



# Credit Unions Act 1979

## 1979 CHAPTER 34

### *Operation of credit union*

#### **11 Loans**

- (1) Subject to the provisions of this section, a credit union may make to a member who is of full age a loan for a provident or productive purpose, upon such security (or without security) and terms as the rules of the credit union may provide.
- (2) The total amount on loan to a member of a credit union shall not at any time be more than £2,000 (or such other sum as may from time to time be specified) in excess of his total paid-up shareholding in the credit union at that time.
- (3) Without prejudice to subsection (2) above, a credit union shall not at any time make a loan to a non-qualifying member if the making of the loan would cause that member's total liability (including contingent liability) to the credit union, whether as borrower, guarantor or otherwise, to exceed his total paid-up shareholding in the credit union at that time.
- (4) The maximum period within which a loan by a credit union must be repaid shall be five years in the case of a secured loan and two years in the case of an unsecured loan, or such other period as may from time to time be specified.
- (5) A credit union may charge interest on loans made by it but such interest shall be at a rate not exceeding one per cent, per month, or such other rate as may from time to time be specified, on the amount of the loan outstanding and such interest shall be inclusive of all administrative and other expenses incurred in connection with the making of the loan.
- (6) A credit union shall not at any time make a loan to a member if the making of such a loan would bring the total amount outstanding on loans to members above such limit as may from time to time be specified.
- (7) In this section " specified " means specified by order made by the chief registrar with the consent of the Treasury.