

Loan Policy

1. Loans may only be made to members over the age of 18 years.
2. The maximum interest rate to be charged on loans is no higher than 2% per month on a declining balance.
3. The maximum loan repayment period for which MBCU may make loans is 7 years for unsecured loans.
4. The maximum amount that may be loaned to a member is a single loan of up to £5,000.
5. MBCU has a credit committee and loan officers, who are responsible for granting loans in accordance with Board policy. In certain circumstances (identified in appendix one) this can be delegated to the Administrator where the Automated Lending Tool has been used.
6. MBCU may agree to accept a guarantor, who must be a member, for a loan in certain circumstances. An officer or employee of MBCU may not act as a guarantor for a member's loan.
7. An officer or employee of MBCU who is a member may apply for a loan on the same terms and at the same rates of interest as any other member. Such applicants and their family members may not take part in any decision concerning the application.
8. The Supervisory Committee must be informed of loans to officers and employees within 14 days of the loan being approved.
9. Loans to new members will be considered as soon as they open an account subject to the minimum balance being held in the share account.
10. All loans are dependent on the member's ability to repay. The Credit Committee may require an applicant for a loan to attend for interview with the Loans Officer and/or a member of the Credit Committee.
11. The maximum amount for an individual loan is determined in accordance with paragraph d and the loan period by paragraph c.
12. Loans will be made in one of the following forms:
 - i. By cheque payable to the applicant
 - ii. By cheque payable to a third party as requested in the loan application.
 - iii. By cheque payable to 'cash' that may be exchanged for cash at a local financial institution or in exceptional circumstances with the approval of the Board (e.g. junior share withdrawals at a school) in cash at the collection point, if sufficient funds are available.
 - iv. By Bank transfer.
13. Loan agreements must be held in a secure location as determined by the Board.

Top Up Loans

A top up loan may not, when added to the outstanding loan, exceed the figure agreed by the Board as the maximum permitted loan.