

How does your Family Finance loan work?

Introduction

RateSetter runs a peer-to-peer lending platform which facilitates loan agreements being made between borrowers and lenders registered on the platform (the RateSetter Lenders).

You have instructed your solicitors to act for you in relation to your case, and you require funding to pay the legal costs and disbursements which become due in the course of that case. Your solicitor has given us their fee estimate for the total legal bill for the case and you have been approved for a credit limit equal or less than this amount.

The funding will be structured as a separate loan to cover each invoice amount. Loans can be funded by more than one RateSetter Lender. RateSetter acts as an agent for all RateSetter Lenders, so your solicitor will deal with RateSetter directly.

As security for the loans made by RateSetter Lenders, you will sign a deed of assignment which is a legal document under which you agree to assign the proceeds of your settlement from the case to cover the total amount outstanding under your loan agreements. The total amount is based on the fee estimate your solicitor provides and the credit checks we carry out.

We will also ask you to sign a notice about the deed of assignment to your spouse. This is so that we can ensure that any monies due to you from them as part of the settlement are paid to your solicitor and can be used to repay the loans.

If you require additional loans, we will carry out new credit checks, and if you are approved and we have available funds on the platform, we will send you the new loan documentation to sign.

You'll see that we have included the following documents in your pack, which you should also read:

Loan Summary

This is a summary of the standard form loan agreement terms with each of the RateSetter Lenders who will be providing your total amount of credit for each invoice. We'll send you one of these to sign each time your solicitor submits a loan request. You should read this carefully before you sign it.

Important information about your loan

This explains the key points about your loan agreement. We'll send you one of these for each loan, which you should read and keep safe.

Deed of assignment

This is the legal document under which you agree to assign the proceeds of your case to cover the outstanding balance of your loans provided by the RateSetter Lenders. We recommend you seek independent legal advice to ensure you fully understand the terms of this document.

▶ **(i) Client Instruction Letter**

This is the letter by which you will instruct your solicitor to use any settlement funds or other payments made to them in relation to your case to repay the loan directly to us on your behalf. If you end your case and do not fully repay the loan within 14 days, your solicitor will use any funds held in relation to your case towards repayment of the loan, and you will be responsible for settling any outstanding balance.

▶ **(ii) Notice to Spouse**

This is the notice we will send to your spouse to ensure monies due to you as part of settlement are paid to your solicitor.

Renewal of loan(s)

Each loan is for a 1 year term, after which it will become repayable in full, together with interest. If it becomes clear that your case will not have settled by the repayment date, and you are not able to make the repayment due, you can ask us to renew the loan(s) by refinancing all the loans relating to your case into one new loan for a further year. Interest will be payable on the new loan, and the amount will include the original loan amounts together with accrued interest.