

Community Savings Ltd.

Loan Policy

Summary

1. Members must have saved regularly for 12 weeks or 4 months if a monthly payer, before they can be considered for a loan.
2. No member may have an unsecured loan of more than £5000.
3. **Maximum First Loan**
Members' annual savings x 2
4. **Maximum Second Loan**
Members' annual savings x 2
5. **Maximum Third & Subsequent Loans**
Members' annual savings x 3
6. Interest on loans will be 1% maximum per month on the declining balance.
7. A member's record of repayments to previous loans will be taken into consideration when considering an application for a further loan.
8. Members must apply for a loan by completing the approved application form.
9. All loans are considered on a priority basis and should be for 'necessities'.

Detailed Policy Document

1. Eligibility to Borrow
2. Qualifying Period and Lump Sums
3. Limits on Borrowing
4. Rate of Interest
5. Repayment
6. Procedure for Granting Loans
7. Subsequent Top-up Loans
8. Recovery of Debts
9. Confidentiality
10. Insurance

The activities of Community Savings Limited are supervised by the Jersey Financial Services Commission

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DETAILED LOAN POLICY

1. ELIGIBILITY TO BORROW

All members of the Association aged 21 and over can apply for a loan which must be for essential purposes.

2. QUALIFYING PERIOD AND LUMP SUMS

Membership of the Association will commence from the date that the Association receives the first payment. Members will qualify for a loan once they have saved for at least 3 months and have demonstrated a pattern of regular savings. Lump sum deposits are always welcome but new members must deposit a lump sum for at least 3 months before it can be used as a basis for a loan. Lump sums deposited by cheque for the purpose of paying off or reducing an outstanding loan balance must be deposited for two weeks before the a subsequent or top-up loan can be made. Lump sums paid in cash in excess of £200 will not normally be accepted without prior arrangements. Such cash payments for the purpose of paying off or reducing an outstanding loan balance must be deposited for seven days before a subsequent or top-up loan can be made.

3. LIMITS FOR BORROWING

On the first loan members can borrow up to twice the total of their annual savings. For the second and subsequent loans the maximum is three times their annual savings. The above figures are subject to loan ceilings and limits specified below.

1. The loans are discretionary and are subject to the Association's ability to meet these requests.
2. The maximum amount to be loaned to any Member on an unsecured basis is £5,000 in excess of the credit balance. This amount will be kept under review in line with the Association's financial position.
3. The Association shall not at any time make a loan to a Member if the making of such a loan would bring the total amount standing on loan to members above such limit set down in the Rules of the Association.

4. RATE OF INTEREST

The rate of interest chargeable on loans shall be determined from time to time by the Association and shall not exceed 1% per month, such interest to be charged monthly on the outstanding loan balance.

5. REPAYMENT

The maximum repayment period for unsecured loans is 24 months/ 60 months for secured loans. Repayment periods will be negotiated and agreed on application, on a weekly or monthly instalment basis.

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6. PROCEDURE FOR GRANTING LOANS

- 6.1. Each application for a loan must be in writing using the **Loan Application Form** which should be fully completed, with all Financial commitments listed accurately, and either submitted to the member's Common Interest Group or to CS Ltd.
- 6.2. Loan applications must be submitted at least two days before the Loan Committee meetings which take place on a fortnightly basis. Emergency loan applications will be considered in cases of need.
- 6.3. The Member applying for the loan shall not be present during the Loan Committee's discussion of the application nor during the voting on it, nor shall the Member be entitled to vote on it. Where appropriate the Loan Committee may request an interview with the applicant.
- 6.4. A loan shall not be made by the Association to a Member unless the loan is approved by all members of the Committee present at the meeting. The number of such committee members considering the application must constitute a quorum as agreed by the Association.
- 6.5. Applicants will be advised of the decision of the Loan Committee within one week of the Loan Committee meeting.
- 6.6. Where a loan is approved, payment will normally be made by cheque. Applicants when collecting the cheque will be required to sign the loan agreement by way of receipt. The loan agreement will illustrate the suggested repayment schedule and estimated interest charge. Where a loan is declined, the applicant will be advised of the reason.
- 6.7. There may instances where the Association reserves the right to prioritise loans, or refuse loans. In approving or refusing the loan the Loan Committee will have regard to the ability to repay and the Member's record with the Association.

7. SUBSEQUENT AND TOP-UP LOANS

A Member may take out a subsequent or top-up loan at any time so long as the Member's borrowing limit is not exceeded. When applying for a subsequent or top-up loan the Member's borrowing limit will be determined by their loan balances at that time.

Top-up loans ~ i.e. where there is an existing loan, will be granted on the basis set out in 3 (Limits for Borrowing) above. The new loan will be the top-up loan plus the outstanding loan balance. The policy will be reviewed on an annual basis by the CS Ltd Committee.

Top-up loans will only be granted when 75% of the existing loan has been repaid i.e. is 25% less of the last net loan balance. This requirement will be reviewed periodically by the CS Ltd in the light of the Association's reserves.

A Member's loan repayment record will be taken into account in granting subsequent or top-up loans.

Applications for the first loan will take preference over applications for subsequent or top-up loans.

8. RECOVERY OF DEBTS

CS Ltd believes in good prevention methods regarding default rather than redress to litigation and will aim to do this by good loan practices.

CS Ltd however, reserves the right to take legal action on default as and where necessary. A policy of frequent monitoring and review of all loan accounts will be observed, as will the operation of a defaults procedure (agreed by the board of the CS Ltd) to recover unpaid loans.

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CS Ltd reserves its right to suspend interest charges or refuse further loans to members whose loan repayments are in default.

CS Ltd would encourage all Members to discuss any difficulties they may have making payments, and would emphasise its commitment to a sympathetic approach.

9. CONFIDENTIALITY

All applications for loans will be treated in strictest confidence.

CS Ltd will not disclose to any person any information regarding any transaction of a Member of the CS Ltd, except in so far as may be necessary for the proper conduct of the business.

10. INSURANCE

Fidelity Guarantee

CS Ltd have effected arrangements to indemnify the Common Interest Groups against all direct pecuniary losses, costs and expenses incurred by an act of fraud, mismanagement or dishonesty committed by any officer of the Institution in the discharge of his or her duties, whether acting alone or in collusion with others during the period of the Fidelity Guarantee.