
STATUTORY INSTRUMENTS

2001 No. 811

INDUSTRIAL AND PROVIDENT SOCIETIES

The Credit Unions (Increase in Limits on Deposits
by persons too young to be members and of
Periods for the Repayment of Loans) Order 2001

<i>Made</i>	- - - -	<i>8th March 2001</i>
<i>Laid before Parliament</i>		<i>8th March 2001</i>
<i>Coming into force</i>	- -	<i>1st April 2001</i>

The Chief Registrar of Friendly Societies, with the consent of the Treasury, in exercise of the powers conferred on him by subsection (4) of section 9 and subsections (4), (4A) and (7) of section 11 of the Credit Unions Act 1979(1) and by section 73(1) of the Industrial and Provident Societies Act 1965(2), and of all other powers enabling him in that behalf, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Credit Unions (Increase in Limits on Deposits by persons too young to be members and of Periods for the Repayment of Loans) Order 2001 and shall come into force on 1st April 2001.

Interpretation

2. In this Order—

“the 1965 Act” means the Industrial and Provident Societies Act 1965; and

“the 1979 Act” means the Credit Unions Act 1979.

(1) 1979 c. 34. The Deregulation (Credit Unions) Order 1996 (S.I.1986/1189) inserted sections 11B and 11C into the Credit Unions Act 1979. Section 11B provides that, where a credit union holds a certificate of approval under section 11C, section 11B(4) modifies section 11 by amending subsection (4) and inserting a new subsection (4A).

(2) 1965 c. 12. See the definition of “chief registrar”. Section 73 applies for the purposes of the Credit Unions Act 1979 by virtue of section 31(2) of that Act.

Increase in limit on shareholding

3. In section 9(1) of the 1979 Act⁽³⁾ for “£750” (specifying the maximum amount of the deposits which may be taken from a person who is under the age at which he may become a member of a credit union registered under the 1965 Act) there shall be substituted “£5,000”.

Increase in periods for the repayment of loans

4.—(1) The specified periods for the purposes of subsection (4) of section 11 of the 1979 Act (maximum periods for repayment of loans) are—

- (a) in relation to a secured loan, seven years; and
- (b) in relation to an unsecured loan, three years.

(2) The specified periods for the purposes of subsection (4A) of that section (which, as a result of section 11B(1) and (4) of the 1979 Act, has effect if the credit union has a certificate of approval under section 11C of that Act) are—

- (a) in relation to a secured loan, twelve years; and
- (b) in relation to an unsecured loan, five years.

5th March 2001

Geoffrey Fitchew
Chief Registrar of Friendly Societies

We consent to this Order.

8th March 2001

Jim Dowd
Greg Pope
Two of the Lords Commissioners of Her
Majesty’s Treasury

(3) The sum £750 was inserted in section 9(1) by article 4 of the Credit Unions (Increase in Limits of Shareholding, of Deposits by persons too young to be members and of Loans) Order 1989 (S.I. 1989/2423).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order raises two separate limits which are imposed by the Credit Unions Act 1979.

1. The limit on the deposits which a credit union may take from persons too young to be members is increased from £750 to £5,000.

2. The periods for which credit unions may make loans. Most credit unions have only been able to make unsecured loans for two years and secured loans for five years. These limits are now increased to three and seven years respectively. For those credit unions which held a certificate under section 11C of the Credit Unions Act 1979 the permitted loan periods for loans made by the credit union at a time when it has a general reserve which is not less than 10 per cent. of its total assets have been four years for unsecured loans and ten years for secured loans. These limits are now increased to five and twelve years respectively.