

SOLENT CREDIT UNION LOANS POLICY (2011)

- a) All loans are considered in confidence by the Credit Committee or a loans officer or officers appointed by the board of directors. Loans to members of the Credit Committee will be considered by the board of directors. The loans officer will only consider loans for amounts as specified in section r).
- b) The Credit Committee's decision whether to approve a loan application is final. The Credit Union's officers are committed to complying with the rules of credit union act of 1979.
- c) Members must have been saving regularly for at least 3 months, or 13 weeks before they can apply for a loan. This may be overlooked in exceptional cases.
- d) The maximum for a first loan is the value of the member's shares plus £500. If shares are less than £200 the maximum loan is £500.
- e) Second and subsequent loans are subject to a maximum of the value of shares saved X 3 or shares plus £500 which ever is the greater.
- f) All loans are subject to a maximum limit of shares plus £5000.
- g) During the life of a loan top-ups will be permitted subject to the new total meeting the lending criteria of the original loan. 33% of the original loan must have been repaid as per the agreement before a top-up can be considered.
- h) Second or subsequent loans are only available once the original, or original plus top-up loan has been repaid.
- i) Interest on loans will be charged at either 1% or 2% per calendar month on the reducing balance. This rate will be determined by the Credit Committee or Loans Officer as they deem appropriate.
- j) All loans will be paid out either by cheque or monies allocated to a pre-payment card.
- k) Whilst a member has loan they may only withdraw shares whose value exceed that of the loan balance. This would also apply to share to loan transfers.
- l) Loans up to £300 must be repaid within 12 months. Loans above £300 can be repaid within 3 years subject to the Credit committee/Loans Officer's discretion.
- m) Every member is responsible for notifying the Credit Union of any factors affecting their ability to repay the loan. Depending on circumstances the Credit Committee may be able to vary the terms of the loan agreement. Failure to inform the Credit Union may result in action being taken to recover the debt.
- n) Priority for loans will be given to members who are saving regularly, at least £2 per week or £10 per month, where need and credit factors are comparable.

- o) Where funds are insufficient for all loans preference will be given to members applying for smaller loans if the need and credit factors are comparable.
- p) The Credit Committee may ask for a guarantor, who must be a member of the Credit Union and aged over 18 years. They must pledge an amount from their shares to guarantee the loan.
- q) Guarantors accept responsibility with the borrower for repaying the loan and will need to give proof of their ability to repay the loan should they be required to do so. The share pledged against the amount outstanding cannot be withdrawn from the credit union and will be disregarded from the guarantors share balance if they apply for a loan themselves. Only the Credit Committee can approve the release of a pledge. Applicants and their guarantors must attend an interview with the credit committee if requested.
- r) A Loans Officer may be appointed by the board of directors and will have the authority to grant loans that conform to the loan's policy subject to a maximum of £1000 including shares or shares +£500.
- s) All members to age 65 are covered by loan protection insurance and life insurance for their shares subject to certain conditions.
- t) In accordance with the Credit Union Act 1979 loans must be for a provident and productive purpose.
- u) Where loans are made to an officer of the credit union, a member of an officer's family or some one registered at the same address as an officer, these will be reported to the board of directors.

Reviewed and updated in January 2011