

## Summary of updates to our General Terms & Conditions. (last updated 19/09/17)

In the usual way these amendments will affect all existing and future Borrowers and Lenders.

Note: this is not a list of all changes, but a summary of key changes. We encourage you to please read our updated Terms & Conditions to understand the full changes. Throughout we have sought to clarify clauses and terminology and be more specific.

Principle	New position	Clause
<b>Definitions Updates</b>		
<b>Cease Funding Notice</b>	The defined term is no longer required, so definition deleted.	Definitions pg 3
<b>Early Termination Fee</b>	Was limited to the Lender Interest in lieu. Now can include Folk2Folk's costs for the additional work undertaken	Definitions pg 3
<b>Group Company</b>	New definition required as there are restrictions on staff directors of Folk2Folk and group companies.	Definitions pg 3
<b>Home Definition</b>	More detail has been added, defining to when a dwelling will be classed as a Home	Definitions pg 3
<b>Initial Arrangement Fee</b>	Now we have more products (and the Initial Arrangement Fee now varies depending on the product) the Borrower is directed to their Offer Letter for their Initial Arrangement Fee	Definitions pg 4
<b>Late Payment Fee</b>	Now the amount payable is within the definition it was within the body of the General Terms & Conditions (the amount has not changed)	Definitions pg 4
<b>Lender</b>	The Definition now includes a requirement to be approved by Folk2Folk	Definitions pg 4
<b>Lender Withdrawal Notice</b>	These provisions have now been moved to Easy In / Easy Out Appendix. These were in the body of the General Terms & Conditions.	Definitions pg 5
<b>Loan Pool</b>	We have removed reference to Easy In / Easy Out as the Loan Pool is relevant to all our Loans	Definitions pg 5
<b>Loan Agreement Completion Date</b>	The General Terms & Conditions now sign post the Participants to the definition in Loan Agreement	Definitions pg 5
<b>Substitution Fee</b>	Definition moved into Definition Table from the body of the General Terms & Conditions	Definitions pg 7
<b>Transfer Date</b>	New Definition required for the transfer of loans through MarketPlace and otherwise (such as Substitutions)	Definitions pg 7
<b>IFISA</b>		
<b>New product</b>	New definition of IFISA.	Definitions pg 4

## Changes made to FOLK2FOLK Terms & Conditions

<b>Folk2Folk will administer the ISA</b>	New Clause confirming Folk2Folk will administer the ISA	New Clause 4.5.6
<b>New Provisions</b>	New Clause containing the terms and conditions of use of the Folk2Folk IFISA. For a full product description please see the website.	New Clause 13 Appendix 3
<b>MarketPlace</b>		
<b>Existing Lender</b>	New definition required to identify the selling lender on the new MarketPlace	Definitions pg 3
<b>New Lender</b>	A new definition required to identify a lender buying/bought a loan on MarketPlace	Definitions pg 5
<b>Par Value</b>	New definition required sale price of loans on the new MarketPlace	Definitions pg 5
<b>Minimum Amount</b>	A new definition required for new MarketPlace, determining the minimum amount a Loan can be divided into	Definitions pg 5
<b>Subscription Amount</b>	New term required for MarketPlace	Definitions pg 6
<b>Tranche</b>	New Term required for MarketPlace	Definitions pg 7
<b>Transfer Certificate</b>	New Definition required for the transfer of loans through MarketPlace and otherwise (such as Substitutions)	Definitions pg 7
<b>Valid Bid</b>	New Definition required for the transfer of loans through MarketPlace	Definitions pg 7
<b>New Provisions</b>	New Clause containing the terms and conditions of use of MarketPlace. For a full description please see the website.	New Clause 19
<b>Easy In / Easy Out Loans</b>		
<b>Terms now in Appendix</b>	Now the terms specific to Easy In / Easy Out are in Appendix 4. Previously the terms were throughout the General Terms & Conditions.	Clause 6, Clause 6.2.2, Clause 7, Clause 15.1.2 (d) Appendix 4
<b>Fixed Term Loan</b>		
<b>Terms now in Appendix</b>	Now the terms specific to Fixed Term Loans are in Appendix 5. Previously the terms were throughout the General Terms & Conditions.	Definitions pg 3 Clause 6, Appendix 5
<b>Rolling Loan</b>		
<b>New Product</b>	This new product is now referred to in clause 6 and Appendix 7	Definitions pg 6 Clause 6, and Appendix 6

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Fixed 1 or 2 Year Loan		
<b>New Product</b>	This new product is now referred to in clause 6 and Appendix 8	Definitions pg 3 Clause 6, and Appendix 8
Fixed 3, 4 or 5 Year Loan		
<b>New Product</b>	This new product is now referred to in clause 6 and Appendix 9	Definitions pg 3 Clause 6, and Appendix 9
Pre- Auction Loans		
<b>Definition</b>	Definition Removed, as Pre-Auction Loans are no longer available	Definitions pg 6
<b>Description</b>	Clause Removed, as Pre-Auction Loans are no longer available	Clause 6.2.4, clause 7.3 – 4 Clause 15.1.3 Clause 23.2.10
Transfer of Loans		
<b>Process of transferring loans</b>	For clarity the terms of any transfer of an interest in a Loan is now within the General Terms & Condition. This will cover Substitutions, Connected Substitutions and sales on MarketPlace	Clause 20.
Prepayment / Redemption		
<b>The terms of prepayment and redemption.</b>	These terms have now been moved to the Appendices for each of the products. There are no changes to the terms and conditions.	
<b>Consequences of non-payment on the Scheduled Repayment Date</b>	To create transparency, we have specified the consequences of non-repayment on the Scheduled Repayment Date, being that there will be a fee of £250 plus VAT, the Reduced Interest Rate will cease to apply and the Standard Interest Rate will apply, and if the full Outstanding Amount is not repaid within 60 days of the Scheduled Repayment Date the Loan will become Impaired and enforcement proceedings will be initiated. For the avoidance of doubt, non-payment was always a breach of the loan terms and conditions, however previously each case was considered on a case-by-case basis	Clause 21.2
Minimum Lending Amount		
<b>Minimum amount reduced</b>	Now £20,000	Clause 4.3.6
Green Lights		

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<b>Folk2Folk undertakes an approval process, for its own benefit.</b>	We have removed the clauses. The description of our internal 'green light' approval processes was too lengthy and unnecessary within the General Terms & Conditions	Definition of IBC removed. Clause 4.3.8, 4.3.9, Clause 8, Clause 9, Clause 10, Clause 11.
<b>Green Light Lending</b>		
<b>Automatic Lending</b>	This was a process by which a Lender could be put into the next available loan. Currently green light lending is unavailable, and so all references deleted.	Clause 10
<b>Payments</b>		
<b>Standing Order</b>	Express reference to Folk2Folk's use of Standing Orders has been inserted	Clause 6.2.1
<b>Interest payments</b>	Standing Order will be used by Borrowers to pay their Interest to Folk2Folk. Previously it indicated that Direct Debits would be used.	Clause 16.6
<b>Interest Rate</b>	The Interest Rate will now be 4% above the Reduced Interest Rate for all new loans. This will not apply retrospectively.	Offer Letter
<b>Credit References</b>		
<b>Credit reference agencies expanded</b>	The named agencies are extended to include Call Credit and others.	Clause 4
<b>Payments</b>	Inserted confirmation that identity and fraud checks will be carried out on third parties.	Clause 28.1
<b>Credit and Regulatory Checks</b>	Previously checks were limited to Anti-Money Laundering and Credit. We have expanded these checks to include all checks required/advised for compliance with current regulations. For example, will include PEP (politically exposed persons) checks.	Clause 28.2
<b>Lenders Fees</b>		
<b>New Appendix</b>	The Fees are still noted throughout the General Terms & Conditions but are now also consolidated in a new Appendix	Appendix 2
<b>Other</b>		
<b>Removal of Folk2Folk Guide</b>	We no longer have a Folk2Folk Guide so all references have been removed.	Clause 2
<b>Becoming a Borrower</b>	It is not possible for an ISA to be a Borrower, so reference removed	Clause 4.2
<b>Becoming a Lender</b>	Moved the use of "business address" to more suitable clause	Clause 4.3
	The terminology used for the regulatory restrictions on Lenders with FCA authorisation using Folk2Folk's	Clause 4.3.3-4.3.5

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	platform was outdated. The wording has been updated accordingly.	
<b>Examples of the Loan types</b>	The description of what loan monies are invested in/used for has been deleted. This was more of a product description, and not required in the General Terms & Conditions	Clause 6.3
<b>Connected Substitutes</b>	Clarified terms of Connected Substitute, as we understood that our clients felt that the clauses referring to Connected Substitutes could be made clearer	Definitions pg 3 Clause 15
<b>Interest</b>	We have made it clearer that whilst monies are held in Panel Firm of Solicitors client account OR Folk2Folk's client account, no interest will accrue	Clause 16
<b>Costs in enforcement action</b>	Clarified clause 17.4, as we understood that our clients felt that the clauses referring to Folk2Folk's costs in any enforcement action could be made clearer	Clause 17.4
<b>Document delivery</b>	For consistency any communication received by Folk2Folk or any Participant shall only be deemed to be delivered 2 days after posting OR the date it has been delivered to the address.	Clause 25.5
<b>Abortive Costs</b>	The Abortive Costs will now be the legal costs PLUS Folk2Folk Costs. Folk2Folk's costs shall be the greater of £1500 and 1% of the Loan Amount.	Appendix 1 Definitions pg 5
<b>Loan Summary/Lender Portal Information Summary</b>	Expansion and clarification of information about Borrower, loan and property.	Appendix 4