

Rental Deposit Loan Scheme

Explanation of Rental Deposit Loan Scheme

It is important that you carefully read the pre-contract credit information (Standard European Consumer Credit Information – SECCI) document which has been provided to you with this document and your loan agreement. The SECCI contains key details about the loan agreement that you are considering. You should make sure that you understand your rights and obligations before signing the loan agreement.

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1. Introduction

You have asked the University to provide you with a Rental Deposit Loan (**RDL**) to help you cover the initial costs associated with securing privately rented accommodation. The University will provide you with pre-contract credit information setting out the key information about the RDL you are asking for in the form of a Standard European Consumer Credit Information document (**SECCI**). If you take out an RDL the full terms and conditions that will apply to your RDL will be set out in the RDL agreement between you and the University (**Loan Agreement**).

The purpose of this explanatory document (**Explanation**) is to provide you with a general explanation of the key features of the RDL the University provides.

2. What is the purpose of the RDL?

The RDL is an interest-free loan to help cover the initial costs associated with obtaining privately rented accommodation normally within a 20 mile radius of Cambridge. You may use the RDL to pay for the following costs associated with moving into or between privately rented accommodation:

- the initial security deposit;
- the first month's rent; and/ or
- administration fees.

You can ask the HR Reward Team for further information about what costs and expenses you can use the RDL to pay for.

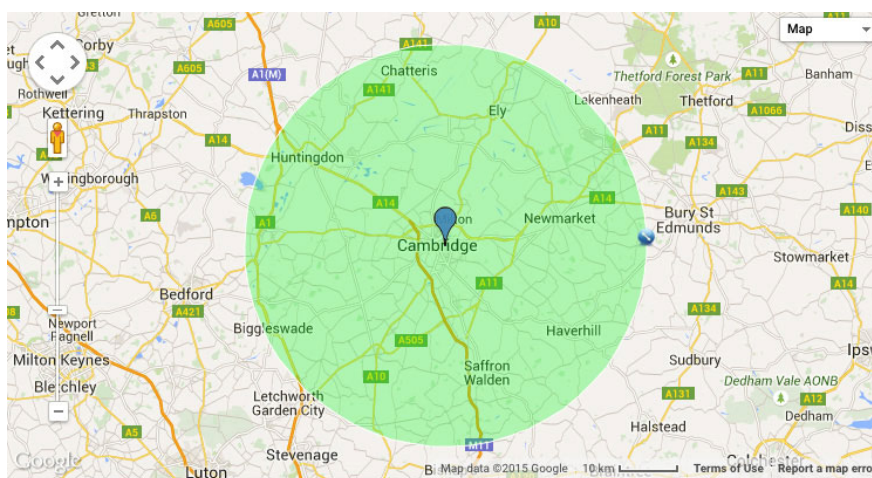
3. Can I use the RDL for University owned accommodation?

No, the RDL cannot be used to obtain University owned accommodation as this type of accommodation is outside the scope of the scheme.

4. Can I use the RDL for accommodation outside of Cambridge?

The policy is designed to help with accommodation needs close to the centre of Cambridge. As a guide, we have provided a map below of the 20-mile radius from the centre of Cambridge within which you should look to secure accommodation.

If you wish to secure accommodation outside of this 20-mile radius you will need to consult the HR Reward team via email on hrentalloan@admin.cam.ac.uk



5. Can the loan amount be used for other purposes?

No. You may only use the RDL to pay for the security deposit, the first month's rent and/or any administration fees associated with moving into or between privately rented accommodation.

If you use the RDL for any other purpose this will be a serious breach of the Loan Agreement and the University will require you to repay the full amount of the RDL you have taken out immediately. You may also be subject to disciplinary proceedings under your employment contract with the University.

6. Do I need to produce evidence of expenditure?

Yes.

Before you can receive the money, you must provide the HR Reward Team with evidence that the money will be used for the purposes set out in the Loan Agreement. The evidence the University requires you to provide includes a copy of:

- the rental property address and details;
- a copy of the signed or unsigned tenancy agreement, which should include the deposit amount, monthly rent amount and any other fees OR a letter on the letting agency's headed paper with the same details.

If your application is successful, within 30 days of receiving the money you must provide the HR Reward Team with evidence that the money has been used for the purposes set out in the Loan Agreement. You must inform the University as soon as possible if you are unable to meet this timescale. The evidence the University requires you to provide includes a copy of:

- the landlord/letting agent's invoice
- the receipt for administration fees;
- the receipt for the deposit;
- evidence of the tenancy deposit protection; and/ or
- the receipt for the first month's rent, from the landlord or letting agent.

If you do not provide the University with the relevant appropriate receipts this will be a serious breach of the Loan Agreement and the University may require you to repay the full amount of the RDL immediately. You may also be subject to disciplinary proceedings under your employment contract with the University.

7. Who is eligible to apply for an RDL?

You may apply for an RDL if you are an employee who has an existing contract of employment with the University.

However, you will not be eligible for an RDL if you:

- have not passed the University's right to work checks;
- have served your notice of resignation to the University;
- have received notice of dismissal;
- have received notice that you are at risk of redundancy;
- are subject to disciplinary proceedings which may result in dismissal;
- are subject to an active final written warning;
- have previously been declared bankrupt; or
- are or will be employed by the University on a fixed term contract of less than 12 months.

You can ask us for further details about your eligibility for the RDL.

8. How much can I borrow?

You can borrow the equivalent of one month's net pay, up to a maximum of £3,000, whichever is the lesser amount so long as the amount you would like to borrow when added to the amount of any other loans you currently have from the University do not exceed £10,000.

The University uses a loan calculator to check whether your net monthly pay will cover the monthly repayments for the RDL you have requested in addition to any other loans you may have.

You should think carefully about how much you want to borrow and you should check whether the net pay that you will receive after the repayments have been taken from your salary each month leaves you enough money to live on, including your rent and daily living expenses.

The HR Reward Team will let you know if, in addition to any other loans, your monthly repayments on the RDL you have applied for will exceed your net monthly pay and, in such circumstances, your RDL application will normally be refused. The University may offer you an RDL for a lower amount.

9. What are the risks to me of taking out an RDL?

One of the things you should think about carefully before you apply for an RDL is that the University will take the repayments you have to make to repay the RDL directly out of your monthly salary. The amount of each of your repayments is set out in the SECCI and the Loan Agreement. You should check this amount and your net salary after the University has deducted the repayment to make sure that the net pay you will receive is sufficient to cover your daily living expenses and rent.

10. Can I take out more than one RDL loan at a time?

No, you cannot take out more than one RDL at any one time.

11. Will I need to undergo a credit check?

The University will consider your monthly salary and whether you will be able to afford the repayments under the RDL you have asked for. The University may also carry out a credit check with a third-party credit reference agency as part of the RDL application process. The University will ask for your permission before it carries out this check. The University may reject your application and offer you a lower amount if the University thinks it may be difficult for you to afford the repayments.

12. When can I borrow the money?

New employees can apply for an RDL on their start date, provided they have have:

- a UK bank account and have provided the details to HR so that the details can be put into the internal HR system;
- received a written offer of employment from the University;
- successfully passed all University right to work checks;
- obtained proof of how the RDL will be used (e.g. a tenancy agreement);
- a fixed term contract of not less than 12 months.

Existing employees can apply for an RDL at any time provided they have a written contract of employment, signed by both parties, with at least 12 months remaining. This can include the signed original contract and subsequent contract extension letter, again signed by both parties. The employee must also obtain evidence to show how they will use the RDL.

13. How much will it cost me to borrow money under the RDL?

The University does not charge you any fees for taking out the RDL and the RDL is an interest-free loan so you will only have to repay the amount that you have borrowed. The amount you must repay is set out in term 5 of the Loan Agreement.

14. How will I repay the RDL?

The repayments for the RDL will be taken out of your monthly salary by the University on each pay day. The amount of each repayment is set out in the SECCI and in term 7 of the Loan Agreement.

When you sign the Loan Agreement you will be giving the University permission to take the monthly repayments out of your salary. The University will deduct 10 equal monthly repayments from your salary.

The first payment will be taken the month after you receive the RDL. For example, if you receive the RDL from the University in March, the first repayment will be taken from your April pay.

Once you have repaid the RDL in full you will no longer be bound by the Loan Agreement.

15. Can I repay the RDL early?

Yes. You have the right to repay some or all the RDL early at any time. If you repay part of the RDL early Finance will adjust the amount of the remaining payments over the remainder of the term of the RDL.

For example, if you are an existing employee and borrowed £2,000 in January, the University would take 10 payments of £200 out of your salary each month from February to November. If you made an additional lump sum repayment of £500 in June, the remaining payments for July to November would be adjusted so that each payment is reduced to £50 per month.

16. What is the RDL application process?

If you wish to apply for an RDL you will need to complete an application form and send the completed form to the HR Reward Team. They will process the application (which may take up to 5 working days). You should make sure that you have provided the University with all the information asked for in the application form. If there are any omissions or errors in the information you have provided this may affect the processing time and may result in a delay in your RDL application being approved or refused.

If your application is successful, the HR Reward Team will notify you and send you the SECCI, an Explanation and a copy of the Loan Agreement which has been signed by the University. The Loan Agreement contains the terms and conditions which apply to the RDL. It is an important legal document and you should read it carefully. If there is anything in the Loan Agreement that you do not understand you should ask the HR Reward Team for an explanation via email to hrrentalloan@admin.cam.ac.uk

Once you have read the Loan Agreement, SECCI and the Explanation and you have decided that you do wish to proceed with your application for an RDL you must sign a copy of:

- the Loan Agreement; and
- the Explanation,

and return both signed documents to the HR Reward Team. You may send scanned copies by email. When you sign the Loan Agreement you will be bound by its terms unless you withdraw from it (please see section 24 below for further details of your rights to do this).

Once the HR Reward Team has received the signed Loan Agreement and Explanation from you they will request that Finance make the payment to you. Finance will try to pay the RDL to you within 5 working days of being notified, however, this cannot be guaranteed in all cases.

17. Do you have a right to request the draft Loan Agreement?

Yes. The University will provide you with a copy of the draft Loan Agreement unless the University is unwilling at the time you make the request to provide you with an RDL.

18. How will Finance know which bank account details to use?

The University will pay the RDL into the bank account stored on the CHRIS system. This is the bank account the University pays your salary into.

19. What happens if I decide to leave the University before the loan is repaid?

If you stop working for the University before you have repaid the RDL in full, the University will deduct the outstanding balance of the RDL from your final month's pay.

If your final salary payment will not cover the amount that is outstanding under your RDL, the HR Reward Team will let you know how much is outstanding and you must repay this additional amount before the last day of your employment through a separate payment to the University.

If you think that you will stop working for the University during the term of the RDL and before the RDL has been repaid you should consider carefully whether the RDL is right for you.

20. What happens if I decide not to go into privately rented accommodation?

If you do not secure privately rented accommodation you must make other arrangements to repay the full amount of the RDL. You must repay the RDL within 30 calendar days of you telling us that you will not be obtaining privately rented accommodation.

21. What happens if I miss a payment on my RDL or if I do not repay the RDL in full?

The University does not charge you for late payments and does not apply interest to the sums that you owe. This means that the sum you owe to the University under the RDL will not increase over time.

As the repayments are taken out of your salary directly by the University the risk of missing a payment is limited.

However, missing payments could have severe consequences. The University may report non-payment by you to credit reference agencies and this may adversely affect your credit rating (which most lenders consult when assessing any borrowing application) and make obtaining credit more difficult and/or expensive in the future. The University may pass your account to a debt collection agency and commence legal proceedings against you and then the University may seek to enforce any judgment obtained against you. The University may also seek a third-party debt order, an attachment of earnings order, a property charging order (which will enable the University to secure the debt against any property you own and to apply to the court for an order of sale) or a warrant of execution. Your home or other property may be repossessed.

The University may also ask you to reimburse it for the reasonable costs it incurs, including legal costs, in recovering the money you owe.

22. What happens if I go on a period of unpaid leave before I have repaid my RDL?

If you go on a period of unpaid leave, for whatever reason, before you have fully repaid your RDL you must speak to the HR Reward Team to discuss changes to your repayment schedule.

23. Do I have a right to withdraw from the agreement?

You have a right to withdraw from the Loan Agreement, without giving any reason, within 14 days, beginning with the day after the day on which you sign the Loan Agreement.

If you wish to exercise your right to withdraw from the Loan Agreement you must give notice of this to the HR Reward Team on the 14th day after the day on which you signed the Loan Agreement. Notice can be given by email to hrrentalloan@admin.cam.ac.uk. If you cancel the Loan Agreement after the RDL has been paid into your bank account you must promptly repay the full amount of the RDL to the University within 30 calendar days.

If you do not repay the RDL, the University may take legal action against you and this may make it more difficult to obtain credit in the future. The University may ask you to reimburse it for the reasonable costs it incurs in recovering the money you owe.

If you do not exercise your right to withdraw from the Loan Agreement within 14 days, you will be bound by the terms of the Loan Agreement. Even if you do enter into the Loan Agreement you may, at any time, repay the RDL early.

24. How will the RDL be monitored?

The HR Reward Team will maintain a record of each RDL application and the scheme will be reviewed every six months.

25. What do I do if I have a complaint about the RDL?

If you have a complaint about the RDL or how the University manages the RDL you should contact the HR Reward Team in the first instance. The HR Reward Team will provide you with details of the University's complaints handling procedure and will try to resolve your issue. If you are still not happy you may have a right to refer your complaint to the Financial Ombudsman Service (**FOS**).

The contact details for the FOS are set out in the Loan Agreement or you can ask the HR Reward Team for them. Further details about the FOS and how to complain can also be found at www.financial-ombudsman.org.uk

26. What are the tax implications for the employee?

The University believes that, provided you comply with the terms of the RDL, there should be no tax or national insurance to pay on the RDL in the UK. If you default on the RDL then there might be tax and national insurance consequences and you would be responsible for these. You should take your own tax advice on this point.

The University is not able to advise you of any tax implications that may arise outside the UK and you should seek your own tax advice on this.

27. What administration will my department need to complete?

If you are an existing employee there is no requirement for your Department to complete any paperwork associated with the RDL. You are responsible for completing the RDL application form and for submitting it to the HR Reward Team, along with evidence of the costs you have incurred if your RDL is subsequently approved.

28. Who do I speak to if I have any questions about the RDL?

Before you decide to take out an RDL you should carefully consider the information given to you in the SECCI as this will contain information about the specific RDL you have applied for. You should also carefully read the Loan Agreement as the terms in it will be binding on you when you take out the RDL until you have fully repaid the RDL to the University.

If there is anything in the Explanation, the SECCI or the Loan Agreement that you do not understand or if you have any other questions about the RDL you should ask the University for further information by contacting the HR Reward Team via email at hrrentalloan@admin.cam.ac.uk.

29. Who do I speak to if I have any questions about the payment process?

Please contact the HR Reward Team via the hrrentalloan@admin.cam.ac.uk email box if you have any questions about the payment process.

Please confirm that you have read the above Explanation by signing and dating below and then returning a copy of the signed document to the HR Reward team at hrrentalloan@admin.cam.ac.uk

I am aware that I can contact the HR Reward Team if I have any queries about the RDL. I also confirm that I have read this Explanation and that I am aware that I should only sign the Loan Agreement if I am satisfied that the RDL is right for me.

..... Signature

..... Name

..... Date