

## **Crowsavers Loan Policy**

This policy sets out the principles on which Lewisham Employees Credit Union Ltd (the Credit Union) allocates advances to members.

1. The Credit Union's activities are regulated by the Prudential Regulation Authority and the Financial Conduct Authority. Any statement in this policy, which is subsequently found to be inconsistent with the regulators' requirements, will be void.

### *Applications for advances of credit union funds*

2. The Credit Union will consider any application from a member to borrow from credit union funds, which is made in writing, or electronically, in a standard form.
3. The Credit Union undertakes to decide in principle whether or not to make the loan to the member on receipt of a fully completed form and required evidence. In making this decision, the credit union may rely on information obtained from third parties, including credit reference bureau.
4. In order to make a final decision, the Credit Union may request additional information from the member, including proof of additional earnings and benefits that proves capacity to make regular repayments according to the schedule proposed.
5. The Credit Union will communicate the decision to the member within one / three business day from the receipt of the form. The Credit Union may vary the amount, term, and repayment schedule of the loan from those requested by the member in the application. The decision in principle may also be a refusal to advance funds.
6. The Credit Union may offer the member an interview within three business days in order to explain the reasons for the decision and to obtain further information, before altering that decision.

### *Loan agreement*

7. When the Credit Union considers that it has obtained sufficient information to make its final decision on advancing funds, the Credit Union will complete and sign the loan agreement (submitted with the loan application form completed by member) either in writing or in electronic form, specifying the total advance to the member and the terms of repayment.
8. No funds will be transferred if the member has not signed the submitted loan agreement pertaining to the loan requested.
9. The Credit Union will transfer funds, typically by electronic transfer, to a bank or building society account nominated by the member

### *Guidance notes*

- a) The Credit Union will generally obtain a payment mandate from the member for an amount of no less than 105% of the regular payments of capital and interest specified in the loan agreement, with the additional funds being allocated to the member's share deposits and savings balances.
- b) The Credit Union will obtain a payment mandate for more than 105% of regular payments of capital and interest where loan officer or the Credit Committee consider that this will mitigate lending risk.
- c) The Credit Union will always assert its right to set off members' shares and credit balances on savings accounts against outstanding advances, and will secure advances against these shares and credit balances. The withdrawal of sums held in security will require the approval of a member of management /or Loan Officer.
- d) The Credit Union may set the charging rate of interest on advances according to its amount and purpose and the source of repayments. It will not seek to set charging rate for individual advances.
- e) The Credit Union seeks to match the APR on loans issued by its benchmark competitors on loans and to offer a package of benefits, which it believes that together with the APR on loans, will provide greater value to members than the products offered by benchmark competitors.
- f) The Credit Union will base the decision to advance funds on evidence that the member has the capacity to repay all outstanding amounts on time and in full. These decisions will be formed from a review of evidence relating to the member's current income and expenditure.
- g) All advances will be made according to the limits on the Credit Union's activities set out in the Prudential Regulation Authority's Credit Union Rulebook, the Credit Union Act, 1979, as amended, and the Legislative Reform Order (Industrial and Provident Societies and Credit Unions), 2011.