

## SCHEDULES

### SCHEDULE 1

Article 3.

#### AMENDMENT OF THE CREDIT UNIONS (NORTHERN IRELAND) ORDER 1985

1. In Article 3(5) (ascertainment by registrar of whether a common bond exists between the members of the society) for sub-paragraph (a) there shall be substituted—

“(a) may, if he considers it proper in the circumstances of the case, treat as sufficient evidence of the existence of a common bond a statutory declaration which is given by three members and the secretary of the society, and is to the effect that a common bond exists.”.

2. In Article 14 (membership and voting rights)—

(a) in paragraph (3) (which states the limit on a member’s interest in the shares of a credit union) for “£10,000” there shall be substituted “the greater of £10,000 and 1.5 per cent. of the total shareholdings in the credit union”;

(b) after paragraph (4) there shall be inserted—

“(4A) Where paragraph (3) would be breached in relation to a member of a credit union because of a reduction in the total shareholdings in the credit union, that paragraph shall, in relation to him, have effect, as respects any shares which he had, or interest which he claimed, immediately before the reduction, as if there were added at the end “at the time or latest time, when he acquired shares, or an interest in the shares, of the credit union”.”;

(c) in paragraph (8), the words “subject to Article 28(3),” shall cease to have effect;

(d) after paragraph (9) there shall be added—

“(10) For the purposes of paragraph (3), the total shareholdings in a credit union at any time shall be taken to be the total shareholdings as shown in the most recent audited balance sheet to have been sent to the registrar under Article 49(1).”.

3. In Article 23(4) (which restricts a member’s right to withdraw shares in a credit union where the withdrawal would take his shareholding below his liability to the credit union) for sub-paragraph (a) there shall be substituted—

“(a) in the case of a member to whom there is a loan by the credit union which is treated by virtue of Article 28A as a secured loan, the withdrawal shall not be permitted; and”.

4. Article 28(3) (which prohibits a loan to a non-qualifying member in certain circumstances) shall cease to have effect.

5. After Article 28 (loans by credit unions) there shall be inserted the following Articles—

#### **“Loans to be treated as secured**

**28A.—**(1) This Article applies where—

(a) a credit union makes a loan to a member of the credit union, and

(b) at the time the loan is made, the member’s paid-up shareholding in the credit union is equal to or greater than his total liability (including contingent liability) to the credit union, whether as borrower, guarantor or otherwise.

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(2) On the application of the member to the credit union, the loan shall be treated for the purposes of this Order as a secured loan.

### **Loans by approved credit unions**

**28B.**—(1) Where a credit union holds a certificate of approval under Article 28C, Article 28 shall have effect in relation to it with the following modifications.

(2) For paragraph (2) there shall be substituted—

“(2) The total amount on loan to a member of a credit union shall not at any time exceed his total paid-up shareholding in the credit union by more than—

(a) the greater of—

(i) £10,000 (or such other sum as an order may specify), and

(ii) 1.5 per cent. of the total paid-up shareholdings in the credit union, or

(b) the greater of—

(i) 20 per cent. of the credit union’s general reserve, and

(ii) £10,000 (or such other sum as an order may specify),

whichever is the less.”.

(3) After that paragraph there shall be inserted—

“(2A) Where paragraph (2) would be breached in relation to a member of a credit union because of a reduction in—

(a) the total shareholdings in the credit union, or

(b) the amount of the credit union’s general reserve,

that paragraph shall, in relation to him, have effect, as respects any amount on loan to him immediately before the reduction, as if there were added at the end “at the time of the loan, or latest loan, to the member”.”.

(4) After paragraph (6) there shall be inserted—

“(6A) A credit union shall not at any time make a loan to a member if the making of such a loan would—

(a) bring the total amount outstanding in respect of loans to relevant members above five times the credit union’s general reserve, or

(b) increase the amount by which the total amount so outstanding exceeds five times the credit union’s general reserve.

(6B) For the purposes of paragraph (6A) a member of a credit union is a relevant member if the amount on loan to him from the credit union exceeds his paid-up shareholding in the credit union by an amount equal to at least 10 per cent. of the credit union’s general reserve.

(6C) For the purposes of this Article, the total assets or general reserve of, or total shareholdings in, a credit union at any time shall be taken to be the total assets, general reserve or total shareholdings as shown in the most recent audited balance sheet to have been sent to the registrar under Article 49(1).”.

### **Grant of certificates of approval**

**28C.**—(1) The registrar may, on the application of a credit union, issue a certificate of approval to it if it appears to him that—

(a) the credit union has a general reserve which is not less than 10 per cent. of its total assets; and

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- (b) in relation to the kind of lending permitted under Article 28B, the arrangements for the management of the credit union and its activities are satisfactory.
- (2) Applications under paragraph (1) shall be in writing.
- (3) The registrar may only refuse an application under paragraph (1) if he has complied with paragraphs (4) and (5).
- (4) Not less than 14 days before refusing an application under paragraph (1), the registrar shall serve on the credit union concerned a notice stating that he proposes to refuse the application and specifying the grounds on which he proposes to do so.
- (5) The registrar shall—
  - (a) consider any representations with respect to a notice under paragraph (4) which may be made to him by the credit union concerned within such period as he may allow, not being less than 14 days from the date on which the notice is served, and
  - (b) if the credit union concerned so requests, afford it an opportunity of being heard by him within that period.

#### **Withdrawal of certificates of approval**

- 28D.**—(1) The registrar may at any time withdraw a certificate of approval if—
- (a) it appears to him that the credit union does not comply with Article 28C(1)(a), or
  - (b) it appears to him that, in relation to the kind of lending permitted under Article 28B the arrangements for the management of the credit union concerned or its activities are not satisfactory, or
  - (c) the credit union concerned so requests.
- (2) Paragraphs (3) to (5) of Article 28C shall apply in relation to the exercise of the power conferred by paragraph (1)(a) or (b) as they apply in relation to the refusal of an application under paragraph (1) of that Article.
- (3) Where, when a credit union ceases to be the holder of a certificate of approval, there is on loan to a member of the credit union an amount which exceeds the limit applicable under Article 28(2)—
- (a) that provision shall have effect to prohibit the making of any loan by the credit union to the member in breach of that limit, but
  - (b) the limit on the total amount which may be on loan to the member shall otherwise continue to be that which applied immediately before the day on which the credit union ceased to be the holder of a certificate of approval.
- (4) The fact that a credit union ceases to hold a certificate of approval shall not affect the validity of any term which is in force immediately before the day on which the credit union ceases to be the holder of such a certificate and which relates to the period within which a loan by the credit union must be repaid.
- (5) In this Article “certificate of approval” means a certificate of approval under Article 28C.”.