



## **Terms and conditions for loan products for Wolverhampton City Credit Union.**

### **Loan process**

#### **Eligibility**

Only members aged between 18 and 75 may apply for a loan.

New members can apply for a loan as soon as their membership fee has been paid.

#### **Interest**

Interest will be charged at the rate agreed in your loan agreement and in accordance with the loan product offered.

### **Credit Union's responsibilities.**

#### **Application and Approval**

An online loan application form must be fully completed for all loans

Bank statements/ payslips /proof of benefit will be required for all loans including top ups

#### **General Standard Terms for all customer Loans**

- All applications must be credit checked via NestEgg.
- Loan repayments must be paid via Standing order or via benefits. Proof must be obtained that the standing order has been set up or benefit redirected to the members Credit Union account.
- An affordability check must be completed for all applicants using NestEgg's data
- Repayments must be a maximum 50% of disposable income
- All loan applicants must provide open banking on NestEgg. If this is not available bank statements must be uploaded via the portal or handed in at the front desk
- There must be six months between top ups.
- New applicants must provide 3 months wage slips or benefit letters as proof of income.
- Top up loans must provide one month's wage slip / proof of benefit.
- ID must be requested via Nest egg for all customers.
- Members are encouraged to save while they borrow.

**Any elements of a loan application which falls outside of standard terms must be referred upwards to a senior manager.**

All loans are subject to approval and must comply with the credit union loans policy.

A loan agreement must be signed prior to the payment of funds for all loans.

Members **must** save with us the required amount as set out in the loan offer into their Mandatory savings each month

#### **Loan Issue**

Each loan will be paid into the nominated bank account on the loan application or the member's WCCUL share account.

All members must be aware of the pre-existing medical condition clause that applies to any loan and disclose where appropriate to do so.

## **Repayment Terms**

There are number of loan products which can be offered to members. Each have qualifying criteria and different terms.

### **Starter Loan**

Targeted for members that are new to the credit union Maximum loan balance is £1,500 and minimum entry level figure is £500 at 42.58% APR for a maximum term of 12 months. The minimum savings required with this loan product is £5 per Month.

### **Bronze Loan**

Minimum loan entry figure £500 - maximum loan £3,000 at rates from 30.60% APR to 42.58% APR, for a maximum term of 36 months. Members qualify for a loyalty discount after their third loan with us. The minimum savings with this loan product is £10 per month.

### **Silver Loan**

Minimum loan entry figure £3001 - Maximum loan £8000 at rates from 9.38% APR to 26.82% APR, for a maximum term of 60 months. This loan product is our payroll partners entry point loan. If a new member that does not work for one of our payroll partners has been in long term employment and can afford the repayments of the silver loan the loan must be referred before the credit union officer approves it. Members qualify for a loyalty discount after their third loan with us. The minimum savings with this loan product is £20 per month.

### **Gold Loan**

Minimum loan entry figure £8001- Maximum loan £15,000 at rates from 6.17% APR to 26.82% APR, for a maximum term of 60 months. The member must have a steady income (wages/pension), this loan is for big purchases or debt consolidation. Members qualify for a loyalty discount after their third loan with us. The minimum savings with this loan product is £25 per month.

### **Platinum Loan**

Minimum loan entry figure £15001 - Maximum loan is £25,000 at rates from 3.04% APR to 16.08% APR, for a maximum term of 60 months. If the member has been saving with us, they could qualify for a secured saver discount. After the 3<sup>rd</sup> loan. Members qualify for a loyalty discount after their third loan with us. The minimum savings with this loan product is £50 per month.

### **Secured Loan**

In order for the members to be eligible for a secured loan they must have 25% of their savings at a rate of 0.50% and they are not eligible for the loyalty rebate if this is in place.

## **Credit behavior profile**

This is used by the Credit Union as a key part of the loan assessment process.

### **Bad Score <100**

Interest per month 3%

2X CCJ's (Max £1000)

5x Defaults

5x missed payments

### **Poor Score <200**

Interest per month 3% up to 2%

2x CCJ's (Max £1000)

2x Defaults

X5 Missed payments

**Fair Score <350**

Interest per month 2.75% up to 1.25%

1 X CCJ's (Max £1000)

1X Defaults

X 2 Missed payments

**Good Score < 500+**

Interest per month 2.50% up to 0.75%

No CCJ's

No Defaults

No Missed Payments

The loan product offered to the member by the credit union will be assessed as a combination of product type and credit behaviour. It is this combination which will produce the tailored product terms and conditions for each loan.

**Member's responsibilities.**

- You will notify Wolverhampton City Credit Union Ltd (hereafter called the Credit Union) of any changes in financial or personal circumstances preventing you from making a loan repayment as agreed between yourself and the Credit Union and set out in your Credit Agreement. You understand that the Credit Union may, depending on your circumstances, allow you to renegotiate the repayment terms of the loan should you suffer a change in your financial circumstances. Notifications or negotiations of this sort must be done through the Finance Manager and is subject to qualifying conditions.
- You must notify the Credit Union of any name change, change of address or a change of next of kin.
- You understand that should you miss more than one loan repayments without consultation or permission from the Credit Union, then the Credit Union reserves the right to periodically deduct any outstanding loan interest and capital monies owed from your shares without prior notification. Any outstanding amount owed will still incur interest.
- You agree that, in the event of your persistent non-payment of this loan, the Credit Union reserves the right to transfer all your savings (as appropriate) from any account you have within the Credit Union to pay off the loan and any outstanding interest, and that any remaining loan balance will be pursued, if necessary, through the courts and court costs and our solicitors' fees will be added to the outstanding balance.
- You agree that all costs incurred in pursuing non-payment of this loan through the courts will be added to your account and will increase the size of the amount outstanding.
- You understand that the Credit Union must pursue any non-payment of this loan and any non-payment could result in any of the following: having a County Court Judgement against you, Bailiffs attending your property, an attachment of earnings, a charge on your property, deductions at source from state benefits or other penalties that the law allows.
- You agree that if you default on repayments, information about your loan may be passed onto the Department for Work and Pensions for their consideration of deductions from benefits that you are or will be entitled to.
- You agree to share your personal income and expenditure and other pertinent details to the Credit Union for checking as and when requested by the Credit Union and at the start of each loan application.

**Declined Loans**

Loans will be declined if the above criteria are not met.