

# ***Small and Medium Enterprise (SME) Lending Guide***

***Westport Credit Union Ltd.***



*Westport Credit Union Ltd. is regulated by the Central Bank of Ireland.*

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## About This Guide

At Westport Credit Union, we understand that small and medium enterprises are the backbone of our local economy. This comprehensive guide has been designed to walk you through our SME lending services, making the process as transparent and straightforward as possible.

Our SME lending services cater to enterprises employing fewer than 50 people with annual turnover and balance sheet totals up to €10 million. Whether you're expanding your existing business, starting a new venture, or managing seasonal cash flow challenges, we're here to support your journey.

### Understanding SME Lending

SME lending encompasses a wide range of business activities and borrowers. If you're a farmer looking to invest in new equipment or expand your operations, our agricultural lending expertise can help you achieve your goals. Sole traders such as carpenters, electricians, or consultants can access funding for tools, vehicles, or business premises. Even PAYE employees who run side businesses or have business-related borrowing needs fall under our SME lending umbrella.

It's important to note that this guide specifically covers business-purpose loans. If you're looking for personal financing for home improvements, holidays, or other personal expenses, those would be handled under our standard personal lending terms rather than SME regulations.

Our commitment to the SME and agricultural sectors goes beyond just providing loans. We've invested in specialist staff training to ensure our lending team understands the unique challenges and opportunities that small businesses face. This expertise, combined with our knowledge of all applicable regulations, means you'll receive informed guidance throughout your borrowing journey.

## Regulatory Background

The SME Lending Regulations that came into effect for credit unions on January 1, 2017, represent a significant step forward in protecting small business borrowers. These regulations weren't created in isolation – they were designed based on extensive consultation with SME representatives and lending institutions to create a fairer, more transparent lending environment.

The regulations focus on several key areas that directly benefit you as a borrower. Transparency in the application process means you'll always know where you stand and what's expected of you. When credit decisions are made, you'll receive clear, specific explanations rather than generic responses. If guarantors are involved in your loan, they receive enhanced protections to ensure they fully understand their commitments.

Perhaps most importantly, these regulations recognize that business can be unpredictable. They establish clear communication protocols for when financial difficulties arise and expand your options for appealing decisions through formal internal appeals processes.

# Getting Started

We believe that the best business relationships are built on personal connections and understanding, which is why we prioritise face-to-face meetings whenever possible.

You can reach out to us in several ways. Our lending team can answer questions, discuss your needs, or schedule appointments. For detailed inquiries or to share documentation, our email address is [loans@westportcu.ie](mailto:loans@westportcu.ie). This will connect you directly to the team.

While we embrace technology and offer online and mobile app applications for convenience, we never lose sight of the value of personal service. Many of our most successful lending relationships begin with a sit-down conversation where we can truly understand your business, your challenges, and your aspirations.

## Contact Our Lending Team

For SME loan applications or questions about existing loans, contact our specialist lending team:

- **Phone:** 098 25614
- **Email:** [loans@westportcu.ie](mailto:loans@westportcu.ie)
- **In Person:** Visit our office for face-to-face consultation
- **Online:** Apply through our website or mobile app

## Interest Rates and Loan Terms

All our business loans feature variable interest rates, which means your rate can change over time based on market conditions and other factors.

We want you to understand that the cost of your repayments may increase.

However, we've structured our loans to give you maximum flexibility. Unlike many traditional lenders, we don't impose early repayment penalties or require notice periods if you want to clear your loan. This means if interest rates rise and no longer suit your business needs, or if you come into funds and want to reduce your debt burden, you can pay off your loan at any time without additional costs.

This flexibility is particularly valuable for businesses with seasonal cash flows or those expecting lump sum payments from contracts or sales. It puts you in control of your debt management strategy.

## Flexible Repayment Options

- **No early repayment penalties**
- **No notice period required** for loan clearance

## Application Process

When you submit your SME loan application, you're making an important business decision, and we treat it with the respect it deserves. Within five working days of receiving your application, you'll receive an acknowledgment that confirms we have everything we need to begin processing.

Our goal is to provide you with a credit decision within 15 working days of receiving all required documentation. In many cases, we can move much faster than this, but we set realistic expectations to ensure thorough assessment. We're proud of our efficiency in this area – it reflects our understanding that timing can be crucial for business opportunities.

### **What We Need from you**

A successful SME loan application requires comprehensive documentation, and we've streamlined our requirements to focus on what truly matters for assessing your application. Your up-to-date business accounts give us insight into your company's financial health and trading patterns. These don't need to be elaborate – the same accounts you prepare for Revenue purposes are typically sufficient.

Your business plan is perhaps the most important document you'll provide. This should tell the story of your business – where you've come from, where you are now, and where you're going. Include your projected profit and loss, balance sheet projections, and cash flow forecasts.

**If preparing a comprehensive business plan seems daunting, don't worry – our team can help you compile this plan.**

We'll also need your latest Revenue Notice of Assessment and bank statements covering at least the last three months. These documents help us understand your cash flow patterns and verify the information in your accounts. Proof that all taxes are current is essential – it demonstrates good business management and regulatory compliance.

If security will be required to support your loan, we'll discuss the details upfront so there are no surprises later in the process.

### **Our Assessment Process**

As part of our standard procedure, we conduct credit checks through the Central Credit Register. This gives us a complete picture of your credit history and helps us make informed lending decisions.

Depending on your loan's size and purpose, we may request additional information. Rather than asking for everything upfront, we tailor our requirements to your specific situation, which helps streamline the process.

### **When More Time Is Needed**

Occasionally, applications require more than our standard 15-day processing time. When this happens, we don't leave you wondering what's going on. We'll contact you in writing to explain why additional time is needed and provide a realistic timeframe for our decision. If we need

more information from you, we'll specify exactly what's required and give you a reasonable deadline for providing it.

- Provide an expected decision timeframe
- Outline any additional information required

### **Security Requirements**

Security requirements are based on common-sense business principles rather than rigid rules. For loans with terms exceeding 10 years, we will require security, recognising that longer-term commitments involve different risk profiles for both parties. When security is required, we'll discuss the options with you early in the process. We'll explain exactly what's involved and work with you to arrange everything efficiently.

## **Loan Approval and Drawdown**

### **Pre-Contract Information**

Upon application, you'll receive a written statement detailing the terms and conditions that will apply if your loan is approved. This ensures there are no surprises and gives you the opportunity to ask questions before proceeding.

### **Fees and Charges**

Unlike traditional banks, we generally don't charge application fees. However, you'll be notified in advance of any third-party costs such as:

- Legal fees
- Valuation fees
- Security arrangement costs

### **Drawdown Process**

Once your loan is approved and any required security is in place, accessing your funds is straightforward. Depending on your needs, we can provide funds through a cheque, EFT to your bank account, or direct payment to solicitors if the loan is for property purchase or legal matters.

We work around your timeline and requirements to ensure the funding arrives when and where you need it.

Once approved we will provide you with:

1. Written notification of approval
2. Security arrangements completed (if required)

## Ongoing Loan Management

Your relationship with us doesn't end when the loan is drawn down. We believe in maintaining regular, meaningful communication with our SME borrowers. You'll receive annual statements that clearly show all repayments, interest charges, and your remaining balance.

Because our loans carry variable interest rates, we'll always give you advance notice if we need to change your rate. You'll receive information about the new rate and your new repayment amount well before any changes take effect. This advance notice, combined with your ability to repay the loan at any time without penalty, ensures you're never locked into terms that no longer suit your business.

### **Flexibility**

Since you can repay your loan at any time without penalty, you always have the option to clear your loan if interest rates change.

## If Your Application is Declined

When we can't approve an application, we don't simply send a standard rejection letter.

You'll receive a detailed written explanation that addresses the specific reasons your application couldn't be approved. This isn't generic feedback – it's tailored to your situation and helps you understand what factors influenced our decision.

Should we be unable to approve your loan, you'll receive:

### **Written Explanation Including:**

- Specific reasons for the decline
- Details of our internal complaints and appeals procedures
- Information on how to lodge a complaint or appeal
- Link to the Government's Supporting SMEs online guide

## Annual Review Process

We believe that good lending relationships require ongoing attention and communication. That's why we offer annual reviews to all our SME borrowers. These are genuine opportunities to discuss how your business is performing and whether your current borrowing arrangements still meet your needs.

We'll proactively contact you each year to arrange your review, but you don't need to wait for us. If your business circumstances change or you want to discuss your borrowing arrangements, you can contact us at any time to arrange a meeting.

Our annual review covers three main areas that directly impact your business success. First, we'll discuss how your current loans are performing. This includes looking at your repayment history, any challenges you've faced, and how well the original loan terms have worked in practice.

Second, if we hold security for your loans, we'll review these arrangements to ensure they still make sense for both parties.

Finally, we'll explore whether alternative borrowing arrangements might better serve your current needs. Perhaps your business has grown and requires different financing structures, or maybe your original loan terms no longer match your cash flow patterns.

### **Preparing for Your Review**

To conduct a meaningful review, we'll need current financial information about your business. Your up-to-date accounts – the same ones you prepare for Revenue purposes – are typically sufficient.

If necessary, we might also request recent bank statements, current tax compliance confirmation, and your consent for an updated credit check.

We only ask for additional information when it's genuinely needed for the review.

Once we receive your documentation, we'll review everything within seven business days and contact you to schedule a meeting at a time that works for both of us.

## **Support During Financial Difficulties**

We recognise that business involves inherent uncertainty, and even the most carefully crafted plans don't always unfold as expected. Cash flow challenges, unexpected expenses, market changes, or economic downturns can affect any business, regardless of how well-managed it is.

The key to successfully navigating financial difficulties is early communication. If you anticipate challenges meeting your loan repayments, please contact us as soon as possible. It's always easier to find workable solutions before problems become crises than to address situations after payments have been missed.

### **Our Collaborative Approach**

When you contact us about potential financial difficulties, we will work collaboratively to understand your situation and explore realistic solutions.

Our process involves working closely with you to assess your current financial position and realistic outlook. We require honest, good-faith communication from you – we need to understand the real challenges you're facing and your genuine capacity to address them. In return, we bring honesty and realism to our assessment and work toward mutually agreeable solutions.

## **Formal Support Processes**

If your financial difficulties require formal changes to your loan arrangements, we'll provide you with our "Notice to Borrowers in Financial Difficulties." This document ensures you fully understand your rights and options when working with us to resolve the situation.

Our goal is always to find solutions that allow you to maintain your business while meeting your obligations in a realistic and sustainable way.

## **Understanding Credit Rating Impact**

### **The Importance of Your Credit History**

Your credit rating is a valuable business asset that affects your ability to access financing throughout your business life. We want you to understand how loan arrears can impact this important aspect of your financial profile.

Information about arrears on your credit facilities may be shared with the Central Credit Register – this is required by law. When arrears information appears on your credit record, it can adversely affect your credit rating, potentially impacting your ability to access credit facilities in the future, both for business and personal purposes.

This isn't meant to intimidate, but rather to help you make informed decisions about your borrowing and understand the broader implications of financial difficulties.

## **Regulatory Compliance and Your Protection**

This entire information booklet has been prepared to comply with the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium Sized Enterprises) Regulations 2015. These regulations represent a comprehensive framework designed to make SME lending fairer and more transparent.

The regulations ensure easier engagement between SME borrowers and their lenders, establish fair and transparent lending processes, and provide proper support mechanisms when financial difficulties arise. They represent a significant improvement in borrower protection while still facilitating access to credit for viable businesses.

If you'd like to review the complete regulations, we'll provide you with a full copy upon request. You can also find a link to them on our website for your reference.

## **Resources to Support Your Business Success**

Your success as a business owner depends on more than just access to credit. Ireland offers excellent support structures for small and medium enterprises, and we encourage you to explore these resources.

Enterprise Ireland provides comprehensive support for businesses looking to grow and develop, while Local Enterprise Offices offer localised support and guidance tailored to your area's



specific opportunities and challenges. The Small Firms Association and ISME (Irish Small & Medium Enterprises Association) provide advocacy, networking, and business support services specifically designed for businesses like yours.

### **Specialised Agricultural Resources**

For our farming and agricultural clients, specialised resources can provide valuable industry-specific guidance. Agriland offers current information about agricultural markets and opportunities, while Teagasc provides research-based guidance and support for agricultural enterprises. The Department of Agriculture website contains important regulatory and support information for agricultural businesses.

These resources complement our lending services and can help you make the most of your business opportunities.

## **Contact Us Today**

Ready to Discuss Your Business Needs?

Whether you're considering your first business loan, looking to expand existing facilities, or simply want to discuss your current arrangements, our SME lending team is ready to help.

Westport Credit Union SME Lending Team

- Phone: 098 25614
- Email: [loans@westportcu.ie](mailto:loans@westportcu.ie) for detailed inquiries and documentation
- In Person: Visit us for comprehensive consultation and personalised service
- Website : [www.westportcu.ie](http://www.westportcu.ie)

**We're here to support your business success, and we look forward to hearing from you.**

Useful Resources

Enterprise Support:

- Enterprise Ireland: [www.enterprise-ireland.com](http://www.enterprise-ireland.com)
- Local Enterprise Offices: [www.localenterprise.ie](http://www.localenterprise.ie)
- Small Firms Association: [www.sfa.ie](http://www.sfa.ie)
- ISME (Irish Small & Medium Enterprises Association): [www.isme.ie](http://www.isme.ie)

Agricultural Resources:

- Agriland: [www.agriland.ie](http://www.agriland.ie)
- Teagasc: [www.teagasc.ie](http://www.teagasc.ie)
- Department of Agriculture: [www.agriculture.gov.ie](http://www.agriculture.gov.ie)

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