

# Loan Conditions

Local Authority Security (P2P Loan)

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## **1. BACKGROUND**

These are the Loan Conditions of the Local Authority Security (P2P Loan) for local authorities, as defined in the Abundance Terms and Conditions and referred to in the Key Terms.

## **2. DEFINITIONS AND INTERPRETATION**

2.1 Subject to clause 3.7, the definitions and rules of interpretation set out in clause 24 shall apply to these Loan Conditions.

2.2 Where not defined in clause 24 of these Loan Conditions, capitalised terms shall have the meaning given to them in the Abundance Terms and Conditions.

## **3. MAKING LOANS**

3.1 In accordance with the Abundance Terms and Conditions, a Borrower may (with the agreement of Abundance) post Loan Opportunities to the Abundance website. Each Loan Opportunity shall specify the Key Terms which are applicable to any Loan together with any information which the Borrower considers relevant in relation to the Loan Opportunity.

3.2 Lenders may Pledge via the Abundance website to lend such amounts as they specify in response to a Loan Opportunity, provided that the relevant amount complies with any requirement of Abundance or the Key Terms as to maximum, minimum or denomination.

3.3 Pledges may be accepted by the Borrower (or may be deemed to have been accepted) electronically on the Abundance website in accordance with the Abundance Terms and Conditions. Pledges may only be accepted (and Loan Contracts entered into) for an amount not exceeding any Maximum Borrowing Amount.

3.4 If sufficient Pledges of amounts equal to or exceeding the Minimum Borrowing Amount are not received on or before the Offer Close Date specified in the Key Terms, the Loan Opportunity will not proceed and no Loans will be made in relation to that Loan Opportunity.

3.5 Where a Pledge has been accepted in accordance clause 3.3, a binding Loan Contract shall come into existence (subject only to rights of cancellation referred to in the Abundance Terms and Conditions) between the Borrower and each Lender whose Pledge has been accepted.

3.6 Each Loan Contract shall be a bilateral contract made electronically and on a several basis between each Lender and the Borrower and shall consist of:

3.6.1 the Key Terms;

3.6.2 these Loan Conditions;

3.6.3 the Pledge of the Lender; and

3.6.4 the Abundance Terms and Conditions.

- 3.7 In relation to a Loan Contract, if there is any inconsistency between any of the documents referred to in clauses 3.6.1-3.6.4 inclusive, they shall follow the same order of precedence as is set out in those sub- clauses.

#### **4. LENDERS**

- 4.1 All Lenders must be Members in accordance with the Abundance Terms and Conditions. No Lender may be a Restricted Person. Where a Lender is a Restricted Person, Abundance may take such steps as it considers necessary to cancel any Pledge of such person and/or to repay any Loan.
- 4.2 The personal representatives and executors of a deceased Lender shall be the only persons recognised by the Borrower and Abundance as having any title to, or interest in, that Loan on the death of such Lender but will only be so recognised subject to their becoming Members in accordance with the Abundance Terms and Conditions.
- 4.3 Any person becoming entitled to a Loan in consequence of the death, sequestration, incapacity or bankruptcy of any Lender or otherwise by operation of law, may (upon producing such evidence that he is so entitled as Abundance may reasonably require) be registered himself as the Lender, subject to his becoming a Member of Abundance in accordance with the Abundance Terms and Conditions.

#### **5. LOAN CONTRACTS**

- 5.1 Under each Loan Contract, the Lender agrees to make a Loan to the Borrower on the terms set out in clause 3.6.
- 5.2 The obligations of each Lender under a Loan Contract shall be several. Failure by a Lender to perform its obligations under a Loan Contract does not affect the obligations of any other Lender or the Borrower. No Lender is responsible for the obligations of any other Lender.
- 5.3 Abundance shall not be a party to any Loan Contract as Lender or Borrower but shall act as agent for the Lenders and have such other rights and obligations in relation to Loan Contracts as are set out in these Loan Conditions and the Abundance Terms and Conditions.
- 5.4 All Loans shall constitute direct, unconditional and unsecured obligations of the Borrower and shall rank *pari passu*, equally and rateably without discrimination or preference with all other outstanding unsecured and unsubordinated obligations of the Borrower and without any preference among themselves (except for any generally applicable obligations mandatorily preferred by law).
- 5.5 No references in these Loan Conditions to the Loans as being unsecured shall:
- 5.5.1 in the case of a Borrower that is a local authority established under the laws of England and Wales, alter the effect of section 13 of the Local Government Act 2003, which operates so that all monies owed by the Borrower in respect of the Loans (including any interest on the Loans) shall be charged indifferently on all the revenues of the Borrower; or
- 5.5.2 in the case of a Borrower that is a local authority established under the laws of Scotland, alter the effect of regulation 7 of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, which provides,

without limitation, that all money borrowed by any such local authority (whether before or after the coming into force of such Regulations), together with any interest on the money borrowed, must be secured on all the revenues of the authority and may not be secured in any other way.

## **6. CONDITIONS PRECEDENT**

- 6.1 A Loan Opportunity shall not open until Abundance has completed its credit risk assessment and other vetting requirements of Abundance and Abundance has approved the Key Terms.
- 6.2 The Lender's obligation to make a Loan is subject to the conditions precedent that:
- 6.2.1 no Event of Default is continuing or would result from the proposed Loan or disbursement of funds to the Borrower in respect of it; and
- 6.2.2 all of the Repeating Representations are true and correct in all material respects and will be true and correct in all material respects after each Lender has made their Loan.

## **7. REPAYMENT OF CAPITAL**

- 7.1 Subject to clauses 7.2 and 7.3, each Loan must be repaid in full on its Maturity Date together with accrued but unpaid Interest.
- 7.2 Where a Loan is specified in the Key Terms as having a Capital repayment structure of **"Lump Sum on Maturity"**, the Borrower shall (subject to clause 18) repay all Capital in full on the Maturity Date, together with all accrued but unpaid Interest and any and all other amounts due and outstanding under the Loan.
- 7.3 Where a Loan is specified in the Key Terms as having a Capital repayment structure of **"Regular Instalments"**, the Borrower shall (subject to clause 18) on each Payment Date, excluding the Payment Date following the end of the Initial Interest Period, repay the Loan in such 6-monthly or other instalments as are specified in the payment schedule on the Abundance website and shall pay the balance of any Capital outstanding together with accrued but unpaid Interest on the Maturity Date.
- 7.4 The Key Terms may specify some other basis for repayment of Capital and in the event that they do so, they shall take precedence over these Loan Conditions.

## **8. EARLY REPAYMENT**

- 8.1 Where the Key Terms specify that Early Repayment applies to a Loan, the Borrower may repay all (but not some) Loans by giving not less than 30 Business Days' (or such other period as is specified in the Key Terms) notice to Abundance of its intention to repay.
- 8.2 Where a Loan is repaid early, the Borrower must pay:
- 8.2.1 the entire Capital of each Loan;
- 8.2.2 Interest up to and including the next Payment Date; and
- 8.2.3 the Early Repayment Fee.

## **9. INTEREST**

- 9.1 The Loans shall bear and accrue Interest at the Interest Rate (i) on the Total Loan Amount from the start of and for the Initial Interest Period; and (ii) on the Capital (if less than the Total Loan Amount but otherwise on the Total Loan Amount) in respect of each Interest Period thereafter up to and including the Maturity Date.
- 9.2 The Borrower shall pay Interest on the final day of each Interest Period, including the Initial Interest Period, and on the Maturity Date (each such date being a Payment Date). Excluding the Initial Interest amount, the Interest amounts and Payment Dates are specified in the payment schedule on the Abundance website.
- 9.3 During the Initial Interest Period, or an Interest Period which is not 6-months in length, interest shall be calculated and accrue on a daily and simple basis and on the basis of the actual number of days elapsed in the relevant period and a 365-day year.
- 9.4 During an Interest Period which is 6-months in length, Abundance will calculate the Interest for the relevant Interest Period based on half of the Interest that it calculates would be due over a full year.
- 9.5 A Lender may elect (prior to any Interest Payment Date) for Interest accrued during that Interest Period in respect of their Loan to be waived by giving notice to Abundance in writing.

## **10. DEFAULT INTEREST**

- 10.1 In the event that the Borrower fails to make any payment of Capital, Interest or any other amount due under a Loan on the date on which such Capital, Interest or other payment is due and payable, then subject to applicable law, Default Interest shall accrue on such unpaid amount from (and including) the due date for such amount until (but excluding) the date of actual payment (both before and after judgment) at a rate which is 3 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, attracted Interest at the Interest Rate.
- 10.2 Default Interest shall accrue on a daily basis and simple basis and on the basis of the actual number of days elapsed in the relevant period and a 365-day year, and shall be compounded with the overdue amount at the end of each Interest Period.

## **11. FEES COSTS AND EXPENSES**

- 11.1 The Borrower shall pay to Abundance a Set Up Fee of such percentage of the Total Loan Amount as is stated in the Key Terms. The Set Up Fee shall be deducted by Abundance from the funds disbursed to the Borrower under the Loan Contract.
- 11.2 The Borrower shall pay ongoing Administration Fees of such percentage of the outstanding Total Loan Amount as is stated in the Key Terms at the same time as it makes payment to the Lenders under any Loans, or if the Borrower has more than one loan outstanding through the Abundance platform, on another time schedule agreed with Abundance.

## **12. ASSIGNMENT AND TRANSFER**

- 12.1 Loans (or parts of them in such minimum amounts as shall be specified from time to time by Abundance) shall be transferable using the Marketplace or otherwise as set out in clauses 15, 16, 17 and 21 of the Abundance Terms and Conditions.
- 12.2 Where a Lender ("**Existing Lender**") and a person who wishes to buy all or part of a Loan ("**New Lender**") agree to transfer all or part of a Loan, they shall execute a Transfer Certificate. A Transfer Certificate will be entered into by electronic means in accordance with the Abundance Terms and Conditions.
- 12.3 When Abundance also executes the Transfer Certificate, the transfer will take effect by novation with the effect that from the date that Abundance executes the Transfer Certificate (the **Transfer Date**):
- 12.3.1 the Borrower and the Existing Lender shall be released from their obligations toward one another in respect of the Loan (or part of it being transferred where less than the full amount of the Loan is being transferred) and their respective rights and obligations shall be discharged;
- 12.3.2 the Borrower and the New Lender shall assume obligations towards one another and/or acquire rights against one another on identical terms to those discharged under clause 12.3.1 and the New Lender shall from transfer be the Lender in respect of the Loan or part of it being transferred.
- 12.4 The terms of the Loan Contract (or part of it being transferred) shall apply to the Loan (or part of it being transferred) as if the New Lender had been an original Lender.
- 12.5 The Borrower consents to any such transfer and confirms that it is not required to sign or otherwise execute, or receive a copy of, any Transfer Certificate for it to be effective.
- 12.6 The Borrower may not transfer any of its rights and obligations under the Loan Contracts other than as provided in this clause 12.
- 12.7 For the avoidance of doubt, where a Transfer Certificate has been executed by the Existing Lender, the New Lender and Abundance in accordance with this clause 12, from (and including) the Transfer Date, all payments of Capital and/or Interest shall accrue for the benefit of (and be payable to) the New Lender.

## **13. BACK-UP SERVICE PROVIDER**

- 13.1 The obligations of the Borrower under any Loan Contract shall not be affected if, for any reason:
- 13.1.1 a Back-up Service Provider is appointed;
- 13.1.2 Abundance ceases to administer the Local Authority [Security] (P2P Loan) and it is not administered by any Back-up Service Provider (as defined in the Abundance Terms and Conditions);
- 13.1.3 Abundance ceases to act as agent for the Lenders in accordance with these Loan Conditions and/or the Abundance Terms and Conditions without appointing a substitute; or

- 13.1.4 there is any other material change to the nature of the services provided by Abundance.
- 13.2 If there is any such event as is referred to in clause 13.1, the Borrower shall:
- 13.2.1 co-operate with any Back-up Service Provider; and/or
- 13.2.2 make such other arrangements as are reasonably necessary to ensure that payments of Capital or Interest (and any other payments) continue to be made to Lenders;
- and each Lender agrees that sufficient information including payment and bank account details may be disclosed to the Back-up Service Provider and/or the Borrower and/or such other person as the Borrower may delegate to ensure continued payment of Capital and Interest.

#### **14. REPRESENTATIONS OF THE BORROWER**

The Borrower makes each of the representations and warranties set out in Schedule 1 (*Representations and Warranties*) of these Loan Conditions on the days and at the times stipulated in Schedule 1.

#### **15. UNDERTAKINGS OF THE BORROWER**

So long as any Loan is outstanding, the Borrower agrees to comply with each of the undertakings given by it that are set out in Schedule 2 (*Positive Undertakings*) of these Loan Conditions.

#### **16. USE OF PROCEEDS**

- 16.1 The Borrower may only use the proceeds raised from the Loans:
- 16.1.1 for application towards the Use of Funds;
- 16.1.2 to pay the costs and expenses (including, without limitation, any Set Up Fee and legal fees) incurred by the Borrower in connection with the negotiation, preparation and entry into the relevant Loan Contract and/or the Loan Opportunity; and/or
- 16.1.3 for such other purpose as Abundance may in its absolute discretion agree.
- 16.2 Abundance (acting on behalf of the Lenders) may, as it considers appropriate monitor the Use of Funds. The Borrower shall provide such information in relation to the Use of Funds as Abundance shall reasonably require.

#### **17. APPLICATION OF PROCEEDS**

##### **17.1 Payments**

- 17.1.1 Subject to clause 17.1.2, any payments required to be made by the Borrower in respect of a Loan, including payments of Interest and Capital repayment, shall be made not later than 10:00 a.m. (London time) on the relevant date required for payment (the **Payment Date**) and on such Payment Date, the Borrower shall transfer or cause to be transferred such an amount in respect



of the payment to the Cash Account or other account directed by Abundance as agent for the Borrowers.

- 17.1.2 If there is an administrative or technical error or Disruption Event which prevents the Borrower from meeting its obligation to make payments under a Loan Contract within the time set out in clause 17.1.1, the Borrower will make that payment as soon as reasonably practicable but, in any event, no later than by close of business (in London) on the date falling five (5) Business Days from (and excluding) the Payment Date.
- 17.1.3 Any amounts payable under clause 17.1.1 or clause 17.1.2 shall be transferred by the Borrower or on behalf of the Borrower to the above-mentioned account or accounts unconditionally by credit transfer and in immediately available, freely transferable, cleared funds. All such amounts shall be made without set-off, counterclaim, deduction or withholding, unless otherwise required by law.
- 17.1.4 Subject to clause 17.2, any amounts payable by the Borrower to Lenders under the terms of the Loans shall be apportioned by Abundance into the relevant pro rata proportions.
- 17.1.5 If the Borrower is required by applicable law to make any withholding or deduction in relation to any amount payable under this clause 17.1, it shall be entitled to make such deduction or withholding and account to the relevant authority in respect of the amount withheld or deducted. The Borrower shall not be required to increase or gross-up any amount payable to the Lenders under these Loan Conditions as a result of any such deduction or withholding.
- 17.1.6 Each Lender acknowledges that if any payment made by the Borrower is less than the total amount due, Abundance will apportion the sum received between Lenders in the proportion that the amount of each Lender's Loan bears to the Total Loan Amount.
- 17.1.7 If any Payment Date is not a Business Day, payment shall be made on the following Business Day.

## 17.2 **Application**

Abundance shall apply any and all sums (including the proceeds of any Enforcement Action) received or recovered at any time towards satisfying the obligations of the Borrower under any Loans in the following order:

- 17.2.1 **firstly**, in or towards payment of any unpaid fees, costs and expenses of Abundance or any Delegate appointed by it (with the exception of sums which are clearly identifiable as Default Interest which shall be paid in full to Lenders);
- 17.2.2 **secondly**, for the account of the Lenders, for application in or towards payment of sums due to them, which shall be allocated in respective pro rata proportions to the Lenders in accordance with the following order of priority:
  - (a) to pay any due but unpaid repayments of Capital; and

(b) then to pay any due but unpaid payments of Interest;

17.2.3 **thirdly**, in or towards payment pro rata of any other sum due but unpaid under the Loans.

## **18. EVENTS OF DEFAULT**

18.1 Each of the events or circumstances set out in this clause 18.1 is an Event of Default:

18.1.1 any failure by the Borrower to pay in full any amount payable under a Loan Contract on its due date or, if a failure to pay is caused by an administrative or technical error or a Disruption Event, within 5 Business Days of the Payment Date in accordance with clause 17.1.2 of these Loan Conditions; or

18.1.2 the Borrower fails to perform or comply with any of its material obligations under a Loan Contract (other than the obligations specified in clause 18.1.1), except where such failure is capable of remedy, and is remedied within 10 Business Days of the earlier of (a) written notice being given by Abundance as agent for the Lenders requiring remedy of such failure; or (b) the date that the Borrower has become aware of such failure; or

18.1.3 any material representation, warranty or statement made or deemed to have been made by the Borrower in these Loan Conditions or in relation to a Loan is or proves to have been incorrect or misleading in any material respect when made or deemed to have been made, unless and to the extent the underlying event or circumstance is remedied within 20 Business Days of the earlier of (a) the date of a written notice from Abundance as agent for the Lenders requiring remedy of such failure; or, (b) the date that the Borrower has become aware of such failure; or

18.1.4 where cross default is specified in the Key Terms:

(a) any present or future indebtedness of the Borrower for or in respect of monies borrowed or raised (other than under a Loan Contract) becomes due and payable prior to its stated maturity by reason of any actual or potential default or event of default (howsoever described); or

(b) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or

(c) the Borrower fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any monies borrowed or raised,

provided that no Event of Default will occur or subsist under this clause 18.1.4 if the aggregate amount of relevant indebtedness, guarantees or indemnities in respect of which an event or events falling within paragraphs (a) to (c) above is less than such sum as is specified in the Key Terms or its equivalent in any other currency or currencies (as reasonably determined by Abundance as agent for the Lenders);

18.1.5 the Borrower suspends, threatens to suspend or stops payment of, or is unable to or admits inability to pay, its debts (or any class of its debts) as they

fall due or is deemed unable to pay its debts for the purposes of any applicable law; or

- 18.1.6 any civil action, legal proceedings or other procedure or step is taken in any jurisdiction in relation to the appointment of a receiver, trustee in bankruptcy, judicial factor or other similar officer in any jurisdiction in respect of the Borrower which has or would have a Material Adverse Effect (including, but not limited to, the appointment of a receiver in respect of Capital or interest due in respect of any borrowing by the Borrower under section 13(5) of the Local Government Act 2003); or
- 18.1.7 any order is made by any competent court of any jurisdiction for the dissolution of the Borrower (other than (i) any statutory reorganisation, or (ii) any reorganisation previously approved in writing by Abundance as agent for the Lenders); or
- 18.1.8 the Borrower initiates or consents to judicial proceedings relating to itself under any applicable bankruptcy, sequestration, insolvency, composition, reorganisation or other similar laws in any jurisdiction (including the obtaining of a moratorium), except for the purposes of (i) any statutory reorganisation or (ii) any reorganisation previously approved in writing by Abundance as agent for the Lenders; or
- 18.1.9 the Borrower makes a conveyance, assignation or assignment for the benefit of, or enters into any composition or arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), except for the purposes of (i) any statutory reorganisation or (ii) any reorganisation previously approved in writing by Abundance as agent for the Lenders; or
- 18.1.10
  - (a) it is or becomes unlawful for the Borrower to perform or comply with any of its material obligations in respect of the Loans; or
  - (b) any material obligation of the Borrower in respect of the Loans is not or ceases to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders; or
- 18.1.11 the authority or ability of the Borrower to conduct its activities is limited or wholly or substantially curtailed by any seizure, expropriation, intervention, restriction, recommendation, supervisory action, sanction, order or other action by or on behalf of any governmental, quasi-governmental, statutory, regulatory or other authority or other person in any jurisdiction in relation to the Borrower or any of its assets, in each case, which has or would have a Material Adverse Effect; or
- 18.1.12 the Borrower rescinds or evidences an intention in writing to rescind or repudiates or evidences an intention in writing to repudiate these Loan Conditions; or

18.1.13 a Change of Status occurs.

- 18.2 The Borrower shall promptly notify Abundance as agent of the Lenders of the occurrence of any Event of Default upon becoming aware of its occurrence (and the steps, if any, being taken to remedy it).
- 18.3 If an Event of Default occurs and is continuing, Abundance, as agent of the Lenders, may by notice in writing declare all amounts accrued or outstanding under the Loans to be immediately due and payable, at which time they shall be immediately due and payable.
- 18.4 Abundance may, at the cost and expense of the Borrower, appoint accountants, lawyers or technical advisers to protect the interests of the Lenders and to investigate the Event of Default (or any event or circumstances which in its opinion constitutes a potential Event of Default).
- 18.5 No Lender shall be entitled to take any Enforcement Action or to exercise any other rights, discretions or powers or to grant any consents or releases under or pursuant to these Loan Conditions, or enforce any provision of a Loan or waive, cure or consent to any Event of Default or proposed breach of the terms of these Loan Conditions except where such action is permitted by and in accordance with these Loan Conditions and the Abundance Terms and Conditions.
- 18.6 In the event of the occurrence of any Event of Default under these Loan Conditions, Abundance (or any of its Delegates) shall have the rights to take any Enforcement Action or other action it reasonably considers necessary to enforce all or any of provisions of a Loan for the benefit of the Lenders.
- 18.7 Each Lender acknowledges that it is possible that the proceeds (if any) recovered as a result of any recovery and enforcement activity specified in these Loan Conditions may not be sufficient to discharge all the Borrower's obligations under a Loan. In that case the Lender will only be entitled to recover a share of any recovery proceeds, subject to deduction of the costs of recovery, according to the proportion that the amount lent by the Lender represents relative to the Total Loan Amount.
- 18.8 The Borrower will be notified in advance by Abundance of the nature or amount of the other fees or charges that may be charged by Abundance or any Delegate, collections agent or other person it appoints or delegates and added to the balance outstanding which will also include all litigation, enforcement and recovery costs and expenses, on a full indemnity basis including (but not limited to) legal fees and expenses, to cover litigation and enforcement of any Loan to recover any outstanding arrears of Capital or Interest or any costs or expenses.

## **19. NOTICES**

- 19.1 The Borrower will give each notice, and will send any other document, to a Lender by sending such notice to Abundance who will in turn send any document to the relevant Lender using the Abundance Online Service (which, for the avoidance of doubt, includes the use of e-mail). Each Lender agrees that the Borrower may rely on Abundance to deliver any such notice in accordance with the Abundance Terms and Conditions.

- 19.2 Any notice to the Borrower in relation to any or all Loans shall be given to the Borrower solely by Abundance as agent for the Lenders and may be given by e-mail to the Borrower at the address held by Abundance or to such other address as otherwise directed by the Borrower from time to time.
- 19.3 A notice, document or information sent or supplied by electronic means to an address specified for the purpose is deemed to be given to or received by the intended recipient on the same day it was sent, and in proving service it is sufficient to prove that the communication was properly addressed and sent.
- 19.4 Abundance agrees that it will notify the Borrower and each Lender as soon as reasonably practicable if it takes any Enforcement Action.
- 19.5 Abundance may, by notice to the Borrower and the Lenders, amend or modify these Loan Conditions where it reasonably concludes that any change is of a minor, formal or technical nature or to correct a manifest error. A notice displayed on the Abundance website and addressed to the Lenders and the Borrower will be effective for this purpose.

## **20. CERTIFICATES AND DETERMINATIONS**

Any certification or determination by Abundance or an entry in the records of Abundance of a rate or amount under these Loan Conditions is, in the absence of manifest or proven error, conclusive evidence of the matters to which it relates.

## **21. RIGHTS AND OBLIGATIONS**

Except as specifically stated in relation to any Loan Contract, no rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of a Loan Contract.

## **22. COSTS OF ENFORCEMENT**

The Borrower shall, within 5 Business Days of demand, pay to Abundance the amount of all costs, fees and expenses (including legal fees) together with any associated VAT properly incurred by Abundance in connection with the enforcement of or the preservation of any rights (including any Enforcement Action) in respect of the Loans or proceedings instituted by or against Abundance as a consequence of enforcing the rights of Lenders in respect of the Loans.

## **23. GOVERNING LAW AND JURISDICTION**

### **23.1 Governing law**

These Loan Conditions, the Loan Contracts and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with them or their subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

### **23.2 Jurisdiction**

Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim (including non-contractual disputes or claims) that arises out of or in connection with these Loan

Conditions or any Loans including any disputes or claims in relation to their subject matter or formation. Nothing in this clause shall limit any rights under the Loan Contracts to take proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

## **24. DEFINITIONS AND INTERPRETATION**

24.1 In these Loan Conditions and in relation to each Loan Contract, the following words have the meanings set out below:

<b>"Abundance"</b>	means Abundance Investment Ltd, a company incorporated and registered in England and Wales with company number 07049166 and having its registered address at Hamilton House, Mabledon Place, London WC1H 9BB and which is authorised and regulated by the Financial Conduct Authority (" <b>FCA</b> ") with FCA registration number 525432;
<b>"Abundance Terms and Conditions"</b>	means the terms and conditions governing the operation of the Abundance Services, from time to time, the latest copy of which can be found at <a href="http://www.abundanceinvestment.com/legal/terms-and-conditions">www.abundanceinvestment.com/legal/terms-and-conditions</a> (and which include but are not limited to the appendix to the Abundance Terms and Conditions relating to the Local Authority Security (P2P Loan);
<b>"Administration Fee(s)"</b>	means such fees (payable by the Borrower to Abundance) as are described in clause 11.2 and specified in the Key Terms;
<b>"Affected Person"</b>	means any person whom Abundance, in its discretion, determines is ineligible to be a Lender due to the additional costs or restrictions or a Tax or Regulatory Requirement;
<b>"Authorisation"</b>	means any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any governmental, semi-governmental or judicial entity or authority in any jurisdiction (including any self-regulatory organisation established under statute or by a governmental or semi-governmental body in any jurisdiction);
<b>"Borrower"</b>	means a local authority borrowing under a Loan Contract (and where the context requires, also a potential Borrower);
<b>"Business Day"</b>	means a day, other than a Saturday, Sunday or public holiday in England, when banks in London are open for

	business;
<b>"Capital"</b>	means the principal of a Loan, however described;
<b>"Change of Status"</b>	<p>means, in relation to the Borrower, an adverse change in respect of, or the Borrower no longer having, any of the following:</p> <ul style="list-style-type: none"> <li>(a) the ability to levy or receive council tax, non-domestic rates and/or business rates supplement or any broadly similar source of revenue; and/or</li> <li>(b) the ability to receive British government grant funding; and/or</li> <li>(c) the ability to raise funding from the Public Works Loan Board or any equivalent body,</li> </ul> <p>provided that no Change of Status will be deemed to have occurred in respect of a matter falling within paragraph (a) and/or (c) above where such change is applicable to local authorities in the UK generally or (where the Borrower is a Scottish local authority) applicable to local authorities in Scotland generally;</p>
<b>"Default Interest"</b>	has the meaning given in clause 10 ( <i>Default Interest</i> ) of these Loan Conditions;
<b>"Delegate"</b>	means any delegate, agent, attorney or co-agent appointed by Abundance in relation to these Loan Conditions or any Loan Contract;
<b>"Disruption Event"</b>	<p>means either or both of:</p> <ul style="list-style-type: none"> <li>(a) a material disruption to those payment or communications systems which are, in each case, required to operate in order for payments to be made in connection with any Loans, which disruption is not caused by, and is beyond the control of, any of the parties to a Loan Contract; or</li> <li>(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of the Borrower preventing it: <ul style="list-style-type: none"> <li>(i) from performing its payment obligations these Loan Conditions; or</li> <li>(ii) from communicating with other parties in accordance with the terms of these Loan Conditions,</li> </ul> </li> </ul>

and which (in either such case) is not caused by, and is beyond the control of, the Borrower;

<b>"Early Repayment Fee"</b>	means, in respect of an Early Repayment of any Loans made in accordance with clause 8, such Early Repayment Fee as is specified in the Key Terms but in the absence of such specification, an Early Repayment Fee equal to the amount of all Interest that would have accrued on the Loan Contract and would have been payable in respect of a period of 12 months after the date on which Early Repayment is made;
<b>"Enforcement Action"</b>	<p>means any formal legal action or formal legal step taken in any jurisdiction whatsoever to enforce its rights against the Borrower under any Loan including:</p> <p>(a) to commence legal proceedings against the Borrower; and/or</p> <p>(b) to demand, accelerate or require payment, repayment or prepayment of all or any obligation under a Loan Contract;</p>
<b>"Event of Default"</b>	means any event or circumstances specified as such in clause 18 ( <i>Events of Default</i> ) of these Loan Conditions;
<b>"Existing Lender"</b>	has the meaning given in clause 12.2;
<b>"Initial Interest Period"</b>	has the meaning specified in the Key Terms;
<b>"Interest"</b>	means any amount of interest payable to a Lender under the terms of a Loan Contract;
<b>"Interest Period"</b>	means the period for payment of Interest in accordance with clause 9.1 of these Loan Conditions and the Key Terms;
<b>"Interest Rate"</b>	means the rate at which Interest will be payable and will be specified in the Key Terms;
<b>"Key Terms"</b>	means the indication by a local authority of the specific commercial terms (including repayment terms, Interest Rate and purpose of borrowing) which will be applicable to a Loan Opportunity;
<b>"Lender"</b>	means any person who makes a Loan, any permitted transferee, assignee or successor in title of a Lender and where the context requires, a potential Lender;
<b>"Loan"</b>	means a loan made by a Lender to a Borrower in accordance with these Loan Conditions in response to a Loan Opportunity in accordance with these Loan



	Conditions and the Abundance Terms and Conditions;
<b>"Loan Contract"</b>	means a contract to lend between a Lender and Borrower concluded in accordance with these Loan Conditions and the Abundance Terms and Conditions;
<b>"Loan Opportunity"</b>	in accordance with the Abundance Terms and Conditions means an indication by a local authority of its willingness to borrow under the Local Authority [Security] (P2P Loan) posted on the Abundance website;
<b>"Local Authority Security (P2P Loan)"</b>	means any Loan(s) subject to these Loan Conditions (and for the avoidance of doubt, a Local Authority Security may also be referred to as a <b>"Municipal Investment (P2P Loan) Product"</b> );
<b>"Lump Sum on Maturity"</b>	means the Capital repayment structure of a Loan, as specified in the Key Terms, under which the Borrower must make periodic payments of Interest in accordance with the Interest Periods specified in the Key Terms and must repay all Capital together with accrued but unpaid Interest on the Maturity Date;
<b>"Marketplace"</b>	has the meaning give to it in the Abundance Terms and Conditions;
<b>"Material Adverse Effect"</b>	means a material adverse effect in relation to: <ul style="list-style-type: none"> <li>(a) the ability of the Borrower to perform its payment obligations under any Loan; or</li> <li>(b) the validity or enforceability of the terms of a Loan Contract against the Borrower or the rights or remedies of any of the Lenders against the Borrower under these Loan Conditions;</li> </ul>
<b>"Maturity Date"</b>	means the latest date on which all outstanding Capital and all accrued but unpaid Interest in respect of any Loans must be repaid, as stated in the Key Terms;
<b>"Maximum Borrowing Amount"</b>	means any total maximum Total Loan Amount sought by the Borrower under a Loan Opportunity as specified in the Key Terms;
<b>"Minimum Borrowing Amount"</b>	means £5, or otherwise defined in the Key Terms, which is the minimum Total Loan Amount sought by the Borrower under a Loan Opportunity;
<b>"Members"</b>	has the meaning given in the Abundance Terms and Conditions;

<b>"New Lender"</b>	has the meaning given in clause 12.2;
<b>"Offer Close Date"</b>	means the date specified in the Key Terms as being the final date on or before which the Minimum Borrowing Amount must be pledged in accordance with clause 3.4;
<b>"Offer Open Date"</b>	means the date, as specified in the Key Terms, from which a Loan Opportunity is open to Pledges in accordance with clause 6.1 of these Loan Conditions;
<b>"Payment Date"</b>	has the meaning given in clause 17.1;
<b>"Pledge"</b>	has the meaning given in the Abundance Terms and Conditions i.e. an indication of willingness of a member to lend in response to a Lending Opportunity;
<b>"Regular Instalments"</b>	means the Capital repayment structure of a Loan, as specified in the Key Terms, under which the Borrower must make periodic repayments of Capital as well as payments of Interest in accordance with the payment schedule set out on the Abundance website;
<b>"Repeating Representations"</b>	means the representations and warranties in paragraph 1.1 ( <i>Status</i> ) to paragraph 1.10 ( <i>No default Representations and Warranties</i> ) of Schedule 1 to these Loan Conditions;
<b>"Restricted Person"</b>	means any person who does not fulfil any criteria of eligibility to be a Lender set out in the Abundance Terms and Conditions from time to time including (without limitation): (i) any US Person; or (ii) any person who is resident in, whose permanent place of business or whose jurisdiction of incorporation or establishment is in any of the Channel Islands or the Isle of Man; or (iii) any Affected Person;
<b>"Set Up Fee(s)"</b>	means such fees (payable by the Borrower to Abundance) as are described in clause 11.1 and specified in the Key Terms;
<b>"Schedule"</b>	means a Schedule to these Loan Conditions;
<b>"Tax"</b>	means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) in any jurisdiction;
<b>"Tax or Regulatory Requirement"</b>	means any Tax or law, regulation, rule, order, official directive or guideline of any governmental, inter-governmental or supranational body, agency, department or regulatory authority or organisation or

any decision of a court (having the force of law) in any country, jurisdiction or territory;

**"Total Loan Amount"** means the total aggregate Capital amount of all of the Loans entered into in relation to a single Loan Opportunity, before the Borrower has repaid any Loans early in accordance with clause 8 (*Early Repayment*) of these Loan Conditions or (in the case of a Loan which repays Capital in Regular Instalments) has repaid any of the Capital;

**"Transfer Date"** has the meaning given in clause 12.3;

**"UK"** means the United Kingdom; and

**"Use of Funds"** means the purpose for which any Loan will be made as specified in the Key Terms.

24.2 In these Loan Conditions unless the contrary intention appears:

24.2.1 terms defined in the Abundance Terms and Conditions have the same meaning in these Loan Conditions;

24.2.2 clause, Schedule and paragraph headings shall not affect the interpretation of these Loan Conditions;

24.2.3 words denoting the singular include the plural and vice versa and a reference to one gender includes the other gender;

24.2.4 a reference to a "**person**" means any individual, company, corporation, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity;

24.2.5 a reference to a party or any other person includes its successors in title, permitted assigns and permitted transferees;

24.2.6 references to clauses, paragraphs and Schedules are to the clauses, paragraphs and Schedules of these Loan Conditions;

24.2.7 the Schedules to these Loan Conditions form part of these Loan Conditions and shall have the same force and effect as if set out in the body of these Loan Conditions, with terms given the meanings set out in these Loan Conditions (unless the context otherwise requires);

24.2.8 a reference to these Loan Conditions shall, unless the context otherwise requires or unless the contrary intention appears, be construed as reference to these Loan Conditions as amended from time to time;

24.2.9 a reference to a statute or statutory provision or other law is a reference to it as amended, or replaced and includes all legislation and regulations made under it;

24.2.10 a month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month except that:

- (a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;

24.2.11 all the provisions of these Loan Conditions are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of these Loan Conditions under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision;

24.2.12 references to the Loans include references to all and/or any of the Loans;

24.2.13 the terms "**including**" and "**include**", or any similar expression shall be construed as illustrative and shall not limit the sense of words preceding those words;

24.2.14 headings are inserted for convenience and do not affect the interpretation of these Loan Conditions;

24.2.15 references to 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 in any jurisdiction; and

24.2.16 a reference to an Event of Default continuing means that it has not been remedied or expressly waived.

24.2.17 Scottish Terms:

In these Loan Conditions, where it relates to a person incorporated, established or formed or having its centre of main interests in Scotland or otherwise relates to assets, rights or interests located in Scotland or otherwise governed by Scots law, a reference to:

- (a) a "**receiver**", "**administrative receiver**" or other similar person includes, without limitation, a Scottish receiver with the powers conferred under Schedule 2 to the Insolvency Act 1986;
- (b) "**assigns**" and "**assignments**" include without limitation, assignees and assignations, respectively;

- (c) **"judgment"** includes, without limitation, decree; and
- (d) **"set-off"** includes retention, compensation and balancing of accounts in insolvency;

24.3 Other terms will have the specific meaning given to them in the relevant provisions of these Loan Conditions or the Schedules forming part of it.

## Schedule 1

### Representations and Warranties

1. The Borrower represents and warrants to each of the Lenders on the Offer Open Date that:
  - 1.1 **Status:** it is a local authority, duly established and validly existing under the laws of either England and Wales or Scotland and it has full power to own its assets and discharge its functions;
  - 1.2 **Binding Obligations:** the obligations expressed to be assumed by it in relation to any Loan Contract are legal, valid, binding and enforceable obligations;
  - 1.3 **Non-conflict with other obligations:** the entry into and performance by it of any Loan Contract does not and will not conflict with any law or regulation applicable to it (including, without limitation, in the case of a Borrower that is a local authority established under the laws of England and Wales, the Local Government Act 1972, Local Government Act 2003 and Localism Act 2011 and, in the case of a Borrower that is a local authority established under the laws of Scotland, the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016), its constitutional documents or any agreement or instrument binding upon it or any of its assets;
  - 1.4 **Power and Authority:** it has the power to enter into, perform and deliver, and has taken any and all necessary action to authorise its entry into, performance and delivery of, any documentation necessary to enter into any Loan Contracts;
  - 1.5 **Validity and admissibility in evidence:** it has obtained all required Authorisations to enable it to enter into, exercise its rights and comply with its obligations under any Loan Contracts. Any such Authorisations are in full force and effect;
  - 1.6 **Governing law and enforcement:** the choice of governing law in these Loan Conditions will be recognised and enforced in its jurisdiction of establishment and residence and any judgment obtained in England or Wales in relation to these Loan Conditions and/or any Loan will be recognised and enforced in that jurisdiction;
  - 1.7 **Insolvency:** no civil action, legal proceeding or other procedure or step described in clause 18.1.6, 18.1.7, 18.1.8 or 18.1.9 has been taken or, to its knowledge, threatened in relation to it which would or might reasonably be expected to have a Material Adverse Effect;
  - 1.8 **No default:** no Event of Default is continuing or is reasonably likely to result from the entry into or the performance of its obligations under any Loan Contract by it;
  - 1.9 **Information:** to the best of its knowledge and belief (having taken all reasonable care to ensure it is so) all information that it has given in connection with the Loan Opportunity was true and accurate in all material respects as at the date it was provided, as at any date the information is expressed to be given or (as the case may be) as at the date of the relevant document containing the information; and no event or circumstance has occurred or arisen and no information has been omitted from the information referred to in this paragraph and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the information referred to in this paragraph being untrue or misleading in any material respect;

- 1.10 **No breach of laws:** it has not breached any law or regulation where breach would have a Material Adverse Effect.
- 2. The Repeating Representations are also deemed to be made by the Borrower on the Offer Open Date and on each date on which it is obliged to make payments of Interest or Capital, by reference to the facts and circumstances existing on such a date.

## **Schedule 2**

### **Positive Undertakings**

Subject to the terms of these Loan Conditions, the Borrower undertakes to the Lenders as follows:

3. the Borrower must promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of England and Wales or Scotland (as appropriate) that enables it to perform its obligations under these Loan Conditions and/or any Loan and to ensure the legality, validity, enforceability or admissibility in evidence of these Loan Conditions and/or any Loan or that enable it to own its assets and carry on its business and carry out its functions as it they are being conducted, except where failure to obtain or effect such Authorisations would not materially adversely impair its ability to perform its payment obligations under these Loan Conditions to which it is expressed to be a party;
4. the Borrower must comply with any law or regulation to which it is subject where such breach would materially adversely affect its ability to perform its obligations under these Loan Conditions or result in a liability against it in an amount which would or might reasonably be expected to have a Material Adverse Effect; and,
5. the Borrower shall, promptly following request in writing from the Abundance as agent for the Lenders, supply Abundance with such financial information concerning its business, assets or financial condition as Abundance as agent for the Lenders may reasonably request and shall, promptly following publication, provide Abundance as agent for the Lenders with a copy of each of its annual accounts.

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