and no Event of Default has occurred and is continuing whether or not in order to constitute such an event any notice and/or lapse of time and/or determination is required; and

(c) there has been no change in the status of the Borrower since the Loan Request was made; and

10.11 in relation to any Borrower who is a company, partnership or other corporate body:

(a) the Borrower has the necessary corporate power and authority to borrow the Loan Advance or Further Advance on the Terms and Conditions set out herein and to grant security pursuant hereto and to perform and observe its obligations hereunder;

(b) there is no law, decree or similar enactment binding the Borrower and no provision in any corporate document, mortgage, indenture, trust deed, contract or agreement binding on the Borrower or affecting its property which would conflict with or prevent the Borrower from borrowing hereunder on the Terms and Conditions set out herein or which would prevent the Borrower from observing any of its obligations hereunder;

(c) the Borrower is not in breach of any of the limits or restrictions or obligations imposed by any other agreement or instrument and no Event of Default has occurred and is continuing whether or not in order to constitute such an event any notice and/or lapse of time and/or determination is required;

(d) there has been no change in the status of the Borrower since the Loan Request was made; and

10.12 all information provided to Folk2Folk in the course of the Folk2Folk registration and lending process and the loan application and borrowing process is true and accurate in all respects and the Borrower does not anticipate or reasonably expect any material change to such information in the 6 months following its acceptance of the Offer Letter;

10.13 it has disclosed to Folk2Folk any circumstances that it is aware of (including without limitation any claims, undisclosed liabilities, litigation, arbitration, court proceedings or investigations which are current, threatened, pending or otherwise reasonably likely to occur against it by any third party) which could or might result in a material adverse change in its financial condition, business or assets; and

10.14 it has taken all reasonable precautions to ensure that any data it uploads or otherwise submits to the Platform is free from viruses and / or anything else which may have a contaminating or destructive effect on any part of the Platform or any other technology associated with the Platform.

11 BORROWER UNDERTAKINGS

The Borrower undertakes to each Finance Party that:

11.1 it will, as soon as reasonably practicable, notify Folk2Folk if any of the information provided to Folk2Folk in the course of the loan application and borrowing process is no longer true, complete and accurate;

11.2 it will not omit to notify the Agent of any information it is aware of that would materially impact on the decision of an Investor to participate in the Loan;

11.3 it will notify the Agent if any of the information it has provided to Folk2Folk changes or is likely to materially change;

11.4 it will promptly provide full details to Folk2Folk upon it becoming aware of or suspecting that any of the circumstances in Conditions 10.12 and 10.13 have occurred or may occur, and will also provide Folk2Folk with such information as it may reasonably require about its financial condition, business and affairs from time to time;

11.5 for as long as there are amounts outstanding under a Loan Agreement to which it is a party as a Borrower, guarantor or Third Party Provider, it will:

(i) maintain adequate insurance over any Property provided as security to the Agent's satisfaction and level of such insurance shall be at least the value of the Property or the Loan Advance (whichever is greater); and

(ii) provide Folk2Folk with a copy of any valid and up to date insurance policy/ies over any Property and any insurance renewal documentation promptly following receipt, together with evidence of the payment of all premiums being up to date;

11.6 for as long as there are amounts outstanding under a Loan Agreement to which it is a party as a Borrower, guarantor or Third Party Provider, it will provide Folk2Folk promptly on request by Folk2Folk (or its agent):

(a) bank statements, up-to-date balance sheet and cash-flow statements, as well as other financial information as Folk2Folk may require from time to time;

(b) details and documents relating to operational policies and procedures; and

(c) all relevant contracts or other documents that Folk2Folk may require from time to time including any auditor reports, insurance documents, group structure charts and key contracts or agreements;

11.7 for as long as there are amounts outstanding under a Loan Agreement to which it is a party as a Borrower, guarantor or Third Party Provider, it will permit employees or agents of Folk2Folk on reasonable notice (**provided that** if an Event of Default has occurred and is continuing no notice is required to be given) and during business hours to attend and inspect its premises and inspect any secured assets and any of its books, accounts and records and to make copies of any such information and it will meet with any such employee or agent within 7 days of request by Folk2Folk, and answer all reasonable queries of such employee or agent; and

11.8 if the Borrower, or its directors at any time become aware of any current or future claim (or potential claim) by HM Revenue & Customs (or any other governmental department or agency or other public body) against it, it may not enter into a Loan Agreement unless and until it has provided Folk2Folk with full details of such claim (or potential claim) and Folk2Folk have (in its absolute discretion) notified the Borrower (in writing) that the Agent is satisfied that the Borrower meets the Folk2Folk eligibility criteria.

12 EVENTS OF DEFAULT

12.1 Each of the events set out in this Condition 12 is an Event of Default:

(a) any interest or other sum payable under a Finance Document is not paid on its due date unless as a result of a technical or administrative error and provided in the case of an administrative or technical error the sum is paid within 3 days of becoming due and payable;

(b) the Borrower or any surety fails to comply with any term, condition, eligibility criteria, undertaking, covenant or provision of or to perform any of their obligations or liabilities under the Borrower Terms and Conditions, Finance Documents or any associated or collateral security;

(c) any representation or warranty given by the Borrower or any surety to a Finance Party is or becomes incorrect or there is a material adverse change in the position as set out in such representations and warranties;

(d) the Borrower or any surety ceases to be, if a company, resident for tax purposes in the UK and / or, if an individual, ceases to be permanently resident in the UK;

(e) the Borrower, if a company, ceases to be owned and controlled (directly or indirectly), by such person or persons disclosed to Folk2Folk as part of the application process to Folk2Folk;

(f) the management team of the Borrower undergoes, in the opinion of the Agent, a material change in personnel;

(g) the Borrower (if an individual) or a director or partner of the Borrower (if a body corporate) is absent from the UK for a continuous period of 90 days or more;

(h) any amounts borrowed by it under the Finance Documents are applied otherwise than towards the Loan Purpose (as specified in the relevant Offer Letter);

(i) the Borrower has:

(i) committed a fraud, been involved in money laundering or other criminal activities (including but not limited to using the Platform to send, use or reuse any material that is illegal, offensive, abusive, indecent, defamatory, obscene or menacing; or is in breach of copyright, trademark, confidence, privacy or any other right; or is otherwise injurious to third parties; or objectionable; or which consists of or contains software viruses, political campaigning, commercial solicitation, chain letters, mass mailings or any "spam");

(ii) used the Platform or any information accessible on or obtained from it for the purpose of canvassing or soliciting any person or enticing any person away from Folk2Folk;

(iii) used the Platform to cause annoyance, inconvenience or needless anxiety or in an attempt to increase the cost burden of providing the Platform; or

(iv) (in the reasonable opinion of the Agent) in any way caused, or is likely to cause, the Platform or access to it to be interrupted or damaged in any way.

(j) any judgement decree, award or order made against the Borrower or any surety by any court is not complied with within 14 days of the date of such judgement decree, award or order; or

(k) the property of the Borrower or any surety becomes subject to any irritancy, forfeiture or execution, distress, sequestration or other form of process; or

(l) a mortgagee takes possession of or exercises or seeks to exercise any power of sale or of an appointment of a receiver in relation to the Property or any other property of the Borrower or of any surety; or

(m) any indebtedness of the Borrower equal to or in excess of three (3) month's interest on the aggregate principal of the Loans under a Loan Contract becomes

immediately due and payable prior to its stated maturity by reason of default on the part of the Borrower; or

(n) any Borrower or surety:

(i) is unable or admits inability to pay its debts as they fall due;

(ii) is deemed to or declared to be unable to pay its debts under applicable law;

(iii) suspends or threatens to suspend making payments on any of its debts; or

(iv) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or

(o) the value of the assets of any Borrower or surety is less than its liabilities (taking into account contingent and prospective liabilities); or

(p) a moratorium is declared in respect of any indebtedness of any Borrower or surety. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium; or

(q) any action (corporate or otherwise), legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, the winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) or the bankruptcy of any Borrower or surety;

(ii) a composition, compromise, assignment or arrangement with any creditor of any Borrower or surety;

(iii) the expropriation, attachment, sequestration, execution or other enforcement process affects any asset or assets of any Borrower or surety;

(iv) the appointment of a liquidator, receiver, administrator, administrative receiver, trustee in bankruptcy, compulsory manager or other similar officer in respect of any Borrower or surety or any of its assets; or

(v) enforcement of any security over any assets of any Borrower or surety,

or any analogous procedure or step is taken in any jurisdiction; or

(r) in the case of an individual, the Borrower or any surety dies or becomes incapable in law of managing their own affairs (whether by reason of mental incapacity or any other reason whatsoever); or

(s) the Borrower or any surety ceases or threatens to cease to carry on, or disposes or threatens to dispose of, its business or a material part of its business; or

(t) it is or becomes unlawful for any party to a Finance Document to perform any of its obligations under the Finance Documents; or

(u) any security interest created or expressed to be created or evidenced by a Finance Document is not or ceases to be effective or becomes unlawful; or

(v) any obligation or obligations of any party to a Finance Document are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of Folk2Folk, the Security Trustee or an Investor (as applicable); or

(w) any Finance Document is not or ceases to be in full force and effect or any security interest is not or ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it to be ineffective; or

(x) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened against any Borrower, surety or its assets which in the opinion of Folk2Folk has or is reasonably likely to have a material adverse effect; or

(y) the Agent (acting reasonably) suspects that the Borrower has committed a fraud, has been involved in money laundering or other criminal activities.

12.2 Acceleration

On and at any time after the occurrence of an Event of Default and while it is continuing the Agent may by written notice:

(a) cancel the Loan or any specified part of it at which time the Loan (or as appropriate the specified part of it) shall immediately be cancelled;

(b) declare that all or any part of the Loans, accrued interest and/or any other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;

(c) declare that all or any part of the Loans be payable on demand, at which time it shall immediately become payable on demand by Folk2Folk;

(d) exercise any or all of its rights, remedies, powers or discretions under the Finance Documents and or instruct the Security Trustee to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents (as applicable); and/or

(e) apply the Interest Rate or Past Maturity Default Interest Rate (as applicable) to the Loans or any part of it as if it were due but unpaid.

12.3 Interest shall continue to be charged on each Loan in accordance with the provisions of Condition 6 and Condition 4.7 of the Terms and Conditions until such Loan is repaid and the outstanding interest and other sums due are irrevocably repaid in full.

12.4 No delay or omission on the part of Folk2Folk or the Security Trustee (as applicable) for and on behalf of the Investor(s) in exercising any right or power under the Terms and Conditions and in accordance with this Condition 12 shall impair such right or power, and any single or partial exercise of such right or power shall not preclude any other or further exercise or the exercise of any other right or power. The rights and remedies of Folk2Folk or the Security Trustee (as applicable) for and on behalf of the Investor(s) in respect of a Loan are cumulative and not exclusive of any right or remedy provided by law.

13 ROLE OF THE AGENT AND SECURITY TRUSTEE

13.1 The role of the Agent

(a) Each Investor and the Security Trustee appoints the Agent to act as its agent under and in connection with the Terms and Conditions and any Finance Documents and to undertake the day to day administration of each Loan. Such administration shall be at the absolute discretion of the Agent.

(b) Each Investor authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Investor and the Agent (as applicable) under or in connection with the Terms and Conditions and any Finance Documents together with any incidental rights, powers, authorities and discretions.

(c) Nothing in any Finance Document constitutes the Agent as a trustee or fiduciary of any other person.

(d) The Agent shall not be bound to account to any Investor for any sum or the profit element of any sum received by it for its own account.

(e) Each Investor appoints the Agent to sign Offer Letters and other Finance Documents on its behalf. The Investor agrees and appoints Folk2Folk to act as agent in respect of the Loan including but not limited to any applications by the Borrower for consent by the Investors (by way of illustration only an application

to consent to an underlease at the Property). Each Investor agrees to ratify any actions undertaken by the Agent.

13.2 **Security and the role of the Security Trustee**

(a) Each Loan and the Borrower's obligations under the associated Loan Agreement will be secured by way of a first legal charge (unless otherwise agreed) or a first-ranking standard security (where the Property is situated in Scotland) granted by the Borrower or Third-Party Provider in favour of the Security Trustee for the benefit of the Investor. If the Borrower is unable to make any payment under a Loan on the due date and/or the Borrower defaults in meeting any material obligations in respect of a Loan, the Agent may:

(i) enforce or instruct the Security Trustee to enforce any Guarantee provided in connection with a Loan; and/or

(ii) instruct the Security Trustee to enforce the Security Document on behalf of the Investor.

(b) The Security Trustee holds the security created by the Security Documents provided by the Borrower on bare trust for each Investor.

(c) The Borrower agrees to maintain adequate insurance over any Property provided as security to the Agent's satisfaction. The Borrower will also provide a copy of a valid and up to date insurance policy promptly following receipt, together with evidence of the payment of all premiums being up to date. The level of such insurance shall be at least the value of the Property or the Loan Advance (whichever is greater).

(d) The Agent retains the discretion to replace the Security Trustee with an independent trust company in order to allow the relevant Security Documents to continue to be held on trust for and on behalf of an Investor.

(e) An Investor shall not have any independent power to enforce, or have recourse to, any Security Document, Guarantee or valuation, or to exercise any right, power, authority or discretion arising under the same except through the Security Trustee.

13.3 Enforcement action

If at any time following Impairment of a Loan, whether as a result of a missed payment or otherwise, Folk2Folk may (in its absolute discretion considering the best interests of the Investor(s)) appoint a Panel Firm of Solicitors to take corrective action (to the extent possible) for and on behalf of each Investor. An Investor may not appoint an independent law firm to take such action.

13.4 Successor

Each Investor and each Borrower acknowledges that Folk2Folk may, by notice to each Investor and each Borrower, resign and appoint a nominee or affiliate acting through an office in the United Kingdom as successor ("**Successor**"). Folk2Folk shall make available to the Successor all documents and records and provide such assistance as the Successor may reasonably request for the purposes of performing its function as successor to Folk2Folk.

14 PRIORITY OF PAYMENTS

14.1 Following enforcement of a Security Document, all sums received by virtue of that Security Document by the Security Trustee or any Receiver (as defined in such Security Document) shall, subject to the payment of any claim having priority to such Security Document, be paid or applied in the following order of priority:

(a) firstly, in or towards satisfaction pro rata of, or the provision pro rata for, all costs, charges and expenses incurred and payments made by the Security Trustee as agent for the Investors and/or as trustee in relation to the Security Document, or by any Receiver (including legal expenses), together with interest at the Interest Rate or Past Maturity Default Interest Rate (as applicable) (both before and after judgment) from the date those amounts became due until the date they are irrevocably paid in full or other person entitled to it;

(b) secondly, in or towards the payment pro rata of, or the provision pro rata for, any unpaid fees, commission or remuneration of the Security Trustee or any Receiver;

(c) thirdly, in or towards payment of any Secured Liabilities (as such term is defined in the relevant Security Document) due and payable but unpaid to any Finance Party (as such term is defined in any Senior Debt Document (as defined in Condition 15.3)) other than an Investor or Lender (as defined therein);

(d) fourthly, in or towards payment of any Secured Liabilities (as such term is defined in the relevant Security Document) due and payable but unpaid to any Finance Party (as such term is defined in any Debt Document (as defined in Condition 15.1)) other than an Investor or Lender (as defined therein);

(e) fifthly, in or towards payment of any Secured Liabilities (as such term is defined in the relevant Security Document) due and payable but unpaid to any Finance Party (as such term is defined in any Junior Debt Document (as defined in Condition 15.4)) other than an Investor or Lender (as defined therein);

(f) sixthly, in or towards payment of any other Secured Liabilities (as such term is defined in the relevant Security Document) due and payable but unpaid to any Finance Party under the Senior Debt Documents;

(g) seventhly, in or towards payment of any other Secured Liabilities (as such term is defined in the relevant Security Document) due and payable but unpaid to any Finance Party under the Debt Documents;

(h) eighthly, in or towards payment of any other Secured Liabilities (as such term is defined in the relevant Security Document) due and payable but unpaid to any Finance Party under the Junior Debt Documents; and

(i) ninthly, in the payment of the surplus (if any), to the Borrower or any other person entitled to it,

and section 109(8) of the LPA shall not apply.

14.2 Notwithstanding any other term of the Security Document, all sums received by the Security Trustee or any Receiver by virtue of the Security Document to be used in or towards payment of the Secured Liabilities shall be applied in order of priority commencing with the first loan agreement from time to time entered into by the Borrower and arranged by Folk2Folk, and continuing to apply such monies until the Secured Liabilities under each subsequent loan agreement from time to time entered into by the Borrower and arranged by Folk2Folk (if any) have been discharged.

14.3 Following enforcement of a Guarantee, all sums received by virtue of that Guarantee by the Security Trustee or any Delegate (as defined in such Guarantee) shall, subject to the payment of any claim having priority to such Guarantee, be paid or applied in the order of priority detailed in Condition 14.1 and the term “Security Document” shall be deemed to refer to the term “Guarantee” and the term “Secured Liabilities” shall be deemed to refer to the term “Guaranteed Moneys” (as such term is defined in the relevant Guarantee) and as set out in the relevant Guarantee.

14.4 Notwithstanding any other term of the Guarantee, all sums received by the Security Trustee or any Receiver by virtue of the Guarantee to be used in or towards payment of the Guaranteed Moneys shall be applied in order of priority commencing with the first Loan Agreement from time to time entered into by the Borrower and arranged by Folk2Folk, and continuing to apply such monies until the Secured Liabilities under each subsequent Loan Agreement from time to time entered into by the Borrower and arranged by Folk2Folk (if any) have been discharged.

14.5 If the Borrower or an Investor becomes aware of Potential Impairment, it shall notify Folk2Folk of such Potential Impairment. Folk2Folk is hereby authorised by each Investor

and each Borrower to take such action as Folk2Folk shall (in its absolute discretion) deem necessary in accordance with this Condition 14.

15 RANKING AND SHARED SECURITY

15.1 Each Investor expressly agrees and acknowledges that the Security Document(s) and / or Guarantee (as applicable) granted in connection with the Loan Agreement and associated Finance Documents to which it is a party (the "**Debt Documents**") will secure and/or guarantee (as applicable) all amounts outstanding under the Debt Documents and any future loan agreements arranged by Folk2Folk as agent and entered into by an Investor and the Borrower from time to time (the "**Debt**").

15.2 Each Investor expressly agrees and acknowledges that the Security Document(s) and / or Guarantee (as applicable) as defined in the Debt Documents may, from time to time, secure and/or guarantee (as applicable) all amounts outstanding under other such loan agreements from time to time arranged by Folk2Folk as agent and entered into by that Borrower. Prior to an Investor's entry into the Debt Documents, Folk2Folk shall confirm to that Investor in writing any such pre-existing arrangements between the Borrower and Folk2Folk.

15.3 Each Investor consents to the subsistence of any such loan agreement arranged by Folk2Folk as agent and entered into by that Borrower from time to time and any associated Finance Documents entered into prior to the date of the Debt Documents which are secured by the Security Documents and/or guaranteed by a Guarantee (the "**Senior Debt Documents**") and to all amounts outstanding under any such Senior Debt Documents (the "**Senior Debt**") and expressly agrees and acknowledges that the Debt Documents and the Debt shall be subordinated to, and rank after, the Senior Debt Documents and the Senior Debt.

15.4 Each Investor consents to the creation and subsistence of such loan agreement arranged by Folk2Folk as agent and entered into by that Borrower from time to time and any associated Finance Documents entered into following the date of the Debt Documents which are to be secured by the Security Documents and/or guaranteed by a Guarantee (the "**Junior Debt Documents**") and to all amounts outstanding under any such Junior Debt Documents (the "**Junior Debt**") and that such Junior Debt may be secured by way of the Security Document(s) and/or guaranteed by a Guarantee of which it is a beneficiary. Each Investor expressly agrees and acknowledges that the Junior Debt Documents and the Junior Debt shall be subordinated to, and rank after, the Debt Documents and the Debt.

16 USE OF THE PLATFORM

16.1 By its use of the Platform, the Borrower:

(a) agrees and acknowledges that each Borrower is permitted to download and print content from the Platform solely for its own personal use or in the course of its business to the extent required to use the services provided on the Platform. The content of the Platform must not be copied or reproduced, modified, redistributed, used or otherwise dealt with for any other reason without Folk2Folk's express written consent;

(b) agrees to use the Platform only for lawful purposes and in a way, which does not infringe the rights of anyone else or restrict or inhibit anyone else's use and enjoyment of the Platform;

(c) agrees not to use the Platform or any information accessible on or obtained from it for the purpose of canvassing or soliciting any person or enticing any person away from Folk2Folk;

(d) confirms that it has taken all reasonable precautions to ensure that any data it uploads or otherwise submits to the Platform is free from viruses and anything else which may have a contaminating or destructive effect on any part of the Platform or any other technology.

17 INTELLECTUAL PROPERTY RIGHTS

17.1 Subject to Condition 17.3 below, as between the Borrower and Folk2Folk, Folk2Folk own all present and future copyright, registered and unregistered trademarks, design rights, unregistered designs, database rights and all other present and future intellectual property rights and rights in the nature of intellectual property rights existing in or in relation to the Platform.

17.2 The Borrower shall retain ownership of all copyright in data it uploads or submits to the Platform. The Borrower grants Folk2Folk a world-wide exclusive, royalty-free, non-terminable licence to use, copy, distribute, publish and transmit such data in any manner or otherwise in accordance with Folk2Folk’s Privacy Policy.

17.3 Folk2Folk does not warrant or represent that the content of the Platform does not infringe the rights of any third party.

18 A BORROWER'S LIABILITY TO FOLK2FOLK

18.1 The Borrower shall be liable to Folk2Folk for any loss or damage suffered by Folk2Folk as a result of any breach of the Borrower Terms and Conditions as relates to Folk2Folk.

18.2 The Borrower agrees to indemnify Folk2Folk immediately on demand against any cost, loss or liability incurred by Folk2Folk as a result of its action or inaction.

19 FOLK2FOLK'S LIABILITY TO THE BORROWER

19.1 Folk2Folk shall not be liable to the Borrower for any loss or damage which the Borrower may suffer as a result of being a user of Folk2Folk or using the services provided via Folk2Folk, except where such loss or damage is as a result of the wilful default or fraud of Folk2Folk or its employees. Folk2Folk is not responsible for any breach of the Terms and Conditions arising from circumstances outside its reasonable control.

19.2 Nothing in the Terms and Conditions shall limit Folk2Folk's liability for personal injury or death, fraud nor for any other liability, the exclusion or limitation of which is not permitted by applicable law or regulation.

20 TERMINATING YOUR ASSOCIATION WITH FOLK2FOLK

20.1 **Borrower Termination**

(a) If a Borrower no longer wants to be a user of Folk2Folk and provided that such Borrower has no obligations in respect of a Loan, then the Borrower can advise Folk2Folk accordingly in writing.

(b) Folk2Folk may in its absolute discretion terminate funding discussions with the Borrower and restrict the Borrower’s use of the Platform at any time and for any reason, including but not limited to:

(i) the occurrence of an Event of Default that is continuing;

(ii) if Folk2Folk suspects that a Borrower has:

(A) committed a fraud, been involved in money laundering or other criminal activities (including but not limited to using the Platform to send, use or reuse any material that is illegal, offensive, abusive, indecent, defamatory, obscene or menacing; or is in breach of copyright, trademark, confidence, privacy or any other right; or is otherwise injurious to third parties; or objectionable; or which consists of or contains software viruses, political campaigning, commercial solicitation, chain letters, mass mailings or any "spam");

(B) used the Platform or any information accessible on or obtained from it for the purpose of canvassing or soliciting any person or enticing any person away from Folk2Folk;

(C) in any way caused, or is likely to cause, the Platform or access to it to be interrupted or damaged in any way; or

(D) used the Platform to cause annoyance, inconvenience, needless anxiety or in an attempt to increase the cost burden of providing the Platform.

21 RIGHT TO VARY THE TERMS AND CONDITIONS

Folk2Folk reserve the right to amend, vary, alter or replace the Terms and Conditions at any time to comply with law or to meet our changing business requirements by posting the updated version to the relevant page on the Platform. We may not always be able to give the Borrower advance notice of such updates or amendments but we will always post them on the Platform. The Borrower is expected to check this page from time to time to take notice of any changes we have made, as they are binding on the Borrower. Some of the provisions contained in the Terms and Conditions may also be superseded by provisions or notices published elsewhere on the Platform. By continuing to use the Platform, the Borrower agrees to be bound by the terms of such updates and amendments.

22 MISCELLANEOUS

22.1 Severability

22.2 Folk2Folk or the Security Trustee may, in whole or in part, release, compound, compromise, waive or postpone, in its absolute discretion, any liability owed to Folk2Folk or the Security Trustee or right granted to Folk2Folk or the Security Trustee in the Terms and Conditions without in any way prejudicing or affecting Folk2Folk or the Security Trustee's rights in respect of that or any other liability or right not so released, compounded, compromised, waived or postponed.

22.3 Folk2Folk or the Security Trustee may exercise any of its rights under the Terms and Conditions by itself or through any company or other legal entity which is under the control or ownership of it.

22.4 Folk2Folk or the Security Trustee may appoint in its absolute discretion to its legal panel or otherwise appoint any firm or firms of solicitors to carry out any legal work from time to time.

22.5 Continuing obligations

All disclaimers, indemnities and exclusions in the Terms and Conditions shall survive termination of the Loan Agreement.

22.6 Entire Agreement

The Terms and Conditions together with the Finance Documents set out the entire agreement between the Borrower and Folk2Folk with respect to the use of Folk2Folk, the

Platform and the services provided and supersede any and all representations, communications and prior agreements (written or oral) made by the Borrower or Folk2Folk.

23 SET-OFF

Folk2Folk, the Agent and / or the Security Trustee (as applicable) may set off any matured obligation due from a Borrower, guarantor or Third Party Provider under the Terms and Conditions and any Finance Documents (to the extent beneficially owned by that party) against any matured obligation owed by Folk2Folk, the Agent and / or the Security Trustee (as applicable) to that Borrower, guarantor or Third Party Provider, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, Folk2Folk, the Agent and / or the Security Trustee (as applicable) may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

24 MONIES ON ACCOUNT

24.1 Folk2Folk, the Agent and / or the Security Trustee (as applicable) may require (or the Borrower may request) that the Borrower make payments in advance in respect of future interest payments on a Loan or any fees and expenses incurred or to be incurred by or on behalf of Folk2Folk, the Agent and / or the Security Trustee (as applicable) ("**Monies on Account**").

24.2 Such Monies on Account may be paid into:

(a) the Debt Service Designated Account; or

(b) if agreed by the Borrower and Folk2Folk, to Folk2Folk to be placed in a designated client account,

and applied in payment of any interest due and payable on a Loan or any fees and expenses incurred or to be incurred by or on behalf of Folk2Folk, the Agent and / or the Security Trustee (as applicable).

25 APPROPRIATIONS

Notwithstanding any other term of the Terms and Conditions or any other term of any Finance Document, until all amounts which may be or become payable by a Borrower, guarantor or Third Party Provider under or in connection with the Terms and Conditions and any Finance Documents have been irrevocably paid in full, each of Folk2Folk, the Agent and / or the Security Trustee (as applicable) (or any trustee or agent on its behalf) may:

25.1 refrain from applying or enforcing any other moneys, security or rights held or received by Folk2Folk, the Agent and / or the Security Trustee (as applicable) (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Borrower, guarantor or Third Party Provider shall be entitled to the benefit of the same; and

25.2 hold in an interest-bearing suspense account any moneys received from any Borrower, guarantor or Third Party Provider or on account of any liability of a Borrower, guarantor or Third Party Provider.

26 NOTICES

26.1 Any communication to be made under or in connection with these Borrower Terms and Conditions and any Finance Documents shall be made in writing and, unless otherwise stated, shall be made by via the Platform, by letter or by e-mail.

26.2 The address (and the department or officer, if any, for whose attention the communication is to be made) of the Borrower for any communication or document to be made or delivered under or in connection with the Finance Documents (other than via the Platform) will be the address notified to Folk2Folk during the registration process or any substitute address or department or officer as the Borrower may notify to Folk2Folk by not less than five Business Days' notice.

26.3 The address (and the department or officer, if any, for whose attention the communication is to be made) of Folk2Folk for any communication or document to be made or delivered under or in connection with these Borrower Terms and Conditions and any Finance Documents (other than via the Platform) will be Number One Business Centre, Western Road, Launceston, Cornwall, PL15 7FJ or any substitute address or department or officer as Folk2Folk may publish on the Platform from time to time.

26.4 Any communication or document made or delivered by one person to another under or in connection with these Borrower Terms and Conditions and any Finance Documents will only be effective:

(a) if via the Platform, when published on the Platform; or

(b) if by way of letter, when it has been left at the relevant address or two Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address.

26.5 Any communication or document to be made or delivered to the Agent, Folk2Folk or the Security Trustee will be effective only when actually received by the Agent, Folk2Folk or the Security Trustee.

26.6 Any communication or document which becomes effective, in accordance with this Condition 26, after 5:00 p.m. in the place of receipt shall be deemed only to become effective on the following Business Day.

26.7 Promptly upon changing its address or email address, the Borrower shall notify Folk2Folk.

26.8 Any communication given under or in connection with the Borrower Terms and Conditions and any Finance Document must be in English.

27 CALCULATIONS AND CERTIFICATES

27.1 Any certification or determination by Folk2Folk of a rate or amount under the Terms and Conditions or any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

27.2 Any interest under the Terms and Conditions or any Finance Document is calculated in advance on an annual basis and a year of 360 days and charged in 12 equal monthly instalments payable in arrears.

27.3 The final interest payment is calculated by Folk2Folk (using the loan management system in place from time to time) and a certificate provided by Folk2Folk stating such amount due as determined by Folk2Folk shall be, in the absence of manifest error, conclusive.

28 PARTIAL INVALIDITY

If, at any time, any provision of the Terms and Conditions or any Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

29 REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any of Folk2Folk, the Agent or the Security Trustee, any right or remedy under the Terms and Conditions or any Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm the Terms and Conditions or any Finance Document. No election to affirm the Terms and Conditions or any Finance Document on the part of any Folk2Folk, the Agent or the Security Trustee shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in the Terms and Conditions or any Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

30 CONFIDENTIALITY AND PRIVACY POLICY

30.1 The Borrower acknowledges that the Confidential Information is confidential and is received by the Borrower under a duty of confidentiality to Folk2Folk and that Folk2Folk agrees to:

(a) keep confidential all Confidential Information;

(b) not to disclose any Confidential Information to any person; and

(c) only use the Confidential Information for the purpose of properly evaluating the opportunity described therein with professional advisors.

30.2 The agreements and undertakings contained in Condition 30.1 shall not apply to Confidential Information:

(a) which, at the date of its disclosure to Folk2Folk, is already public knowledge, or which subsequently becomes public knowledge other than as a result (direct or indirect) of a disclosure in breach of the Terms and Conditions; or

(b) is identified in writing at the time of delivery as non-confidential by the Borrower (or if relevant) any member of the Borrower's group or any of its advisers; or

(c) to the extent that disclosure is required by any application law or order of a court of competent jurisdiction or by any supervisory or regulatory body.

30.3 The Borrower agrees that any and all personal information it provides to Folk2Folk via the Platform may be collected, stored, processed and used in accordance with Folk2Folk's current Privacy Policy.

31 STANDBY SERVICER

31.1 If there is Platform failure or Folk2Folk and / or the Security Trustee (a) becomes insolvent, (b) is unable to provide loan administration services or security trustee functions or (c) ceases trading or threaten to cease trading, it will transfer such services or functions to the Standby Servicer. Folk2Folk reserves the right to use the Standby Servicer prior to these events occurring where it believes such action is in the best interests of the Participants.

31.2 If the Standby Servicer does commence Wind Down Services, there may be interruption to or degradation in the services received. For example, there may be limits on the availability and functionality of the Platform generally. The Standby Servicer will continue to operate Folk2Folk’s client accounts or put in place equivalent arrangements such that Investor funds are held separately from the Standby Servicer’s own funds.

31.3 The Standby Servicer may charge a fee for supply of the Wind Down Services.

31.4 If the Standby Servicer is engaged it will be able to benefit from the Terms and Conditions, the Finance Documents and any Loan Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce Folk2Folk's and the Security Trustee's rights for the purpose of supplying the Wind Down Services.

31.5 Folk2Folk may change the Standby Servicer or the Wind Down Service arrangements at any time without notice.

32 COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of that Finance Document.

33 GOVERNING LAW AND ENFORCEMENT

33.1 Governing law

The Terms and Conditions and / or each Loan Agreement and any non-contractual obligations arising out of or in connection with them are governed and construed in accordance with English law. In the event of any matter or dispute arising out of or in connection with the Terms and Conditions and / or any Loan Agreement, each Participant, Folk2Folk and the Security Trustee shall submit to the non-exclusive jurisdiction of the English courts.

33.2 Enforcement

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the Terms and Conditions or a Loan Agreement (including a dispute regarding the existence, validity or termination of the Terms and Conditions or a Loan Agreement) or any non-contractual obligation arising out of or in connection with it (a "**Dispute**").

(b) Each Participant, Folk2Folk, the Agent and the Security Trustee, together with each party to the Terms and Conditions or a Loan Agreement agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly none of each Participant, Folk2Folk, the Agent and the Security Trustee, together with each party to the Terms and Conditions or a Loan Agreement party to the Loan Agreement will argue to the contrary.

(c) This Condition 33.2 is for the benefit of each of Folk2Folk, the Agent and the Security Trustee for and on behalf of the Investor(s) and each Investor only. As a result, Folk2Folk, the Agent and or the Security Trustee (as applicable) for and on behalf of the Investor(s) shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed

by law, Folk2Folk, the Agent and or the Security Trustee (as applicable) for and on behalf of the Investor(s) may take concurrent proceedings in any number of jurisdictions.

34 CONTACTING FOLK2FOLK

34.1 Should the Borrower have any questions about the Borrower Terms and Conditions, or wish to contact Folk2Folk for any reason whatsoever, please contact Folk2Folk via the Platform or call 01566 773296, or write to Folk2Folk Ltd, Number One Business Centre, Western Road, Launceston, Cornwall PL15 7FJ.

34.2 If you wish to make a complaint please refer to our Complaints Procedure at http://www.folk2folk.com/complaints-procedure or email us at complaints@folk2folk.com, or call 01566 773296, or write to Complaints, Folk2Folk Ltd, Number One Business Centre, Western Road, Launceston, Cornwall PL15 7FJ.

Schedule 1 - CONDITIONS PRECEDENT

Part A - CONDITIONS PRECEDENT TO THE LOAN AGREEMENT COMPLETION DATE

1 A copy of the Offer Letter duly executed by the Borrower and accepted by Folk2Folk.

2 If applicable, a copy of the Declaration for Exemption relating to Businesses (in a form acceptable to Folk2Folk).

3 A countersigned copy of the Non-Refundable Costs confirmation (in a form acceptable to Folk2Folk).

4 Satisfactory completion of all necessary due diligence in relation to the Borrower and the Property.

5 Sight and satisfaction with the reports on title in respect of the Property.

6 Any conditions precedent identified in the Offer Letter.

7 Any other authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Borrower accordingly).

Part B - CONDITIONS PRECEDENT TO DRAWING

1 The Security Documents as identified in the Offer Letter executed by the Borrower or Third Party Provider (as applicable).

2 The original of any Guarantee to be provided executed by the relevant Third Party Provider (to the extent applicable).

3 Any other authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Borrower accordingly).