



Northern Rivers
No Interest Loan Scheme
(NR NILS®)

Policies & Procedures
For
NR NILS® Providers

“The No Interest Loan Scheme is committed to achieving a more just and equitable society for people living on low incomes by promoting economic and social participation in a market which has resulted in structural and financial forms of exclusion.

This is embodied through the provision of safe, fair and affordable credit for the purchase of essential household items without interest or fees, where other financial assistance is unavailable.

NILS provides a response to the needs of people living on low incomes by connecting individuals to other consumer and financial assistance, providing support to improve financial capabilities and enhancing community participation through the recycling of funds into additional loans for other community members. This is achieved through a process which enhances the dignity and respect of the individual whilst helping them gain some form of financial control and empowerment in their lives”.

NR NILS® POLICIES

LOAN ELIGIBILITY CRITERIA

Income

People on low incomes are eligible for a loan from the No Interest Loan Scheme. An indication of low income is the possession of a Health Care Card or Pension Card. NR NILS® may provide loans to applicants without a Health Care Card but with very low disposable income.

Geographical Boundaries

The loan applicant must have lived at their current address within the geographical boundaries of the postcode area/s you service for at least the last six months or qualify for special circumstances exemption eg: escaping from a domestic violence situation, have their residence destroyed in that time through fire

Willingness and Capacity to Repay Loan

Clients must be willing and able to repay the loan. Applicants must complete a fortnightly budget as part of their assessment. If a client is deemed ineligible for a loan they will be provided with information about other options.

Application from Staff/Volunteers

Applications from staff and/or volunteers of your organisation can be considered if they meet the eligibility criteria as stipulated above.

LOAN PURPOSE

No Interest Loans provide an alternative form of credit, rather than emergency relief. Loans are generally provided to purchase essential household goods to improve the quality of life (e.g.: refrigerator, freezer, television, washing machine, clothes dryer, microwave oven, vacuum cleaner, medical equipment e.g. Asthma pump/Nebuliser, computers for educational purposes)

Loans are not provided for emergency relief or items where other assistance is available.

In summary NR NILS® does not provide loans for the following purposes:

- Bond or rent money
- General living expenses- such as food, gas, electricity/telephone bills and rent arrears.
- Debt repayment or consolidation.
- Cash advances
- Cheques payable to the loan recipient
- Cheques to a third party for private sale

LOAN LIMIT

Maximum Loan

Generally loans will not exceed \$1,200. Applications for larger amounts will be referred to the Loan Assessment Committee and assessed according to the eligibility criteria and NR NILS® policies.

Additional Loans:

No additional loans will be issued until the existing loan has been repaid.

PRIVACY & CONFIDENTIALITY

Your Organisation must comply with the obligations imposed by the National Privacy Principles, based on the Revised Privacy Act (1988) when obtaining client data. Where it is necessary to refer a client onto another agency, the client's permission is to be sought at all times, prior to such referral. All staff and committee members are to keep all client information gained as a result of working with NR NILS® in confidence. Computer data systems holding client personal information will have restricted access and be password protected at the Administration Office (Lismore Neighbourhood Centre Inc).

APPLICANTS RIGHTS & RESPONSIBILITY

Applicants for NR NILS® should be given a copy of their Rights and Responsibilities at the interview stage. (See Attachment A)

Applicants Rights

These include the right to:

- Be treated fairly and with respect.
- Be informed of the scheme's eligibility criteria and loan decision making process
- Receive support, mentoring and financial education
- Receive the Terms and Conditions of the loan and know how the information about them is recorded
- Make a complaint and have the complaint dealt with fairly and promptly
- Access their file via a request in writing to the Lismore Neighbourhood Centre

Applicants Responsibilities

These include:

- Acting in a manner that respects the rights of other applicants and staff/volunteers of the agency
- Ensuring information provided for the purposes of the loan enquiry and interview are correct.
- Contacting the agency if they are unable to make a payment

NR NILS® PROCEDURES

INITIAL ENQUIRY AND INTAKE

An enquiry form (see attachment B) is used when a person contacts the scheme for a loan. This is to help people prepare for interviews

If the enquirer complies with the initial eligibility criteria (see NR NILS® policies) then an appointment can be made with the NILS® Interview Officer. The enquirer will be informed of the relevant documentation they need to provide at the interview.

If a person enquiring does not meet the eligibility criteria they should be referred to an appropriate alternative service.

Documentation Required at the Interview

The prospective applicant will be informed of the necessary documentation for the loan application to proceed. These can include:

- Proof of identity (drivers License, Health Care Card etc)
- Current electricity/gas, telephone accounts
- Current tenancy agreement showing the length of stay at the current address
- Current Centrelink Income Statement or pay receipts for 4 weeks
- Current statement of other debts including credit card, personal loan etc
- Most recent bank statement
- Quotes for the product the loan application is for

LOAN INTERVIEW

Loan interviews will be held at your Centre. Interviews must be conducted in a respectful, supportive and non-judgmental manner. The purpose of the interview is to:

- Assess the applicant's financial capacity and willingness to repay the loan
 - Receive, copy and file all necessary documents relevant to the loan application
 - Verify the information provided by the applicant
 - Draft the loan agreement
 - Explain the process for assessment by the Loan Assessment Committee
 - Explain the rights and responsibilities of the applicant and give them a copy of the Rights and Responsibilities policy
 - Explain the community nature of the program and how the loan repayments are recycled for the purpose of additional loans for other members of the community.
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- Where an applicant is unable to attend an interview for health/disability reasons alternative arrangements can be made. An application pack can be posted to the client and once the completed forms and documentation are received a telephone interview may be conducted. Documents should be photocopied and posted back to the client
 - All details and documents that relate to the applicant must remain private and confidential
 - Interviews will be conducted by one worker only. Where an additional worker is required for training or other purposes, permission must be received by the applicant prior to the commencement of the loan interview
 - Safety of the interview officer will be ensured by conducting interviews in a room with a duress alarm or advising another worker that he/she is conducting interviews, sitting near the door and stepping out if they feel threatened
 - The applicant is required to fill out the Application form (See Attachment C) and assistance should be provided when necessary
 - Applicant's documentation should be photocopied by the NILS worker and immediately returned to the applicant. No loan can be approved without receipt of the required documentation
 - The NILS worker will work through the applicant's budget and if the budget indicates a surplus, the applicant and the worker can determine an affordable repayment plan that does not cause any financial hardship * (See Attachment C, Page 3)
 - Decisions will not be made during or at the end of the interview as to the outcome of the loan application and will be referred to the Loan Assessment Committee
 - Applicants must sign the budget to confirm all the details on the application and budget are correct and give consent for the details to be discussed with the Loan Committee.

** Surplus budget does not indicate that a loan application will be successful and the applicant will be advised of this. The application will go to the Loan Assessment Committee before the applicant can be advised of the outcome of the application*

LOAN ASSESSMENT

Loan Assessment committee

- Assessment of loans will be carried out by a Loan Assessment Committee nominated by Lismore Neighbourhood Centre with the attendance of the interview officer where possible. Meetings will be carried out in person or electronically
- The Loan Interview Officer will present the information gathered at the interview but will not be involved in the decision making process. Any identifiable details of the applicant will be removed from the application when presented to the Loan Assessment Committee
- The Assessment Committee will determine their decision based on NR NILS® policies
- Assessments will uphold a commitment to the Equal Opportunity Act which disallows discrimination on the basis of a person's status or private life
- The applicant's gender, age, disability, sexuality, race, and political or religious beliefs will not influence the assessment
- The assessment will be based on the NR NILS® eligibility criteria, financial commitment of the applicant, purpose of the loan, ability and willingness to repay and long term benefits derived from the loan

Determination of Applications

To make an informed decision the NILS® Loan Assessment Committee will give consideration to:

- Whether the loan is the only option or whether there are more appropriate solutions
- Whether the applicant has the capacity and willingness to repay the loan; Capacity is indicated by the level of disposable income and level of arrears and willingness is indicated by bill management and commitment to paying outstanding arrears and debts
- Whether the applicant has any credit card debt, mortgage arrears, utility arrears, outstanding personal loans or store "interest free" loans
- Whether the provision of a NILS® loan will cause the applicant further financial hardship

Notification of the Loan Application Outcome

Successful applicants will be notified in writing or by phone of the approval of their loan. An appointment will be made for the applicant to meet with the NILS® interview officer.

At the appointment the loan recipient will:

- Sign the Loan Agreement
- Receive the cheque made out to the supplier
- Arrange a repayment method such as direct debit arrangement or deductions via Centrelink's Centrepay System. If a client is to repay via Centrepay, then a Centrepay form is to be completed and signed by the loan recipient at this time

Unsuccessful applicants will be notified in writing outlining the reasons why the application has been unsuccessful

LOAN AGREEMENT

Successful loan applicants must sign a Loan Agreement form and organise the preferred payment method. A copy of the signed agreement will be given to the applicant and the original will be kept in the client's file. (See Attachment D)

The Loan Agreement will contain the following details

- Name and address of the loan applicant
- Total amount of the loan
- The amount and frequency of repayment
- Repayment commencement date

Loan recipients will be made aware that if they begin to experience difficulties with repayments or their circumstance change, they should contact their NR NILS ® to discuss variations to the loan.

REPAYMENT OF LOANS

Repayments will vary according to each applicant's budget and total amount loaned. Repayments can be made through Centrelink's Centrepay system or by direct debit. Other repayment methods may be negotiated.

RELEASE OF LOAN FUNDS

Non negotiable cheques will be made out to the retailer/trader from whom the goods are to be purchased. Cheques are made to reputable traders/retailers with an ABN.

The client will leave with

- A copy of the loan agreement
- The cheque made payable to the reputable retailer

What not to do

The following practices will not be used when people defaults on their repayments:

- Home visits without an invitation from the loan applicant
- Phoning the loan recipient home at unreasonable hours (before 9am and after 7pm)
- Writing numerous letters or making repeated phone calls.
- Leaving phone messages or notes which may indicate to other persons why the organization is attempting to contact the loan recipient
- Any activity that may be considered as harassment
- Any threats of legal enforcement
- Attempt to repossess the goods purchased with the loan.

APPEALS AND COMPLAINTS

If applicants are unhappy with any part of the No Interest Loan Scheme, they may appeal in writing setting out the nature of the grievance. All complaints will be handled in accordance with the Lismore Neighbourhood Centre's complaints policy. Any appeal against the loan application rejection will be forwarded to the Loan Assessment Committee who will respond within 14 days.

SPECIFIC COMPLIANCE ITEMS

Cost to Loan Recipient

There are no costs to loan recipients. Loan recipients will not be asked to pay fees, interest charges or other costs during the period of their loan

Security on Loans

NR NILS® will not take any form of security over the loan. If the loan recipient no longer has the capacity to repay the loan, the goods purchased with the loan will not be repossessed.

STATISTICAL DATA AND NILS® SOFTWARE

The Loan Interview Officer will collect data of all NILS® applicants. This includes name, address, telephone number, date of birth, income source, housing type, length of residency, number of dependants, loan amount, goods purchased with the loan and loan defaults. NILS® Administration Database will be used to record client details at the NR NILS® Administration Office.

ACKNOWLEDGEMENT

The basic philosophy of the Northern Rivers No Interest Loan Scheme (NR NILS®) is to offer people on low incomes the opportunity to access credit without any fees, charges or interest payments for the purchase of essential items. As loans are repaid the money is lent out to other members of the community who wish to utilise this service.

In 1995 the National NILS ® project was funded by the Good Shepherd Sisters to promote the concept of No Interest Loans nationally.

The major Functions of the National NILS ® Network are:

- To provide support for new schemes that have been accredited as NILS ® providers and to those seeking to initiate a new program
- Oversee the accreditation process including the establishment of standard policies & procedures
- Collect data for monitoring, evaluation, program development and for research purposes
- Provide resource material, information and training opportunities
- Provide support for and between the state network representatives
- To strengthen the advocacy voice of NILS®

We would also like to acknowledge the support of the NILS® NSW Network, in the process of accreditations, networking and training to NILS® schemes in NSW.

NILS® is a registered trademark of Good Shepherd Youth & Family Services, Victoria

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