

LOAN POLICIES

It is the Board's responsibility to ensure the financial well being of the Credit Union so that it is able to meet its loan requirements from Members. This may mean borrowing money, changing the policy (as and when required) and determining interest rates (subject to capping law).

The Board reserves the right to suspend the granting of loans to allow reserves to accumulate if funds are low.

- It is essential that all loans be paid on time in order to allow the Credit Union to grant loans to other Members. Loan agreements are binding. If a Member finds themselves in difficulty it is important that the Member contacts the Credit Control Team for help and guidance.
- There are two ways in which to sign for your loan either in person with your membership card or by E signature to IP email address.
- In the event of a shortage of funds to grant loans, loans will be issued on a first come first served basis.

LOAN 1 (SHARE BASED LENDING @ 19.6% Annualised Rate - this is the rate on CUSTOM and is = to 1.63% on the reducing balance (equates to 21.5 % APR)

- All applicants must be over 18 years of age.
- Members are allowed to borrow double the amount of savings going up in four stages to a maximum of £5000.00 they will need to have half of loan in shares.
 1. £500.00 Max.
 2. £1500.00 Max. (loans £1500 plus will only be considered if a member has had a loan over £1000.00 and has a good payment record.)
 3. £2500.00 Max (loans over £2500 will only be considered if a member has had a loan for £2500.00 Max and has a good payment record.)
 4. £5000.00 Max
- All share based first loans (loan 1) will be considered only after at least 13 weeks Membership with a 10 week regular savings pattern established.
- All top up loans (loan 1) will only be considered if there has been 13* weeks since the last loan was allocated, top up loans over £2500.00 will only be considered if there has been 26* weeks between allocations and subject to current loan policy for amounts and share value retained.
- All loans over £2500.00 can be taken over 3 years.
- If a member decides to apply for a loan under £2500.00 in the future they can go back to the 13 week rule and will also need to go back to repayment a maximum of over 2 years.
 - *There must also be at least 13/26 weekly payments OR 6/12 fortnightly payments or 3/6 x 4 weekly payments or 3/6 monthly payments
- A Member of the Senior Staff Team has the authority to interview any loan applicant.

- Funds will not be transferred to the Member until the loan agreement is signed either in person or by E signature via IP email address.
- During the loan repayment period the Member will be encouraged to save.
- The Credit Union shall not grant a loan to one of its Board Members, an Officer or Member of Staff on terms more favourable than those available to other Members of the Credit Union. Volunteers who are not Officers or sit on the Board shall be eligible to have a share based loan only, at half the current rate of interest.

If a Share Based Loan is refused the Member is contacted, informed and told of their right to appeal the decision in writing to Credit Control within 7 days of the refusal.

LOAN 2 (ESSENTIAL HOUSEHOLD GOODS LOAN @ 26.8% Annualised Rate this is the rate on CUSTOM and is = to 2.2% on the reducing balance (equates to 30.3% APR)

Available to Members with a good payment record; no current arrears on any loan; and an increasing share balance – also they must have a current share based loan, and must have had one for at least 13 weeks, if they get to a low loan 1 balance and are not saving will, therefore, not likely to be able to apply for a share based loan they are not eligible to apply for a loan 2. (If in doubt pass to Credit Control or Manager).

1. Loans are usually made for a maximum of £400.00 and a member can have up to two loans in any one year but only topped up to a Max of £400.00
2. The loan amount is paid direct to the Member. Members must bring in receipts, up to 4 weeks is allowed for receipts to be produced, for goods purchased as detailed on application form. Further applications will be sanctioned if receipts are not provided. If a member makes an application for a further loan 2 and has already been sanctioned, the loan application will need to be reviewed by a manager and will only be considered if 12 months has elapsed since the final payment of the initial unreceipted loan. If no receipts are produced a second time then a permanent sanction is imposed on loan 2 for this member.
3. A Member of the Senior Team has the authority to interview any loan applicant.

If a Loan 2 is refused the Member is informed by letter which states the reasons for the refusal and that the decision is non-negotiable at this time.

LOAN 3 - @ 26.8% Annualised Rate this is the rate on CUSTOM and is equal to 2.2% on the reducing balance (equates to 30.3% APR)

Introductory – up to £300.00

1. New Members are eligible for these loans without having to demonstrate a history of saving with the Credit Union but must be prepared to have their child benefit paid direct to their account within the Credit Union.
2. Applicants are interviewed by phone and a budget analysis completed. If satisfactory a loan of up to £300 is granted and subject to direct payment to the Credit Union (by child benefit).

3. All aspects of what the Credit Union has to offer are explained, including how the share-based lending works. The importance of saving is also stressed here to the new member.

Loan 3 – When funds allow, this loan will be opened to existing members. If Loan 3 is opened, top ups can now be allocated up to £500.00. A member can have up to two in any one year.

For any values over the £500.00 refer to discretionary policy.

1. Member must be a good payer
2. Members must have increasing share balance (A minimum balance of £500)
3. Member must be utilising the other services of the Credit Union (share based lending)
4. The loan must be affordable within their current income stream.

Loan 3 - Discretionary or Emergency Loans. If a member has already had a loan 3 and an emergency loan needs to be considered by increasing the Loan 3 past the £500.00 (i.e. Bailiff cost of average £500.00).

This loan can be made into a small consolidated loan up to a maximum of £1000.00 and can be recommended by the Credit Control Manager and must be authorised by the Finance Manager. In certain circumstances it is more prudent to increase this loan to get the member back on their feet. Any funds that take the loan 3 to over £500.00 must be authorised by the Finance Manager.

There has to be a valid reason, subject to interview and use is limited. The member must have paid loans to terms and although they may have struggled with saving in the past; the member must be made aware that they cannot continue to access Loan 3 if no effort is made to use the other services of Halton Credit Union

The loan must be affordable within their current income stream.

This loan could be offered during difficult circumstances as per examples shown (proof will be required).

A member must be making an effort to save with Halton Credit Union even if only a small amount and other restrictions may be put in place on other loans (such as limiting how much they could borrow dependent on income stream) whilst this emergency is getting managed.

1. Universal Credit Sanction or delay
2. Tragic circumstances such as bereavement
3. Bailiff demand
4. Job loss
5. Family breakdown

Loan 3 – continuous for non-savers

For some members it has become increasingly difficult to save and therefore access the other services of Halton Credit Union.

The member will always be encouraged to save, with the ability then to use the other services.

For those members who cannot move onto the share based lending, they will be allowed to continue to top up to £300.00 twice a year.