



Borrower Terms & Conditions

Date: 31st March 2017

STRATOSPHERE INC. LTD.

These terms and conditions (“Terms”) explain:

- (1) the process of borrowing money through the Stratosphere Inc Ltd (“**Stratosphere**”) platform (the “**Platform**”);
- (2) how to become a borrower through the Platform (“**Borrower**”);
- (3) how you may use the website provided and maintained by Stratosphere <http://stratosphere.co.uk/> (the “**Site**”); and
- (4) your relationship with Stratosphere.

1. Introduction

- 1.1. By agreeing to become a member as a Borrower and by using the Site you agree to be bound by these Terms.
- 1.2. If you decide to become a member of the Platform as a Borrower you must comply with these Terms. Please read the Terms carefully and print a copy for your future reference.
- 1.3. By using the Site you confirm that you have read and understood:
 - 1.3.1. these Terms;
 - 1.3.2. Website Terms of Use – (<http://strato-sphere.co.uk/terms-of-use/>)
 - 1.3.3. Privacy Policy – (<http://strato-sphere.co.uk/privacy-policy/>);
 - 1.3.4. Complaints Procedure – (<http://strato-sphere.co.uk/complaints-procedure/>); and
 - 1.3.5. Any other terms and conditions or policies as referred to in these documents (all as amended from time to time).
- 1.4. If you are using the systems and the services provide by the Site on behalf of a partnership, Limited Liability Partnership (LLP) or a Limited Company, you warrant that you have read and understood these Terms (or their subsequently updated versions) and you are authorised to act on their behalf.
- 1.5. If you do not agree to these Terms of any of the terms in the document listed at clause 1.3 you must stop using the Site immediately.
- 1.6. References to “**we**”, “**us**” and “**our**” are to Stratosphere Inc. Ltd.
- 1.7. References to the Security Trustee is to Stratosphere Inc. Trustee Ltd.
- 1.8. References to the Borrower “**you**” and “**your**” relate to you as an individual or any body whom you are acting on behalf of a partnership, an LLP or Limited Company.

- 1.9. References to Lender(s) are to potential lenders using our services from time to time.
- 1.10. References to Loan Agreement are to individual documents entered into during the process of lending.
- 1.11. Whilst this document sets out the basis of our relationship the Loan Agreement will cover more specific terms in relation to any loan approved. In cases of any conflict between these terms and conditions and the Loan Agreement, the Loan Agreement will prevail.
- 1.12. Where an application for a loan has been made on your behalf by a Broker or other financial intermediary then we will assume that they have done so with your full authority.

2. Registration as a Borrower

- 2.1. To become a Borrower with us the following criteria must be met:
 - 2.1.1. you must be a recognised business either trading as a sole trader, partnership, LLP, or limited company (registered at Companies House). Trusts, charities or public bodies are not able to register as a Borrower.
 - 2.1.2. in the case of LLPs and Limited Companies all filing requirements including the filing of accounts must be up to date at Companies House. All documents filed must have been filed within the stated deadlines.
 - 2.1.3. your business must have its main operation based in the UK (excluding the Channel Islands and Isle of Man).
 - 2.1.4. owners and directors must be UK citizens and residing in the UK; in the case of partnerships, LLPs and limited companies at least 50% of the partners or directors must be permanent residents in the UK (excluding the Channel Islands and Isle of Man).
 - 2.1.5. searches with credit reference agencies will be undertaken to verify the identity of all Borrowers and connected parties. As part of our know your client checks we may require copies of passports or other relevant identification documents.
 - 2.1.6. you must have and maintain a valid business account with a UK bank or building society.
 - 2.1.7. the business and all connected people such as company directors as separate entities must be deemed creditworthy as determined by the Credit Assessment Process which will be undertaken together with any information obtained via credit searches with a number of credit reference agencies.

- 2.1.8. applications to become a Borrower will not be accepted if there are previous or outstanding County Court Judgements (CCJ).
- 2.2. In applying to be a borrower you agree that the details you provide in your application will be reviewed by our Lenders in accordance with our Privacy Policy (<http://strato-sphere.co.uk/privacy-policy/>)
- 2.3. During the application process you warrant and undertake that:
- 2.3.1. all the information you provide is true and accurate and you will inform us promptly should anything change;
- 2.3.2. you are not aware of any circumstances or proceedings which could result in you being unable to fulfil your financial commitments; and
- 2.3.3. you will promptly inform us of any future circumstances or proceedings which could result in you being unable to fulfil your financial commitments.

3. User Access Security

- 3.1. Upon acceptance as a Borrower, as well as providing an email address, physical mailing address and contact telephone numbers, you will be requested to provide answers to three security questions (which may be requested on the Platform from time to time) and to create a unique password. We recommend that the password is something memorable to you and it must meet any password security requirements which we may put in place from time to time.
- 3.2. Your password will be requested to access certain parts of the Site. This password will also be requested each time you access your account. Your username and password are personal to your account and are not transferable. You must keep this information secure at all times.
- 3.3. If you authorise another person to act on your behalf (such as a broker or advisor) you will be responsible for their discussions and actions with us.
- 3.4. We maintain the right not to deal with anyone whom we believe is not you, not acting with your authority or under circumstances or where we suspect that potentially illegal or fraudulent activities are being attempted or are being carried out.
- 3.5. You must immediately notify us if you discover or suspect that your user name or password have been compromised. In this situation, before further actions or decisions can be taken, we will take steps to re-verify your identity.
- 3.6. By using the Site you agree not to adapt or circumvent the systems in place in connection with the Site other than through normal use of it.

4. Application, Review and Acceptance Process

- 4.1. If you wish to apply for a loan you are required to complete a loan application form which includes all the key data and information about you and your business. You will also be expected to present your credit report from a credit reference agency together with details of any security offered (for example property, assets or a personal guarantee).
- 4.2. You are responsible for ensuring that all information provided by you is accurate and does not mislead Lenders.
- 4.3. Your application will be reviewed by us. If the initial documentation for your application is acceptable we will contract you to arrange a face-to-face, telephone or Skype meeting to discuss the application in more detail. Once we have arranged the meeting an application fee, which is non-refundable, will become payable.
- 4.4. During the meeting you will be requested to present your loan application which may include providing further information. Following the meeting you may also be requested to provide additional information.
- 4.5. Based on the meeting and the information provided your application will either be accepted or declined at our sole discretion.
- 4.6. If your application is declined we will inform you in writing, outlining the reasons why your application could not proceed.
- 4.7. If your application is accepted by us in the first instance:
 - 4.7.1. a Credit Risk Score (CRS) will be assigned to the application based on the information you have provided and will be used to calculate the rate of interest applicable to the loan. CRS is calculated by taking into account a wide range of factors about the business, its financial performance and the perceived risk of the application. The CRS is for information only and Lenders will take their own view on the perceived level of risk of lending to you;
 - 4.7.2. you will be advised of the interest rate attached to the application and will be requested to confirm that the rate is acceptable;
 - 4.7.3. we will agree with you the security to be offered to the Lenders;
 - 4.7.4. the application may then be submitted to our external credit assessment team for an independent review.
 - 4.7.5. If the application is declined we will inform you in writing outlining the reasons why the application could not proceed.
- 4.8. If the application is successful it will be posted on the Platform along with all necessary information such as the security being offered for our Lenders to review.

- 4.9. Lenders can then review the Borrower's application and make a pledge ("**Pledge**") towards the amount of the application. All Pledges made by a Lender will be paid into their "e-wallet" ("**Lender Wallet**") and then transferred to the borrower's holding project e-wallet ("**Project Wallet**") ready for release pending all legal documents having been completed, signed and received.
- 4.10. All applications must be fully pledged (in other words the borrower must have received enough offers from Lenders to reach the application loan amount stated by the Borrower) and will not be available for drawn down until the application loan amount has been reached. Once the full amount has been pledged the money will be transferred from the Project Wallet to the Borrower e-wallet ("**Borrower Wallet**").
- 4.11. Once the application loan amount is fully pledged you will enter into a loan agreement ("**Loan Agreement**") which will detail the specified terms of the loan.
- 4.12. The Loan Agreement will be generated automatically and issued to you. You must sign and return the Loan Agreement to Stratosphere within 7 days otherwise the Lenders are not obliged to honour their agreement to lend.
- 4.13. The Borrower acknowledges that a loan application does not obligate us to ultimately secure the loan application amount. The final decision to support a loan application will be the Lenders'.

5. Security and Loan Draw Down

- 5.1. Upon receipt of the Loan Agreement you undertake to execute all the required Security Documents.
- 5.2. You agree to indemnify the Lenders and Stratosphere and be responsible for any costs whatsoever incurred in respect of taking the security.
- 5.3. You undertake to execute the documents as quickly as possible in the presence of a solicitor and to co-operate with the solicitors to ensure a speedy drawdown of the loan for all parties.
- 5.4. In order to use the platform a Borrower must open and maintain valid UK bank account.
- 5.5. In order to use the Platform a Borrower must open and maintain an e-wallet with Mangopay ("**Borrower Wallet**"). The Borrower warrants and undertakes to abide by the terms and conditions laid down by Mangopay which will be provided by Mangopay (https://www.mangopay.com/en_UK/).
- 5.6. For the avoidance of doubt any money held in a MangoPay wallet under these terms and conditions will not be governed by the FCA Client Asset Sourcebook and will not carry any of the associated protections. Further information can be obtained by contacting Stratosphere.

- 5.7. Once all documentation is in place and confirmed to be in order the loan will be available for drawdown.
- 5.8. Once the fees (as detailed in the Loan Agreement) have been deducted by us the net amount will be released from the “**Project Wallet**” to your Borrower Wallet (linked to the nominated solicitor’s client bank account), which must be the same account as that quoted in the loan application (unless otherwise agreed by us in writing).

6. Application Fee, Arrangement Fee and Other Fees

- 6.1. The arrangement fee will fall due and become payable on the transfer of the loan from the Project Wallet into your nominated bank account.
- 6.2. We will deduct the fees from the amount borrowed in accordance with the specified terms of the Loan Agreement before the money is released to you from the Project Wallet.
- 6.3. Specific fees are detailed in the Loan Agreement and we aim to have all fees listed on the Site which are subject to change from time to time.
- 6.4. Other fees may also be payable and will agreed in advance.

7. Interest Rates

- 7.1. Interest rates are fixed at the outset and for the term of the loan.
- 7.2. The interest rate is calculated based on the Credit Risk Score Band (CRSB) which is an internal assessment of the Borrower’s perceived level of risk. Each CRSB has an interest rate assigned to it which reflects the appropriate level of risk/reward Lenders are being asked to take.
- 7.3. The five CRSBs are:
 - 7.3.1. A – Low Risk;
 - 7.3.2. B – Medium Risk;
 - 7.3.3. C – Average Risk;
 - 7.3.4. D – Higher Risk;
 - 7.3.5. E – Highest Risk
- 7.4. Band A carries the lowest interest rate with Band E carrying the highest interest rate.
- 7.5. Interest rates may vary from time to time.

8. Repayment Schedule

- 8.1. You agree to make repayments of the loan to each Lender in accordance with the provisions of the relevant Loan Agreement.
- 8.2. Payments must be made to the Project Wallet details of which will be provided in the Loan Agreement or as provided by us from time to time. Payment will then be made by us from the Project Wallet to the Lender Wallet.
- 8.3. Payments must be made on time and it is up to Borrowers to ensure that cleared funds are made available in the Project Wallet 2 days prior to the due date of payment.
- 8.4. If for some reason payment cannot be met then you must contact us immediately to advise of the position and inform us of when payment will be made. A missed payment fee of £25 will be levied and a further £25 will be charged to you for each attempt to collect payment or for each attempt to contact you about a late payment.
- 8.5. If two or more payments are in arrears then (unless we agree otherwise at our sole discretion in exceptional circumstances) a default notice will be served and the matter will be handed to an external debt collections agency who will seek recovery of the debt. A charge of £500 will be levied on you by us upon this action being taken and the debt collection agency will charge additional fees to cover their costs.
- 8.6. If a default notice is issued we shall be entitled to report any and all information collated by us in connection with repayments (including missed repayment information) to credit reference agencies. Such information may be placed on your credit file.
- 8.7. If a debt collection agency has not been able to recover the missed payments from you, or any two payments from you remain outstanding, or if any other terms of the Loan Agreement are breached, we reserve the right to commence proceedings to enforce the security as detailed in the Loan Agreement. This action may be taken by the Security Trustee on behalf of the Lenders.

9. Complaints

If you have a complaint about any aspect of our service and you wish to contact us, our process is contained in our Complaints Policy which can be obtained here <http://stratosphere.co.uk/complaints-procedure/>.

10. Terminating your membership

- 10.1. You may cancel your membership of the Platform without giving any reason by giving oral or written notice to Stratosphere before the end of the period of 14 days beginning with the day after you have registered with the Platform (the "**Cancellation Period**").

- 10.2. After the Cancellation Period if you no longer want to be member and provided you have no amounts due and /or outstanding to any Lender or to Stratosphere whether under a Loan Agreement or otherwise, you can let us know and we will end your membership.
- 10.3. We may end your membership of Stratosphere at any time and for any reason including but not limited to:
- 10.3.1. any breach by you in these Terms;
 - 10.3.2. you breach the terms of the Loan Agreement to which you are a party;
 - 10.3.3. we suspect you have committed fraud, been involved in money laundering or any other criminal activities;
 - 10.3.4. you engaging in any activity which could bring our reputation and that of the Lenders or other Borrowers in to disrepute;
 - 10.3.5. you use the Site or any information accessible on it obtained from it for the purpose of canvassing or soliciting any person or enticing any person away from Stratosphere; or
 - 10.3.6. you use the Site in any of the following ways:
 - a. in any way that causes, or is likely to cause, the Site or access to it to be interrupted or damaged in any way;
 - b. for fraudulent purposes, or in connection with a criminal offence;
 - c. to send, use or reuse any material that is illegal, offensive, abusive, indecent, defamatory, obscene or menacing; or in breach of copyright, trademark, confidence, privacy or any other right; or is otherwise injurious to third parties; or objectionable; or which consists of or contains software viruses, political campaigning, commercial solicitation, chain letters, mass mailings or any "spam";
 - d. to cause annoyance, inconvenience or needless anxiety.

11. Borrowers Agreement

- 11.1. Membership of Stratosphere, the Site or the Platform does not in any way constitute an obligation on us to procure funding for borrowers or constitute a warranty by us that funding will be available.
- 11.2. Any interest rate featured on the Site is indicative only and we do not guarantee that such rates will be available.

12. Off Site Advertising

- 12.1. If you would like to promote any investment which is currently advertised on the Site you must obtain permission from us before doing so.
- 12.2. We will at our absolute discretion confirm in writing whether we consent to any external advertising and we will advise in what form the advertisement can take including the use of any phrases or images which may be used. Any advertising should also comply with any FCA regulation imposed from time to time.
- 12.3. Any breach of clauses 12.1 and 12.2 may lead to termination of your membership.

13. General Terms

- 13.1. Only one account per Borrower is permitted unless otherwise agreed in writing by us. You must keep your registration information up to date at all times.
- 13.2. Access to the Site is permitted on a temporary basis. We reserve the right to withdraw or amend the service we provide on the Site without notice. We will endeavour to allow uninterrupted access to the Site, but access may be suspended, restricted or terminated from time to time. We will not be liable to you if for any reason the Site is unavailable at any time or for any period.
- 13.3. The information provided on the Site is for use solely by persons and organisations that have registered on the Site and have been approved as members by us. You must not distribute any information contained on the Site to any person.
- 13.4. You are permitted to download and print content from the Site (including these Terms) solely for your own personal use or in the course of your business to the extent required to use the services provided on the Site. Site content must not be copied or reproduced, modified, redistributed, used or otherwise dealt with for any other reason without our prior express written consent.
- 13.5. We shall retain the right to remove any material or posting made on the Site at our absolute discretion.
- 13.6. You agree to use the Site only for lawful purposes and in a way which does not infringe the rights of anyone else or restrict or inhibit anyone else's use and enjoyment of the Site. You agree not to use the Site or any information accessible on or obtained from it for the purpose of canvassing or soliciting any person or enticing any person away from using the services on our Site.
- 13.7. You warrant and undertake that you have taken and will take all reasonable precautions to ensure that any data you upload or otherwise submit to the Site is free from viruses, Trojans, worms or other material which may have a contaminating or destructive effect on any part of the Site or the Platform.

- 13.8. The content and material available on the Site is for information purposes only and should not be regarded as an offer, solicitation, invitation, advice or recommendation to buy or sell investments, securities or any other financial services or banking product. If you are unsure about whether a product is suitable you should contact an independent financial adviser.
- 13.9. We accept no responsibility for and cannot guarantee availability of the Platform. While every reasonable step will be taken to ensure smooth operation of the Platform and to keep it available for use, we accept no liability for any lost opportunity or any other loss caused by technical difficulties or down time of the Platform.
- 13.10. We accept no responsibility or liability for your use of content on the Site and such use is entirely at your own risk. While we take reasonable precautions to prevent the existence of computer viruses or other malicious programs on the Site, we accept no liability for them if they do exist. It is your responsibility to use, update and maintain appropriate antivirus software on your computer.
- 13.11. Information transmitted via the Site will pass over public telecommunications networks. We accept no liability if communications sent via the Site are intercepted by third parties or incorrectly delivered or not delivered.
- 13.12. The Site may contain links to other websites. We accept no responsibility or liability for any material supplied by or contained on any third party website which is linked from or to the Site, or any use of personal data by such third party and we reserve the right to withdraw linking permission without notice.
- 13.13. You acknowledge that you are borrowing entirely at your own risk.
- 13.14. You agree to keep confidential and not to use, disclose or communicate any and all content of the Site (except in the course of obtaining professional advice in respect of the same or with our written consent or as required by law). This restriction will continue to apply after any termination of membership.
- 13.15. We make no representation or warranty as to the accuracy of the data displayed on the Site in relation to the Lenders, nor whether the information is up to date or error free.
- 13.16. We do not guarantee that there will be sufficient Pledges to fully fund a loan or that there will be sufficient or appropriate offers to satisfy the loan application.

14. Intellectual Property Rights

- 14.1. We are the owner and licensee of all present and future copyright, registered and unregistered trademarks, design rights, unregistered designs, database rights and all other present and future intellectual property rights existing in or in relation to the Site ("Intellectual Property Rights") and, save as otherwise provided in clause 13.3, the material published on it.

- 14.2. If and to the extent that any such Intellectual Property Rights vest in you by operation of law or otherwise, you agree to do any and all such acts and execute any and all such documents as we may reasonably request in order to assign such intellectual property rights back to us.
- 14.3. You shall retain ownership of all copyright in data you upload or submit to the Site. You grant us a worldwide exclusive, royalty-free, non-terminable licence to use, copy, distribute, publish and transmit such data in any manner we decide (in our absolute discretion).

15. Your Liability To Us

- 15.1. You shall be liable to us for any loss or damage suffered by us as a result of any breach of these Terms, or any fraudulent use of the Platform or the Site.
- 15.2. You agree to indemnify us against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) suffered or incurred by arising out of or in connection with any breach by you of this agreement.

16. Our Liability To You

- 16.1. The material displayed by us on the Site is provided without any guarantees, conditions or warranties as to its accuracy.
- 16.2. We shall not be liable for failure to perform or any delay in performing any of the obligations under these Terms if such delay or failure results from any events, circumstances or causes beyond our reasonable control.
- 16.3. We shall not be liable to you for any loss or damage which you may suffer as a result of being a member of the Platform or using the services provided via the Site, except where such loss or damage arises from our breach of these Terms or was caused by negligence, wilful default or fraud by us or our employees. We are not responsible for any breach of these Terms arising from circumstances outside our reasonable control.
- 16.4. You should consult professional advisers for assistance in making any assessment in relation to borrowing money. You acknowledge that you are borrowing entirely at your own risk and that you have not received any advice from us.
- 16.5. Notwithstanding the generality of clauses 16.1 to 16.3 (inclusive) and to the extent permitted by the law we hereby expressly exclude:
- 16.5.1. all conditions, warranties and other terms which might otherwise be implied by statute, common law or the law of equity;
 - 16.5.2. any liability for any direct, indirect or consequential loss or damage incurred by you in connection with the Site or in connection with anything listed on the Site or in connection with the use, inability to use, or results of the use of the Site, any websites linked to it and any materials posted on it, however

arising and whether caused by tort (including negligence), breach of contract or otherwise, even if foreseeable, including, without limitation any liability for:

- a. loss of income or revenue;
- b. loss of business;
- c. loss of profits or contracts;
- d. loss of opportunity;
- e. loss of anticipated savings;
- f. loss of data;
- g. loss of goodwill;
- h. wasted management or office time; and
- i. for any other loss or damage of any kind, however arising and whether caused by tort (including negligence), breach of contract or otherwise, even if foreseeable, provided that this condition shall not prevent claims for loss of or damage to your tangible property or any other claims for direct financial loss that are not excluded by any of the categories set out above.

16.6. Nothing in these Terms shall limit our liability for personal injury or death caused by our negligence, fraud or any other liability which cannot be lawfully excluded.

16.7. Our total liability to you in connection with these Terms, your membership and use of any of our services provided via the Site whether arising in contract, tort (including negligence) or otherwise shall not exceed the amount of money you have borrowed giving rise to the liability.

17. Other Terms

17.1. We do not provide financial advice. Information made available either directly or indirectly to you or via the Platform or Site should not be construed as formal advice or as a recommendation. If you are in any doubt about making a Pledge then we recommend you seek independent financial advice.

17.2. You acknowledge and agree that we do not provide financial, accounting or legal advice in respect of the services we supply. If you have any questions about the products or services you should seek independent advice.

17.3. You agree that all the information provided to us and stored by us will be used in accordance with our Privacy Policy, which is available here <http://stratosphere.co.uk/privacy-policy/>.

- 17.4. From time to time we may amend or vary these Terms to meet our changing business requirements. We will inform you when we do so. While we endeavour to give advanced notice of any updated or amendments to these Terms we cannot guarantee that we will be able to do so. We therefore recommend that you review these on a regular basis on the Site. You agree to be bound by these Terms and Conditions as subsequently amended and updated.
- 17.5. If any part of these Terms and Conditions is found to be illegal, invalid or unenforceable by any court or regulatory authority, the remainder shall continue in full force and effect. No single or partial exercise, or failure or delay in exercising any right, power or remedy by either you or us shall constitute a waiver by us or preclude any further exercise of that, or any right, power or remedy arising under this Terms and Conditions.
- 17.6. All disclaimers, indemnities and exclusions in these Terms shall remain in force after the termination of any agreement between us for any reason.
- 17.7. Any failure by us to exercise any of the rights or remedies under these Terms will not constitute a waiver of such rights or remedies and will not relieve you from compliance with your obligations under these Terms.
- 17.8. No single or partial exercise, or failure or delay in exercising any right, power or remedy by us shall constitute a waiver by us of, or impair or preclude any further exercise of, that or any right, power or remedy arising under these Terms.
- 17.9. These Terms and any document referred to in these Terms and our website terms and conditions (<http://strato-sphere.co.uk/terms-of-use/>) set out the entire agreement between you and us with respect to your use of the Site and the services provided via the Site and supersede any and all representations, understandings, arrangements, communications and prior agreements (written or oral) between us.
- 17.10. Nothing in these Terms is intended to, or shall be deemed to, establish any partnership or joint venture between any of the parties, constitute any party the agent of another party, nor authorise any party to make or enter into any commitments for or on behalf of any other party.
- 17.11. These Terms and Conditions are governed by English law and the courts of England and Wales will have exclusive jurisdiction to settle any disputes that may arise in relation to these Terms (whether of a contractual or tortious nature or otherwise).