

## Loan Policy - Effective October 2019

*At ECU members savings are pooled to provide the funds to pay out loans. In order to ensure that there are always enough funds members are asked to continue saving whilst repaying a loan, this also ensures that your savings grow throughout your loan repayment term*

### Starter/Instant Loans

- We offer a Starter loan up to £1000\* to people wishing to join the credit union.
- No top ups are allowed on these loans
- Existing members can apply for a starter loan if they have had no loan history with us
- Loans must be repaid over a maximum period of 18 months
- These loans are charged at 27.85% APR Terms and conditions apply on these loans.

### First Loyalty Loans

- First Loyalty loans can be applied for after a minimum period of 10 weeks during which time regular share payments must have been paid into the account
- A member can then apply for a loan of three times their shares up to a maximum loan of £1500.
- Top up loans will only be considered after 20 weeks or five monthly payments. Top ups will only be granted up to the value of the original loan.
- Loans must be repaid over a minimum period of 20 weeks and a maximum period of 2 years.
- These loans are charged at 14.93% APR

### Second Loyalty Loans

- Members can apply for a second Loyalty Loan which is up to three times their shares up to a maximum loan value of £3000.
- Top ups on second and subsequent loans will only be considered after 20 weeks or five months of regular loan repayments. Top ups maybe requested for up to 3 times the shares at time of application minus the outstanding balance.
- Loans must be repaid over a maximum period of 7 years.
- Members can apply for subsequent Loyalty Loans, which are up to three times the value of shares up to a maximum loan value of £7500.
- These loans are charged at 14.93% APR

### Advantage Loan

- Members can apply for an Advantage Loan as long as they have been a member of ECU for at least 4 years with a previous, good loan history within the Credit Union.
- Open to members who have both Starter and Loyalty Loan products
- These loans can be applied for to combine both products into one Advantage Loan.
- Members can apply for a maximum of four times their shares
- Top ups on second and subsequent loans will only be considered after 20 weeks or five months of regular loan repayments. Top ups maybe requested for up to 4 times the shares at time of application minus the outstanding balance.
- Loans must be repaid over a maximum period of 5 years.
- These loans are charged at 14.93% APR

### Loyalty Plus Loans

- Members can apply for a loyalty plus loan if they have been a member ECU for at least 5 years
- Members must have at least £1000 in their share account
- Members must have had at least two loyalty loans with ECU

- Members must have good payment history and affordability
- Members can apply for 5 times their shares up to £15,000
- Loans must be repaid over a maximum period of 7 years.
- Top ups on second and subsequent loans will only be considered after 20 weeks or five months of regular loan repayments.
- Top ups maybe requested for up to 5 times the shares at time of application minus the outstanding balance.
- These loans are charged at 10.91% APR

#### **Value of Shares Loans**

- These loans cannot be for amounts higher than savings held in the members Share 1 account.
- These loans are charged at 8.3% APR
- Members can then apply for 3 times their shares as a loyalty loan up to a maximum of £3000

#### **Christmas Loan Applications**

- There is usually a very high demand for Christmas Loans, so we recommend allowing at least 10 working days for processing.
- Loan amounts offered at Christmas will be based on each member's individual circumstances and affordability.

#### **Season Ticket Loan Terms & Conditions**

- Loans are available between April and July
- Maximum Amount £1,000
- Maximum Repayment Term 10 months
- These loans are charged at 27.85% APR
- Applicants must be members of Enterprise Credit Union
- Regular savings must be mandated to the account e.g. from standing order, salary or benefits
- Can be requested independent of, and in addition to, any existing loans
- Maximum of 2 Season Ticket Loans per household
- Member must continue to save
- Savings cannot be withdrawn if lower than the total loan balances outstanding
- Proof of renewal / purchase is required before release of funds
- A full assessment of affordability will be undertaken and may involve credit search and other documents to support

#### **General Rules Please Read**

- Only members over the age of 18 and up to the age of 80 may apply for loans.
- Any lump sum deposits will not be included in the savings multipliers
- All loans are subject to approval and the availability of funds within the Credit Union.
- Credit checks may be conducted
- All applications for loans must be made in writing or online via the secure website of ECU.
- All new loans will require a bank statement showing your most recent month's income and expenditure, a member's bank statement may also be requested if deemed necessary by the loans officer
- Assistance is available if required
- A loan agreement contract must be completed and signed prior to the payment of funds for all loans.
- In determining the loan repayments an allowance must be made for the member to continue to save at least 10% of their overall payment when repaying the loan.
- Each applicant may be interviewed.
- Phone numbers and/or email addresses are essential to any loan application.
- Each loan issued will be in the form of BACS.
- Loans will normally be processed within 3 working days, however, larger loans or those required during busy periods may take longer.
- Any member aged 70 and upwards should understand that each loan may carry with it an additional premium to represent the insurance charged by Cuna Mutual Insurance.
- All members must be aware of the pre-existing medical condition clause that applies for any loan.

**If you have any questions, please ask.**