



House Crowd Finance Ltd

The House Crowd ISA

3-Year ISA

Version 1.0 7/5/19



1. Our Status

1. The House Crowd ISA is provided to you by The House Crowd Limited (“**The House Crowd**”, “**we**”, “**us**”, “**our**”) which is authorised and regulated by the Financial Conduct Authority with firm reference number 725648. We are an ISA manager and have been approved by HMRC to act as an ISA manager in respect of the Innovative Finance component of an ISA.
2. We will manage the House Crowd ISA as an Innovative Finance ISA in accordance with the ISA Regulations. We only offer the Innovative Finance ISA and do not offer a Stocks and Shares ISA or Cash ISA.

2. Subscribing to The House Crowd ISA and further conditions

1. If you subscribe to The House Crowd ISA you may not subscribe to another Innovative Finance ISA in the same Tax Year with another provider.
2. You are responsible for ensuring that you are eligible to subscribe to The House Crowd ISA and must complete the [House Crowd ISA application form](#). By completing The House Crowd ISA application form you must declare that:
 - you are a resident in the United Kingdom for tax purposes; or
 - if not so resident, are a Crown Employee.
3. You must inform us if these declarations no longer apply.
4. You must be at least 18 years of age.
5. The House Crowd ISA cannot be opened as a joint account or by a corporate customer. It must be opened in your own name.
6. You must ensure you do not exceed your maximum ISA allowance in any relevant Tax Year. It is your responsibility to monitor the amount that you invest in The House Crowd ISA. Other than where required under the ISA Regulations, we will not monitor your compliance with the investment limits that relate to your House Crowd ISA. Should you invest more than the maximum allowance in any Tax Year, this may make your House Crowd ISA void and we will have to hold some of your investment outside of your House Crowd ISA.

7. The minimum investment and account balance for your House Crowd ISA is £1,000 and can be any amount thereafter, subject to £100 increments. Additional investments must be in minimum tranches of £1,000 each but can be any amount thereafter, again subject to £100 increments.

Examples of **acceptable** initial or additional investment amounts:

(a) £1,000 (b) £1,400 (c) £2,000 (d) £2,600

Examples of **unacceptable** initial or additional investment amounts:

(a) £900 (b) £1,050 (c) £1,450 (d) £2,630

8. The target rate is 7% p.a., or such other rate as advertised from time to time on the Website. We may change the applicable rate for new investments on not less than 1 months' notice. New investments made at the time of a new rate shall be subject to the new rate.
9. You may choose to withdraw your interest accrued on 30 October and 30 April each Tax Year on giving us not less than 30 days' written notice of your intention to do so, or to roll it back into your ISA. You can make your selection from your Account settings (Preferences area in your My Portfolio section in your website account).
10. Your House Crowd ISA must be held for a minimum of 3 years, subject to the terms of Section 6. The 3-year minimum ISA term will be calculated to commence from the end of the tax year in which the first investment instalment is made and will expire at the end of the following 3 full tax years.
11. Your House Crowd ISA may comprise a combination of either:
 - an initial subscription of such amount as does not exceed the maximum allowance in the relevant Tax Year; and/or
 - the transfer of all or part of your existing ISA(s) from another ISA manager(s) in cash.
12. Because the rules on taxation can change, we cannot guarantee that the UK tax treatment of your House Crowd ISA will continue during the lifetime of your investment. We do not provide any investment advice or tax advice. If you are uncertain about this or any aspect of how an investment may relate to your tax position, please seek professional advice.

13. You can make a lump sum and/or monthly payments to your House Crowd ISA through your Account, subject to minimum investments of £1,000 (see 2.7).
14. If you wish to subscribe to The House Crowd ISA in subsequent Tax Years you will be given the option in the application to be automatically enrolled for a new ISA if you continue to make payments into the relevant ISA from your Account. This is an optional arrangement and you are under no obligation to make further investments with us.
15. The House Crowd may invest into any of its P2P Loans available from time to time, including Property Development loans, Bridging loans and Mezzanine Finance loans, in accordance with our then-current underwriting policies, but subject to Section 11.
16. Subject to the House Crowd Loss Absorption, you agree and acknowledge that we shall take on no liabilities, obligations or rights under any P2P Loan and/or House Crowd ISA as a result of our authority to act on your behalf and you agree that you will continue to be solely liable for and responsible for the rights and obligations under any P2P Loan or House Crowd ISA.
17. **House Crowd Loss Absorption:** If a borrower defaults on its obligations in connection with a P2P Loan that is the underlying investment of an ISA made available to it by House Crowd Finance Limited, and House Crowd Finance Limited is unable to recover the capital provided to such borrower, then House Crowd Finance Limited will, from its own funds, contribute ten percent (10%) of the value of any loss to you as compensation for the loss caused.

By way of example:
Property is valued at £600,000
Loan amount is £450,000 (75% LTV)
In the circumstances where the borrower defaults and we are not able to sell the property for a sum sufficient sum to repay all the loan: e.g. Net proceeds of sale: £425,000
Net loss to investors' capital = £25,000
The House Crowd Finance Limited will contribute £2,500 to offset the loss to investors.
18. We shall not be responsible for any losses to the extent arising from any information provided by you being untrue, inaccurate or incomplete.
19. We shall not be liable for any consequential, indirect, special, incidental, punitive or exemplary loss, liability or cost which you may suffer or incur arising out of our acts or omissions regardless

of how that loss, liability or cost is caused and regardless of whether it was foreseeable or not.

20. We will act in good faith and with due diligence in managing your House Crowd ISA in accordance with these terms. Subject to section 16 above, we accept responsibility for loss to you only to the extent that such loss is due to our negligence or willful default, and in such circumstances such losses shall be for a maximum limit not exceeding the House Crowd Loss Absorption. Nothing in these terms shall exclude or restrict any liability we have to you under any applicable law or regulation.

3. Cash balances in your House Crowd ISA

1. In accordance with the ISA Regulations, your House Crowd ISA must invest into qualifying P2P Loans. Cash may also be held in your House Crowd ISA. The qualifying P2P Loans will be and must remain in your beneficial ownership. We will hold the records of all documentation that constitutes your portfolio of P2P Loans from time to time in accordance with the P2P Terms.
2. All uninvested cash received or held for the account of your portfolio shall be treated under the FCA rules as 'client money'.
3. We will notify you if, by reason of any failure to satisfy the provisions of the ISA Regulations, your ISA has, or will, become void.

4. Delegation

1. We reserve the right to delegate any of our functions or responsibilities under The House Crowd ISA terms to another person and you authorise us to disclose to that person such information about your House Crowd ISA as is necessary for this purpose. We will satisfy ourselves that any such person is competent to carry out such functions or responsibilities.
2. We will not be liable for the negligence or misconduct of such delegate provided always that we do not exclude or restrict liability owed to you by us under the ISA Regulations

5. ISA charges

1. Any charges relating to your House Crowd ISA will be taken directly from your House Crowd ISA and will not be taken from any other account which we may maintain for you.

6. Withdrawals and transfers

Withdrawals from your House Crowd ISA

1. You may not make withdrawals of the portion of your investment that has already been invested into P2P Loans from your House Crowd ISA until after the minimum 3-year term (such term beginning three years from the end of the tax year in which you invested), and on providing not less than 3 months' written notice, such notice not to expire before the end of the minimum 3-year term. You will be charged a standard administrative fee for making a withdrawal, such fee to be amended from time to time by notification on [our Website](#). To the extent we hold a cash balance in your ISA before it is invested into P2P Loans, you have the right to transfer or withdraw such balances in accordance with ISA Regulations, and we shall carry out such instructions no later than thirty (30) days after receiving them
2. If you request to sell or transfer all or a proportion of your House Crowd ISA portfolio, we will attempt to realise your House Crowd ISA portfolio by finding replacement P2P Lenders to transfer your P2P loans to. We cannot guarantee that it will be possible to find a buyer for your P2P Loans as this will depend on market conditions, so you may have to wait until some or all of your P2P loans expire, and the borrower repays the loan. Additionally, any loans in default cannot be sold and the return of associated funds will be subject to our normal terms (see "9. Security and payments following default"). Therefore, whilst the minimum term is 3 years, it may take longer to realise some or all of the loans in your portfolio and pay you the proceeds or facilitate a transfer.
3. The applicable interest rate may change from time to time after the expiry of the 3-year minimum term. We will give you not less than 3 months' written notice of the intention to change the applicable interest rate. See also Paragraph 8 under "2. Subscribing to the House Crowd ISA and further conditions"
4. Should it be possible to sell all or part of your P2P Loans, we will pay the cash sum (subject to the deduction of fees) in to your House Crowd ISA. You may then request to withdraw the cash from your House Crowd ISA.
5. The House Crowd ISA is not a "Flexible ISA" as defined in the ISA Regulations. This means that any money you withdraw from the ISA will still count towards your annual subscription limit.

Transfers into The House Crowd ISA

6. We will accept ISA transfers from other ISA managers, including non-cash ISAs, but only in the form of cash. There is no charge for transfer amounts of at least £5,000, however there is a charge of £50 + VAT for transfer amounts of £1,000 to £4,999.

Transfers Out of the House Crowd ISA

7. You may not make a transfer out of the portion of your investment that has already been invested into P2P Loans from your House Crowd ISA until after the minimum 3-year term, and on providing not less than 3 months' written notice, such notice not to expire before the end of the minimum 3-year term. You may instruct us to transfer any cash held in your The House Crowd Finance ISA to another ISA manager. You will be charged a standard administrative fee for making a transfer, such fee to be amended from time to time by notification on our Website. To the extent we hold a cash balance in your ISA before it is invested into P2P Loans, you have the right to transfer or withdraw such balances in accordance with ISA Regulations, and we shall carry out such instructions no later than thirty (30) days after receiving them.
8. You cannot transfer any P2P Loans held within The House Crowd to another ISA manager. You would first need to sell of (all or part of) your rights under P2P Loans held in your House Crowd ISA under our P2P Terms. Once you have sold a P2P Loan, the cash that you receive can then be transferred from your House Crowd ISA to another ISA manager through your Account. The sale of (all or part of) your rights under P2P Loans is governed by the P2P Terms. Please ensure you understand the relevant risks and restrictions, particularly that your capital is at risk when investing in a P2P Loan, and the potential restrictions on selling loans as set out in Section 6.2 above.
9. We will transfer the cash sum (subject to deduction of fees) to another ISA manager that accepts the transfer within such reasonable time as you stipulate, provided that the transfer process may take up to 30 days from the later of the date you sell your rights under the relevant P2P Loans and the date you notify us of the transfer request. You may be liable to pay the fees and charges of third party administrators and/or custodians arising from any transfer.
10. When we transfer the cash realised from your House Crowd ISA to another ISA manager, all rights and obligations of the parties to the ISA are transferred with it to the new ISA manager. Your new ISA manager may require you to complete an ISA transfer application form.

11. We may use a third-party ISA transfer specialist to process a request from you to transfer your ISA to another ISA manager. We share your details with the ISA transfer specialist for the purpose of effecting the transfer in full accordance with the General Data Protection Regulation (GDPR). We will process any personal data in accordance with our Privacy Policy (details of which can be found at: www.TheHouseCrowd.com).

7. Terminating your ISA

1. You have the right to close your House Crowd ISA at any time in accordance with the terms of this agreement but you will only be able to access any available capital (see Section 6) after the expiration of the three year minimum term. To close your House Crowd ISA you must provide us with written instructions, via email or post, to do so. Where we are notified of your bankruptcy, we will take action to close your House Crowd ISA with effect from the date that the trustee in bankruptcy's appointment takes place. We will close your House Crowd ISA upon our receipt of written notice of your death. The tax benefits of your House Crowd ISA cease on your death such that future interest payments will not be exempt from tax. We may require a grant of probate or letters of administration before releasing any monies in your account to your executors.
2. We may also terminate your House Crowd ISA at any time where we reasonably believe that it is in breach of the requirements set out in the ISA Regulations. In these circumstances, you may lose some or all of your tax exemptions and any cash or P2P Loans will be held by us outside of The House Crowd ISA.

8. Cooling Off Period

1. You will have a cooling off period of 14 days from the date on which you make your initial Investment in the House Crowd ISA. Within this cooling off period you may cancel your subscription to the House Crowd ISA.
2. If you would like to cancel your subscription to The House Crowd ISA within this period, please email member-support@thehousecrowd.com.

9. Security and payments following default

1. We will carry out credit assessments on all Borrowers before approving their P2P Loan application. The Borrower will provide security in respect of each loan by granting a legal charge over property of sufficient value as is necessary to meet our lending criteria. We may also seek personal or corporate guarantees, where appropriate. The Security will be held on trust by the Security Trustee for the benefit of the Lenders and for our own benefit.
2. If a Borrower defaults on a P2P Loan and we are unable to recover the full amounts due from the Borrower in respect of interest and capital, the proceeds of recovery, net of any necessary third-party costs associated with such recovery, the Security Trustee shall apply the proceeds in the following order:
 - a. first, for the benefit of P2P Lenders in paying any capital due under the P2P Agreements;
 - b. second, for the benefit of the P2P Lenders in paying any interest due under the P2P Agreements; and
 - c. third, for the benefit of The House Crowd Limited or House Crowd Finance Limited in respect of any fees or administration expenses owed.

10. Portfolio Management

1. By opening your account and indicating your acceptance to these P2P Terms, you grant us full authority to act as your agent in entering into Contracts of Transfer, on a periodic basis, in order to enter into P2P Agreements and build your House Crowd ISA Portfolio. You also grant us authority to manage the P2P Loans in your House Crowd ISA Portfolio and without prior reference to you, provided that our management activities are in accordance with these P2P Terms.
2. In entering into a Contract of Transfer on your behalf, we may at our discretion vary the original interest rates charged to each Borrower, in such a way that the average interest rate across all Borrowers determines the rate we quote on the Site from time to time. This means that we may enter into a P2P Agreement with an interest rate below the headline rate, but where we do so, we shall try to match it with a corresponding P2P Agreement that balances out the headline rate. We will only do this where we believe it desirable to increase the diversity of your Auto-Invest Portfolio and

where lower rates can be complimented with and offset by higher rates.

11. Opted-out clients

1. An 'opted-out client' is a client who notified us of their wish to opt out of having any of their monies which were invested before 30th April 2019 being exposed to Mezzanine Finance loans. This was in accordance with the email we sent to existing ISA clients on 17th April 2019.
2. Therefore, the portfolios of 'opted-out clients' will not contain exposure to Mezzanine Finance loans for any monies invested prior to 30th April 2019.
3. However, any additional monies invested by opted-out clients after 30th April 2019 may have been, and may continue to be, exposed to Mezzanine Finance loans.

Glossary

In these terms and conditions, unless the context otherwise requires:

“Account” means the secure online account you open with us, through which you can view details of each of your House Crowd ISAs;

“Crown Employees” means individuals that perform duties which, by virtue of Section 28 of Income Tax (Earnings & Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom, or individuals that are married to, or in a civil partnership with, a person who performs such duties;

"FCA" means the Financial Conduct Authority, which regulates firms operating electronic systems in relation to lending;

“HMRC” means Her Majesty’s Revenue and Customs;

“House Crowd Finance Limited” means the company with company registration number 10564875 - incorporated on 16 January 2017 with a registered office at 91- 95 Hale Road Hale, Altrincham, England, WA15 9HW;

“House Crowd Loss Absorption” means 10% of the losses incurred on the capital of a P2P Loan underlying the House Crowd ISA investment that does not yield an amount sufficient to repay capital, such loss to be absorbed by House Crowd Finance Limited;

“Innovative Finance ISA” means an innovative finance ISA opened and managed in accordance with the ISA Regulations;

“ISA” means an individual savings account opened and managed in accordance with the ISA Regulations;

“ISA Regulations” means the Individual Savings Account Regulations 1998;

"P2P Loan" means a peer to peer loan, including secured development or bridging loans, to a borrower which is transferred to lenders in accordance with the P2P Terms, in accordance with underwriting policies from time to time in place;

“P2P Terms” means the terms governing the House Crowd’s provision of P2P Loans, as applicable from time to time and as available on the Website;

“Security Trustee” means the person we appoint to take security over the assets of Borrowers under secured P2P Agreements, as may be varied from time to time and which currently means House Crowd Finance (Security Agent) Limited;

“Tax Year” means a year starting on 6 April and ending on the following 5 April; and

"Website" means www.TheHouseCrowd.com.