

## Frequently Asked Questions - Loans

### WHAT ARE THE CONDITIONS OF MY LOAN?

Loans are made for provident and productive purpose and have to be within the periods agreed by Law; 5 years for unsecured and 10 years for secured. The only other condition is that we ask members to pledge their shares as security against the loan and only shares in excess of the loan balance can be withdrawn.

### ARE ALL DEDUCTIONS TAKEN FROM MY SALARY ONLY?

No - members can make additional payments by cheque to increase their savings and to reduce their loan balance.

### CAN I HAVE A LOAN AND PAY OFF MONTHLY INSTALMENTS IN ADDITION TO SAVINGS INSTALMENTS?

We ask all members who borrow to continue to save a minimum of £10 per month as this increases the borrowing capacity in the future. It also increases the amount of dividend members receive and it increases the amount of Life Savings Insurance cover your nominated person will receive on your death.

### CAN I REPAY MY LOAN EARLY WITHOUT INCURRING ANY PENALTIES?

Yes - Credit Unions don't charge interest up front and repayment of loans earlier means members pay less interest.

### WHAT HAPPENS IF MY EMPLOYMENT IS TERMINATED?

If the member has a loan the Credit Union will look at alternative ways to repay the loan. This can be by Standing Order or the member may have enough in shares to transfer to clear the loan. By Law we the Credit Union can have 10% of members outside of the common bond, if this quota is not reached members will be given the option to stay with the Credit Union to either continue repayment of a loan or to save and have access to the services of the Credit Union.

### WHAT HAPPENS IF I CAN'T REPAY MY LOAN?

People's circumstances can change. The Credit Committee can reschedule loans so members pay less or work out a way to assist. The aim of the Credit Union is to help people and reduce worry. Credit Unions are not a charity however, so they can't just ignore the fact that members sometimes don't pay and they do send out reminder letters to slow payers or in certain cases will issue a County Court Order. It's important that Credit Unions safeguard members' money.