

Discovery Credit Union Lending Policy

Discovery Credit Union will make available lending products to meet member's needs as required by and in accordance with the Credit Union Act 1979.

The Credit Union will base its lending decisions on an applicant's ability to repay the loan (capacity) and the likelihood of the credit union receiving payment on time and in full (character).

The Credit Union has an obligation to protect members' savings when granting a loan and this dual responsibility is central to Discovery Credit Union's philosophy of co-operation between members.

Applying for a loan

- You must be 18 years of age or over and have met any savings requirement
- You must be an existing member or a new member applying for membership at the same time as the loan application and as such meet and maintain membership requirements
- You must not be in default or arrears on an outstanding Discovery Credit Union loan. Renegotiating a current loan to a lower payment may affect your application.
- You must not be in a current bankruptcy, DAS or Protected Trust Deed debt scheme
- If you are applying for a top-up loan the criteria must have been met; i.e. 50% of loan to be repaid and half the loan term passed, or any other condition applied to the loan

There is no automatic right to a loan

How to apply

Declare your household income and expenditure by completing a loan application using the approved forms. This must be signed by the applicant.

- Supply evidence of current income including
 - a copy of two months' worth of up to date bank statements
 - a copy of your two most recent wage/salary slips
 - a copy of your DLA/PIP/Universal Credit benefit award letter (others may be requested if required)
 - SAAS and/or Bursary award letter
 - a copy of your Housing Benefit/LHA award letter
 - a copy of State Pension award letters and details of any private pensions
- On some occasions the credit union may carry out a credit reference check with a licensed credit reference agency
- A poor credit history does not necessarily mean your loan will be declined as we do lend to people who have had difficulty in the past. However, if the credit check reveals something you have not declared (e.g. bankruptcy or additional creditors or balances) we will normally refuse your application.

We aim to process loan applications within 5 working days, however there will be delays if there is information missing.

Share (savings) withdrawals

Share withdrawals from your Regular Share Account are not permitted while the member has a loan balance outstanding except where the share balance is higher than the loan balance. If this is the case, the member can withdraw an amount in shares only to the point where shares and loan balance are equal.

When a member signs a loan agreement he/she is agreeing that the credit union will hold his/her shares in the Regular Share Account as security against that loan. This includes shares accumulated after the date the loan was granted.

The credit union requires members to continue saving a regular minimum amount into the Regular Share Account alongside your loan repayments.

If you have shares in a **Special Shares Account** or a **Christmas Savers Account**, withdrawals are permitted from these accounts providing your loan is not in arrears or default (subject to terms and conditions).

Subsequent loans and refinanced loans

Members should repay loans in full through regular repayments before applying for another loan. However, the credit union recognises that on occasions it may be necessary to borrow again before an existing loan is paid off in full, for example, to meet an unexpected need. On these occasions your existing loan plus any interest due will be refinanced and a new loan agreement granted.

Once your loan has been approved

- Loans will normally be paid by direct transfer into the member's nominated bank account or loaded onto the member's Engage card.
- Cheques can be issued made payable to the member for payment into their bank account or made payable to third parties.

Declined Loans

If we decline your loan because we don't think your budget stretches to such a repayment, you will have the opportunity to prove otherwise by agreeing to a savings plan with the credit union for a period of at least 3 months. We will then reconsider a loan application but a loan is not guaranteed.

If we decline you a loan, you have the right to appeal against the decision. An appeal should be submitted in writing within 10 days of our decision giving the reasons why you feel we should grant the loan.

Changes in your personal circumstances – we are here to help

The credit union recognises that members' may have an unexpected event or a sudden change in their circumstances which affects the members' ability to keep up with repayments. Any member who has a problem making their repayment should contact the credit union at the earliest opportunity to discuss a way forward.

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